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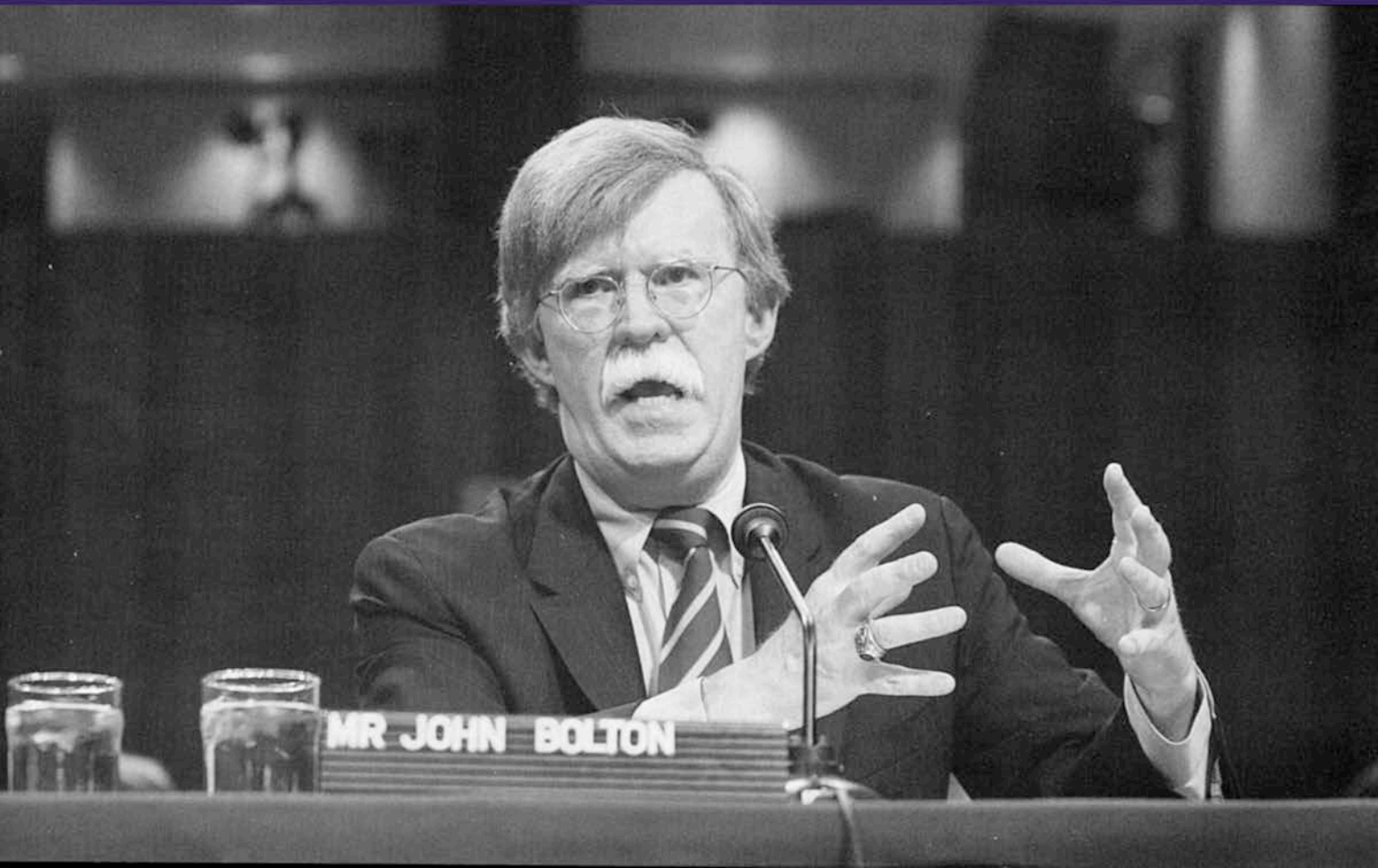
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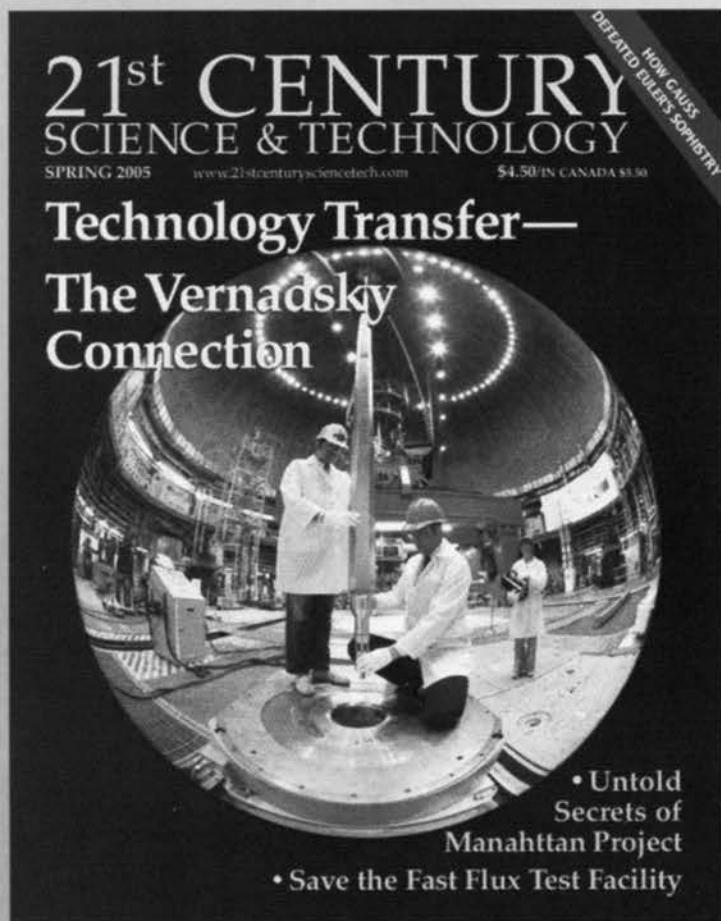
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LaRouche on Economic Science: The Power To Prosper  
Brazilian Economist Lessa Rejects Monetarist Dogmas  
German State Election Could Decide Schröder's Fate

## **Bipartisan Fight vs. Bolton Threatens Bush-Cheney Grip**



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### Featured in the Spring 2005 issue

#### A PRECIS

#### • The Peaceful Concept of Technology Transfer

by Lyndon H. LaRouche, Jr.

In this summary, prepared for circulation at a conference in Bangalore, India, on May 26-27, 2003, economist and statesman LaRouche lays out the cultural preconditions for a new kind of technology transfer that will lead to world prosperity.

#### • Some Words About the Noösphere

by Vladimir Vernadsky

Vernadsky's 1943 work develops his conception of the human mind as a geological force.

#### A TRAGEDY IN THREE ACTS

#### • The Beast-Men Behind the Dropping of the Atomic Bomb

by L. Wolfe

Drawing on original research, historian L. Wolfe shows that the dropping of the bomb on Japan was the result of a conspiracy of political and moral opponents of Franklin D. Roosevelt, aiming to control the post-War world with the ultimate weapon of terror.

#### A FIRST HAND REPORT

#### • The Manhattan Project as A Crash Science-Driver Program

by Dr. Robert J. Moon

A moral decision by American scientists to slow production of plutonium is one of the untold secrets of the Manhattan Project, revealed here for the first time by a leading nuclear scientist who was a key participant in the Project.

#### SCIENCE AND THE LAROCHE YOUTH MOVEMENT

#### • How Gauss Defeated Euler's Sophistry

by Michael Kirsch

The paradigm shackling the minds of people today, such as free-trade economics, has similar roots to the mental disease which shackled 18th Century mathematics. The author reports how a study of Carl Friedrich Gauss's 1799 paper on the Fundamental Theorem of Algebra can free the mind from such slavery.

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## From the Associate Editor

Reading our devastating dossier on the Bush nominee for United Nations Ambassador, John Bolton, one wonders, “What *were* they thinking?” The only answer is that “they”—the neo-con controllers of the incumbent President—could care less what the rest of the world thinks of their Ambassador, their imperial policies, or their drive for pre-emptive war to impose “democracy.” It’s the “beast-man” principle (or perhaps, the Abu Ghraib principle) at work: the more outrageous your attack against your enemies, the better! But the great news this week is, that the backlash that has been slowly building since the invasion of Iraq two years ago, has now reached the point of significant institutional resistance in Washington—including from sane Republicans—to the Administration’s lunacy. This would never have happened without the unrelenting interventions of Lyndon LaRouche, his youth movement, and *EIR*.

LaRouche’s *Feature* continues his series of articles addressing the crisis in America’s productive economy—notably the auto industry. He addresses the appalling fact that “even most among today’s visibly leading economists remain ostensibly ignorant of the most elementary of the systemic errors in their thinking.” “The principal topic of this report,” he writes, “is the presently urgent necessity of the study and practice of economics as a science, as essentially a branch of experimental physical science.”

In *National*, LaRouche’s dialogue with representatives of Democratic Party and other constituency-based institutions, gives a fascinating glimpse of how he is shaping people’s understanding of the problems, and the solutions. What I find most remarkable in the discussion is the high level of the questions posed to him. This shows that his interlocutors have been studying his work carefully, and are committed to implementing the policies required.

LaRouche’s growing institutional clout is also seen in our report from California, including the speech given by State Assemblyman Mervyn Dymally to a LaRouche PAC meeting in Los Angeles; in Helga Zepp-LaRouche’s article on the elections in the German state of North Rhine-Westphalia; and in the interview with Brazilian economist Dr. Carlos Lessa, on LaRouchian infrastructure development for Ibero-America—as opposed to an IMF-run “money” economy.

*Susan Welsh*

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United Nations, and  
“serial abuser.”  
John R. Bolton.*



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HOW MOST OF TODAY'S ECONOMISTS BECAME ILLITERATES

## Science: The Power To Prosper

by Lyndon H. LaRouche, Jr.

April 16, 2005

This report is about economics as that form of science without which no recovery from the presently onrushing world-wide monetary-financial collapse were possible. However, in science, as in preparing a decent meal, it is necessary to clean the kitchen of noxious debris.

However, the intention of this report is not simply to haul out the garbage. Consider that removal of noxious elements of currently widespread opinion as a necessary attack on certain groups of economists who continue to play the role of charlatans, at public expense. These predatory fellows need to be denounced for reason of the damage they would continue to do to the U.S.A. and other nations through the widespread influence of their deceits upon governments and others. I include this attack on them at the outset of this report, if only as a secondary feature of this report as a whole; I do so, because it would be virtually fatal negligence not to attack those dogmas for what will surely be their increasingly desperate frauds at this time. Unless they are denounced for their frauds, on exactly the issues I pose again here, the damage their erroneous opinions have already caused would not only continue, but worsen.

On this account, back in 1971, I accused many among those influential professors of economics of being “quackademics”; over the decades since then, that has been repeatedly proven to have been not only a correct, but necessary choice of language. In retrospect, it is now clear, that had more people heeded my warnings then, the U.S.A., and the world generally, would not be in the ugly mess it is today.

However, the principal topic which I address here, is the

fact that, presently, even honest and otherwise intelligent people in government, business, and academia, simply do not have certain knowledge of a type which is absolutely crucial for choosing competent policies under the present crisis-circumstances confronting our government, businesses, and the general public. The principal topic of this report, is the presently urgent necessity of the study and practice of economics as a science, as essentially a branch of experimental physical science.

Under present circumstances, I am therefore obliged to supplement the memorandum which I have recently addressed to the members of the U.S. Senate and their staffs, by providing professionals and relevant other persons this paper's concise introduction to what are now certain urgently needed, but usually overlooked principles. In this present report, all matters addressed are subsumed under the need to remedy the general lack of that knowledge which must now guide our republic, and our world, out of the presently onrushing catastrophe.

Up to this present moment of my writing, even most among today's visibly leading economists remain ostensibly ignorant of the most elementary of the systemic errors in their thinking. These are errors shown by their continuing complicity in the past three decades' march down the wrong road, into the swamp of the presently onrushing economic chain-reaction collapse of the world's present monetary-financial system. I present those needed principles of economics as a science which makes clear, that this present collapse would not have been possible, had these professionals and their followers not either ignored, or even defied, the previously well-known principles of that American System of



*Scientist Thomas Edison (left) with engineer Charles Steinmetz, in 1922. The divorce of the “science” of economics from the reality of physical productive processes, has led to the current catastrophic breakdown crisis.*

political-economy which defined a durably successful design of modern economy, beginning more than two hundred years ago.

Therefore, given the immediate peril of the world’s economy today, the continued influence of the ideology of those misguided economists in the policy-shaping of governments including our own, must be considered the poisonous, habit-forming drug which lured the world monetary-financial system into a form of degeneration which should have been foreseen, or, at least recognized, decades ago, as being a recipe for the kind of state of a general catastrophe which we have actually experienced, more and more, in effects experienced during the recent quarter-century.

Therefore, to overcome the present crisis of our national and the world economy, we must do two things. First, rid ourselves of those specific kinds of diseased thinking about the subject of economics, which have dominated the U.S.A. and other governments’ policy-shaping, and caused the ruin of our economy during the recent three and a half decades. Second, circulate the missing, urgently needed true knowledge of how a successful modern economy works, not only among professionals and businessmen, but, to provide a competent grounding in this essential knowledge, through our secondary schools and universities. The latter, second purpose is the principal concern of this report.

To make those two points in this report, I have chosen the timely example of urgent need to diagnose and cure the present collapse of the auto industry. What was wrong? What should we now do instead? How must we think about economics if we are to succeed in overcoming this challenge? How

must we think about a successful rebuilding of both the U.S. and world economy over the coming fifty years and more?

In earlier locations I have pointed out some of the essential kinds of related causes, and cures, for the failure of General Motors and other managements today. Here, in this report, I focus on the scientific principles which should be applied, instead of those flawed policies which have caused the present collapse of that industry. On the latter account, I shall direct attention in the body of this report to some extremely relevant, essential principles of economics, principles which were generally unknown to leading economists in universities and elsewhere, up to the point of their study of this report. I supply selected examples of this general ignorance, examples which I choose because they are ones more readily understood among the audience I have selected for this occasion.

I have also pointed, below, to the nature of the still deeper, scientific principles which must govern the way in which we pass down education in the principles of economy from the university level, into the secondary school curriculum, and the public generally.

To speak bluntly, the virtual “brainwashing” of the upper echelons of business leaders and elected members of government on the subject of economy, has carried matters to the extreme, that a crash of enterprises as significant as an entire automobile industry reflects a quality of conditioning which hinders the business executive’s or political figure’s ability to think rationally about the decisive issues of the crisis of that industry. Typical, in recent years up to the present time, is the case in which the sense of a crisis in the physical economy, prompts the relevant individual’s flight from the physical-

economic reality of the situation, a flight which is expressed in such forms as rebuking his informant, “But, tell me how the market is doing. . .”

So, whereas, among relevant trade-union leaders from those industrial categories, the reaction to the presently onrushing collapse of an industry, tends to be rational, healthy, and realistic, the same information presented to the political figure who one might presume represents those trade-unionists’ political interests, is too often a change of the subject of discussion, to asking about “the market.” That “market” has been the same phenomenon which has continued to suggest that the relevant sector of the physical economy is on the road to prosperity, at the same time that the relevant industry has been preparing to crash. It is that latter kind of avoidance of physical reality rather typical of today’s so-called “white collar class,” which is expressed by their turning from reality to the subject of “the market” whenever reality frightens them. That syndrome among them is the most likely influence which might set off the moral failure among politicians which virtually destroys our nation.

A study of the way in which the automobile industry, in particular, has been building up its over-ripeness for the presently onrushing collapse of its relevant corporate institutions, that over years to date, typifies the evidence of the need to shift discussion of the policy-making of our economy from the monetary-financial realm, back to viewing the actuality of the monetary-financial processes from the vantage-point of primary emphasis on the processes at work within the physical economy as such.

That said thus far, the first subject the thoughtful reader should wish to take up, now, is the subject of the quality of my expertise. I now preface the body of this report, chiefly, with a few necessary remarks on the most relevant parts, for today, of my background in this field, and after that, turn, in the body of the document, to the crucial point of science to which this report is dedicated.

### Some Relevant Personal Background

Often, the instances of either notable success, or ugly failures in the policy-shaping behavior of adult leaders in society, reflect some critical turning-point in development of that personality during childhood or adolescence,

Looking backward from today, it is fairly said that my present career as, in fact, a leading economist, reflects a process which began during my adolescence, in an incident which occurred my first day in attendance at the then standard first secondary school class in Plane Geometry. On that occasion, when the students were challenged by that teacher to suggest why we should study geometry, I volunteered a subject which had fascinated me since some earlier visits to the nearby Charlestown, Massachusetts Navy Yard. I replied to her challenge by posing the subject: *To study why leaving those holes in girders strengthens the structure of which they are a supporting part.* It is the kind of question a boy in my

circumstances then would have asked his father. I did ask, but I was never satisfied with the answer he gave me, which was that I should learn the answer in school when the time for that came. School had come, and I had asked.

Despite some prompt, foolish, and also vociferous ridicule from some classmates on that account, my reflections on what I recognized as their irrational reaction, showed me why I could never accept the idea of a geometry, or physics, premised upon allegedly self-evident definitions, axioms, and postulates of a so-called Euclidean or kindred doctrine in geometry. I never did.

Already, before that classroom incident, I had been prompted by similar questions, to begin a reading of representative writings of leading names in English, French, and German philosophy of the Sixteenth through Eighteenth Centuries. I remained fascinated by that study of philosophies as systems, rather than opinions, from that same standpoint, up through the present day. The pattern of that experience in studying philosophy, initially, during the remainder of my adolescence, showed the significance of that incident in the geometry class to have been, that I was then already on the road to becoming an adolescent admirer of Gottfried Leibniz, over all the other authors of my explorations in those modern European philosophies. These explorations among the history of ideas turned gradually to translations from, and disputed commentaries on the work of the pre-Aristotelean Greeks.

Within two years after that classroom incident, I had become, in effect, a convert to that science of physical geometry which I would come to recognize, more than a decade later, as a Riemannian anti-Euclidean geometry.<sup>1</sup>

The relevance of that seminal classroom incident from my adolescence to this present, brief report, is not only that most professionally trained persons whom I have known from my own, and later generations, developed into adulthood along an intellectual pathway which was systemically contrary to my own. As a result of my adopting the kind of views on geometry which I expressed in that classroom, I have developed what were to be proven to be my superior methods applied to the subject of economy.

So, since my adolescence, my contentious view on the subject of physical geometry, which I had expressed in that

---

1. The term “anti-Euclidean,” rather than “non-Euclidean,” dates in fact from a time prior to the writings of Aristotle or Euclid. It dates in European culture, from the influence of the Egyptian astronomy known as *sphaerics* among the Pythagoreans and Plato. Although a return to “anti-Euclidean geometry” is implicit among Nicholas of Cusa and his principal followers, in physical science, the term “anti-Euclidean” originates with one of the principal teachers of Carl Gauss, Abraham Kästner. The concept is developed, although not under that name, in Gauss’s published work, beginning his 1799 doctoral dissertation against D’Alembert, Euler, and Lagrange; but appears, frankly stated, in its own right, with Riemann’s 1854 habilitation dissertation and his *Theory of Abelian Functions*. Riemann’s conceptions played a decisive role in shaping the development of my own anti-Euclidean notions in physical economy. The term signifies the rejection of *all* notions of “self-evident” (e.g., a priori) principles in mathematics.



geometry classroom, led me to follow the essentially Leibnizian, specifically American track in economics associated with the tradition which Treasury Secretary Alexander Hamilton had identified officially as that American System of political-economy; whereas, most of what passes for generally accepted doctrine, even in the U.S. universities today, is premised on that British East India Company's Anglo-Dutch Liberal school of economy, the doctrine against which the American War of Independence had been fought.

My affinity for the American System, even during adolescence, expressed a non-accidental coincidence with those aspects of my childhood family legacy as a descendant of circles associated with the early Nineteenth-Century American Whigs and their Abraham Lincoln legacy. The outcome of the confluence of that part of family history with the evidence of science, was that I have remained personally comfortable with the agreement between the two influences to the present day.

That experience was the origin of what became my repeated successes as a long-range economic forecaster over decades, during a time when the schools of thought represented by my putative rivals in this field of forecasting have usually failed, often miserably.

Today, the most essential kind of principled significance for science generally, and economics emphatically, of that philosophical difference which I expressed in that classroom incident nearly seventy years ago, can be usefully restated as: *A mere mathematician, such as René Descartes, reports statistically, as did Copernicus, on the motion which has been observed; a physical scientist, by contrast, follows such precedents as Johannes Kepler. The latter not only discovers what has moved the observed object, but bases his presumption and proofs of professional competence on discovering the specific power<sup>2</sup>—the specific universal physical principle—which generates the kind of observable motion which could not have been predicted by the methods of the mere mathematician.*<sup>3</sup> We observe the movement of the planet. Galileo said

2. The term *power*, as I employ it here, as distinct from the reductionist's mistaken notion of *energy* as elementary, is the customary English translation of Leibniz's use for science of the German term *Kraft*. Those terms have the same significance as the use of the term *dynamis* by opponents of the reductionist schools, such as the Pythagoreans and Plato. The modern form of this Classical Greek usage of the notion of *power*, is traced from such relevant writings as Cardinal Nicholas of Cusa's *De Docta Ignorantia*, which, with related later writings by him, launched modern experimental physical science along such main lines of development as the direct followers of Cusa, Luca Pacioli, Leonardo da Vinci, Johannes Kepler, and Leibniz. The reaffirmation of this notion of *powers*, against the empiricists' so-called Enlightenment and the followers of Descartes, occurred under the influence, in Germany, of the mathematician Abraham Kästner, Kästner's pupil Carl Gauss, the École Polytechnique of Lazare Carnot, Arago, et al., and the circles of Alexander von Humboldt, which gave us the work of Bernhard Riemann, and the defense of Kepler and Riemann made by Albert Einstein later in his own life.

3. Carl Gauss's discovery of the orbit of the asteroid Ceres, for example.



*Study of constructive geometry at a Schiller Institute camp, 2004. LaRouche recognized in adolescence that he "could never accept the idea of a geometry, or physics, premised upon allegedly self-evident definitions, axioms, and postulates of a so-called Euclidean or kindred doctrine in geometry."*

that it moves; Kepler asked, and discovered that which moves it.<sup>4</sup>

So, from the beginning of what became my professional successes as a working economist, I had been led to define competent economics, as Leibniz did, as a science of physical economy, whose most characteristic practice is long-range forecasting. The statistician, in his attempted role as forecaster, seeks to predict the movement so; the scientist working in the footsteps of Kepler, Leibniz, Gauss, and Riemann, asks what moves it, *even to produce a state of motion which had never been known to have existed before?* It is the latter sort of motion, forecasting successfully something which had never occurred before, which is inevitably excluded by reductionists' statistical methods, which is the motion which expresses all of those developments which correspond to the most important of all developments. These are the developments which the statistician must necessarily fail to foresee as

4. This qualitative difference between Descartes and Leibniz is expressed as systemic in Leibniz's refutation of Descartes on the subject of *vis viva*, where Leibniz's argument reflects the notion of *power (dynamis)* adopted, as a principle of what the Pythagoreans and Plato knew as *Sphaerics*.

likely.<sup>5</sup> That discovery of a principle whose application generates a category of phenomenon never experienced before, is the experimentalist's definition of a universal physical principle. That is the true definition of scientific method; that is the *power* of progress. *This same notion of power, is the essential principle of any competent economic science.*<sup>6</sup>

The prompting of my first formal step from being a youthful admirer of the concept of physical geometry, toward becoming a professional economist, occurred at the beginning of 1948, when I had received loan of a Paris pre-print of Professor Norbert Wiener's *Cybernetics*. Much of that book I found to be fun; but I could not swallow Wiener's frankly absurd, radically reductionist doctrine of "information theory." I was promptly determined, from that moment on, to elaborate my strict disproof of Wiener's cleverly seductive "ivory tower" intervention into economics.

At a later point, during my repeated, 1952-1953 rereading of the opening paragraphs of Bernhard Riemann's 1854 habilitation dissertation with the subject of physical economy in mind, my earlier work in arriving at a thesis refuting Wiener (and, similarly, John von Neumann) for economics, came into focus. In the leisure imposed by a process of convalescence from a serious bout with hepatitis, I had my "Eureka" experience; I acquired a sure-footed sense of my special competence as an economist, a competence which was later demonstrated in my first general forecast on the economy, which I made several years later, in 1956

The first working forecast actually made by me on the basis of those studies, which was made during 1956, took shape when I insisted to my rather astonished, and chiefly disbelieving colleagues of that occasion, that we, as consultants to business firms, must foresee a major U.S. recession to erupt approximately February of 1957.<sup>7</sup> That forecast collapse into recession came on time, and for the reasons I had forecast.

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5. As I have emphasized repeatedly in earlier locations, the typically irrational behavior of the individual and group can be described categorically as a case of a "fishbowl syndrome." The affected individual's reactions are conditioned by a mixture of individual axiom-like assumptions about the universe which limit his or her behavior to the confines of the kind of imagined universe to which those assumptions correspond. That individual therefore "can not see" the larger universe which exists beyond those axiomatic-like assumptions. Thus, the discovery of a universal physical, or kindred principle, frees the mind of the individual to see beyond the neurotic bounds of his own "fishbowl-like" syndrome.

6. This issue of *power* is addressed directly by Gauss's 1799 attack on the fraud by D'Alembert, Euler, Lagrange, et al., who used the nonsense-word "imaginary" to attempt to conceal the actual, physical existence of the complex domain. The concept of the complex domain, as developed from Gauss through Riemann, is the mathematical form of expression of that ontological principle of *power* as associated with the discovery of uniquely efficient universal physical principles. E.g., Riemann's conception of *Dirichlet's Principle*.

7. My related proposal was that the firm shift emphasis toward getting deeply into the ground-floor of what must be seen as an increasing importance of electronic data-processing in production, distribution, and administration.

The effects of my success as a forecaster were much disliked in those circles. Obviously, my doubts of the wisdom of the automobile industry had not caused that recession; but, it is not atypical of the perils of the successful forecaster, that for some associates and others, I must nonetheless be blamed, emotionally, for the effects which reality, not I, had created and delivered to their doorsteps. The typical poor fellow clung to his earlier delusion about the economy, by saying of me, "He talked us into a recession!"

The study which led to my crafting of this forecast had been prompted, initially, by my attention to economically pathological patterns in the marketing practices of leading automobile manufacturers. This observation had turned my attention to broader, correlated other, related factors of virtual fraud by lenders, then, as now, in the misuse of consumer credit by the U.S. economy at that time. Hence, the forecast.

All forecasts of that type which I crafted then, and later, have been premised on the discovery of a characteristically systemic feature of the economic process. Often, as in the case of my 1956 and later forecasts, this systemic feature corresponds to recognition of some influential, usually false, axiomatic-like assumption by some controlling interests in the current system. Like the 1954-1957 process leading into the February 1957 turn, most important forecasts are premised upon a discovered element of systematic delusion of that type, like the "Pyramid Club" frenzy of the late 1940s, or the consumer-financing frenzy leading into the 1957 recession, each of which, like the John Law "bubble" of the early Eighteenth Century, had been induced in relevant mass-behavior.

Then, as in the case leading into the present General Motors crisis, the tendency of the relevant foolish folk is to see apparent short-term monetary-financial advantages in "the market," while putting aside concern for medium- to long-term physical-economic factors. The latter are the factors which will ultimately take their revenge, as now, upon the wishful monetary-financial thinking which has temporarily seduced prevalent opinion.

For example, the fact that the population of the U.S. has been transformed, as a whole, from a nation of savers, into wildly over-extended borrowers, seeing today's money to spend, rather than tomorrow's debt to be paid, is worse than typical of the way short-term delusions of public opinion, lead into medium- to long-term catastrophes. Such are the cases of the 1990s "IT" bubble, the mortgage-based securities bubble, the automobile-sales-financing bubble, hedge funds generally, and the U.S. fiscal debt and current accounts deficit today. In all bubbles, and most boom-bust cycles, there is a systemic element of popular delusion operating axiomatically within induced mass-behavior.

Ironically, we witness the same kind of blunder as then, repeated on a grander scale today, as a key part of the onrushing crash of the automobile industry, and other key sectors. However, while forecasting disasters is not only important, but necessary, it is forecasting ways to bring about a recovery



*LaRouche with organizers from his youth movement. He challenges them to master the principles of the complex domain, as elaborated by Gauss, Riemann, and others, in order to understand “the way competent modern physical science represents both the difference and connection between the real universe and the shadow-world of sense-perception.”*

from a presently onrushing disaster, which touches the heart of a scientific quality of professional practice of physical economy. As an illustration of the latter point, take a key feature of my just-issued report on the prospects of a recovery, which I have just issued as a motion presented to the members of the U.S. Senate. This present report is crafted as a technical supplement to that report.

Not accidentally, the systemic error in mismanagement whose effects have exploded to the surface of the world's automotive interest today, was the same type of error, but on a grander scale, speaking of types of systemic errors, which had attracted my attention in the automobile industry of 1956. General Motors' financier management of today has obviously learned less than nothing from the industry's mistakes of fifty years ago.

As I have noted above, my 1956 forecast of a deep 1957 recession had been crafted in a professional capacity as an executive of a firm by which I was employed at that time. However, the study and its specific success prompted a deeper, intense, and far-ranging private study of the trends which I later forecast, beginning 1959-60, as a current trend in our nation's policy-shaping ideology of the mid-1950s. It was clear to me then, that if that ideology were continued in effect, this would set off a series of international monetary crises during the latter half of the 1960s, and, beyond that, presented the added danger of a breakdown of the presently ongoing world monetary system as a result. It actually happened as I had forecast this, over the course of the middle 1960s, through 1971 and beyond. That more widely circulated

forecast is that for which I have become known around the world, since the middle to late 1960s. This forecast was realized as the 1967-68 pound sterling and U.S. dollar crises, and the subsequent, 1971-72 collapse of the original Bretton Woods monetary system.

My post-August 16, 1971 statements on this action of the Nixon Administration, which were issued during the remainder of that year, then defined the long-term basis for the series of subsumed, medium-term forecasts, which I later issued at various points during the decades up to that which I delivered through mass media shortly before the 2001 U.S. Presidential inauguration. None of those forecasts of that interval has ever been wrong.

It is the method associated with that general forecast which stands as completely vindicated in the international crises erupting today.

This is not to deny that there are many specialists in various aspects of the economy, who speak with the actual authority of experts in making valid, and sometimes also very valuable statements on the partial significance of current developments. There is often a notable coincidence of opinion between my work and theirs, and some consultation on such matters among us. Nonetheless, my forecasting has the indicated unique quality of significance, as providing the scientific basis for long-term policy-shaping which my success in long-range forecasting expresses. It is the scientific basis for my distinctive successes on that account which must, finally, be learned among those who will be qualified to lead the world into the future, especially those future leaders who emerge

from the generation typified by the program of education in certain fundamentals of both science and Classical culture being conducted by my LaRouche Youth Movement.

I work to inform and educate the present leaders from older generations, but also seek to develop a new cadre of leaders of nations who will come to know what I already know far better than I do today. Also, they will still be here to lead in generations which have come to lead after mine has been long gone.

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## 1. What Is Economics?

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To discuss the ills and cures of our modern international and national economic systems as such, we must first define what economists and others *ought to mean* when they use the term “economics.” The problem has been, that among presently leading economists and textbooks, very few provide a valid definition for their use of the term “economics.” Most debates on the subject itself break down at the beginning, usually after turning quickly into a Babel of murky confusion over fundamentals. To avoid that confusion over definitions themselves, I begin my treatment of the technical problems raised by the present General Motors catastrophe, in this chapter, with the following corrected definition of the term economics itself.

The crucial historical fact from which to begin any competent study of economic practice today, is, that no science of economy, in any meaningful sense of the way that term is used today, existed prior to the birth of the modern nation-state in Europe’s Fifteenth Century Renaissance. The first actual economies, otherwise known as *commonwealths*, were founded during the second half of the Fifteenth Century, by, first, France’s King Louis XI and, later, his follower, England’s Henry VII. Any discussion of the principles which must be recognized if we are to deal competently with the causes and cure of *the presently onrushing, global breakdown crisis of the world’s present floating-exchange-rate monetary system*, must begin with an understanding of the scientifically principled differences among the various types of European society which existed prior to, during, and after the Fifteenth-Century Renaissance.

The cases of Louis XI’s France and Henry VII’s England are crucial for sorting out that historical evidence needed to locate the causes and cure for the global crisis expressed by the General Motors and kindred cases today. It would be impossible to grasp what the term sovereign nation-state, or its synonym, *the commonwealth*, should mean to the competent economist, until the history of mankind, prior to Europe’s Fifteenth Century Renaissance, is seen in a clear-headed way. Until that point is clear, no competent understanding of any the relevant principles of modern economy were possible.

I proceed accordingly.

First of all, although any meaningful definition of the idea

of a constitutional republic is traced to the work of Solon of Athens, no actual republic, in that sense, existed, in practice, prior to crucial developments during the course of the Fifteenth-Century Renaissance. The relevant synonym for a true republic, as founded by France’s Louis XI and his follower Henry VII of England, is a *commonwealth*; a *nation-state whose constitutional law, based on the triple principle of perfect sovereignty, the defense of that sovereignty, and the obligation of society to promote the general welfare of all of the people and their posterity*. The examples are each *equivalent, functionally, to the Preamble of the Federal Constitution of the U.S.A.*, and to the congruent, principled notion of natural law central to the 1776 U.S. Declaration of Independence, a formulation copied from Leibniz’s attack on John Locke’s folly, “the pursuit of happiness.”

No form of society meeting the standard of that definition existed in any known place prior to that European development of that Fifteenth Century reform.<sup>8</sup>

This Fifteenth-century development did not spring up spontaneously. It had developed as an outgrowth of a long process focussed within European civilization and adjoining areas, that over a period beginning, chiefly, within the geography of Europe and near Asia since approximately 10,000 B.C.

This is the period which began with a catastrophic event, a great flooding, which occurred as a continuation of an already ongoing great melt, which signalled the end of a long period of glaciation in the northern hemisphere. During the whole period of that melt, a process of post-glaciation which had begun more than six thousand years still earlier, there had been a rise in the levels of the world’s oceans by approximately three hundred to four hundred feet. These levels, once approximately reached, have defined the general outlines of geography since that time.

This process of post-glacial change had unfolded to the accompaniment of profound successive changes in climate and other contextual factors over the period preceding the events associated with surviving historical accounts, a period

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8. The founding of the modern nation-state by Louis XI and Henry VII was most immediately an outgrowth of the new juridical order in Europe established in the context of the Fifteenth Century’s great ecumenical Council of Florence, in which later Cardinal Nicholas of Cusa performed an indispensable key role. Two works by Cusa, his *Concordantia Catholica* and his founding of modern experimental science with his *De Docta Ignorantia* and later scientific works, and his role in launching the policy of great transoceanic exploration and development typified by the actions of Christopher Columbus, were key features of the way in which the immediate conditions for founding of modern nation-states were crafted. The earlier, medieval history of the efforts to establish sovereign states as the replacement for both Roman and ultramontane imperial rule, has been documented from the standpoint of modern international law by Professor Friedrich A. von der Heyde in *Die Geburtsstunde des souveränen Staates (The Birth of the Sovereign State)* (Regensburg: Druck und Verlag Josef Habel, 1952). Fore-runners of this great Renaissance reform include, most notably, Solon of Athens, Plato, St. Augustine, Charlemagne’s opposition to ultramontanism, Abélard, and Dante Alighieri.

of the history of the territory of Europe and Southwest Asia dating from about 4000 B.C.<sup>9</sup>

The way in which European civilization generated the functionally precise conception of the sovereign nation-state, requires us to look at the way in which monotheism shaped that evolving conception of mankind and society out of which the sovereign nation-state emerged in the Fifteenth Century.

The known development of human cultures within the area of Southwest Asia, Africa, and Europe during the approximately four thousand years preceding the birth of Jesus Christ, was the cauldron of conflict, out of which a specific development constituting European civilization emerged, a process of development which came to be centered within what is known today as Classical Greek civilization.

The central factor of that process is birth of mankind's conscious knowledge of a universe and a willful universal deity. The notion of a monotheistic God as a personality conceived as in the image echoed by the mind of man, is a notion buried somewhere deep within the pre-history of the world known to the Egypt of Moses' monotheism. However, the obscurity of the origins of knowledge of the monotheistic principle is not only a feasible challenge; the recognition of a more rigorous, precise notion of the concept itself, is scientifically necessary for the healthy functioning of the modern world. It is essential to focus attention on those creative powers, unique to the human mind among known species, by means of which we are able to sort out clues pointing to the way the human mind, as we know it, could actually know of the provable existence of such a God. This notion of God, as argued by Plato's Classical *Timaeus* dialogue, is the emergent foundation on which the development of European civilization has depended from its beginning.

Typical is the argument for an actively creative God by Philo of Alexandria and the Christians, who argued with the same form and degree of exactness we might rightly associate with scientific certainty, rather than some anecdotal blending of legend and chronicles. Plato's *Timaeus*, when situated in

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9. The reports on ancient astronomical calendars, as this was emphasized by India's Bal Gangadhar Tilak and others, show a highly developed astronomy existing in Central Asia more than 6,000 years ago. Related evidence points to the outstanding importance of maritime cultures based on sophisticated astrogation during times preceding historical times. The evidence indicates that the development of civilization proceeded from the oceans and seas into settlements along principal rivers, rather than the reverse. Traces of settlements along present coastlines, at up to several hundred feet below today's ocean surface, especially where great ancient rivers intersected likely regions, are now submerged, on or near the coastal regions of those ancient times. Therefore, study of relevant, presently submerged off-shore locations, especially off the coasts of India, whose maritime culture of the early historic period played a known important role in the history of adjoining regions, have great importance for our knowledge of the prehistoric conditions of mankind. Such studies would help us greatly to understand the prehistoric development of relatively advanced forms of culture which probably left a crucially significant imprint on the relevant cultures of historic times, such as those of lower Mesopotamia.

the context of the work on the subject of the methods for conceptualization of universals, as by the Pythagoreans, and within his own dialogues in general, points toward such a scientifically precise knowledge of God and the associated principled notion of society.

Curiously, but not merely coincidentally, Riemann's insight into the implications of Dirichlet's Principle, as I shall treat this afresh in the next chapter of this present report, shows the way in which the human mind can actually know of, and define the notion of an ontological quality of existence of such a monotheistic God with a systematic sense of scientific certainty. As I shall emphasize in the next chapter of this report, *all rational notions of science and of modern economy depend upon the special ability to conceptualize the notion of a universal principle as a definite, and efficiently ontological object of human consciousness*. Riemann's rigorous redefinition of such universals, as stated first in his revolutionary 1854 habilitation dissertation, and as this notion was elaborated in the form of Dirichlet's Principle in his *Theory of Abelian Functions*, enables us, today, to look back with insight to the preceding development of physical science, back to the Classical Greeks, and also, still further, not only to Egyptian astronomy, but notions of astrophysics implicit in Bal Gangadhar Tilak's report on pre-4,000 B.C. astronomy in Central Asia.

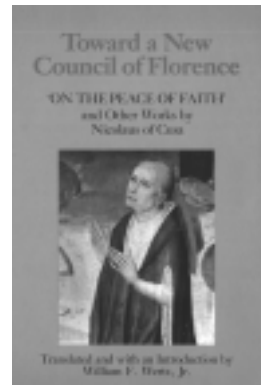
This elaboration, as by Riemann, of the notion of Dirich-

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chlet's Principle, is a crucial quality of modern improvement in our ability to conceptualize those universals which the relevant ancient Egyptians, and the Pythagoreans and Plato, defined as *powers* (i.e., *dynamis*), or what modern Classical science and art know as *universal physical principles*, as absolutely distinct from the merely descriptive quality of mathematical formulas. A clear understanding of this notion, seen in that way, is crucial for defining a notion of economic science, for *a science of physical economy*. This conception is also indispensable for achieving a definite, ontological notion of creativity and of the personality of a Creator. This conception is also indispensable for understanding more adequately the qualitative specificity of the modern European civilization which first appeared within the context of the Fifteenth-Century European Renaissance.

What we know of the relevant roots of European civilization, is the central role of this idea of a Creator in defining that current of thought which has adopted those special aspects of European civilization as a whole, aspects which are relevant for understanding the long struggle, through ancient and medieval times, for the modern birth of the sovereign nation-state republic. Plato's *Timaeus* is the key example of the relevant connections. The conception of man and woman as made in the image of the Creator, all within a continuing process of universal Creation, is the notion which separates Christianity, for example, from those depraved forms of Ve-

netian-Norman-ruled, medieval society, forms from which the revolutionary Fifteenth-Century founding of the modern sovereign nation-state republic largely freed mankind at that time.<sup>10</sup>

That theological conception of man, as typified by such seminal works as Cardinal Nicholas of Cusa's *Concordantia Catholica* and *De Docta Ignorantia*, is the basis for the generalization of both the kind of physical science later typified by Riemann's work, and the notion of man in society on which the principled organization of the relations among the citizens of a modern European republic is premised. It is the same Cusa, proceeding from the same basis, who led in organizing what became the great explorations across the Atlantic, and from the Atlantic into the Indian Ocean, out of which a modern notion of developing a truly universal civilization emerged.<sup>11</sup>

Contrary to the doctrines of the empiricists and kindred reductionists, these issues of the history of monotheism are not only formally theological. They pertain, unavoidably, to those conceptions of man in the universe, man as in the image of the Creator, which also have distinctly secular implications, implications which have to do with the categorical distinction of human beings from beasts. Without understanding the roots of modern European civilization as located in the notion of man as in the image of the Creator, nothing essential, nothing truthfully practical concerning human existence and modern society could be understood.

### The Crucial Conception of Man

This conception of man as a creator in the likeness of the personality of God the Creator, is the essential foundation of both competent physical science and any competently systemic conception of the modern sovereign state and economy. The recent century's most important additional contribution to the development of an integrated view of economy and man as a creator in the likeness of the Creator, was the Twentieth-

10. Philo is notable for his attack on the fallacy of the Gnostic's syllogism, that if God were Perfect, then his Creation had been Perfect, such that even He could not interfere with a predetermined dramatic script once the Creation had occurred, as the of the mechanistic, dispensational dogmas of the modern Gnostic Darbyites teach. That Gnostic dogma is also characteristic of the sordid paganism of the cult of the Olympian Zeus of Aeschylus' *Prometheus Bound*, which forbids man's knowledgeable use of the discovery of universal physical principles. Philo's argument on that account, typifies the general method also expressed by competent forms of modern physical science. Creation was not an event, nor a closed drama, but a process of endlessly continuing Creation, in the sense of Heraclitus' famous aphorism as adopted by Plato. The "history" of the evolution of the Solar System out of a fast-spinning, solitary Sun, is an illustration of the point. V.I. Vernadsky's concept of the Noösphere is both an essential conception of physical science, and a theological statement about mankind's role in the organization of our universe.

11. Some of Cusa's writings proposing these explorations fell into the hands of Christopher Columbus. Columbus followed up his study of those documents by Cusa by a correspondence with the scientist and Cusa collaborator Paolo dal Pozzo Toscanelli, who provided Columbus, in 1480, the map which Columbus used in designing the policy for his later voyage into the Caribbean.

## Kepler's Revolutionary Discoveries

The most crippling error in mathematics, economics, and physical science today, is the hysterical refusal to acknowledge the work of Johannes Kepler, Pierre Fermat, and Gottfried Leibniz—not Newton!—in developing the calculus. This video, accessible to the layman, uses animated graphics to teach Kepler's principles of planetary motion, without resorting to mathematical formalism.

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Century development of the concept of the *Noösphere*, Russia's V.I. Vernadsky.

Vernadsky, the Russian nuclear scientist and founder of the branch of science known as biogeochemistry, presented to the world his Riemannian conception of the physical organization of the universe, as composed of three multiply-interconnected universal phase-spaces, the abiotic, the Biosphere, and the *Noösphere*.<sup>12</sup> This was premised on crucial experimental evidence showing that the living processes expressed by the production of the relevant fossil aggregations of our planet, were the product of a universal principle not encountered in defining non-living processes, and that the fossil aggregations produced by mankind's discovery of universal principles (the *Noösphere*) were the result of a power not otherwise found among living processes. This latter, modern notion of the term *power*, which is the centerpiece of a competent economic science, is identical with the original Greek designation of that term, as used by the Pythagoreans and Plato, and by Leibniz later.

The implication of that notion of powers is that the universe, like Vernadsky's *Noösphere*, is a *system*. That means a system in the sense that the way in which the universe works is not merely acted upon by, but determined by a set of discoverable universal physical principles provided by the Creator. Thus, to the degree that we discover those universal principles (*powers*), we have gained a partial amount of the total power which the Creator's universe represents.<sup>13</sup>

So, in that way, what we know—or, in the alternative, what we believe that we know of such principles—is also a system, not exactly the Creator's system, but including some part of that. That, of course, leaves us with some errors we have produced, or adopted, and, insofar as what we actually know, leaves much that we have yet to discover.

As the case of Kepler's discovery of gravitation shows, or Leibniz's discovery of what he termed *vis viva* (i.e., powers) which he presented to refute Descartes' blunder, the universe in which we actually live, is not a world of our naive sense-perceptions, but a universe of universal physical, and related kinds of principles; a universe which can not be sensed directly, but which we can not only know through experimental methods, but which we can nonetheless prove, experimentally, is an image of the real universe: whereas the universe we tend to infer by mere sense-certainty, is only a shadow which the real universe casts upon our senses. The concept of the complex domain, as elaborated by Gauss, Riemann, et al., is typical of the way competent modern physical science represents both the difference and connection between the real universe and the shadow-world of sense-perception.

The characteristic physical-scientific distinction of man

from the beasts, is this *power* which we associate with discovered universal physical principles, principles expressed as the transmission of such discoveries from the sovereign mind of a single individual discoverer to his, or her society, and to future generations.<sup>14</sup> This power of the individual mind, so expressed, is the immortal aspect of the human biological individual, the expression of his, or her participation in the same creative principle which resides in the monotheist's Creator.

It is the notion that we live in a universe ordered, in this way, by the will of that single Creator, which is the foundation for competent modern science, and is also the moral principle upon which the crafting and existence of the modern sovereign nation-state and its economy depend.

However, the process of establishment of the modern commonwealth, even up to its present, imperfect form, has been a long struggle, a struggle between the notion of man as made in the image of the Creator, and the contrary view of man expressed by a phenomenon called the oligarchical model of society. Typical of the oligarchical model are the systems associated with ancient Babylon, with Sparta, with the image of the Olympian Zeus, with the Roman Empire, and with the medieval ultramontane system under the alliance of the Venetian financier oligarchy with the Norman chivalry. The modern sovereign nation-state, the commonwealth, as defined in Cusa's *Concordantia Catholica*, is, on the contrary, a conditional realization of the goal of establishing a form of society consistent with the notion of the human individual as made in the monotheistic image of the Creator.

The chief adversary of that conception of man, still today, has been the oligarchical models of society which exist still as outgrowths of the medieval ultramontane tyranny under the Venetian financier oligarchy.

The characteristic of the commonwealth, is the transmission of those discoveries of universal physical, and of congruent principle, from one generation to the next, which is the essential functional, and spiritual distinction of the human individual and species from the beasts. It is the conscious participation in the universal process so defined, which is the unique expression of specifically human *happiness* to which Leibniz and the U.S. Declaration of Independence refer, in opposition to the specific bestiality of John Locke and Locke's pro-slavery followers in the doctrine of "property."

The issue between the republican and oligarchical system is posed, still for today, in the elementary form presented famously by the Classical Greek tragedian Aeschylus' *Prometheus Bound*. Prometheus is presented there as the advocate of mankind as a species capable of receiving and employing the discovery of those universal physical principles through which man distinguishes his society from that of apes. For that Olympian Zeus, Prometheus' alleged crime was giv-

12. Cf. Lyndon H. LaRouche, Jr., *The Economics of the Noösphere* (Washington, D.C.: EIR News Service, Inc.) 2001.

13. This is Riemann's then-revolutionary argument in the opening of his 1854 habilitation dissertation.

14. *Ibid.*



*The late physicist Dr. Robert Moon, a friend and collaborator of LaRouche, working with young people, at a Schiller Institute camp in 1986, to replicate Ampère's experiments in electromagnetism.*

ing usable knowledge of the principle of fire to mankind.<sup>15</sup> It is the denial of the right of human beings generally to have access to knowledge of those universal physical principles typified by *Prometheus Bound*'s notion of the power of fire, which is typical of the way the oligarchical principle of usury operates as the enemy within a modern commonwealth such as the U.S.A. today.

The most influential modern adversary of the Promethean principle of truthful universal principles, has been the reductionist ideology of Venice's Paolo Sarpi and such of his followers as Galileo Galilei, René Descartes, Sir Francis Bacon, Thomas Hobbes, John Locke, and the Eighteenth-Century empiricists generally, as the latter are also typified by Immanuel Kant. Hence, the significance of the 1799 doctoral dissertation of Carl Gauss, in which Gauss presented a conclusive proof against the empiricism of D'Alembert, Euler, and Lagrange. On the one side, empiricism as a rationalized replacement for Aristotelean reductionism, we have modern Liberalism's utilization of discoveries in scientific progress by the Sarpi-led faction of Venice's financier oligarchy, and by the Anglo-Dutch oligarchy later. They permit the utilization of discovered new technologies, while denying society the right to be governed by its own choice of a commitment to the continuation to such notions of progress as the expression of truth.

15. The same contempt for the people was expressed in the time following the outlawing of slavery in the U.S.A., by those who insisted that the children of former slaves not be educated above their intended station in life, a doctrine expressed today in such forms as the "no child left behind" doctrine.

The conflict between the interests of the people of the U.S.A. and the financier interests which have savaged the automobile industry, is an expression of the conflict between the common good and the principle of financier oligarchy carried over into modern European society as a legacy of the ultramontanism of the awfully ungodly medieval Venetian financier-oligarchy.

### **The Moral Purpose of Man's Work**

The oligarchical concept of man, man as a subject of the government acting as an instrument of financier-oligarchical power, is the manner in which *work* is treated as the assigned purpose of man's existence. This is a notion of *work* which is often applied with a poor distinction between the work of the man and of the ox. For the oligarchy, it is work to produce financial and related profit and pleasure for the members of society, especially the owners, and work done to secure the income on which the sustenance and pleasures of individual and family life largely depend.

Those who live on a higher moral plane than that, define work differently. They echo the *New Testament* parable of the talent. This is the notion that work must somehow produce some improvement in the condition of life within the society of those who will be living after the doer of that good has passed on, ending life with something equivalent to a smile on his or her face. The principle is that we must make the universe which has "employed" us better for our having lived. Those of us dedicated to that kind of outcome of our mortal existence, spend the entire span of our lives, working to, as it is said, "improve ourselves" as people with an enhanced



potential to be useful, that for no other motive than that the opportunity to do so already exists, or could be discovered.

Contrary to the idea of work associated with the definition of the generality of mankind as human cattle, as by the Physiocrats and Liberals, the sublime notion of the purpose of work pertains to a specific distinction of man from beast, the available option of cognitive immortality available to the mortal human individual. We are, in that sense, the “fire-bringers” of our society, or, the tool-maker of the automotive plant.

Look at the miserable condition still imposed upon most of the living people of this planet! Is it the meaning of our lives that they and their descendants should live so, or perhaps even worse, over successive generations yet to come? We see more immediately, the wretchedness of the conditions of life by which they are circumscribed. That is the lowest, almost contemptible level of compassion we might experience. Look at the inner misery their circumstances promote. Shall they live, from generation to generations yet to come, in that or a comparable condition? Is not the worst betrayal of mankind, and of the Creator, the willingness to leave our fellow-creature in that internally impoverished condition of knowledge and of spirit?

It is the development of mankind, as in the likeness of the Creator, the commitment to do that kind of good, which is the essential form of the work which should motivate us.

Yet, to foster the development of mankind, we must look to improving the conditions under which nations live. We must improve the planet, and also the Solar System, on that account.

To contribute to those ends, we require relevant conditions of life, for ourselves, as for others. We must therefore produce the improved conditions in our society which make possible that enhancement of the conditions of family life and work itself.

This definition of the notion of work has a reciprocal implication in the uniqueness of modern European civilization, as qualitatively distinct from all known forms of society before it. It is the way in which the notion of work is situated as a systemic characteristic of that new form of society, which supplies us the crucial distinction of modern European society from all known earlier forms of society. It is in this context, this definition of modern civilization as emergent from the Fifteenth-Century Renaissance, that we are rendered capable, as a society, to conquer the immediate challenge which cases such as the crisis of General Motors poses today.

Work must be conceived as a true universal. Work is defined as what society does to increase its power in and over the portion of the universe which society inhabits. It is that universal quality of transformation of the society’s quality of work, which, in turn, supplies the criteria for defining the universal implication of both the work of the individual, and the individual’s appropriate *moral* motivation for that work, the motivation associated with the individual’s *relative satisfaction* with his or her choice of profession, and the society’s

practical satisfaction with the benefit of that individual’s profession.

Such is the goal of happiness, which Leibniz specified in his objection to the inherent bestiality of that notion of “property” (e.g., “shareholder value”) admired by Associate Justice Antonin Scalia and others.

That notion, rooted in the concept of true universals, is the difference which defines the Fifteenth-Century birth of the sovereign nation-state. Instead of society conceived as in congruence with the Olympian Zeus of Aeschylus’ *Prometheus Bound*, as the reign of a ruling oligarchy and its appendages, over a mass of human cattle, the emergence of the new form of society, the commonwealth, from the Fifteenth-Century Renaissance, changed the relationship of the individual to society, and, therefore, the notion of work, that in a fundamental way. It is that conception of man, as reflected in the U.S. Declaration of Independence and the Preamble of our Federal Constitution, which is the essential feature of the necessary intention of modern European civilization. It is consciousness of that difference by the institutions of society, and by the individual citizen, *that attitude*, which is the key to the cure of the awful crisis descending upon world civilization at this moment.

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## 2. Work and Its Organization As Power

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Mere financial accounting, or the related practice of cost accounting, employs the term *productivity* to refer to a very poorly understood, but perceived effect. Contrary to the accountants and their like, economic science, like related functions of government, must define an increase in productivity as the outcome of the discovery and appropriate application of a universal physical principle, or what we term, in memory of the ancient Pythagoreans and Plato, as *powers*.

The best way to introduce the relevant conception into the modern layman’s experience with the increase of the productive powers of labor in society, is to focus on the way in which technological progress, as embodied within the development of basic economic infrastructure, determines the levels of productivity which can be achieved and maintained within both agriculture and industrial and related manufacturing. This connection may be restated, and most simply illustrated, as the interaction with the universal physical principles embodied in basic economic infrastructure, with the universal physical principles expressed in production of physical goods.

The role of *powers* so expressed, is then defined as the distribution of *potential* as Gottfried Leibniz defined *potential*. The principal expressions of this distribution of potential are as basic economic infrastructure and as the application of powers in the manner of technology applied to production, or expressed by a product which has been produced for con-



*The destruction of the U.S. auto industry, such as General Motors, provides incontestable proof that U.S. businessmen and financiers have not mastered the principles that are required for an economy to prosper.*

sumption or other use.

This view of *potential*, as the term is associated with Leibniz, brings into immediate view the way in which Carl Gauss and Riemann dealt, respectively, with what I have already identified here earlier in this report as Dirichlet's Principle.

Take Dirichlet's Principle as addressed implicitly by Gauss in two locations which are most notable examples for our subject-matter here. First, his general treatment of Earth magnetism, and, second, his related collaboration with Wilhelm Weber in defining the experimental principle known as the Ampère-Weber principle of electrodynamics. Contrast these accomplishments in Nineteenth-Century physical science to the reductionists' blunders of the Clausius-Kelvin-Grassmann-Helmholtz-Maxwell circle. See that principle at a higher level of conception, in Riemann's treatment of Abelian functions.

The only discovered manner in which we can deal rationally with the efficient relationship with a universal physical principle, is to express the relevant experimental expression of cause-effect connections in terms of the notion of a *field*. The simplest first approximation of such a representation, is to treat, as Gauss does, the relatively simpler pedagogical problem of defining the distribution of the potential within the interior of an hypothetically circular area, by measuring the potential along the perimeter of that circle.<sup>16</sup>

16. Note that the challenge of mapping a system of higher order relations into the perimeter and interior of a circular area is the first step of pedagogical approach to clarifying the general implications of the notion of Dirichlet's Principle as defined by Riemann.

Then, extend that first-approximation illustration of that notion to a multiply-connected Riemannian surface, as Riemann's development of the notion of Abelian functions applies to such cases.

To trace the development of the notion of a *field* in modern European science, revisit Kepler's development of the conception of universal gravitation, as from his *The New Astronomy* through the implications of his *World Harmony*, this time viewing the subject-area treated, in a pioneering fashion, by Kepler, from the standpoint of the work of such as Gauss and Riemann. *Then, apply the same approach to the notion of a physical-economic process encompassing a nation, such as the U.S.A., or our planet as a whole.*

All discovered, valid notions of any universal physical principle, implicitly define a *field*, a field which is the functional notion of the extension of the efficacy of that principle throughout the universe as a whole. It is the action expressed by the impact of the potential expressed by a field upon the setting in which production occurs, which is the focus of our concern in this report as a whole.

For example, the application of Dirichlet's Principle to any field of action, elevates the experimental viewpoint from a collection of calculations to a single act of conceptual thought, a conception which, like Kepler's notion of universal gravitation, efficiently subsumes, implicitly, all of the relevant, detailed calculations. It is impossible to develop any competent insight into the way a modern economy functions, physically, except by employing the way of looking at a field in the way Riemann's treatment of what he terms Dirichlet's Principle applies.

The understanding of this point which I am developing

here, enables us to understand why *the transfer of the production of a product, even when the same technology of design and production is employed, from a developed economy, to a less developed economy, has usually resulted, during the recent quarter century, in a net collapse of the level of the rate of generation of per-capita productivity in the world as a whole!* The transfer of production from a nation with advanced development of its infrastructure, to a nation of relatively poor people with a poor development of general infrastructure, tends to produce a collapse of the physical economy of the planet as a whole. The role of the field represented by basic economic infrastructure, has been ignored, with what tend to become ultimately fatal economic results for all concerned.

By choosing a field of application which itself represents a zone of lower potential, the effective productivity of labor, per capita and per square kilometer, is relatively reduced. By “globalization,” for example, the act of production is shifted away from a zone of higher potential, such as the U.S. economy, into a national economy with a much lower potential. Even though the exported technology may be competitive, in and of itself, the effect is usually a lowering of the potential and productivity of the world as a whole, as a result of transferring production from a zone of higher potential to a zone of significantly lower potential.

There is an additional factor to be considered, the order in which advanced technology is applied at various points in the sequence of the productive cycle of the society as a whole. This includes consideration, once again, of the effect of a relatively lowered, or merely unimproved technology of basic economic infrastructure, upon the effective productivity (per capita and per square kilometer) of the relevant economy as a whole. In general, rapid advances in technology in basic economic infrastructure and the machine-tool sector of production, have the optimal outcome for the economy as a whole.

The argument will be made in attempted rebuttal of what I have just written here, that since most people in management and the employed labor-force do not understand what I just said, what I have just written could not, even possibly, be of any relevance to the way production actually works. I reply: “Ignorance is no excuse for the awful results of ignorant management which are expressed in the undeniably actual collapse of General Motors and kindred enterprises today.” The field in which production occurs, a field in the sense implicit in Riemann’s references to Dirichlet’s Principle, is the principal determining consideration in shaping the productivity and growth, or collapse of productivity in a modern economy as a whole.

The rule is, do not put relatively scientifically illiterate persons, such as the typical corporate managements of today, into controlling positions in the economy, including banking, as we have done, increasingly, over the course of the recent several decades of corporate Europe and the Americas.

I treat this matter here in two distinct, but interacting contexts: the way in which basic economic infrastructure defines the variability of potential productivity of the economy (e.g., national physical economy) as a whole, and the way in which the field of application of principle determines productivity in agriculture and manufacturing more directly.

But, also look at the matter of potential in broader terms of reference.

## **An Example: Leibniz and Bach**

Knowing what I know of such matters as that, I prescribed the crafting of the common educational program of the LaRouche Youth Movement on the benchmarks of Gauss’s 1799 exposure of the frauds of the empiricist fanatics D’Alembert, Euler, and Lagrange, and, also, the implications of the same type central to J.S. Bach’s founding of the principles of Classical musical composition and its performance. The first pole, the implications of Gauss’s exposure of the hoax of Euler et al., pertains to the relationship of the individual human mind to the universe around that individual. The second, Classical musical composition, pertains to the field of the social process, as in Classical modes of choral works, through which the individual acts to effect the cooperation on which the realization of discoveries of physical principles depends.

For example, in the case of Classical composition and its performance, the well-trained, brain-dead musician thinks in terms of chords laid out like a sequence of corpses. The actual follower of Bach’s system of well-tempered counterpoint defines the relevant composition as a field in which development of a unity of conceptual effect of the performance of the individual composition as a whole, is located primarily in the more complex modalities of the cross-voice relations of the counterpoint, through which an appropriate unity of effect is achieved.<sup>17</sup> The object is the same as in Riemann’s approach to the notion of Dirichlet’s Principle, the notion of detail as subsumed by a single, universal conception, a conception, in the case of a relevant Beethoven performance, such as of the Opus 131 or 132 quartet, as a single, essentially individual idea of a principle of composition. The role of the same Lydian progress of cross-voice development met in Mozart’s *Ave*

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17. For example, what conductor Wilhelm Furtwängler sometimes identified as performing between the notes. In a Classical polyphonic work of many performers, unlike the case of the accomplished string quartet, the individual performing voice does not hear the functional interaction of his or her own voice within the array of voices as a whole. What is heard is the impact of the polyphony upon the volume of the region in which the work is performed and heard. This is heard not as a collection of voices, but as a *field*, as I have identified the notion of a field in reference to the case of Kepler’s principal discoveries and Dirichlet’s Principle. The exceptionally able conductor, such as Furtwängler, hears the whole in a way which the performers do not, thus seeing and shaping those subtleties which craft the effect of the field of the performed composition, in that acoustical setting, as a sensed indivisible whole.

*Verum* as compared with Beethoven's Opus 132, is an example of the unity of a field expressed through a unified process of development according to a principle.

As the famous aphorism of Heraclitus emphasizes, as Plato after him: in the real universe, nothing really exists except constant change. It is the changes in a field, as I have indicated the implications of the term "field" so far here, which are the *efficiently determining* primary reality, rather than, as is often mistakenly assumed, a derived experience.

The same which is to be said of the composition and performance of Classical musical works after J.S. Bach's revolution, is true of all Classical artistic composition, including poetry and drama. In place of Furtwängler's apt use of the expression "performing between the notes," we encounter the often wildly misunderstood terms, poetic, or dramatic *irony*.

The dullard, idiot, or pedant, which are usually only different costumes for the same kind of fool at heart, wishes a net, dictionary meaning, or the equivalent, for every term in the vocabulary used. Not a single competent artist, as

composer or performer, would ever do such a disgusting thing as reducing everything to attempted literal meanings, as the unfortunate Associate Justice Antonin Scalia does with his implicitly Satanic dogma of "text." The proper use of words by literate, actually thinking people, is to employ known terms and other images to convey a meaning which the words used have never conveyed on any occasion before that. This reality of Classical irony, too painful to be discussed at a grammarian's funeral, is the typification of the way in which the creative powers of the human mind are expressed in communication.

Only a half-brain-dead pedant could have dreamed of the invention and use of a pseudo-language such as Esperanto as a proposed replacement for living languages of actual peoples living in actual cultures. This was the problem of Latin which Dante Alighieri exposed and remedied by design in the course of defining the pathway to development of the cultures of a sovereign nation-state republic. The same idea, when expressed in one language, can be replicated by appropriate modes applied to a different language; but this translation of actual ideas can not be competently effected by a mechanical process of translation according to standard dictionaries and grammars. The meaning lies not in the words as such, but in the reality to which the words are intended to allude. The music of any use of language lies, as Furtwängler emphasized, "between the notes." In other words, in the ironies of the *field*, as Riemann's reference to Dirichlet's Principle implies.

### Take 'Energy,' for Example

Energy, as defined by the reductionist circles of Clausius, Grassmann, and Kelvin, does not actually exist. It is a footprint, not the foot, *power*, which produces the imprint. One important effort to clarify this distinction, was the suggestion that we employ the term "energy-flux density" as a replacement for the crudely scalar notion of "energy" of the usual suspects of reductionism. We used this, for example, in the work of the international scientific association known as the Fusion Energy Foundation. We have used it in our professional practice of economics, to impart a sense of the way in which relatively higher and lower orders of sources of heat-equivalent are ordered as we go up, or down the scale of the ordering of relatively more effective technologies. Thus, we have the ordering of burning of wood, charcoal, coal, petroleum and natural gas, nuclear fission, nuclear fusion, and matter-antimatter reactions as successively higher, relatively more effective, and more efficient orders of technology. These rules of thumb have distinct meanings for practice within the generalities of chemistry and nuclear and sub-nuclear domains of physics. They are in rough, but meaningful correspondence with the notion of a relatively higher, or lower ordering of technologies.

So, in the effort to understand the principled nature of the processes which govern the universe, and its adducible technologies, in the large, we are obliged to plumb into the

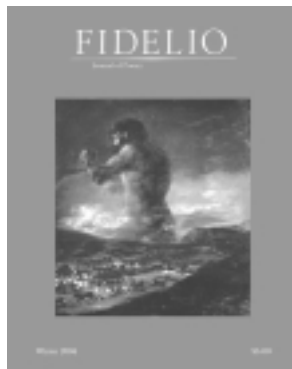
## The Dirichlet Principle

In his 1857 essay *Theory of Abelian Functions*, Bernhard Riemann brought to light the deeper epistemological significance of the complex domain, through a new and bold application of a principle of physical action which he called "Dirichlet's Principle." Riemann's approach, combined with what he enunciated in his habilitation dissertation of 1854, ushered in a revolution in scientific thinking.

Lejeune Dirichlet was a pivotal figure in early 19th-Century science, in the tradition of Carl Friedrich Gauss. Riemann studied with him beginning in 1847, and when Dirichlet died in 1859, Riemann was appointed to his chair at Göttingen University.

*Fidelio* magazine (Winter 2004) examines this work in "Bernhard Riemann's 'Dirichlet's Principle,'" by Bruce Director; and "LeJeune Dirichlet and the Mendelssohn Youth Movement," by David Shavin.

Subscriptions to the quarterly are \$20 and can be ordered from the Schiller Institute, at [www.schillerinstitute.org](http://www.schillerinstitute.org).



domain of that which is ever-tinier. To understand the tiniest, we must conceptualize the process in its largest astronomical aspects imaginable, as the paradoxes of the Crab Nebula tease us so. Kepler already thought like that.

The relative weight of power and related potential is greatest in the development of basic economic infrastructure, which should represent about half of the total capital investment by a modern economy such as the U.S.A. Most of this development must occur within the public sector of the economy, rather than private entrepreneurship, just as the achievements of rural electrification show the way in which increased potential over wide areas will have a relatively most powerful multiplier effect on net productivity and quality of product. Improved quality of investment in public education, is among the most powerful multiplier effects, with smaller class sizes (generally not in excess of 15-25 pupils), upgraded goals in technology and Classical culture, and higher ratios of preparation to teaching time for teachers in the system. The advantages of mass transit over individually operated motor vehicles are to be featured, and the organization of territory to minimize travel time, with emphasize on shortening the cost, time, and effort associated with the most frequently required functions of economy and personal life within the territory.

The U.S.A., for example, would benefit greatly, especially over periods spanning a generation or more, from a more dense development of land-areas, such that food supplies are produced locally, as much as possible, and other measures which decentralize as much as possible of the production and services required by each local area and region of the nation, as distinct from the narrowed concentration and process of globalization today.

Virtual "clever idiots" of contemporary corporate management have sought to eliminate actual toolmaking by resort to the brain-dead effects of linearization of design and testing of product through emphasis on computer-synthesis of technologies, with a resulting sharp contraction in the rate of development of power and distribution of potential per capita and per square kilometer in both production and the economy as a whole.

Generally, the higher the rate of turnover effected through technological progress, and the accompanying greater emphasis on science-driven research-and-development as a percentile in the composition of the employment of the labor-force, will provide a relatively optimal effect on productivity in generating and realizing technological progress. The highest rates of benefit come usually from concentrating on the front-end of the process-sheet cycle, in basic economic infrastructure and product and process design, always moving up-scale in what is, in effect, higher energy-flux-densities.

Once we begin to apply the notion of powers and potential to the structure of the national economic process-sheet, it becomes obvious that the U.S.A. today is virtually bankrupt in many respects. The included causes for this effect include

the following features of employment and investment patterns.

The composition of employment is way off whack. Much too little employment (and education) in science, engineering, and machine-tool specialties at the front-end of the national production process-sheet. Much too high a ration of so-called "white collar" services employment, relative to so-called "blue collar" employment. Far too low a ration of employment in basic economic infrastructure, especially in the higher technology categories of investment.

The ration of the total labor-force employed in the physical development of basic economic infrastructure is far too low. We must bring investment back up to about half of total employment for combined public and private investment and employment of the labor-force in basic economic infrastructure as a whole. We must get out of emphasis on so-called "soft" technologies, into capital-intensive technologies at the high end of energy-flux densities.

The same general objective stated in another way, is the following.

The general objective of our national reconstruction program must be priority on raising the potential expressed as powers concentrated in the "front-end" of the national process-sheet cycle. The point is to build up the base-line of our national productive potential in the long-term investment cycles associated with the front-end of the cycle represented by the process-sheet of our national economy as a whole. It is the rate of advance of technology (as power, as potential) in this base-line category of the economy, which must have the relatively highest priority, since this affects the base-line of the economy as a whole over the longest period and the broadest base. This is the category in which long-term investment-cycles of basic economic infrastructure are dominant. The complementary area of high priority is the machine-tool sector, as that bridges both basic economic infrastructure and the so-called private sector.

This, which I have just summarized, is sufficient indication of what we must do in the way of changes in investment and budgetary policies otherwise. As recent experience should have shown us, that change is necessary, but is not sufficient by itself. We must rid ourselves of the mental state based on those false but axiomatic assumptions associated with the empiricist premises of modern Anglo-Dutch Liberalism. We must think of a universe which is essentially a system of universal physical principles, a universe in which more and more among us recognize that only those principles associated with the potential of powers are reality in the functional sense of potential, a universe in which we must replace the mechanical way of thinking about economic and related reality, by putting the highest priority on increasing our command of that potential as Riemann's notion of Dirichlet's Principle implies. We must change our ways, to thinking of potential in ways consistent with man as made in his potential as in the likeness of the Creator of our universe.

## Bolton and DeLay Fiascos Highlight Revolt Against Bush

by Jeffrey Steinberg

A bipartisan Congressional revolt against the Bush Administration gained further momentum during the week of April 18, as United Nations Ambassador-nominee John Bolton and House Majority Leader Tom DeLay (R-Tex.) both appeared on the verge of being shot down.

But the revolt is not restricted to reactions against outrageous personalities and fringe politics. There is a growing recognition, among sane elected officials on both sides of the aisle, that the Bush-Cheney Administration is thoroughly bankrupt on economic policy, at a moment when the entire global dollar-based financial system is at grave risk, and when what remains of the physical productive sector of the U.S. economy is about to be shut down. It is the Bush-Cheney Administration's stoned silence on those larger issues that is fueling the climate, in which virtually any policy initiative by the White House can trigger a strong backlash.

### **LaRouche: 'We're On the Up'**

This assessment was presented to a Peruvian symposium of oil sector workers and managers of PetroPeru on April 20, by U.S.A. Democratic Party figure Lyndon LaRouche, speaking by telephone from the United States.

"Well, we have an interesting situation in the United States," LaRouche declared. "I should start by saying that we are now in the onset of the greatest world crisis in the memory of anyone living today. What is coming on is much worse than the 1930s crisis. It could be controlled, but this would require a radical change in current policies. These changes will have to come, especially, from inside the United States itself. . . .

"The possibility of a change is not something far removed. This past weekend in the United States there was a crisis of the present government, the present Administration. This was

shown in many ways, including an issue about this fellow Bolton, whose confirmation is now in jeopardy, and it might not make it at all. So, there's a tendency now for a general shakeup in the U.S. government, in a governmental crisis. The Bush Administration is not a solid entity. It's a tyrannical entity, but it's not solid. It has great weaknesses, and it could collapse at any time. The whole system. . . .

"But we're on the up, and as of this past weekend, with the developments here in Washington this past weekend, there's a change. Everything is up to be decided. We'll have a change somehow, in some way, in the politics of the United States very soon. The fight is on now. The fight around the Bolton nomination, the fight around Social Security, these things are coming together. There will be a change, as some Republican Representatives, Senators, and others, move into a bipartisan cooperation on certain issues. That bipartisan cooperation can mean a sudden and significant change in the direction of U.S. policy-making.

"Under conditions of crisis, especially with the now-on-going collapse of the auto industry around General Motors, and Ford, this means that a change is being forced. The real-estate bubble in the United States is ready to collapse. You have the current account deficit, the fiscal debt of the United States, which is becoming worse; the manifest incompetence of the Bush Administration. These factors are coming together. We're on the verge of a potential sudden and significant change in U.S. policy. And that change in policy promises the feasibility of the kind of changes we want in other countries, and in international cooperation."

### **The Bolton Ambush**

The most public display of bipartisan revolt against Bush-Cheney came in the U.S. Senate. On April 19, the Senate

Foreign Relations Committee froze the Bolton nomination as UN Ambassador, when George Voinovich (R-Ohio), one of at least three GOP members of the panel who are uneasy about Bolton, told Chairman Richard Lugar (R-Ind.) that he was not prepared to support the nomination. Faced with an offer from committee Democrats, led by Christopher Dodd (Ct.) and Joseph Biden (Del.), to extend the committee's probe of Bolton for at least two weeks, Lugar accepted it, realizing it was the best he could get.

Sources familiar with the background to the events report that Voinovich is now convinced that top White House officials lied to GOP Senators when they held a closed-door meeting to voice their concerns about the Bolton nomination, prior to the hearings. Furthermore, the sources report, hard evidence has now come into the committee's hands, confirming that Bolton tried to gather National Security Agency-obtained spy data on rival Bush Administration officials; and that he may have attempted to doctor his own personnel files.

Bolton, a close ally of Vice President Dick Cheney, is one of the most rabid of the neo-con figures still left in the Bush Administration, and his nomination to the UN post has angered many governments around the world.

### DeLay on the Ropes

The day after the Bolton fiasco, the Bush White House took another big hit, when Republicans on the House Ethics Committee proposed to open a probe of Tom DeLay's "travel-gate" and other financial shenanigans. DeLay's international luxury travels have been the subject of a string of media leaks, all reportedly coming from moderate Congressional Republicans, who fear that his checkered reputation could bring down many Republicans in the 2006 midterm elections, unless he is removed from the House GOP leadership, and, preferably, from the Congress altogether. DeLay's corruption is intertwined with that of K Street lobbyist Jack Abramoff, who is the target of a string of Federal kickback and illegal lobbying probes.

Democrats on the Ethics Panel refused to go along with the probe, because they are still insisting, rightly, that the rules changes, giving the majority party absolute control over the committee, violate the basic purpose of such an oversight panel. Until those changes are reversed, they say, they will continue to block Ethics Panel business.

Partisan aspects of the Ethics Panel fight aside, there is underlying agreement among many Congressional Republicans and Democrats that DeLay has got to go. And there are other signs that the bipartisan collaboration against the Bush-Cheney regime's vicious domestic budget cuts are also gaining ground:

- On April 15, 41 House Republicans joined 49 House Democrats, in sending a letter to House Budget Committee Chairman Jim Nussle (R-Ind.), demanding that the Bush Administration's proposed 60% cuts in the High Density Drug Trafficking Areas (HIDTA) program be blocked. The Bush



*The Bush Administration's nominee for Ambassador to the United Nations, John Bolton (inset), is infamous for his statement that if 10 stories were knocked off the 38-story UN building, it wouldn't mean a thing, because there "is no United Nations."*

budget would also shift control over the HIDTA effort from the White House Office of National Drug Control Policy to the Justice Department, a move the Congressmen charged would terminate the vital program altogether.

- Several days earlier, 44 House Republicans wrote to Nussle, demanding that the Administration's efforts to cut Medicaid funds by \$16 billion also be blocked. The Medicaid cuts had already triggered a revolt in the Senate, where seven Republicans voted with all of the Democrats and Independent James Jeffords (Vt.) to restore the cuts.

So far, the response of the Bush Administration has been typically brutal. When Senate Majority Leader Bill Frist (R-Tenn.) voiced hesitation to go ahead with the so-called "nuclear option," overturning Senate rules to ban minority filibusters of judicial nominees, he was hauled over to the White House, and read the riot act by Cheney and Karl Rove.

Such "dirty war" tactics may work in the near term, but they are laying the basis for a much more powerful bipartisan Congressional bloc, that could, in effect, put the Bush-Cheney White House into receivership for the duration of its term, and then take the kinds of emergency legislative initiatives that are going to be forced on Washington by the onrushing monetary and economic crises.

# Republican and Democratic Opposition Blocks Bolton in Senate Committee

by Edward Spannaus

Insisting that the Senate must confirm his nominee John Bolton as UN Ambassador, an obstinate President Bush urged the Senate on April 21 “to put politics aside.” The President should be careful what he wishes for: It is precisely because one Republican Senator did “put politics aside” and follow his conscience, that “serial abuser” John Bolton’s nomination is in trouble. Other Republicans also are indicating their willingness to put partisanship aside, and to consider the Bolton nomination on its merits, or lack thereof—which portends a further weakening of the lame-duck President.

It wasn’t Democrats who blocked the Senate Foreign Relations Committee from sending the Bolton nomination to the Senate floor on April 19; they didn’t have the votes. It was Republicans, namely Sen. George Voinovich of Ohio, with the tacit backing of Chuck Hagel of Nebraska and Lincoln Chafee of Rhode Island. Likewise, some of the most damaging evidence against Bolton, has also come from Republican appointees in the Bush Administration.

And now, as a result of what happened in the committee on April 19, for the next three weeks, Washington will be the center of a pitched battle over the continuing investigation into how the neo-con madman John Bolton tried to “cook” intelligence on the so-called “axis of evil” countries, in service of Vice President Dick Cheney’s perpetual war doctrine. Committee investigators will be following up allegations that Bolton repeatedly had to be corrected in his descriptions of the weapons programs of North Korea, Iraq, Iran, and Cuba; that he harassed and abused lower-level government employees who tried to tell the truth in the face of Bolton’s distortions; and that he attempted to access National Security Agency electronic intercepts of conversations by U.S. officials, for reasons still unknown.

## Lugar Blocks Discussion

At the beginning of the Foreign Relations Committee session on April 19, it looked as if partisan politics would hold sway. Committee Chairman Richard Lugar (R-Ind.)—acting as if he had a gun to his head—came into the session determined to ram a vote through, and he seemed to be confident that he had the votes to do so. “We weren’t born yesterday,” Lugar said crassly. “The Republicans want to vote for John Bolton, and there are ten Republicans here.”

Early in the meeting, Sen. Joe Biden (N.J.), the ranking Democrat on the committee, made a motion to go into closed

session, in order to hear new evidence against Bolton, explaining that it would not be fair to the witnesses who have come forward to “out” them in public.

Lugar, acting uncharacteristically rudely, proceeded immediately to force a vote on Biden’s motion, without permitting any discussion. Democrats were interrupting and shouting “Point of Order,” and “stunning!”—to no avail. “This is the first time in this committee I’ve ever seen this,” Sen. John Kerry (Mass.) exclaimed.

After Biden’s motion was voted down on a straight party-line vote, 10-8, Sen. Barbara Boxer (D-Calif.) said that it was “shocking” that the committee could not even have discussion on Biden’s motion, and pointed out that the American people don’t like the abuse of power. Biden asked: “Is there a pattern here?”—clearly raising the comparison to Majority Leader Tom DeLay’s (R-Tex.) dictatorial tactics in the House of Representatives. Later, Sen. Paul Sarbanes (D-Md.) asked why it was that Lugar was throwing “any semblance of fairness, and the Committee rules, out the window.”

## ‘This Ought To Be Indictable’

Sen. Chris Dodd (D-Conn), in a powerful presentation to the committee, first acknowledged that “it’s rare indeed for me to express an objection to a nominee.” Dodd explained that his opposition is based on what Bolton “has done to the integrity of U.S. intelligence,” by trying to have two analysts fired because they disagreed with him. He pointed out that then-Secretary of State Colin Powell’s chief of staff, Lawrence Wilkerson, had told the *New York Times* that Bolton “is incapable of listening to people and taking into account their views,” and had declared that Bolton “would be an abysmal ambassador.”

Using a State Department organizational chart projected onto a large screen, Dodd recounted how Bolton had gone down five layers of the bureaucracy, and outside his own line of authority, to harangue and threaten State Department intelligence analyst Christian Westermann, who had questioned Bolton’s statements about Cuba. “This ought to be indictable,” Dodd proclaimed. “I’m amazed it’s not a crime . . . but instead we promote him.”

Dodd said that Committee members are now aware of five occasions on which Bolton tried to get analysts fired, and there are other cases in which he harassed and threatened



government employees.

Biden also gave an impassioned presentation of the case against Bolton. He pointed out that in the 1994 incident in Kyrgyzstan, Bolton told colleagues of USAID contractor Melody Townsel, that Townsel had stolen government funds and was going to be indicted; Bolton was lying. Biden challenged Lugar on Bolton's behavior: "Would you even hire a staff member who did that?"

Biden and others repeatedly identified instances in which Bolton had lied while under oath, in his testimony to the Committee. And while Bolton's abusive treatment of lower-level government employees was a significant point in the arguments, the overriding issue was that Bolton's threatening behavior was most egregious when it pertained to his efforts to stifle any intelligence assessments which contradicted or undermined his drive to distort intelligence to serve his political objectives.

(*EIR* was advised by a former high-level State Department source that Bolton, and his top assistant in 2002, David Wurmser, were especially keen to sabotage the work of the Department's Bureau of Intelligence and Research (INR), which was the only intelligence agency to dispute the claims that that Iraq had reconstituted its nuclear weapons program, in the 2002 National Intelligence Estimate on Iraq.)

At one point, Senator Kerry, in summary fashion, identified four serious patterns of Bolton's conduct: 1) retaliation against government employees; 2) manipulation of intelligence; 3) abuse of people who got in the way of his doing either of the above; and 4) his credibility. After going through a number of examples, Kerry concluded that Bolton "didn't tell the truth to this committee."

That other Republicans didn't respond to the clear evidence that Bolton had perjured himself, can only reflect the intense pressure coming from the White House and the Senate Republican leadership—all of which is personified in Dick Cheney, widely regarded as Bolton's primary sponsor and backer within the Administration.

Cheney was quoted in the *Los Angeles Times* in March 2004 asserting that "John Bolton deserves 'any job he wants.'" Cheney's enthusiasm is not surprising. When Bolton is not serving in a government post, he holds a number of positions to which he returns between government jobs: a director of the Project on a New American Century (PNAC), the imperial dream factory for the neo-cons; Board of Advisors of the Likud-aligned Jewish Institute for National Security Affairs (JINSA); vice president of the American Enterprise Institute (AEI); initiator of the anti-Russia New Atlantic Initiative; activist with the Federalist Society; and fellow at the Manhattan Institute.

### **'I've Heard Enough Today . . .'**

Going into the April 19 committee meeting, all of the attention was on Republican Senators Hagel and Chafee, neither of whom spoke during most of the session. Finally, Hagel spoke up, said that he considered the charges against Bolton

to be serious, and acknowledged that Biden and Dodd "make good points." Hagel said that he intended to vote in favor of sending the nomination to the floor, but "that doesn't mean I'll support his nomination on the floor." Hagel said the charges against Bolton are "serious enough that they demand, or cry out, for further examination" by the full Senate.

Shortly after this, Senator Voinovich spoke for the first time; he apologized for having missed the committee hearings on the nomination the previous week, and then went on to state: "I've heard enough today that I don't feel comfortable voting for Mr. Bolton. I've heard enough to give me real concern."

Voinovich pointed out that he had put a hold on the nomination of Richard Holbrooke to be UN Ambassador during the Clinton Administration, because Holbrooke had been reported "to be a kind of a nasty guy, arrogant," and that he had then called Holbrooke in, talked to him and others, and that finally he took the hold off.

Voinovich said that he was impressed by the passion with which Biden and Dodd had presented their arguments, and he said that he was now convinced that "we all ought to get some more information on this man before we vote him out of the committee."

### **Next, a Joint Investigation**

Voinovich's announcement appeared to stun those in the room. Lugar and then others acknowledged that they could not get the nomination voted out of committee, and began, in a confused manner, to discuss how to proceed. The general agreement, was that the committee will meet again in two or three weeks (now set for May 12), after the upcoming Senate recess, and may hear other witnesses, or may recall Bolton for further testimony. Meanwhile, as Biden got Lugar to agree, the committee staffs will conduct a joint investigation, interviewing witnesses and reviewing new evidence. This will make it much harder for those Republicans who still support Bolton, to accuse Democrats of making it all up, as the White House has been charging since the April 19 committee session.

After the session, Voinovich told reporters that he had been prepared to support Bolton when he came into the meeting, but he changed his mind after hearing the critique of Bolton from Senator Dodd. "The passion on the other side on this, I don't think is political," Voinovich said. "My conscience got to me."

Senator Chafee barely spoke during the two-hour meeting, except to ask Lugar at one point if he had any hesitation about moving the nomination forward, to which Lugar answered that he did not. After the hearing, according to wire reports, he said he was pleased that the vote was postponed. "I'm still listening," he said. Chafee also pointed out how unusual the session was. "I don't know if I've even seen, in a setting like this, a Senator changing his mind as a result of what other Senators said. The process worked. It's kind of refreshing."

# Why Bolton Should Not Be Confirmed

by Michele Steinberg and Mark Bender

On April 12, Carl Ford, former Director of Intelligence and Research (INR) at the State Department, testified at the Senate Foreign Relations Committee on the behavior of John Bolton. Ford's testimony was a bombshell that showed Bolton to be a liar. And, there is more evidence of that quality, if the chairman, Richard Lugar (R-Ind.), honors the Democrats' request to call more witnesses.

Ford was one of several former and current high-ranking officials interviewed by committee investigators before the open hearings began. The other three are, Thomas Fingar, Assistant Secretary of State for Intelligence; Neil Silver, Director of the Strategic Proliferation Office; and Stuart Cohen, former acting chief of the National Intelligence Council. Stuart was pressured by Bolton to remove a CIA analyst who exposed Bolton's exaggerations about Cuba, parallel to Bolton's abuse of an INR analyst.

But the case against Bolton is more than a question of his character. He was a major figure in the Administration's lying to Congress about alleged weapons of mass destruction (WMD) that led to the Iraq War. And it is high time for the truth.

## Unfit for High Office

Testifying about Bolton's treatment of an INR analyst who had disputed—accurately—Bolton's assertions about Cuba's WMD, Ford told the committee:

"I can guarantee you, though, if Secretary Bolton had chosen to come to me, or in my absence, my principal deputy . . . I wouldn't be here today. He could have approached me in the same tone and in the same attitude, shaking his finger, red in the face, high tone in his voice, and I wouldn't be here today. If he had gone to Secretary Powell or Secretary Armitage and complained loudly . . . that he had been stabbed in the back by one of INR's analysts, I wouldn't be here today. . . .

"But instead . . . Bolton chose to reach five or six levels below him in the bureaucracy, bring an analyst into his office, and give him a tongue lashing. . . . He was so far over the line that he meets—he's one of the sort of memorable moments in my 30-plus year career. . . .

"I have never seen anybody quite like Secretary Bolton. . . . I don't have a second and third or fourth in terms of the

way that he abuses his power and authority with little people. I say that because, if you bark back at him, he doesn't bother you anymore. And anyone who has either generally the same rank or even a step or so below, they don't have so much to fear. We can defend ourselves. . . . But you don't pull somebody so low down in the bureaucracy that they're completely defenseless. . . . Now, I would argue that that action, by itself, certainly brings real questions to my mind about his suitability for high office. . . ."

## A Pattern of Abuse

The following incidents are only a partial list of the allegations that have come out against Bolton, which show that he is indeed, unfit for high office.

**1988:** *Abuse of power.* While head of the Justice Department's Civil Division, Bolton threatened a senior DOJ attorney, Joan Bernott, who asked for extended maternity leave on the recommendation of her doctor. Not only did Bolton deny her the leave, but he accused her of misconduct and fraud, and threatened reprisals against her. The *Legal Times* reported that Rep. Pat Schroeder (D-Colo.) took up Bernott's case and sent a series of letters to then-Attorney General Edwin Meese, claiming that Bolton was harassing Bernott with "lengthy and hostile letters" which were hand-delivered to her home.

**1994:** *Abuse of power and harassment of USAID contract employee, Melody Townsel (see Documentation).*

**1998:** Congressional records show that Democratic Senators from the Committee on Governmental Affairs investigated the activities of Bolton as head of the National Policy Committee, a tax-exempt front group that channelled foreign money into the Republican National Committee. The investigation was never fully completed, but the minority Senators wrote in their report, that the evidence suggests "that foreign money played an important role for the RNC in the mid-term elections of 1994."

**1999:** Bolton stated at a policy forum that if 10 stories were knocked off the 38-story UN building in New York, it wouldn't mean a thing. He has said there "is no United Nations."

**1999-2001:** *Concealing his role as a foreign agent for Taiwan.* In 2002, *The Nation* wrote that Bolton had received tens of thousands of dollars in order to help Taiwan gain a seat in the United Nations. The money came from a \$100 million Taiwanese secret slush fund. While receiving these funds, Bolton testified before Congress about Taiwan without revealing that he was being paid by them, or that he had a conflict of interest. In August 1999, Bolton declared: "Diplomatic recognition of Taiwan would be just the kind of demonstration of U.S. leadership that the region needs and that many of its people hope for." Bolton, who is an attorney, admitted in his 2001 confirmation hearings that he had failed to disclose the conflict, but no Senator pursued it.

**2001-04:** *Spying on other Administration officials.* After

answering evasively to a question from Senator Dodd about his requests to “see [National Security Agency] information about any other American officials,” Bolton replied to written questions that he had done so in about ten cases. He had said only “a couple” of cases previously. Dodd wants further explanation from Bolton as to whom he was watching, and why. NSA transcripts of high-level U.S. officials are very sensitive, and are available concerning discussions with foreign parties. Bolton is reportedly still holding back information on this.

Bolton served as a spy for Cheney and Defense Secretary Donald Rumsfeld, keeping watch on former Secretary of State Colin Powell lest he “stray too far from their [neo-con] agenda,” according to one reporter.

According to officials who have worked with him, Bolton frequently blocked information from reaching Secretary of State Powell, and has already, on one occasion, done the same to Secretary Condoleezza Rice, regarding information vital to U.S. strategies on Iran. A dozen examples have been cited by career officials, of memos or information that Bolton refused to forward, prompting officials to occasionally form back channels to Powell or to his deputy, Richard Armitage. Otherwise, the information would be delayed for weeks or never arrive.

Bolton let Rice go on her first European trip without letting her know that he had been trying to get International Atomic Energy Agency (IAEA) Director Mohamed ElBaradei replaced, because the Bush Administration considers him too soft on Iran. The fact that Bolton’s anti-ElBaradei campaign was drawing growing opposition in Europe, was also concealed.

**2002: WMD disinformation/Cuba.** State Department WMD analyst Christian Westermann was berated and threatened after he had sent the CIA an e-mail proposing changes in a Bolton speech on Cuba, because the information was distorted. Bolton had to change his speech, but then tried to have the analyst transferred. As noted above, Westerman’s account was confirmed by former Assistant Secretary of State Carl Ford, despite Bolton’s denial.

**2002: WMD disinformations/Iraq.** In December 2002, Bolton, arranged for false information about Iraq’s procurement of “yellow cake” uranium from Niger, to be put in a “Fact Sheet” requested by Richard Boucher, State Department spokesman. The information went out to the press and the United Nations, despite the fact that it had already been noted to be *false* in CIA and intelligence community evaluations.

**July 2003: WMD disinformation/Syria.** Just when the White House was running the dirty tricks operation against former Amb. Joe Wilson, for exposing that the claim that Iraq had procured uranium from Niger was false, Bolton reportedly cooked up a phony report that accused Syria of developing nuclear, chemical, and biological weapons.

According to articles by Knight Ridder and the *Washing-*

*ton Post*, Bolton’s prepared testimony to a subcommittee of the House International Relations Committee was refuted, in 35 pages of criticism and correction by CIA analysts. Bolton did not give the testimony in July, but presented a corrected version on September 2003. It was another case where Bolton used his post to attempt to insert garbage into the Congressional or public record about WMD.

The Senate has not yet probed the CIA’s intervention to stop Bolton’s testimony, and it is unknown whether Bolton or a surrogate sought to punish those CIA officials responsible for toning down his propaganda.

**2003: Abuse of power.** Bolton transferred Ryon Ryu, then a young official working closely with Secretary of State Powell at State’s non-proliferation bureau, supposedly because Ryu “concealed” information from him. Ryu reportedly failed to produce a document requested by Bolton’s Chief of Staff, and was accused by Bolton of insubordination and withholding information. A subsequent investigation of the matter found that Ryu’s omission was “inadvertent.”

**2003: WMD disinformation/North Korea.** President Bush’s Ambassador to South Korea from 2001 to 2003, Thomas Hubbard, has contacted the Senate Foreign Relations Committee and briefed them on two confrontations which he had with Bolton over North and South Korea, reported *Newsweek*. In one instance, Bolton erupted in anger and slammed down the phone, because Hubbard had not arranged a meeting for him with President-elect Roh Moo-hyun of South Korea.

More significantly, Hubbard also is in possession of details about how Bolton had planned public statements about North Korea wmd that were exaggerated, and had to be corrected. Because of Bolton’s inflammatory statements, North Korea demanded that he be excluded from the Six Power talks in 2003, but his provocations have been effective in derailing talks.

In another allegation of abuse of power, *Newsweek* reported that there is another case, now being examined by Senate Democrats, of Bolton berating a State Department intelligence analyst who had raised questions about the accuracy of an alarming CIA report about China’s WMD.

**2004: Harassment and slander of UN officials.** In December 2004, the *Washington Post* reported that the Bush Administration had “dozens of intercepts” of telephone calls of IAEA Director Dr. ElBaradei. Bolton has led the Administration vendetta against ElBaradei, trying to get him fired from IAEA for being “too soft” on Iran. Bolton favors military action against Iran.

The Administration vendetta goes back to March 2003, when ElBaradei told the UN Security Council that UN inspectors had found in Iraq since November 2002 had found *no evidence* that Iraq had a nuclear weapons program. Bolton’s patron, Dick Cheney, on March 16 told the American people via a TV interview that ElBaradei was wrong, and incompetent. Days later, the bombing began.

### ‘Behaving Like a Madman’

*The following letter was submitted to members of the Senate Foreign Relations Committee in opposition to the nomination of John Bolton. The author is **Melody Townsel**, now a Texas businesswoman, who was working as a subcontractor on a U.S. Agency for International Development (USAID) project in Kyrgyzstan in 1994. Since Bolton’s abusive behavior has become an issue of investigation, Bolton cheerleaders tried to claim her charges were not made at the time, and that she is partisan, having organized a group called “Mothers Against Bush.” But witnesses have come forward to confirm Townsel’s letter, which says, in part:*

I’m writing to urge you to consider blocking in committee the nomination of John Bolton as ambassador to the UN.

In the late summer of 1994, I worked as the subcontracted leader of a USAID project in Kyrgyzstan officially awarded to a HUB primary contractor. My own employer was Black, Manafort, Stone & Kelly, and I reported directly to Republican leader Charlie Black.

After months of incompetence, poor contract performance, inadequate in-country funding, and a general lack of interest or support in our work from the prime contractor, I was forced to make USAID officials aware of the prime contractor’s poor performance.

I flew from Kyrgyzstan to Moscow to meet with other Black Manafort employees who were leading or subcontracted to other USAID projects. While there, I met with USAID officials and expressed my concerns about the project. . . .

Within hours of sending a letter to USAID officials outlining my concerns, I met John Bolton, whom the prime contractor hired as legal counsel to represent them to USAID. And, so, within hours of dispatching that letter, my hell began.

Mr. Bolton proceeded to chase me through the halls of a Russian hotel—throwing things at me, shoving threatening letters under my door and, generally, behaving like a madman. For nearly two weeks, while I awaited fresh direction from my company and from USAID, John Bolton hounded me in such an appalling way that I eventually retreated to my hotel room and stayed there. Mr. Bolton, of course, then routinely visited me there to pound on the door and shout threats.

When USAID asked me to return to Bishkek, Kyrgyzstan in advance of assuming leadership of a project in Kazakstan, I returned to my project to find that John Bolton had preceded me by two days. Why? To meet with every other AID team

leader as well as US foreign-service officials in Bishkek, claiming that I was under investigation for misuse of funds and likely was facing jail time. As USAID can confirm, nothing was further from the truth.

He indicated to key employees of or contractors to State that, based on his discussions with investigatory officials, I was headed for federal prison and, if they refused to cooperate with either him or the prime contractor’s replacement team leader, they, too, would find themselves the subjects of federal investigation. As a further aside, he made unconscionable comments about my weight, my wardrobe and, with a couple of team leaders, my sexuality, hinting that I was a lesbian (for the record, I’m not).

As a maligned whistleblower, I’ve learned firsthand the lengths Mr. Bolton will go to accomplish any goal he sets for himself. Truth flew out the window. Decency flew out the window. . . .

John Bolton put me through hell—and he did everything he could to intimidate, malign and threaten not just me, but anybody unwilling to go along with his version of events. His behavior back in 1994 wasn’t just unforgivable, it was pathological. . . .

I urge you from the bottom of my heart to use your ability to block Mr. Bolton’s nomination in committee.

### Bolton Behind False Fact Sheet on Niger Uranium

*On March 1, 2005, Rep. Henry Waxman (D-Calif.) sent a 12-page letter to the ranking Democrat on the House Government Reform Committee, Christopher Shays (Conn.), asking that the Subcommittee on National Security investigate the State Department for trying to conceal the role of John Bolton in the creation of a fact sheet distributed to the United Nations “that falsely claimed Iraq had sought uranium from Niger.” The Bolton case is one of six incidents cited by Waxman where Executive Branch agencies ordered unclassified documents to be kept out of public dissemination in order to conceal gross misrepresentation of intelligence, or other matters in the area of national security. In the subheading “Concealment of a State Department Official’s Role in the Niger Uranium Claim,” Waxman wrote:*

In April 2004, the State Department used the designation “sensitive but unclassified” to conceal unclassified information about the role of John Bolton, Under Secretary of State for Arms Control, in the creation of a fact sheet distributed to the United Nations that falsely claimed Iraq had sought uranium from Niger.

On December 19, 2002, the State Department issued a fact sheet entitled “Illustrative Examples of Omissions from

# Andy Jacobs: The Second Battle of Parkersburg

by Nina Ogden

On Aug. 15, 1994, in a ceremony in the White House Rose Garden, President Bill Clinton signed the Social Security Independence Act with the same pen Franklin Delano Roosevelt had used to sign the Social Security Act of 1935. The 1994 Act returned the Social Security Administration to the status of the independent agency President Roosevelt had set up in 1935. President Clinton quoted President Roosevelt speaking to the New York State legislature in 1931, saying; “The success or failure of any government must be measured by the well-being of its citizens.”

The legislative history of the Social Security Independence Act shows that it was passed unanimously by the Congress, as the then-chairman of the House Ways and Means Committee Subcommittee on Social Security, Andy Jacobs, Jr. (D-Ind.) said, to “establish the Social Security Administration as an independent agency and make other improvements.” A reading of that legislative history shows that it was endorsed enthusiastically by some of the same Republicans who are now being pressured by the Bush Administration to dismantle the safety net that HR 4277 was designed to strengthen.

Among the improvements in the bill was a provision sponsored by Jacobs to require the Treasury Department to issue physical documents in the form of bonds, notes, or certificates to the Social Security Trust Fund, as a means of increasing public confidence in the Trust Fund investments.

In the hearings on the bill in 1994, Jacobs explained his provision: “As far as the Social Security trust fund itself is concerned, it has just as legal a claim on the U.S. Treasury for the interest and repayment of the loans of the surplus as any individual who holds U.S. bonds in this country. Yet it continues to be thundered across areas of this country that the money is being taken from the Social Security System without the inconvenience of borrowing and paying interest.

“I keep thinking about the story FDR once told about Uncle Jed and Ezra. Ezra said, ‘Uncle Jed, aren’t you getting a little hard of hearing?’ And Uncle Jed said, ‘Yes, I’m afeared I’m getting a mite deaf.’ Whereupon Jed went down to Boston to see an ear doctor, and he came back and said, ‘That doctor asked me if I had been drinking any, and I said, ‘Yes. I drink a mite.’ He said, ‘Jed, I might as well tell you now that either you cut out the drinking or you’re going to lose your hearing

the Iraqi Declaration to the United Nations Security Council.” The fact sheet listed eight key areas in which the Bush Administration found fault with Iraq’s weapons declaration to the United Nations on December 7, 2002. Under the heading “Nuclear Weapons,” the fact sheet stated:

“The Declaration ignores efforts to procure uranium from Niger. Why is the Iraqi regime hiding their uranium procurement?”

It was later discovered that this claim was based on fabricated documents. In addition, both State Department intelligence officials and CIA officials reported that they had rejected the claim as unreliable. As a result, it was unclear who within the State Department was involved in preparing the fact sheet.

On July 21, 2003, I wrote to Secretary of State Colin Powell, asking for an explanation of the role of John Bolton, Under Secretary of State for Arms Control and International Security Affairs, in creating the document. On September 25, 2003, the State Department responded with a definitive denial: “Under Secretary of State for Arms Control and International Security Affairs, John R. Bolton, did not play a role in the creation of this document.”

Subsequently, however, I joined six other members of the Government Reform Committee in requesting from the State Department Inspector General a copy of an unclassified “chronology” on how the fact sheet was developed. This chronology described a meeting on December 18, 2002, between Secretary Powell, Mr. Bolton, and Richard Boucher, the Assistant Secretary for the Bureau of Public Affairs. According to this chronology, Mr. Boucher specifically asked Mr. Bolton “for help developing a response to Iraq’s Dec 7 Declaration to the United Nations Security Council that could be used with the press. According to the chronology, which is phrased in the present tense, Mr. Bolton “agrees and tasks the Bureau of Nonproliferation,” a subordinate office that reports directly to Mr. Bolton, to conduct the work.

This unclassified chronology also stated that on the next day, December 19, 2003, the Bureau of Nonproliferation “sends email with the fact sheet, “Fact Sheet Iraq Declaration.doc.” to Mr. Bolton’s office. A second e-mail was sent a few minutes later, and a third e-mail was sent about an hour after that. According to the chronology, each version “still includes Niger reference.” Although Mr. Bolton may not have personally drafted the document, the chronology appears to indicate that he ordered its creation and received updates on its development.

The Inspector General’s chronology was marked “sensitive but unclassified.” In addition, the letter transmitting the chronology stated that it “contains sensitive information, which may be protected from public release under the Freedom of Information Act” and requested that no “public release of this information” be made. In fact, however, the chronology consisted of nothing more than a factual recitation of information on meetings, e-mails, and documents.

Rep. Andy Jacobs, at a 1984 House Ways and Means Committee hearing.



altogether.’ ‘Well,’ said Uncle Jed, ‘I thought it over and I said, “Doc, I like what I’ve been drinking so much better than what I’ve been ahearing that I reckon I’ll just keep on getting deaf.’ ”

“So, the assertion that you hear time and time again, that this money is being taken from the Trust Fund and that the government is not keeping faith with the investors and the taxpayers, is something to which I would advise you to turn a deaf ear.”

In July 2001, in response to President Bush’s initial push for “Social Security reform,” the Public Broadcasting System television program *NewsHour* brought Jacobs out to the Federal Bureau of the Public Debt in Parkersburg, W.Va., to examine the actual certificates on national television. PBS’s economic correspondent Paul Solman explained, as the file cabinet was unlocked, “While they are here as symbols of real transactions, actually holding them can be pretty reassuring, even though they do look a bit drab.” Always wry, Jacobs replied, “I thought there might be a little more color on the instrument, but this is legal, it’s acceptable.” Jacobs emphasized that he had included in the bill that President Clinton signed in 1994, the provision to maintain “a physical document in form of bond, note, or certificate of indebtedness, rather than accounting entry, to represent the Social Security Trust Fund.” Jacobs has said repeatedly that he pushed this provision into law to counter the “disingenuous assertions from those who say that the Trust does not exist.” I authored the law requiring the Federal government’s Federal Funds Budget to issue actual documents to reflect the already completely efficacious U.S. bonds held by the Social Security Trust Fund, to answer the doubting Thomases who claimed there were no bonds there. Not only do those bonds exist, but the government has, since the time of the Vietnam War, been pretending that those bonds are assets rather than the liabilities they certainly are, of the Federal Funds Budget.”

Friends of former Congressman Jacobs have been urging him to return to Parkersburg, to straighten out the statements of the sadly confused President Bush, that those same instruments are “worthless IOUs,” made when the President visited the same file cabinets in Parkersburg in April of this year.

When Susan Chapman of the Office of Public Debt Accounting in Parkersburg opened up a file cabinet and showed the President the Treasury securities that offer physical evidence of \$1.7 trillion in Treasury bonds that make up the Trust Fund, the President proclaimed, “There is no Trust Fund, just IOUs I saw first hand. . . . The office here in Parkersburg stores those IOUs. They’re stacked in a filing cabinet. Imagine—the retirement security for future generations is sitting in a file cabinet.”

Jacobs responded in wonder to President Bush’s statements, saying, “I authored that provision to prove to the doubting Thomases that there are physical documents which back up ‘the full faith and credit’ of the United States government. President Bush actually put his hands in the file drawer, like the doubting Thomas sticking his entire arm into Jesus’s side, and he still couldn’t see what was real. I don’t know, for such a faith-based guy, he doesn’t seem like a very good Christian. Maybe that’s why Americans are acting like Uncle Jeb and turning a ‘deef ear’ to his proposals.”

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## From the Congress

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### Rangel: Will U.S. Honor Obligations to Retirees?

*Rep. Charles Rangel (D-N.Y.), the ranking minority member of the House Ways and Means Committee, sent this letter to Treasury Secretary John Snow on April 13.*

Dear Mr. Secretary:

Last week, President Bush visited the Bureau of Public Debt in Parkersburg, West Virginia. While there, he made a series of disturbing statements about whether the United States intends to make good on the U S Treasury securities held by the Trust Fund.

For example, he said “There is no ‘trust fund,’ just IOUs.” Later, he implied that the Treasury securities held in the Trust Fund were not “real assets.” Similar statements have been made by the President and other Administration officials on other occasions

By law, these bonds are backed by the full faith and credit of the United States and carry the same obligation for repayment as the bonds you are selling on the open market to finance the U S. budget deficit. Given the grave and far-reaching implications of these kinds of statements, I am compelled to put the following questions to you in writing, and to ask that you respond in writing.

Does the President really believe the United States might default on these bonds, which were purchased with hard-earned tax dollars of millions of Americans? Does he advocate a policy that under any circumstances would not repay the debt, thereby forcing millions of beneficiaries to take a benefit cut instead of collecting the full amount they had earned during their years of work? How can the Secretary of the Treasury convince other possible purchasers of our debt that the President won't repudiate those bonds, as well?

If the President instead meant to say that it will be difficult to repay these bonds, why wasn't the same argument made about the \$43 trillion in outstanding debt held outside of the Trust Fund? Are obligations to Americans who expect to receive full Social Security benefits different from obligations to others who hold our bonds, such as the foreign entities which have purchased 91 percent of the public debt incurred since this Administration took office?

I urge you to clarify whether these bonds are real, and whether the U.S. intends to honor them. If so, Americans can rest assured that Social Security can pay full benefits for nearly 50 years, knowing it can redeem the bonds that workers have purchased over the years with their Social Security contributions.

Sincerely,  
Charles B. Rangel  
Ranking Member



*Rep. Charles Rangel calls on Treasury Secretary John Snow to set the record straight: Does the President really believe that the United States might default on the Treasury securities held in the Social Security Trust Fund, as he implied in his "photo op" in Parkersburg, West Virginia recently?*

## California Dems Must Shape National Agenda

by Harley Schlanger

*The author is the Western States spokesman for Lyndon LaRouche.*

The last time California Democrats held a state convention, in San Jose in 2004, it was more of a wake than a deliberative gathering. Dispirited delegates were given no reason for optimism, as party leaders moped through the proceedings, clearly unnerved by the apparent Arnold Schwarzenegger juggernaut, which had swept Gov. Gray Davis (D) out of office in a recall election the previous November. Many party officials expressed concern that Arnold's "charisma" and celebrity status might doom the Democrats to a marginal role for years to come.

There was a dramatically different mood April 15, when Democrats opened their 2005 State Convention in Los Angeles. For the first time, the cartoonish Schwarzenegger is in trouble, his aura of power diminished; the bullying prankster has been reduced to being the target of ridicule. He was forced to drop the key ballot initiative he was promoting for his controller, George Shultz, to privatize the state public employees' pension fund; two of the other three initiatives he is backing have lost momentum. His poll numbers are tumbling, and he is besieged from all sides.

It has gotten so bad that his wife, Maria Kennedy Shriver, went public on Oprah Winfrey's television show, to say that she wants her husband to come home, to get away from politics.

### LaRouche Versus the Terminator

Arnie's plunge from the heights of Olympus has not surprised Lyndon LaRouche and his collaborators. From the day that he announced that he would run for Governor, the LaRouche Youth Movement (LYM) has been the leading visible force mobilizing for his defeat. From the now-famous leaflet showing a photo of Schwarzenegger imitating Hitler in a Nazi salute, with his statements of admiration for Hitler and his desire to emulate him, to the production of the "Who Robbed California" pamphlet, to the present pamphlet, "Stop George Shultz's Drive Toward Fascism!" which exposes the thievery disguised as "pension privatization," LaRouche and the LYM have been on the front lines.

At each step, as the "Governator" marched toward tearing

down the protections offered by state government to the poor, the elderly, the disabled, in order to deposit greater profits into the pockets of the corporate oligarchs allied with Shultz, the LaRouche Democrats have been the rallying point for the opposition.

## No Time for Gloating

While the new-found feistiness of the Democrats is promising, there is urgent work to be done, if California is to be rescued from its ongoing descent into economic and social chaos, which has accelerated under the misbegotten Governorship of Arnold.

The present crisis buffeting the state—which includes a substantial budget deficit, growing state debt, sharp cutbacks in the level of health care, human services and education the state government can provide, and a rapidly declining infrastructure—cannot be solved by “better management” and “cutting the fat,” as “Team Arnie” asserted during the campaign, and which some “centrist” Democrats say they can implement more efficiently than Schwarzenegger.

Nor can the problems be addressed simply by raising taxes, which the hard-core anti-tax Republicans claim is the Democratic Party strategy.

Overcoming the present crisis requires, first, an acknowledgement that it is global and systemic, and second, a policy approach which mobilizes the power of government to act for the general welfare, as Franklin Delano Roosevelt did to lift the U.S. out of the Great Depression of the 1930s.

Such measures were provided to Democrats at the State Convention by members of the LYM—a number of whom were present as elected members of the State Central Committee. The LYM spoke at various caucuses and circulated the “Emergency Action by the Senate” memo drafted by Lyndon LaRouche (see last week’s *EIR*), which offers an alternative to the fascist austerity policies being pushed by President Bush and Schwarzenegger.

## LaRouche’s Solution

Though California would be the world’s fifth-largest economy if it were a separate nation, it is not, and therefore, there is no way to solve the state’s economic crisis without addressing the national crisis. This requires a shift in thinking of California Democrats, beyond mere survival, to national leadership.

The cause of the national crisis—as for the state—is the long-term effect of the transformation to a post-industrial society, initiated in 1971 by the same Shultz who selected Bush for President, and Arnie for Governor.

Post-industrial policy caused a shift in employment, due to free trade and deregulation, to low-wage, low-benefit jobs in the service sector, at the expense of manufacturing. Having lost a large percentage of its manufacturing base, the state survived during the 1990s due to revenue from the high-tech bubble. When that popped in March 2000, the revenue base

shifted to dependence on the real estate bubble and construction.

This bubble is set to pop.

The solution is in physical economy, modelled on the FDR precedent: infrastructure development; creating real jobs in transport, water, and power management; health care; public safety and education; and reindustrialization, as proposed by LaRouche in his memo to the Senate on saving General Motors’ machine-tool sector from the impending collapse of the corporation.

Defeating Shultz’s fascist stooge is not enough to improve the lives of Californians. It is time for Democrats to learn the lessons of the FDR recovery and join with LaRouche, to “Recreate Our Economy.”

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## Mervyn Dymally

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# ‘Schwarzenegger Wants To Become a Dictator’

*California State Assemblyman Mervyn Dymally addressed a LaRouche PAC town meeting in Los Angeles on April 16, 2005, which was held on the occasion of the state Democratic Party Convention. Assemblyman Dymally is also a former Lieutenant Governor of California and former U.S. Representative. He was introduced by Harley Schlanger, Western States spokesman for Lyndon LaRouche.*

**Harley Schlanger:** This is a young man, who was once the Lieutenant Governor of the State of California. And they didn’t like that, and they did everything they could to run him out. And so, he went to the Congress, and he helped the Black Caucus in Congress discover Africa, as the head of the Black Caucus. And they didn’t like that. And they did everything they could to run him out,

And he’s still fighting. He’s one of the leaders in the fight against Schwarzenegger. He’s one of the few people, that I know in Sacramento, who is not taking his eye off the ball. He’s not going to let Arnie succeed. And so, I’m totally privileged to introduce to you, for however long he wants to speak, my good friend Mervyn Dymally.

**Mervyn Dymally:** Thank you Harley. What we have—permit me to do a bit of psycho-political analysis: Most of us who come from foreign countries bring a little bit of that culture with us. Arnold brought a great deal of a political culture that was autocratic, dictatorial, fascist, and Nazi. And one has to understand that. And so, the most modern approach



to their democracy, in Austria, is the parliamentary system. And under the parliamentary system, the prime minister can wage war, without the people, as Blair did in Iraq.

And so, he has this notion that he can run the legislature without any discussion. He can dictate to the people of California. He can make a promise and break it, because of his popularity.

Now, the last two years in the Democratic Caucus, there were two people who cautioned us about this man, as being dangerous, and that was Jackie Goldberg and Hannah-Beth Jackson. Hannah-Beth Jackson has since left us. Most of us were silent. Most of us were intimidated by his popularity. But, what I did, I went on the road, and we organized in just about every city that we had an opportunity to visit.

And so, what we are faced with, is a man who wants to be the dictator in California. And one of the problems with Arnold: He has no sense of California political history. He does not understand the Master Plan for Higher Education. He doesn't understand the relationship between the governor and the legislature. He doesn't understand the balance. Actually, he's a duplicate of George Bush.

And what he's doing, he's going after the three most popular groups in California: teachers, nurses, and firefighters. And he is destroying the safety net, that made it possible for minority groups to get into the middle class.

When you talk about nurses—and I'm speaking in this portion of my discourse as a black man—when you talk about nurses, you're talking about the black middle class. When you talk about teachers, you're talking about the black middle class. Because, after slavery, that is the channel by which they achieved a measure of freedom and a measure of middle class: by organizing schools and hospitals, medical universities, and colleges across the South. And so, when you destroy these professions, you destroy the safety net. And I suspect the same applies for Latinos.

And so, he's going after the teachers. He's going after the nurses. He has broken his promise: He stole \$2 billion from the children, and he has refused to pay them back. And so, this is a man who has no integrity at all. A man who has no word of honor. A man whom you cannot trust.

And the challenge we face in California, this year and next year, first, is to see to it that a \$70 million special election is avoided, by not signing those signatures. And second, it is not too early to prepare for 2006, because, if he fails in this special election, he's coming after us.

So, we have to organize. Not just meet and talk, but we've got to do the walk. We organize on a precinct level, and across the state. We proved in California that we could stop him. Of the 48 Democratic districts he went after, he did not pick up one. We beat the shit out of him!

So, we proved, with limited resources, we can do it. And with your help, we can do it. And so, I am looking forward to working with you. On May 23, we're going to hold a rally,



*State Assemblyman and former U.S. Congressman Mervyn Dymally (right), with Harley Schlanger at the LaRouche PAC meeting on April 16. Dymally stressed that it's not enough to talk about how Governor Schwarzenegger is a dictator: "We've got to do the walk. We organize on a precinct level, and across the state."*

because one of the most silent groups in California, about Schwarzenegger, are blacks. And today, we organize a coalition of about 100 groups at the airport. Face to face with him, on May 23, black voices are going to be raised and say, "Back off, Schwarzenegger! Back off!"

Thank you very much.

**Schlanger:** This man would have made a good governor. I'm still trying to convince him to run in 2006, because I don't think we have a good enough candidate yet. How many want to see Mervyn run in 2006?

I think Frankie's going to be the chairman of the Draft Dymally campaign.

**Dymally:** I will run, if Harley pays for my divorce.

**Schlanger:** Well, I may have to join you in divorce if I have to pay for it, Mervyn.

But, I just want to make a point here, Mervyn. You missed most of our discussion, but this is precisely what we were talking about: That we have the potential in this state, and I look at it this way—if we beat Schwarzenegger in 2005, Maria may take him home before 2006. The Kennedys don't like to lose.

So, our job is, right now, to go out and *teach the people of this state of the importance of the vote*. But, to vote, they also need to *know* something. . . .

# LaRouche Answers Queries From National Institutions on Rebuilding the Economy

*The following are questions to Lyndon LaRouche, and his answers, from eight Washington, D.C. institutions, submitted in response to his April 7 webcast. LaRouche's opening speech to the webcast appeared in EIR on April 15, and a portion of the question period, dealing with questions and answers from Democratic circles, in EIR on April 22.*

## From the Senate Democratic Leadership

**Q:** You've referred to financial capital and physical capital, but I think we have to address the issue of political capital. The U.S. is organized around the principle of a strong central government. When the President of the U.S. calls bonds issued by the U.S. Treasury "nothing"—and I know you're aware of the stunt he pulled in West Virginia—that goes to the heart of his thinking. It would seem that the crisis we face in terms of a lack of financial and physical capital is exacerbated by a serious shortage of political capital. How do we get around that?

**LaRouche:** Since the immediate aftermath of the November general election, the popularity of President Bush and his government has been declining at a presently accelerating rate. Leading factors in this decline have been, foremost, the issue of Social Security, and, second, health-care matters as such. Apart from the issue of the Administration's recently and newly threatened wars, these and related other factors in the decline are, most immediately, reflections of the effects of a continued collapse of the physical economy of the U.S.A. The fact that this collapse in the U.S. economy is a reflection of an onrushing general breakdown of the world's present monetary-financial system as a whole, has not yet been clearly perceived by the U.S. population, but the effects of this process within the U.S. itself are felt and produce what might be best described as "gut-level" responses expressed as increasing anxiety about the Bush Administration itself as much as the economy which that Administration is sensed to be mis-managing.

I had estimated, as in delivering the forecast contained within my Nov. 9, post-election webcast, that, provided the Democratic Party stood up on the issue of massive Administration-orchestrated vote suppression in the preceding general election, that the determining mass political issue would now be the Administration's intention to loot the Social Security system for the purpose of bailing out an imperilled Wall Street. Under such conditions, the ostensibly re-elected President would re-enter office to become, increasingly, a virtual "lame duck" from the beginning of his new incumbency, on-

ward. That estimation has proven correct.

This new state of national affairs is to be credited largely to those Democratic Party figures who have rallied to the memory of the successes of the economic-recovery policies of President Franklin Roosevelt. It is also a reflection of the growing uneasiness in the consciences of many Republican Senators and Representatives. More and more, electoral politics today express reflections of the anticipated outcomes of the 2006 mid-term elections. The Executive and Legislature, that is, are influenced by the new Legislatures already in the making. The trend which is being largely determined by the perceived trends in the international and national economic and social situation, may be fairly regarded as the future government already in the making, especially as concern for the near future tends to become more of a political factor than the immediately present situation.

This, I propose, is the underlying reality of the current political situation of the U.S.A. This means, that to the extent that a majority of the members of the Congress react, more and more, across lines of division by party, the Congress comes into a situation in which the moral weight of the Senate's influence over the Executive Branch must become greater than the policy-making impulses from within the Bush Administration itself. I am not speaking of a shift from a Presidential to a parliamentary system of government. The latter alternative we should abhor, especially as we observe the axiomatically embedded systemic impotence of parliamentary systems of Europe today. As experience has shown, our Federal Constitution has been efficiently designed with regard for the need to have that body function, especially when exceptional circumstances require this, as a controlling conscience by the nation over the powers of the Presidency itself. The crisis of our republic today is such that a majority of the Senate must now be called to perform the function of providing a check on the reckless plunge toward ruin being led by the incumbent President of the Republic. The Senate must not assume Executive powers and responsibilities; but, at times like these, it must check impulses toward ruinous forms of morally and intellectually irresponsible action, or lack of action by the Executive Branch itself. We are presently in such a situation.

Therefore, I am crafting a motion to be produced and delivered by me in the course of this week,<sup>1</sup> a motion presented

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1. See "From Lyndon H. LaRouche, Jr.: Emergency Action by the Senate," *EIR*, April 22, 2005.



*LaRouche pointed out that our Federal Constitution has been designed to have the Senate act, “when exceptional circumstances require this, as a controlling conscience by the nation over the powers of the Presidency itself. . . .” The Senate must now provide a check on “the reckless plunge toward ruin being led by the incumbent President of the Republic.”*

to the members of the U.S. Congress, especially to the body of the Senate, in which I bring my proven authority as a long-range economic-forecaster to bear on that threat to our nation’s existence represented by a presently onrushing general breakdown-crisis of the world’s present monetary-financial system, the so-called IMF system.

We have entered a period of global economic and monetary-financial crisis which constitutes a national emergency of the greatest urgency for our Federal government. The failure of the incumbent Presidency even to recognize the reality of this deadly situation, constitutes an immediate threat to the sovereignty, the defense, and the general welfare of our republic. It would be monstrous to allow the prevention of this immediately onrushing global catastrophe from being corrected for as long as some next general election. Therefore, some relevant institution must take action which, in effect, defines the unconstitutional character of the failure of the incumbent President to face the present reality of the situation. His has been, so far, a form of negligence which would be comparable in effect to refusing to muster resistance against an enemy invasion.

In this situation, the Congress, the Senate most clearly, must declare the existence of the emergency, as if it were to proclaim a state of war. The nation must be mobilized to its defense against the immediately existing, growing menace. The lawful means for defeating that menace must also be defined.

Therefore, we require a motion by a body from among the Senators who will craft a proposed bill, declaring the emergency and stating those leading relevant measures which must be taken immediately by the government at this juncture. I am crafting a motion to such effect, by me, which is intended

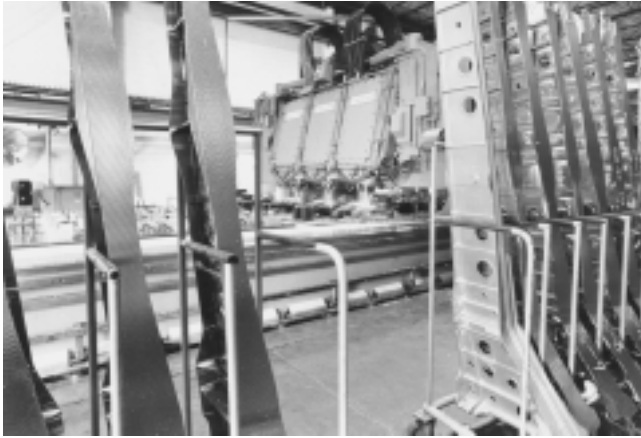
to prompt consideration from among persons including members of the Senate.

The immediate pivot of the physical-economic effects of this crisis is the crisis in the automotive industry’s sector. Were we to lose the physical capacity of that industry, as led by the vital tool-making sector of that industry, the U.S. would suffer virtually irreparable damage as a nation. We can not permit the liquidation of those physical capacities, or of the organization of those productive capacities. Therefore, Federal Emergency Action is required, creating the authority to receive, protect, and manage these precious productive capacities by means which include the use of such productive potential for appropriate other productive missions of major national importance, such as, for example, the creation of a new national railway system, and other work which assures the continued useful employment of a labor-force including one of the world’s greatest high-technology tool-producing capabilities.

**Q:** I don’t see the Federal Reserve as the institution through which we can run a reconstruction effort—they are far more concerned with the health of the banking industry than the economic health of the nation. Would it be necessary to create the equivalent of a National Reconstruction Bank? If so, could you say a little more about how such an effort would be structured and administered?

**LaRouche:** I agree with the observations.

The Federal government must act to create transitional corporate forms to hold the vital productive capacities, and provide appropriate employment for their labor force, pending the outcome of the period of receivership of essential productive entities of national importance. It should be envis-



*If we were to lose the the physical capacity of the auto industry, LaRouche said, "as led by the vital tool-making sector of that industry, the U.S. would suffer virutally irreparable damage as a nation. We cannot permit the liquidation of those physical capacities." Here a 3-spindle, 5-axis profiling machine is producing aircraft wing spans.*

aged, that at a later phase, suitable private incorporations will free the rescued capacities from government management.

This means, the creation of capital in the form of a long-term debt which should become convertible to a private capitalization at some suitable future point. The U.S. government must utter the creation of such debt under its constitutional powers by consent of Congress.

The following additional comment is implicitly required.

The mission orientation of the present management of General Motors, et al., has been an integral part of the philosophy of mismanagement which has played a leading part in creating the present mess of General Motors, et al. It had been a long-standing tendency, since the mid-1950s, in the automotive industry, to foster apparent net revenues from new-car sales by a margin of indebtedness buried in the nation's own used-car stock. This kind of recklessness has been carried to a relevant extreme under the conditions following the 2000 collapse of the "IT" speculative bubble of the 1990s. What is fairly derided as "the philosophy of Enron management" has taken over Wall Street, all aggravated by the post-1987 rise in use of what are known generically as "financial derivatives." The implied philosophy of management which that page of history implies has been a leading factor in the general state of automobile manufacturing and distributing firms in Europe and the U.S.A. for more than a decade.

Therefore, the elimination of that leading factor in creating the present margin of bankruptcy in that and comparable types of cases, is an essential component of any remedial policy now.

### **From the Congressional Black Caucus**

**Q:** On the question of health care: It is quite true that currently, we lack the facilities to provide adequate health

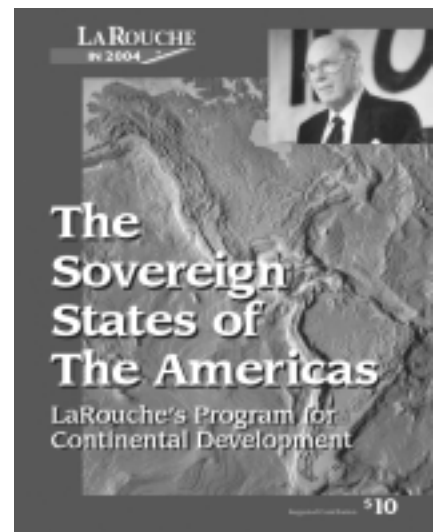
care to a significant segment of the population, even if we were so inclined. In reviewing some of your past statements on the health-care question, you frequently refer to the post-war Hill-Burton initiative. Would it be correct to say that Hill-Burton was principally an infrastructure measure?

**LaRouche:** The Hill-Burton legislation and programs launched during the immediate postwar period, are to be seen today as, in large degree, a reflection of World War II and comparable earlier experience in military medical functions. The objective was to avoid the horrors of the triage practiced during World War I, by providing a system which could meet the requirements for health-care and sanitation for all of the population subject to military authority. Since the medical profession inherited from World War II experience had developed relevant habits in all branches of the medical profession, the Hill-Burton law succeeded in mustering a system of cooperation, from the level of county medical systems up, which combined the cooperating forces of governments, private, and voluntary contributions to a total system of health-care and sanitation which worked very well until the contrary trends consequent upon the 1973 launching of the increasingly failed performance of the present system.

The characteristic feature of practice under Hill-Burton which is contrary to the ruinous trends of the HMO system, was that the objective was not management of existing capacities, but creation of the capacities needed to fulfill the care-objectives of the Hill-Burton system. Thus, today, we have the farce of promising what each proponent defines (some-what differently) as guaranteed access to health care, but makes no adequate provision for creating and maintaining the capacity which such legislation is presented as providing.

Health care, and education, potable water supplies, transportation, and so on, are infrastructure by their functional characteristic, whether these requirements are met by public

*The only real solution to the problem of illegal aliens is to promote cross-border development projects, as outlined in this LaRouche in 2004 campaign pamphlet.*



or private instrumentalities. Public responsibility always remains, however, for both regulation and for supply at last resort.

### From the American Progress Institute

**Q:** You spoke of the need for a clearinghouse of some sort to assess what we need, what we have “on the shelf,” so to speak, and then to define priorities. I recall reading about something that FDR called the Alliance of Producers, but am not sure that it was the same thing. It would seem that the optimal approach would be to pull together a Presidential Advisory Board of some sort, but I don’t think Bush is inclined in that direction. However, there are identifiable individuals of both parties who would be instrumental in such an effort. Would the formation of such a panel outside the institution of the Presidency work?

**LaRouche:** In Germany, still today, there exists an excellent facility which was designed as a reflection, as by Deutsche Bank’s Hermann Abs, on the success of programs under Franklin Delano Roosevelt, the Kreditanstalt für Wiederaufbau. The idea of Federal (or state) responsibility for missions performed through private, or quasi-private facilities, may be considered a traditional way of doing things under the American System of political-economy.

The creation of such institutions, and of the role of panels of persons assigned to those institutions, would be a normal aspect of the measures taken under the kinds of reconstruction programs which I envisage.

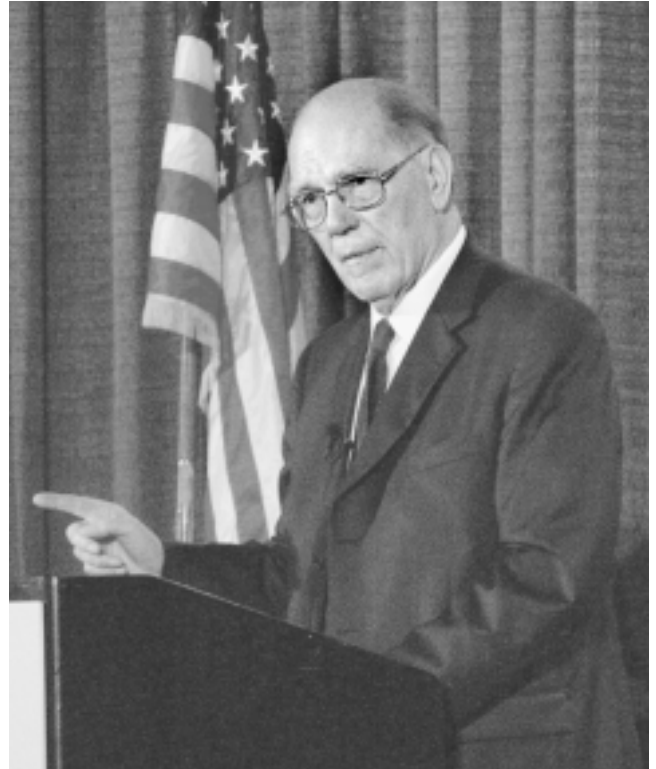
### Again From the Senate Democratic Leadership

**Q:** I’m still having some difficulty conceptualizing how to approach this. You said from “the top down.” Would the formation of Regional Development or Regional Reconstruction boards make sense?

**LaRouche:** A hierarchy of Federal, state, and local bodies, each suited to the scope of its mission, would be a natural tendency in crafting needed forms of organization of the common effort.

### From Harlem

**Q:** In the past, we’ve been able to think about proposals like the ones you’ve made today in terms of “putting people back to work.” But, over the last 30 or 40 years, a very significant number of production facilities have been taken down. They just don’t exist to “go back to.” I don’t think we can take for granted that we even have the productive capacity to supply the basic material for reconstruction of the type you are proposing. First, do you agree with that assessment? And, if you do, then what? Do we import the material we need? I know that as part of the war build-up under FDR we constructed facilities that didn’t exist before the build-up. I know that that’s particularly the case for the shipbuilding industry. While there isn’t any particular problem in importing what we need, it would seem that our ability to produce ourselves



*The United States “has entered a period of global economic and monetary-financial crisis which constitutes a national emergency of the greatest urgency for our Federal government,” LaRouche said. “The idea of Federal (or state) responsibility for missions performed through private, or quasi-private facilities, may be considered a traditional way of doing things under the American System of political-economy.”*

is one measure of the health of the economy overall. Please comment.

**LaRouche:** We must put aside all “one size fits all, fix-it” doctrines. The objective can not be to craft a once-and-for-all system of management. The objective is to unleash a process of rebuilding a ruined economy, an economy which could not do anything approximating a complete job at the start. The immediate objective is to provide enough employment in useful work of the kind which, in the end, creates more value than is spent to produce that result. The first objective is to bring the U.S. economy’s current level of productive employment above break-even, with an initial heavy emphasis on basic economic infrastructure, where our most crippling losses in capacity have occurred during the recent three decades. We must build toward what may be considered as a balanced economy.

Respecting imports, and related matters. Recovery means a rapid shift from a “free trade,” to a “fair trade” system worldwide. That is today, the price of commodities must correspond to the total cost of production of those commodities, when all factors of current and capital costs are considered.



*LaRouche credited the growing recognition of President Bush as a “lame duck” “to those Democratic Party figures who have rallied to the memory of the successes of the economic-recovery policies of President Franklin Roosevelt.”*

This means a global “protectionist” system, but one whose objectives are balanced with progress in internal growth among all national partners of the system.

Take the case of China as an example. China’s vital long-term interests cover a period of two generations for the entirety of its territory. The first generation emphasizes capital improvements, including emphasis on developing the potential of presently underdeveloped regions and segments of the population. The second generation emphasizes the realization of growth in productivity and standard of living made possible through the capitalization-rates of the first of the two generations. Our agreements with other nations should place the primary emphasis on long-term benefits for each and all. The conditions of life of my children’s and grandchildren’s generations are of primary importance. “Protectionism” as a policy of equity among national economies, must be administered accordingly.

For example: We ruined Mexico’s economy, beginning August-October 1982. We thus lowered the income of the average Mexican, and looted the capital of the national economy, while using Mexican labor as cheap labor, to replace our own. We then dumped Mexico as a producing nation, for nations where labor was still cheaper: then we brought Mexicans fleeing the effects of the looting of their nation’s economy into the U.S. as cheap labor, including a mass of illegal immigrants, the cheapest of them all. Thus, we wrecked the U.S. economy, and the incomes of its people, by looting the Mexicans. Protectionism is the first line of defense of a sound economic policy of practice.

### **From the Congressional Black Caucus**

**Q:** The question of America’s illegal immigrant population is frequently cited as a problem for the U.S. economy—it’s argued that their labor is off the books—they don’t pay income tax or Social Security, for instance. However, they do

use social services. If we were to launch the kind of effort you are proposing, we would suffer an overall shortage of labor. It would seem that we have a ready pool of untapped labor. Additionally, accepting this population as part of the labor force would also provide a new source of government revenue that, given the fact that you are talking about millions of people, is not insignificant. Would you favor lifting the current restrictions? More importantly, do you think it would begin to address the shortage we would face?

**LaRouche:** Human justice is a first line of duty. We must build economic policies around justice. This means promoting employment at fair income-levels within Mexico itself, and bringing order and fairness into treatment of the illegal immigrants who have been brought into the U.S. as expendable cheap labor for larcenous, slave-driving employers. At base, a minimum-wage standard for all labor, combined with regularization of the status of illegal immigrants, is the starting point.

However, legalistic reforms are not really solutions to the broader problem. We must promote the cross-border, large-scale infrastructure projects which raise the level of productivity per capita on both sides of the border. Without technological progress effected by inclusion of heavy emphasis on basic economic infrastructure, there are really no solutions for the problem you reference.

### **From the Senate**

**Q:** Mr. LaRouche, there’s a lot of talk about the fact that we are going to need Federal action to bail out General Motors. However, the terms of that bailout might mean saving GM financially, but not necessarily saving the productive capability. Allocating money to pay GM’s creditors would make the creditors happy, but it wouldn’t save any jobs. But, even if the monies were earmarked to keep production going, much of that corporation’s production is already in plants outside the borders of the U.S. How would you approach the question of a GM bailout?

**LaRouche:** You express my fears. Reorganization must place priority on maintaining the employment of the affected productive labor-force, where they presently live and work. It is the productive capacities which we must protect. Let the corporate managements which supervised the creation of the mess, and the financier interests responsible take the burden, not the productive employee and his or her family. It is the financial ownership which produced the bankruptcy, and thus earned the burden of absorbing the loss. They took the risk, and mismanaged it. It is the ownership and financial management which failed, and it is they who have earned the opportunity to pay the price. That is the “law of free enterprise,” is it not?

As for the crucial point of national interest. If we lose those financial managements, we lose less than nothing. If we lose the productive capacity built around a cadre of machine-tool specialists, we cease to be a modern economy.

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## Book Review

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# President Reagan Was Fierce Opponent of Mutually Assured Destruction Doctrine

by Jeffrey Steinberg

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### **Ronald Reagan and His Quest To Abolish Nuclear Weapons**

by Paul Lettow

New York: Random House, 2005

327 pages, hardbound, \$25.95

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At a moment when the credibility of the institution of the U.S. Presidency has plummeted to perhaps an all-time low, as the result of the first four-year term and re-election of George W. Bush, Paul Lettow's new biography of President Ronald Reagan offers an invaluable counterpoint and message of hope. The book focusses almost exclusively on the single great legacy of the Reagan Presidency—his Strategic Defense Initiative (SDI). But, in painstakingly reviewing the process through which President Reagan launched, and then fought for the implementation of a global defense against nuclear weapons, the young Princeton and Oxford historian has provided a case study in Presidential leadership that is an inspiring lesson for all.

At no time in his Presidency did Ronald Reagan have any support, within the upper echelon of his own Administration, for the SDI, with the sole exception of Judge William Clark, who served as National Security Advisor to the President from 1982-83. Everyone else—from Secretary of State George Shultz; to White House Chief of Staff James Baker III; to Defense Secretary Casper Weinberger; to National Security advisors Robert McFarlane, Adm. John Poindexter, and Frank Carlucci; to Pentagon hawk Richard Perle; and Shultz's arms control advisor Paul Nitze—paid lip service to the President's vision of the SDI, but plotted against it.

Shultz, Nitze, McFarlane, and Baker tried to sell off the SDI as a bargaining chip in arms control negotiations with Moscow. The ostensible pro-SDI hawks, Weinberger, Perle, and Poindexter, all saw the SDI strictly as an enhancement of America's own military capabilities against the Soviet Union, and adamantly opposed Reagan's core concept of SDI as a global shield against nuclear warheads, to be shared with the

Soviet Union, and to lead to the eventual abolition of all nuclear weapons.

Against all of this internal opposition to the SDI, and faced with staunch Soviet rejection of the offer to bring the era of Mutual Assured Destruction (MAD) to an end, President Reagan held firm. Reagan had a vision of a world freed from the horrors of thermonuclear destruction, and he staked his entire Presidency on launching that process.

Paul Lettow's impeccably documented account of President Reagan's quest conveys all of the complexities of the fights inside Washington, and between Washington and Moscow. It is a must read for any student of contemporary history.

### **A Missing Element**

I had the opportunity to briefly meet with Paul Lettow during a book-signing event in Washington, D.C., in early April. I wanted to size up the author, because of one disturbing missing element from his account, which I knew personally. The missing element was the role played by Lyndon LaRouche and some of his close associates—myself included—in a several-years-long back-channel dialogue with the Soviet government on the subject of ballistic missile defense. The original concept that President Reagan adopted as his Strategic Defense Initiative had been proposed by LaRouche, beginning in 1977, and been a core feature of his 1980 campaign for the Democratic Party Presidential nomination.

During the 1980 primary election campaign in New Hampshire, LaRouche and Reagan had spent several hours together, during one of the big Presidential candidates debates. Reagan had been receiving *Executive Intelligence Review* magazine since 1976, courtesy of John Garabedian, a wealthy California farmer and member of his California Gubernatorial team. In the aftermath of their New Hampshire encounter, and Ronald Reagan's November 1980 landslide victory, the President had instructed members of his Administration to consult with LaRouche on a wide range of policy issues.

Thus, when a senior Soviet diplomat at the United Na-



Lyndon LaRouche speaking with President Reagan during a candidates debate in Concord, N.H., during the 1980 Presidential campaign.

tions, Mr. Kudashev, approached an *EIR* correspondent in late 1981, inquiring about Mr. LaRouche's assessment of Ronald Reagan, it was natural for LaRouche to pass the word on to the White House, along with an offer to use the opportunity to establish a back-channel of discussion between Washington and Moscow. LaRouche proposed to launch a dialogue on his own proposals for a joint ballistic missile defense project. The Reagan White House accepted the LaRouche offer, and as the result, throughout 1982 and the first quarter of 1983, LaRouche made frequent trips to Washington, D.C. to meet, privately, with a designated Soviet embassy official, and report all of those contacts directly back to the White House. Richard Morris, the longtime aide to Judge William Clark, who was the Chief of National Security at the National Security Council (NSC), was the White House point of contact for LaRouche on this effort.

LaRouche's private, back-channel discussions were bolstered by his own "public diplomacy." LaRouche wrote extensively about his vision of a ballistic missile defense shield, based on new physical principles, bringing about an end of the era of MAD, and ushering in an epoch of American-Russian cooperation in the frontiers of science and technology. He addressed a series of large diplomatic gatherings in Washington, D.C., and, later, around the world, promoting the SDI concept. On March 24, 1983, the day after President Reagan went on national television to formally announce his Strategic Defense Initiative, Lyndon LaRouche wrote, "True greatness in an American President touched President Ronald Reagan last night; it is a moment of greatness never to be forgotten."

The Soviet response to the Reagan SDI offer was as rapid as it was brutal. They rejected outright Reagan's offer, and devised an agitprop campaign, denouncing SDI as the "militarization of space."

In fact, in February 1983, a month before Reagan's historic televised address, LaRouche's Soviet interlocutor, Shershnev, had returned from a trip to Moscow with a mes-

sage from the government of Premier Yuri Andropov. The message contained three elements:

1. The Soviet government would reject the SDI.
2. Soviet studies of the LaRouche proposal had proven that they were sound and viable. However, under conditions of "crash development," the Soviet economy would be incapable of keeping pace with a so-revived American economy. Therefore, it was principally on economic grounds that Moscow would reject the offer.
3. Paradoxically, because other Moscow channels into the American political establishment had assured the Soviets that President Ronald Reagan would never adopt the LaRouche SDI concept, and Moscow found the overall dialogue with LaRouche to be beneficial, the back-channel talks would continue.

Thus, Moscow had decided *prior* to the Reagan speech of March 23, 1983, that the SDI offer would be rejected, in part because the Andropov government had been convinced that Reagan would never actually make such a generous offer.

Shortly after the SDI speech by the President, Shershnev was again summoned back to Moscow. He returned to Washington, deeply shaken. In a final face-to-face discussion with LaRouche, he privately conceded that his government had made a tragic mistake in rejecting President Reagan's offer. He said that the matter had now been "bounced upstairs," and he was recommending that the dialogue with Mr. LaRouche be turned over to Georgi Arbatov, the head of the U.S.A.-Canada Institute, and Moscow's leading America-watcher. Two weeks later, Shershnev was permanently called back to Moscow, and no such LaRouche-Arbatov meeting ever took place.

On July 24, 1985, Lyndon LaRouche published an assessment of the impact of the Soviet rejection of President Reagan's offer to jointly develop and deploy a strategic defense system to end the era of MAD. The assessment was published in a larger special report by *EIR*, *Global Showdown—The Russian Imperial War Plan for 1988*. LaRouche wrote that if the United States were to "unleash those changes in monetary, economic, and budgetary policies needed for implementation of an SDI 'crash program,'" the Soviet Union would have great difficulties keeping up, given Russia's "peasant problem" and other cultural and ideological barriers to the rapid absorption of scientific and technological breakthroughs into the civilian economy. LaRouche forecast a collapse of the Warsaw Pact system within six years. In a speech in West Berlin in Oct. 1988, LaRouche addressed the prospects of German reunification within a decade.

## New Declassified Documentation

Author Paul Lettow based his insightful study of President Reagan on a large number of newly declassified documents, including a string of Reagan-era National Security Decision Directives (NSDD) and CIA National Intelligence Estimates. He supplemented them with interviews and correspondence



with many of the key Administration players in the SDI drama, as well as their memoirs and collected papers.

Through this meticulous cross-gridding of solid source material, Lettow was able to present a lively chronology of the Reagan years, providing a precise, yet intelligible account of the byzantine maneuverings between the State Department, the Pentagon, the NSC. Each faction in the Reagan Administration opposed Reagan's vision, and each tried, in its own way, to coopt and subvert the President's goal.

Yet, every step along the way, President Reagan remained true to his belief: Mutually Assured Destruction was an immoral and unacceptable means of avoiding thermonuclear holocaust. He was truly a "nuclear abolitionist."

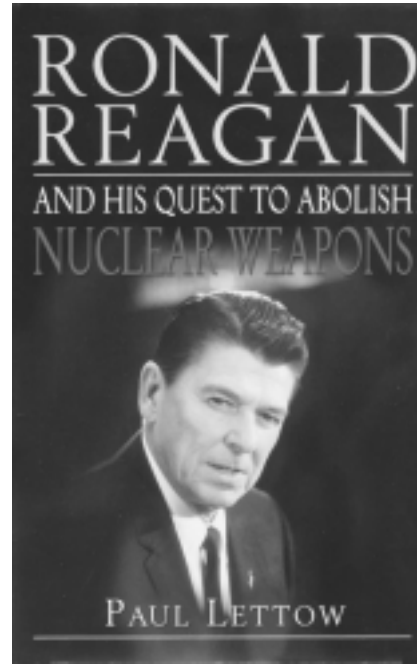
Lettow traced the origins of Reagan's abolitionist beliefs, from his reaction to the dropping of the atomic bombs on Hiroshima and Nagasaki, to his 1961 visit to the U.S. Air Command Center at Colorado Springs, Colo., to his Nov. 22, 1967 visit to the Lawrence Radiation Laboratory (now the Lawrence Livermore National Laboratory). At Colorado Springs, Reagan was horrified to learn that, while the U.S. could track incoming Soviet nuclear missiles 20 minutes before they landed, the U.S. was powerless to do more than warn people in the target zone about their imminent obliteration.

During his 1967 visit to the Lawrence Radiation Lab, the newly elected California Governor Reagan received a two-hour briefing from Dr. Edward Teller and others about missile defense. Lettow quoted Teller on that meeting: "What we told the governor was not simple, but he listened carefully and asked perhaps a dozen salient questions. . . . My impression was that his questions showed very little knowledge of the subject but real interest in the subject. And furthermore, they were perfect questions, they were good questions . . . coming from a man who had not looked into that situation before."

From no later than that 1967 encounter with Dr. Teller, Ronald Reagan was a fierce opponent of Mutually Assured Destruction. As Lettow wrote, "Reagan disliked MAD. He also disliked the technocratic McNamara [then-Defense Secretary Robert Strange McNamara], whom he publicly derided as 'that efficient disaster.' Reagan likened MAD to an Old West standoff, with 'two westerners standing in a saloon aiming their guns to each other's head—permanently.' Deaver, Meese, and Weinberger all recalled that Reagan mistrusted MAD and talked with his aides in Sacramento about his objections to it. According to Weinberger, the idea that one was safe from nuclear attack only if vulnerable to it 'repelled' Reagan. Meese told the author that Reagan felt that MAD was 'politically and diplomatically, militarily, and morally flawed.'"

### Debunking the Right-Wing Hoax

One of the most important and refreshing features of Paul Lettow's book is that he thoroughly debunked the right-wing-conjured mythology that Ronald Reagan's SDI was aimed solely at defending the United States against Soviet missile



*The book focusses on the single great legacy of the Reagan Presidency, his Strategic Defense Initiative, as a way to eliminate the insanity of the Mutually Assured Destruction doctrine.*

attack. To this day, American right-wingers and some liberals bristle at the idea that Ronald Reagan truly intended to collaborate with the Soviet leadership to end the era of MAD, by either jointly developing, or sharing the missile defense technology. The idea that the author of the "Empire of Evil" speech could have passionately sought the elimination of all nuclear weapons from the face of the Earth, provokes the most extreme forms of cognitive dissonance.

Lettow used numerous speeches by President Reagan, NSDDs, and a detailed account, drawn from declassified notes, of Reagan's October 1986 summit meeting with Mikhail Gorbachov in Reykjavik, Iceland, to make a slam-dunk case that President Reagan truly was committed to collaboration with Moscow on a global ballistic missile defense shield. He sought the elimination of all ballistic missiles, and all nuclear weapons, and he was convinced that the best way to get there was to devise a global ballistic missile defense shield that would render offensive nuclear weapons obsolete.

From Lettow's account of the Reykjavik negotiations between Reagan and Gorbachov: "Reagan countered that he would agree to share SDI and that the initiative would 'facilitate the elimination of nuclear weapons.' He said that he 'failed to see the magic of the ABM regime,' which enshrined MAD. He emphasized that he wanted 'to eliminate missiles so that our populations could sleep in peace' and that a shared missile defense would 'give the world a means of protection that would put the nuclear genie back in his bottle.' Gorbachov replied firmly that 'no one in the Soviet leadership' nor he personally 'could agree to steps which would undercut' the ABM Treaty."

## **GOP Rams Bankruptcy Bill Through House**

The House GOP leadership (with the complicity of too many Democrats), operating like a pile driver, drove the Senate-passed bankruptcy bill through the House by a vote of 302 to 126, on April 14. They did it using tactics that have become all too familiar: limiting debate to a minuscule amount of time, and prohibiting any amendments from coming to the floor. In this case, it was 35 amendments, all sponsored by Democrats, that would have ameliorated the impact of the bill on various classes of debtors, and one, by Rep. Jerry Nadler (D-N.Y.), that would have “sun-setted” the bill after two years. Other amendments included protection for members of the military bankrupted by their deployments to Iraq and Afghanistan, and for victims of identity theft.

Rep. Louise Slaughter (D-N.Y.), the ranking Democrat on the Rules Committee, displayed a chart showing how over the last five Congresses, the number of amendments allowed to be considered to bankruptcy reform legislation has declined from 12 in the 105th Congress, to zero. “This chart shows a disturbing pattern,” she said, “a pattern that has become common practice here in the House.”

As for the bill, itself, Rep. John Conyers (D-Mich.) called it “the most special interest-vested bill that I have ever dealt with in my career in Congress. It massively tilts the playing field in favor of banks and credit card companies and against working people and their families.” He noted that the bill does nothing to discourage abuse by credit card issuers lending to the developmentally disabled, or by sub-prime lenders or “the sharks” who charge members of the military up to 500%.

Because the House passed the Sen-

ate bill with no amendments, in order to avoid the possibility that it would get bogged down in conference committee, it goes directly to President Bush for his signature.

## **DeLay Interrogated On House Ethics Process**

The battle over the stalled House ethics process escalated another step on April 14, when Minority Whip Steny Hoyer (D-Md.) demanded to know when the resolution sponsored by Rep. Allan Mollohan (D-W.V.), to return the House ethics rules back to what they were prior to the convening of the 109th Congress, would be heard. Hoyer used the opportunity of an otherwise routine colloquy on the House legislative schedule to remind Majority Leader Tom DeLay (R-Tex.) that prior to January, changes in the ethics rules were always made on a bipartisan basis, as was done in 1997, when a task force chaired by then-Rep. Bob Livingston (R-La.) and Rep. Ben Cardin (D-Md.) wrote the last overhaul of the ethics rules.

DeLay claimed that this time around, House Speaker Dennis Hastert (R-Ill.) unilaterally decided that those rules had to be changed in order to “protect” the due process rights of members of the House, because Hastert had “discovered” that the rules could be used in a partisan fashion to hang a member “out to dry.” Of course, the only member “hung out to dry” recently, has been DeLay himself, whose own conduct, not partisan scandal-mongering, has made him the target of controversy. That, of course, was not said, but DeLay showed, by what he did say, that he was more than willing to support unilateral changes in the rules that

have the effect of protecting his own position. Under the old rules, if the chairman and ranking member of the committee could not agree on the charges brought against a member, the charges would automatically be referred to the investigative subcommittee. Under the new rules, that action now requires a majority vote of the committee, making an investigation nearly impossible in a highly charged case, such as DeLay’s.

Hoyer’s interrogation followed an earlier vote on the floor of the House on a privileged resolution offered by Minority Leader Nancy Pelosi (D-Calif.), to set up a bipartisan task force to examine the ethics process in the House. The resolution was tabled, by a vote of 218 to 195, on a motion by Rep. James Sensenbrenner (R-Wisc.), thereby pre-empting any debate, but two Republicans, Rep. Joel Hefley (Colo.), who is a co-sponsor of the Mollohan resolution, and Rep. Jim Leach (Ia.) voted with the Democrats. All of that action followed, by a day, a meeting of the Ethics Committee, at which Mollohan and Chairman Doc Hastings (R-Wash.) were unable to come to an agreement on how to get the committee operating again.

## **House Backs Permanent Repeal of Estate Tax**

On April 14, the House took a step towards the GOP leadership’s goal of making the 2001 and 2003 tax cuts permanent, by voting 272 to 162 to make the repeal of the estate tax permanent. In the process, they brushed aside all arguments from the Democrats that the estate tax repeal only aids a handful of the wealthiest people in the country. The supposed basis for repealing the tax is that it results in thousands of

farms and small businesses shutting down, because those who inherit them cannot otherwise afford to pay the estate tax. The Republicans, in order to generate public support for the repeal, have always referred to the estate tax as the “death tax.”

The Democrats, on the other hand, repeatedly pointed out that only about 2% of the 3 million people who die in the United States every year actually leave behind estates large enough to pay estate taxes, and most of the revenue generated by the tax comes from only about 7,500 estates, or about 0.1%, which will derive most of the benefit from the bill. Opponents also did not fail to notice the economic context in which the debate took place. Rep. Bernie Sanders (I-Vt.) pointed out to the House that real wages have been declining, the middle class is shrinking, poverty is increasing, and at the same time, “the richest people in America have never had it so good.” Rep. Jim McGovern (D-Mass.) noted that for most of the 20th Century, the United States had a progressive tax system. “Those who could afford it paid their fair share. We looked out for each other. We provided food to the hungry, shelter to the homeless, assistance to the unemployed, and health care to the sick.” The Republicans, he said, want to turn that system upside down. “They believe the wealthy should be exempt from paying taxes and the poor should fend for themselves.”

## **I**mmigration Provision Added to Spending Bill

The Senate voted 94 to 6, on April 19, to add a provision exempting certain seasonal agricultural workers from immigration caps to the Iraq War sup-

plemental spending bill. The vote came after the Senate successfully fended off efforts to add more expansive immigration provisions earlier in the day. Those efforts came in the form of competing amendments on agricultural guest workers and illegal immigrants, both of which failed to make cloture. Barbara Mikulski (D-Md.), the sponsor of the amendment on seasonal workers, told the Senate that it only applies to those who have worked in the U.S. before, have worked in compliance with the law, and returned home to Mexico during the off season. She said the amendment was needed to address a crisis in the Chesapeake Bay seafood industry, which is facing labor shortages and needs to begin to hire extra workers, now.

The major sticking point continues to be the Real ID act attached to the House-passed bill. Diane Feinstein (D-Calif.) is sponsoring an amendment, which is a sense of the Senate resolution, calling on Senate conferees not to accept the House-passed provision. In remarks on the Senate floor on April 13, Feinstein noted that the Real ID Act is a “very controversial” bill which has never even been considered in the Senate Judiciary Committee. She described the House action in attaching the Real ID Act to the supplemental spending bill as “pre-emptive,” and said, “We are meant to be a deliberative body. We are meant to consider major and controversial pieces of legislation and, if necessary, slow them down.”

## **B**ipartisan Bill Would Defend Union Organizing

Reporters and labor union members were subjected to an increasingly rare sight on Capitol Hill, on April

19, when a Democrat and a Republican joined together to defend the rights of labor unions to organize, free of intimidation and coercion by corporations. Representatives George Miller (D-Calif.) and Peter King (R-N.Y.) both spoke at an event moderated by AFL-CIO President John Sweeney to announce their support for the “Employee Free Choice Act,” which would strengthen the penalties against employers for violating provisions of the National Labor Relations Act pertaining to union organizing activity by employees. It also simplifies certification of union representation, and provides that if an employer and a union engaged in bargaining for their first contract cannot reach agreement after 90 days, the dispute can be referred for mediation and arbitration.

Miller told the crowd that “the right of working men and women to freely organize and bargain collectively is a fundamental human right,” yet a 2000 Human Rights Watch report found “rampant violations” of the right to free association in the United States. “Many workers who try to form and join trade unions to bargain with their employers are spied on, harassed, pressured, threatened, suspended, fired, deported, or otherwise victimized in reprisal for their exercise of the right of free association.” King seconded Miller’s comments, saying, “It’s really an issue of basic human rights” to be able to organize and bargain collectively.

The bill also has bipartisan sponsorship in the Senate, with Edward M. Kennedy (D-Mass.) and Arlen Specter (R-Penn.). Kennedy noted in a press release that the U.S. economy has lost nearly 3 million manufacturing jobs. “Our economy may be growing,” he said, “but workers aren’t benefitting and wages are stagnant.”

## Argentina President Kirchner: 'There Is Life After the IMF'

by Cynthia R. Rush

On the final day of his five-day state visit to Germany, Argentine President Néstor Kirchner delivered a pointed warning to the International Monetary Fund and its allied financial beast-men who are determined to crush Argentina for daring to defy them. "There is life after the IMF, and it's a very good life," Kirchner said from Munich on April 15. And remember, he added, that "being in the embrace of the IMF isn't exactly like being in heaven."

*EIR* readers who have followed founder Lyndon LaRouche's writings for some time, would have recognized in the Argentine President's words an echo of *EIR*'s 1995 Special Report entitled "Yes, There Is Life After the Death of the IMF," which included some of LaRouche's crucial writings on economics and defense of national sovereignty.

Now, in an international environment shaped by LaRouche's fight to create a New Bretton Woods, Kirchner chose these words to respond to the IMF's blackmail threat not to negotiate a new agreement unless the government agrees to reopen the bond swap concluded on Feb. 25 to restructure \$82 billion in defaulted debt. Although 76.6% of bondholders participated in the restructuring, the Fund is demanding that Kirchner now show "good faith" by allowing the remaining 24.4% who initially rejected the government's offer, and who hold some \$20 billion in defaulted debt, to join in. A sizable portion of that 24.4% are the vulture funds that speculated on Argentine debt prior to the 2001 default.

At the same time, the IMF is demanding deeper "structural reform" (more austerity), a higher primary budget surplus (the amount set aside to pay debt), and respect for the "property rights" of those foreign-owned utility and oil companies that have already savagely looted this nation.

### No 'Privileged Creditor' Status

During his April 11 flight to Berlin, Kirchner reportedly told his closest aides that he would consider pulling the plug on the Fund altogether, revoking its status as a "privileged creditor," unless the blackmail stopped. Since its December 2001 default, Argentina has paid \$12 billion to the IMF, prioritizing payments to that institution above any other creditor. To other bondholders, the Kirchner government offered a 60% writedown of the debt, underscoring that this was the most it could pay without jeopardizing the physical well-being of a population exhausted by years of looting.

As he told an audience at the Friedrich Ebert Foundation in Berlin on April 14, the IMF model which had been "imported and imposed" on Argentina unleashed the "worst social-economic catastrophe in our history, which exploded at the end of 2001." This catastrophe, he said, was the product of "a political-economic model at the service of interests alien to the common good, which favored the proliferation of the corrupt, genocidalists, and thieves."

"I received an Argentina devastated by an economic program supported by the International Monetary Fund," Kirchner said. The country's rulers at that time were put on display by the IMF as an example to follow, "saying 'here, this is the path the countries of the world have to follow.'" Yet dozens of governments have fallen, he added, because they imposed these failed IMF prescriptions, whose priority was collecting debt instead of promoting economic development.

"The placing of private interests over the general interest was the expression of a specific model of society which led to generalized poverty, uncertainty, isolation, and impoverishment of life at all levels" in Argentina, President Kirchner warned. Today, he said, it is the IMF that needs to be "restructured," because it is not serving the purpose for which it was

originally intended. "As it operates today, it has no future, and the developed world has to understand this." As for Argentina, he added, it is prepared to work "actively and constructively on behalf of a new world economic order," without renouncing the "autonomy of its decision-making."

From Germany, where he held a warm personal meeting with Chancellor Gerhard Schröder, Kirchner announced that the bond swap "will not be touched." In a statement issued April 16 in Washington, Finance Minister Roberto Lavagna affirmed that the Argentine government "fully ratifies the fact that the swap of public debt which concluded successfully on Feb. 25 will not be reopened." Moreover, he added, "the Republic of Argentina doesn't accept discriminatory treatment, or unusual demands regarding sovereign restructuring."

### A 'Moral Hazard'?

The problem Kirchner's defiance poses for the international financial predators is that the demise of the global monetary system is imminent. The U.S. auto industry, the world's largest, is on the brink of bankruptcy, and the plunging value of the dollar could unleash global financial catastrophe, if not stopped in an orderly fashion.

Under these precarious conditions, Argentina's refusal to submit to IMF dictates, sets what Japanese Finance Minister Sadakazu Tanigaki described as a "bad precedent," that might be emulated by other indebted nations. Speaking at the annual meeting of the Inter-American Development Bank (IADB) April 9-10 in Okinawa, Tanigaki said that the way that Argentina dealt with its debt crisis and restructuring shouldn't be tolerated, as it could otherwise "constitute a moral hazard."

The reality is, that were other debt-strapped nations to follow Argentina's lead in defying the IMF, they could bring down the whole system. Brazil, whose \$500 billion debt bubble dwarfs Argentina's, is on everyone's mind, as participants at the IADB meeting readily admitted. Even though Brazil is so far the "good boy" on the block, in terms of applying IMF policies domestically, there is nothing stable about its overall financial situation.

Argentine Finance Ministry officials who participated in talks with the IMF in Washington over the weekend of April 16-17 reported that IMF and G-7 pressures on Argentina over its debt restructuring are intimately tied to fears over Brazil. "No one wants to say it, but they're all thinking about Brazil." They're worried that at some point, President Lula "might break the vicious cycle of high interest rates and increased indebtedness and go with a solution similar to ours," one official told the daily *Página 12*.

This is the context in which the threats against Argentina to reopen the bond swap have intensified. IMF Managing Director Rodrigo Rato warned in an April 14 press conference that Argentina had to adopt a "realistic" strategy toward the \$20 billion in "unrestructured debt." Otherwise, he hypocritically lectured, any future loans or agreement would be a violation of the Fund's "lending into arrears" policy.

During other press conferences the same day, Rato's associates delivered the same message. Outgoing World Bank President James Wolfensohn, outgoing Treasury Undersecretary John Taylor, and Secretary of the Treasury John Snow all threatened that any future agreement with the IMF would be contingent on Argentina finding a "solution" for those "holdout" bondholders. Especially outrageous was the unconfirmed report that the Fund expected Argentina to annul legislation passed last February that makes any reopening of the bond swap illegal.

### 'A Fighting Position'

There has reportedly been some Argentine commitment to the IMF—no timeframe has been announced—to allow for a "differentiated" approach toward those bondholders who didn't participate in the swap. There will be no reopening of the bond swap, but as one Finance Ministry official put it, "one thing is the vulture funds and the other are the small Italian investors." There are 450,000 in the latter group who were swindled out of their savings by Italian banks, which sold them high-risk Argentine bonds in 2001, knowing that a debt default was imminent. Italian legislators have called this operation by the banks illegal.

Argentina was counting on a new agreement with the Fund in order to roll over debt coming due this year, which it would otherwise have to scrounge to produce. The agreement to deal with the holdouts in some unspecified fashion is a way to buy time, in a situation Kirchner knows will be filled with tension and continued bludgeoning. He has been heard to tell close associates, "as the Gospel says, we have to be as docile as the dove and as astute as the serpent" in dealing with the Fund.

But as LaRouche emphasized in his April 7 webcast in Washington, D.C., President Kirchner is now also in a "extremely interesting strategic situation" as a result of recent Ibero-American moves toward South American physical integration discussed by the Presidents of Brazil, Colombia, and Venezuela with Spanish Prime Minister Rodríguez Zapatero during their historic March 29 conference in Ciudad Guayana, Venezuela.

Responding to an e-mail question sent from a meeting in the Annex of the Argentine Congress, organized to listen to the webcast, LaRouche underscored that the Argentine situation must be viewed "strategically," rather than from the inside out. The commitment to forge the continent's physical integration, which the four heads of state discussed at their March 29 meeting [see *EIR* April 15, 2005] "makes a change in the entirety of the situation of South America," and provides Kirchner with a crucial opportunity to flank the financial warfare waged against him by the IMF and vulture funds.

While the government's debt restructuring bond swap is "not desirable in terms of its effect," LaRouche said, it puts President Kirchner "in a fighting position . . . and then maybe he'll get a victory because he's got a fighting position."

# Financial Sharks Call For Dismantling Of General Motors, As LaRouche Warned

by Richard Freeman

General Motors' announcement April 19 of a \$1.1 billion loss for the first quarter of 2005, and the disclosure of a far worse situation in its hemorrhaging of cash flow, created the opening for the Wall Street financial institutions to intensify their campaign to tear apart GM. Within hours, they called for the permanent closing of several assembly and feeder plants, which would dismantle considerable production capacity, and lay off many tens of thousands of workers. GM would break into several pieces, confirming what Lyndon LaRouche warned of the week of April 11. GM may undertake some of these close-downs as early as this Summer.

One day later, Ford Motor announced that its profit fell by 38%, compared to the same quarter last year, and that of the profit it did make, 60% came from its financial services. On that same day, Standard and Poor's rating service downgraded the credit rating of Visteon—America's second largest auto parts supplier, and the largest supplier to Ford—to three levels below junk bond status, which will effectively cut it off from the credit markets. The concatenation of GM, Ford, and the auto parts suppliers' deterioration has sent GM's and Ford's stocks and bonds plummeting, putting the world financial system at the verge of a meltdown.

No solution within the constraints of the "markets" exists. It is urgent that LaRouche's April 13 "Emergency Action" program is immediately adopted to retool GM and the auto sector's embedded advanced machine-tooling capacity, along with redeploying its skilled labor force, for the reconstruction of the American economy. This would include the production of locomotives and systems for magnetically levitated rail and high-speed rail.

## GM's Breakdown

General Motors' first quarter loss of \$1.1 billion, revealed April 19, was bigger than its mid-March projection \$850 million. However, the loss is even worse than it appears at first sight. GM lost between \$1.3 and \$1.5 billion on its automotive operations, and lost another approximately half-billion dollars on "special items." Were it not for the \$729 million profit that GM's financial arm GMAC recorded, GM would have lost \$2 billion during the first quarter.

However, GM's worsening cash flow picture is even more alarming, and unexplained by its official announcement. In January, GM had said that it would run a positive

\$2 billion cash flow for the year 2005; then in mid-March, it "re-adjusted" that, and said it would run a negative \$2 billion cash flow for the year. However, according to the April 19 Bloomberg.com, GM had for the first quarter, a one-time "special charge" cash flow loss of \$1.7 billion to cover the severing of its ties to Fiat, and an additional negative cash flow of \$3 billion on regular operations, *for an astounding negative \$4.7 billion cash flow during the first quarter alone.*

When, a company runs a negative cash flow, it must draw down that amount from its holdings of cash and marketable securities. Were GM to draw down its cash flow at this, or even a slightly less rapid rate, it would burn through its allegedly "impregnable" cash reserve of about \$25 billion in less than 15 months.

GM also announced that relative to the same quarter last year, it produced 12% fewer vehicles, and sales fell 5%.

## Lies About Health Care Benefits

In announcing its first-quarter results, rather than acknowledge its incompetence, GM told the lie that its problems were due to "health-care costs."

Increasing the drumbeat of the past three months, GM Chief Financial Officer John Devine told a conference call for bank analysts and reporters April 19, "We have to address some very serious cost issues, and health care is at the top of the list." Devine then delivered a direct threat to GM's workers, asserting that should GM continue to burn through cash flow the way it did during the first quarter, then "it could withdraw up to \$6 billion in cash over the next 18 months from a \$20 billion fund set up to provide for retired U.S. union workers and their dependents," in the words of the April 19 MSN.com. Devine stated, "We can extract from [the health fund] pretty aggressively. If we need it to run the business, we're going to do it." Thug Devine's threat to loot the funds that GM holds in its health-care trust, is what several American steel makers did in the months preceding their bankruptcy in the 1980s and 1990s, which left the retired workers with no health-care benefits.

## Tearing GM Apart

Using the setting of GM's first-quarter loss, the banking industry's auto analysts put forth the banks' remedy: Break

GM into pieces. Rod Lache and Michael Heifler of Deutsche Bank released an April report saying GM will “likely be forced to undertake a major restructuring that could mean the closure of four assembly plants and the elimination of 20,000 to 30,000 jobs in North America,” according to the April 19 *Detroit News*. The Deutsche Bank report continued to say it could also entail dropping a brand—most likely Buick—renegotiating health-care benefits with the UAW union, and cutting benefits for laid-off workers who are collecting most of their base pay. It “recommended” a policy that cut UAW worker health benefits by \$2,500 per worker per year. It predicted that GM, after the cuts recommended, “could emerge as a smaller but healthier automaker.”

Meanwhile, Michael Bruyensteyn, an analyst with Prudential Equity Group, Inc., predicted that GM will have to come up with a plan “to eliminate or trim 1 million cars and trucks worth of excess capacity, equivalent to eight assembly plants, within the next two quarters,” as paraphrased by the April 19 Bloomberg.com. That is, Bruyensteyn’s prediction would be borne out within the next six months.

Craig Hutson, an analyst at Grimme Credit, a corporate bond research company, said GM may have to trigger a restructuring at some point, although he claims that that point has not been reached yet. Showing a mental disconnect, Hutson proudly bragged that “the worse things are for GM in 2007, the more negotiating leverage they have with the UAW.”

The difficulty is that in March, Standard and Poor’s rating service rated GM bonds “BBB-”, which is just inches above junk bond status. During the week of April 18-22, GM’s bonds were in meltdown mode. During that period, the premium yield that GM must pay on its corporate bonds averaged 680 basis points (6.80 percentage points) above the yield on a U.S. Treasury bond of a comparable maturity. For comparison, the government of Brazil’s bonds must pay a premium yield of, on average, 430 to 440 basis points above the yield on a U.S. Treasury bond of a comparable maturity. GM’s bonds are worse than those of Brazil, and investors are treating GM’s debt as if it were already of junk bond status. A further financial or economic difficulty could send GM, with its \$302 billion in outstanding debt, crashing into junk bond status, followed by bankruptcy. This would have enormous implications for the world financial markets.

In this setting, President Bush showed himself to be of the mental composure of a man who belongs in a rubber room. On April 19, Bush took time out from trying to loot Social Security by stating in a CNBC interview, in response to GM’s large loss, that GM “is going to have to learn to compete. . . . In other words, if the consumer starts saying ‘we want a different kind of automobile,’ they’re going to compete once again with, say, the Japanese automobile manufacturers to . . . keep their lion’s share of the market.” So, faced with disintegration of a giant company, whose collapse could bring down the world financial system, not to mention the U.S.



*The Wall Street campaign gears up against GM.*

productive economy, Bush situates everything as a “fight for market share.”

### Ford’s Difficulty

With the crisis sweeping through the auto sector, Ford, the second-biggest U.S. automaker, whose \$172 billion in outstanding debt is rated by Standard and Poor’s, like GM’s, as one step above “junk” status, announced April 20 that its first-quarter profits fell to \$1.21 billion, which is 38% below the level of the comparable quarter a year ago. However, 60% of this “profit” was earned by Ford Credit, Ford’s financial arm. Company executives stated that auto operations may not earn a profit this year.

Ford Chief Financial Officer Don Leclair also announced a dismantling plan, saying that “we have more manufacturing capacity than we need.” He then indicated that Ford is looking outside the United States for low-cost manufacturing opportunities, such as in China. “We’re aggressively planning to invest in growth areas and allocate our resources where it makes the most sense in the long term.”

Simultaneously, auto parts supplier Dana Corp said first-quarter earnings plummeted 72% because of higher steel costs, a component shortage that hit shipments of heavy duty axles, and production cuts by GM and Ford.

Ford, which is finding it increasingly difficult to pay its debt, announced it is looking at buying back bonds when yields are too high, and will likely reduce bond issuance at its finance arm. S&P on April 8 had lowered its outlook on Ford debt to “negative,” meaning it is more likely to be downgraded than to remain stable.

Worsening the crisis at Ford, S&P cut the debt ratings of Ford’s major supplier, Visteon, America’s second-largest parts producer, by *three* steps, taking it to “B-plus,” from the highest junk rating of “BB-plus,” citing pressures on earnings and cash flow. Visteon, which has a worldwide workforce of 70,000, depends on Ford for 70% of its sales revenue. Under a contractual arrangement during the spin-off of Visteon from Ford in mid-2000, Ford agreed to rescue Visteon if it got into financial trouble—because Ford’s own survival would be at stake. S&P’s downgrading of Visteon will therefore hit Ford severely.

The breakdown of the auto sector shows that the LaRouche plan is not only urgent, but must take shape within weeks.

# The Financial Dragon Must Be Tamed!

*Carlos Lessa was named president of Brazil's National Bank for Economic and Social Development (BNDES) when President Luiz Inacio Lula da Silva took office in January 2003, remaining at that post through November 2004. The previous government of Fernando Henrique Cardoso had reduced BNDES to a mere instrument for financing foreign takeovers of the Brazilian state sector, as it was privatized. Lessa, with Lula's authorization, restored BNDES to its historic role as Brazil's national bank for economic development, at the same time that it took the lead in financing numerous infrastructure projects for South America's physical integration.*

*From the BNDES, Lessa, an economics Ph.D. and author of 12 books, revived the policies of strategic planning and directed credit, which drew the fury of Wall Street and its representatives in Brazil, including the Central Bank head, FleetBoston banker Henrique Meirelles.*

*On July 17, 2003, at a five-hour meeting of the Presidential Cabinet, BNDES president Lessa presented a detailed study for an ambitious infrastructure plan for Brazil, calling for investments on the order of \$90-140 billion over four years. The newspaper Folha de São Paulo described Lessa's proposal as "a Brazilian adaptation of Franklin Roosevelt's 'New Deal'."*

*In an interview published May 5, 2004 in the newspaper Jornal de Brasil, Lessa explained his vision: "What is the Brazilian dream? To have a society with a higher per capita income and sovereignty. What is the national mission? It is in the future, and it has no relationship to the market. The market does not build the future; it is for the present. BNDES's role is to build the future. BNDES is the second largest development bank in the world. What backs up BNDES? The country's future. The market doesn't do this. Does the market have any interest in the poor person who doesn't have money for anything?"*

*Lessa was forced to resign on Nov. 18, 2004, after making public statements criticizing the monetarist policy that Meirelles was imposing through the Central Bank, as "a nightmare." One month later, Lessa explained: "I gave the interview, knowing I might lose my job, after Meirelles proposed that the national system of development banks be destroyed." That was unacceptable, he said, because those sources of credit are the basis for "the reconstruction of the Brazilian developmentalist state, which is, for the neo-liberals, a nightmare."*

*Lessa, who has returned to university teaching, continues to be a fierce defender of economic dirigism, and of the project*

*to apply Rooseveltian measures in Brazil. For his part, Meirelles is today facing prosecution on charges of tax fraud and illegal international currency transfers.*

*Carlos Lessa granted the following interview by telephone to EIR's Dennis Small, on April 18, 2005.*

**EIR:** Regarding the relationship between infrastructure and national development, you dealt with this question in depth, at the National Bank for Economic and Social Development. What is your view of infrastructure and its relationship to development?

**Lessa:** Look, infrastructure has at least three dimensions which make it fundamental. The first dimension is that it defines the floor for general productivity. Therefore, gaps or poor quality in infrastructure impose high costs. In Brazil, the interruptions and underinvestment in infrastructure because of the budget, and inadequate maintenance, are tragically increasing the general costs to the economy.

For example, 17% of Brazil's GNP is spent on the expenses related to logistics, while the European countries and the United States spend around 10%. This imposes a general loss of macroeconomic efficiency. That is the first dimension.

The second dimension is, that the absence of adequate investments in infrastructure functions as a prohibition on new productive investments, because the difficulties in supplying energy and other logistical problems, reduce private investment.

And finally, insufficiency of investment in infrastructure has a very, very negative effect on the machinery and equipment industry, the construction materials industry, and on employment.

Until more or less the mid-1990s, Brazil was able to build a highly efficient electricity generating system. That system had margins for expansion and was increasingly integrated on a national level. The interruption of investments produced a tragic episode, what we called "the blackout," which was a deficit of energy supply. Now, with a colossal effort, in the coming years, Brazil would be able to address another such episode. We are worried that in 2008, this could happen again.

**EIR:** And the role of nuclear energy? Today, there is a debate over whether Angra III [Brazil's third nuclear plant] is going to go forward.

**Lessa:** Yes, Angra III is being debated. Angra III is a plant on which Brazil has already spent \$1.8 billion, and it hasn't





*Carlos Lessa (center), former president of Brazil's National Bank for Economic and Social Development (BNDES).*

produced anything. We have a frightening amount of equipment, all the plant's equipment, warehoused, but with rising financial cost. We call it a white elephant.

Now, Brazil has a potentially very comfortable situation with regard to uranium, because we have very large reserves. We could become the third largest uranium producer in the world. And we have technological mastery over uranium enrichment. This allows us to meet part of the world's requirements for enriched uranium, were we to decide to do so. Personally, I would prefer that Brazil become an exporter of biodiesel and of alcohol (ethanol). Brazil is currently involved in a program, still modest but of real importance, in biodiesel.

**EIR:** One of the things that has reduced investment in infrastructure in Brazil is privatization. This has been imposed on many countries, including Brazil, for other reasons: international financial reasons, to collect payment on the debt. What options does Brazil have, under these conditions of privatization? And what can be done about this?

**Lessa:** There is a very serious problem connected to privatization, which was the criterion used for costs in the contracts, for price hikes. For example, in the case of Argentina, since increases were indexed to foreign costs, despite the fact that there was deflation in the country, they had to raise public service rates. In the case of Brazil, there was a terrifying rise in costs, for example, of electricity rates. In telecommunications, which was the most successful privatization, there were also rising prices.

There is a problem—I think a complicated one—which is the following: Many of the privatized sectors do not generate foreign exchange; they aren't exporters. However, when they were taken over by foreign interests, they had to send interest and dividends abroad every year, right? This puts pressure on the country's ability to make payments abroad. It is the case that in the past two years, Brazil had a relatively comfortable situation in this regard. But, in any case, privatization has us very worried.

**EIR:** On infrastructure, Brazil has worked a great deal on the idea of physical integration with other countries.

**Lessa:** It is a subject which the current Presidential Administration has made a central issue, and we were oriented from Day One to put all of our effort toward that.

**EIR:** Right. And BNDES played a very important role, because what is

most lacking is financing.

**Lessa:** Exactly. We were making a great effort in that direction. Some of these things are now beginning to mature. We are supporting some hydroelectric projects in Venezuela; some hydroelectric projects in Ecuador; we are supporting the new airport of Ecuador; we are helping install sewage systems in two or three countries—one of these is the Dominican Republic; and we are very far along with Argentina in building a new highway, which is key for Mercosur.

With Bolivia, with Paraguay, and with Peru, there are projects which are not yet at the implementation stage, but they are well-identified.

And we have a railway connection between Argentina and Chile, which is vital to those two countries. BNDES is going to help finance it.

And so, these things are moving along. I believe that it is something which is moving well.

**EIR:** What about the recent summit meeting in Ciudad Guayana, Venezuela, of Lula, [Colombian President] Uribe, [Venezuelan President] Chávez, and [Spanish Prime Minister] Zapatero?

**Lessa:** It was a very important step forward. I was no longer president of BNDES by then, but the things that occurred were things that, let's say, we were initiating.

**EIR:** So that meeting was positive, in your view?

**Lessa:** It was very positive, because for Brazil, the link with Argentina and the link with Venezuela build an axis that

FIGURE 1

**Northern South America: Great Waterway and Highway Projects**



allows South American integration to go forward. I think it is, let's say, the backbone of an integration process. There are very important possibilities with Venezuela, including the two state oil companies, Petrobras and PDVSA, to begin to develop joint activities. For South America, that would be a spectacular thing, because Petrobras assumed a very important role, together with the second-largest Argentine business group, which is called Pérez Companc. They have gas pipelines in Argentina, and we are even financing the doubling of the southern gas pipeline, to avoid a crisis in the supply of gas to Buenos Aires. And we are probably going to work together with a number of other South American countries. I believe that that combination of Petrobras and PDVSA is very prom-

ising for the continent.

**EIR:** On an international level, the question of railroads, which you just mentioned, has taken on a great deal of importance, for example in Asia and in Eurasia. There's the famous Silk Road—

**Lessa:** Yes, yes, yes. The classic route that goes through the Middle East.

**EIR:** Yes, the classic route, but now with railroads.

**Lessa:** Yes, it will be a tremendous thing.

**EIR:** This is moving forward. China, in particular, sees in this the future of its relations with Western Europe, which would export—it is already exporting—capital goods to China for these joint infrastructure projects to achieve integration.

The concept that Lyndon LaRouche has presented on the Eurasian Land-Bridge, emphasizes two central points. First, that it should be not only railroads, but *industrial corridors*, with the development of high-technology industries on both sides of the railroad; and secondly, that this must be integrated with great projects in the Americas, including with the construction of a possible tunnel across the Bering Straits, to connect the Americas with Eurasia.

**Lessa:** This matter of a connecting tunnel sounds a little like science fiction; it is very important, but it is something that—

But there is something to which I'd like to call to your attention. The United States had three rail connections from the Atlantic to the Pacific, crossing the interior of the country, built in the second half of the 19th Century. South America doesn't have even a *single* viable connection across the interior, from the Atlantic to the Pacific. We have a series of railroads, all different, in terrible shape. So, for Brazil, and I believe for all the Latin countries, the most important thing is transverse railroads, crossing the interior of the continent.

We of BNDES have a project, which is a key integration project. I am going to tell you about this, because perhaps you

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*The central concept is that the economy depends on the productive base, and the financial superstructure must be at the service of the productive base, and not the other way around. It is possible that this crisis to which you refer could push the world towards a new discipline, which would be more civilized.*

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don't know about it.

There is a river, called the Madeira River, which is in the southern Amazon region. This river has part of its basin in Peru, part in Bolivia, and part in Brazil. The hydroelectric potential of that river is very, very great. You can have three hydroelectric plants, with a total hydroelectric project equivalent in capacity to Itaipú, which is the largest hydroelectric plant on the continent, the bi-national Brazil-Paraguay generating plant.

If these three hydroelectric plants were built, two fantastic things would occur. First, Brazil, Bolivia, and Peru would then have 4,800 kilometers of navigable waterway. And the second fantastic thing, is that it would open up 30 million hectares of land to grain cultivation, whether soy, corn, cotton, etc. For the South American continent, this region of the Madeira River is equivalent in significance to the American Midwest for the development of the United States in the early 20th Century. So, the Madeira River potential and its hydroelectric plants represent for South American integration the building up of an interior extremely rich in grain production.

We, of BNDES, believe that that is the most important structural infrastructure project for integration.

Obviously, there is something extremely important, which is geopolitics, which is the union of the countries. And in that, I think that the three countries—Brazil, Venezuela, and Argentina—can build a very important relationship.

**EIR:** Yes. And the only way to guarantee peace among countries is on the basis of development.

**Lessa:** I also believe that.

**EIR:** What you say about the Madeira River is extraordinary. It would also be extraordinary to integrate the Amazon River with the Río de la Plata. . . .

**Lessa:** That is an old dream.

**EIR:** Right, since Alexander von Humboldt in the 18th Century!

**Lessa:** Right, that's so!

**EIR:** And also the Casiquiare connection with the Orinoco in Venezuela.

**Lessa:** That connection is something that has already been studied. It is already known; the engineering problems have

been solved, and its cost is not very high. I believe that this will go forward. The other one is much more difficult, because there are really serious problems in making the interconnection with the Río de la Plata. That is much more complicated. But the other, with the Orinoco, the cost is small, in relation to its importance.

**EIR:** All of these things become feasible if a national policy decision is made. You mention that an area like the Midwest of the United States can be opened to cultivation. This would be like the policy of Franklin Delano Roosevelt in the U.S., with the Tennessee Valley Authority.

**Lessa:** Of course it is. Let me tell you something. In Brazil, we are politically creating something called a "Movement for Full Employment." The idea is that it is necessary to carry out a policy *à la* Roosevelt—welfare economics and a New Deal—in Brazil. There are already 90 congressmen who have joined this parliamentary movement. And I think that the PMDB, which is one of the three large parties of Brazil, will very probably make this the centerpiece of the platform for their Presidential candidate.

**EIR:** This would be the idea of full employment *à la* Roosevelt?

**Lessa:** Yes, as the first point of a program that also had implications for labor, social welfare implications, and was clearly nationalist, without xenophobia, but very strong.

**EIR:** When Roosevelt was President of the United States, he established a close working relationship with the President of Brazil, Getulio Vargas, which was very positive in my view.

**Lessa:** Yes, yes.

**EIR:** I know that you in the BNDES took up the issue of the history of Getulio Vargas.

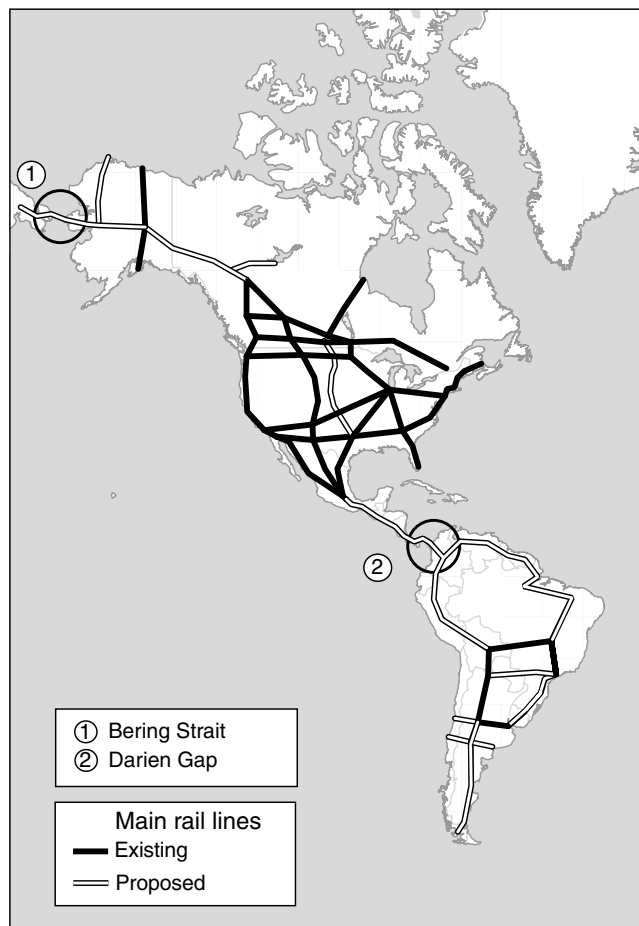
**Lessa:** Yes, its significance.

**EIR:** I believe that the San Francisco River project, in particular, is something that has been studied since that era. With this in mind, what should relations between Brazil and the United States be, for example, regarding this question of development?

**Lessa:** Consider the following. If the United States reduces its aggressivity around the world, and accepts a financial

FIGURE 2

## The Americas: Priority Railway Routes



Source: EIR.

order of a different nature, I believe that the American economy would once again have an interest in seeing the world economy grow. In that case, I would say that Brazil would clearly be a partner for the United States. But today, the United States is not a partner; it does not represent a guarantee of economic expansion for us. I believe the United States could once again play a central role in world economic expansion, without getting into a fight with any other region of the world.

Now, it is necessary to tame that financial dragon, that monster, which is a monster that is eating the world, but which is also also eating the United States. I think that there is also a very complex phenomenon in the United States, of the appearance of growing social inequalities, of some indicators of social neurosis. I don't know how to describe it, but let's just say that there is a social framework that is not good. It is a society with a lot of fear, no?

**EIR:** And a lot of poverty.

**Lessa:** Also. I know, a lot of poverty, and that is absurd. It is an absurdity.

The central concept is that the economy depends on the productive base, and the financial superstructure must be at the service of the productive base, and not the other way around. It is possible that this crisis to which you refer could push the world towards a new discipline, which would be more civilized.

**EIR:** This question of subduing the financial dragon is what Roosevelt did in his time, and it is exactly what LaRouche is proposing to do also.

**Lessa:** Perfect.

**EIR:** What do you think of LaRouche's idea of creating a New Bretton Woods, which proposes a new financial order?

**Lessa:** I think it's perfect. One of the very complicated things is that there is *one* country in the world that is controlling things and making its money the basis of the world economy, and that is what allows this financial madness to occur, because there are no limits, no possibilities for discipline.

I think LaRouche is correct. In addition, I would say that there is an entire generation of important economists who, for some time, have been saying that it is not possible to keep going this way. We in Brazil have been worrying about this for more than 20 years; but we are on the periphery, we have not been able to change things. Instead, we are being suffocated.

**EIR:** Yes, but Brazil also plays a very important role, not only in Ibero-America, but in the entire Third World. I was very impressed with the economic and political potential that I saw in Brazil.

**Lessa:** Brazil is very impressive, because Brazil has three very curious features, which are a very significant potential. First, it has very, very extensive territory, and all of it easily usable. Because we don't have frozen lands, we don't have tundra-like land. The 8.5 million square kilometers that is Brazil are nearly all usable. That is the first point.

The second point is that we have a population with very special cultural characteristics. I think that we are a human society that is less arrogant, more cordial, less full of itself, more sensitive, because we don't have great arrogance, which is a very positive factor from the standpoint of the world.

In the third place, we already have a well-developed industrial base; a reasonable agricultural base; and we have—it's not yet very important, but we already have the foundations for a science and technology system.

So these components could easily allow Brazil to have annual growth rates of more than 5%.

**EIR:** The only thing missing, then, is—

**Lessa:** The dragon!

# Colombia's Uribe Tours China, Japan

by Maximiliano Londoño Penilla

*The author is president of the Lyndon LaRouche Association in Colombia.*

During his recent tour to China and Japan, April 6-13, Colombian President Alvaro Uribe put into motion several economic and security alliances which are important from the standpoint of a commitment to turn Colombia into an industrial and agricultural power, free of the plague of narco-terrorism.

First, President Uribe discovered that Colombia must physically integrate with Asia, and in particular with China and Japan. Until now, trade with those two countries, and economic relations in general, have been tiny, practically non-existent. Currently, half of Colombia's exports go to the United States. But now, the possibility has opened up for Chinese and Japanese investment in the exploration and exploitation of hydrocarbons, joint development of various manufacturing activities, and construction of vital infrastructure projects, both national and regional, within the perspective of a growing Ibero-American integration.

This last point was given a major boost during the summit held March 29 in Ciudad Guayana, Venezuela, where Presidents Lula da Silva of Brazil, Chávez of Venezuela, Uribe of Colombia, and Prime Minister Rodríguez Zapatero of Spain, set a specific agenda for the construction of infrastructure works, such as the project to restore the navigability of the Meta River and its linkage with the Orinoco. This would give Brazil an outlet to the Colombian Pacific, via the Putumayo River, and a highway going from Brazil's Mocoa to Colombia's Pasto, and ending at the port of Tumaco.

Second, in the terrain of the fight against narco-terrorism, President Uribe raised the possibility of nations like China becoming Colombia's strategic partner, in addition to the United States, which now exclusively sponsors the anti-narco-terrorist Plan Colombia. Uribe explained that just as China seeks support for its policy of One China, One Nation, so too does Colombia seek support for its fight against the narco-terrorists. Uribe said: "Yes, we have an alliance with the United States, but we want to replicate that alliance with our neighbors! We want to replicate that alliance with many nations of the world. We want the Chinese to be our great allies in defeating terrorism, because this problem is not a remnant of the Cold War, but rather a problem of that kind of terrorism financed by the drug trade."

## A Strategic Alliance With China

As U.S. statesman Lyndon H. LaRouche has explained, the weakness of the Bush government is what generates the momentum to carry out this kind of strategic change in various regions of the planet, such as the push for the physical integration of infrastructure by the South American Presidents, and Uribe's discovery of the importance of Colombia's economic integration with Asia.

Uribe proposed to the Chinese that they should jointly explore those areas in which they could contribute to improving the equipment and weaponry of the Colombian Military Forces and National Police. On this question, Uribe noted that China supported Colombia multilaterally in the fight against terrorism, and said: "We would like this principle of bilateral support that has already been offered us in uniforms for our soldiers, to be extended to other areas. We are working on extending it to other stages—to a stage of direct bilateral support, of daily condemnation of terrorism in the political arena, and of permanent support for our Army, in every way they can be supported, so that our Army can definitively defeat terrorism."

Uribe emphasized, "On the question of weapons, we are seeking many sources of weapons supply for the Colombian Army and Police, to defeat terrorism, and we are confident that we have a great source in China, as one step forward, to be able to consolidate the scenario I have proposed: that we may add other countries, like China, to our alliance with the United States in the fight against terrorism."

For example, if China were to finance the construction of an oil pipeline, which would bring Venezuelan oil to Colombia's Pacific coast, as Uribe has proposed, this would present an interesting situation, in case of the probability that the narco-terrorist groups would attack that pipeline. If this happened, an attack on such a pipeline by the FARC, ELN, or the paramilitaries, would constitute a direct attack not only on the interests of Colombia, but also against those of Venezuela and China.

At the Ciudad Guayana summit meeting, Venezuelan President Hugo Chávez took a positive step toward resolving the tensions between his country and Colombia, telling a press conference, "We have told the Colombian guerrillas, and I ratify this here in Ciudad Guayana, that the moment that they set foot on Venezuelan territory, they will be considered enemies of Venezuela, and we demand that all those armed groups respect the sovereignty of our country."

## Infrastructure and National Sovereignty

Instead of an ever-larger U.S. military presence in Colombia, as is occurring right now, it would be more appropriate for the preservation of Colombian national sovereignty, to have other strategic allies as well, in the area of economics and in matters of security. That way, Colombia would not be so vulnerable to the blackmail and enforced demands of the Bush-Cheney Administration.

As President Uribe explained it during an April 7 press conference in Beijing: “On the question of infrastructure, we have made significant strides in what has begun to be unanimous agreement for China to construct the pipeline between Venezuela and our Pacific coast, crossing the entire north of Colombia, which would make it possible: for China to buy Venezuelan oil at a Colombian Pacific port; for Venezuela to export through the Colombian Pacific; for Colombia to develop that port on the Pacific and have a new supply source of hydrocarbons.”

With regard to agricultural cooperation between the two countries, Uribe said: “We will continue to examine the great potential of Colombian agriculture, the possibility of rapidly incorporating six million hectares in the production of wood, of rubber, of various agricultural products like palm oil, not only for production of edible oil but also for biodiesel.”

At the first business roundtable between the Chinese and the Colombians in Beijing, organized by Proexport and opened by President Uribe, more than 500 businessmen attended, of whom 270 were Chinese. In addition to agriculture—especially Colombian flowers and coffee—the Chinese businessmen expressed interest in participating in energy and mining projects, construction of large infrastructure works, development of agroindustrial and manufacturing processes, and projects related to the chemical and pharmaceutical industries.

Economic relations thus far are still exploratory, and dur-

ing a planned second visit by Colombian business representatives, specific sectors will be discussed in depth, along with follow-up of those activities already begun. Colombia’s exports to China in 2004 were microscopic, barely \$133 million, in such areas as iron-nickel ore, metallurgy (waste from processing copper, iron, and aluminum), and petroleum derivatives. However, during Uribe’s visit, Chinese investors were presented with a portfolio of energy projects for a whopping \$3 billion. These programs include the hydroelectric plants of the Sogamoso River in Santander, the Amoya River in Tolima, and others.

In one of the meetings in China on the question of energy and oil, President Uribe invited the Chinese investors to visit Colombia, to work on exploration and to associate with the state oil company, Ecopetrol, to exploit and renew oil fields. He reiterated several times, “We proceed from the following premise: Colombia has a neighbor, Venezuela, which produces 3 million barrels of oil a day; another neighbor, Ecuador, which produces 600,000 bpd, and 87 percent of Colombian territory is still unexplored with regard to the search for petroleum.”

Unfortunately, Colombia has not been able to determine what its true oil reserves are, because the foreign companies linked primarily to Wall Street and City of London financial interests, have imposed all sorts of restrictions and blackmail. For example, the companies have carried out several exploration stoppages, demanding draconian contractual conditions from Colombia. Further, the companies have prevented Colombia from developing a significant oil refining capability, except for the refinery at Barrancabermeja. If that situation should continue, it has been said that in two or three years, Colombia will once again be importing gasoline, because it will no longer be self-sufficient in petroleum production. An alliance with China in the exploration and refining of petroleum would break the control that Washington and London currently exert over Colombian oil, among other essential raw materials.

### Japan and the Línea Tunnel

Trade with Japan has also been slim, although a little better than with China, which is practically non-existent. Colombian exports to Japan were \$260 million, and imports were \$600 million. That is, Colombia has a negative trade balance of \$340 million with Japan. Until now, Colombia sold Japan coffee, emeralds, and iron-nickel, in particular. Although Japan is the second market for Colombian coffee in the world, after the United States, trade with Japan was seriously affected by the assassination by FARC terrorists of Japanese businessman Chikao Muramatsu, vice-president of the Yasaki Ciemet auto-parts company. Muramatsu was kidnapped in February 2001 in the capital city of Bogota, and according to security reports, was assassinated in November 2003, in a rural area of the province of Cundinamarca.

“For the kidnapping and assassination of the Japanese businessman, we ask pardon. That can never be allowed to

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—Friedrich List

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happen again. I come, in the name of the Colombian Army and Police, to offer you all the security conditions,” Uribe insisted in various meetings he held in Japan with businessmen, with Japanese Prime Minister Junichiro Koizumi, and with Emperor Akihito. Uribe said that Colombia is prepared to sign an agreement of protection for Japanese investments, similar to that recently signed with Spain, and to begin negotiations toward a free-trade agreement with Japan.

Uribe sought Japanese investment for the construction of the Línea Tunnel through the Andes, and for the financing of a project for production of rubber and for the sowing of African palm in Vichada province, among other projects. The Colombian President presided over the fifth meeting of the Colombia-Japan Business Committee (Keidanren), which was created in 1990 under the Virgilio Barco government, but which was suspended because of Colombia’s economic and security problems. This Business Council has a membership of 1,302 companies, 129 industrial associations, and 47 regional employers’ associations.

The Línea Tunnel, of which 250 meters has already been dug, will cross the Central mountain range between Calarcá (in the province of Quindío) and Cajamarca (Tolima province), and will extend 8,600 meters when completed. The pilot tunnel being built will diminish the geological risks, frequent in this region, that have made it impossible to acquire insurance policies for the project. The government is hoping that the number of bidders for building the final tunnel will increase. A communiqué from the Presidential palace stated: “The Línea Tunnel is located in the Bogota-Buenaventura-Eastern Plains corridor, considered one of the most important in the country, because it integrates Buenaventura, Colombia’s principal port on the Pacific coast, with the interior of the country, the Eastern Plains, western Venezuela, and the Orinoco basin.” Uribe said: “I detected enthusiasm to help us in this matter of the Línea Tunnel, and we have presented two aspects. First, that it is already under construction, and second, that it is the communication point between Bogota, the Pacific, and Japan.”

Along with 144 Colombian businessmen, Uribe was accompanied on his trip by 33 university deans. During the installation of the Colombian-Japanese Academic Committee, held at the University of the United Nations in Tokyo, President Uribe said, “It is not easy to build a mass culture dedicated to research. Colombia has to make an effort in that direction.” He indicated that Japan is a leader which has “made education into its secret weapon for overcoming immense obstacles in natural resources, and which has made of education an effective means of becoming the second greatest economic power in the world. It is fascinating to see how Japan has progressed in these 150 years, which began with the Meiji restoration, and by the years 1860-1870, had achieved the total literacy of its community, and was deeply studying mathematics.” Uribe called for increased interchange and cooperation between Colombian and Japanese universities.

# China and India Must Lead the Way For Nuclear Power

by Ramtanu Maitra

The world’s two most populous nations, China and India, representing more than 2.2 billion people, are now seemingly committed to an economic development program which would strengthen both nations and pull the entire population out of miserable poverty. The most immediate requirement for both these nations is to ensure a long-term supply of energy in its most efficient form—electricity. In addition, of course, both nations have to make sure that energy in the form of oil and gas also remains in abundant supply in the years to come.

The approach taken by China and India suggests that they have lumped together all kinds of energy requirements in one basket, without making a clear distinction among the various forms of energy required for efficiently running high-tech manufacturing, basic industries, transportation, agriculture, and commercial and domestic sectors. It is perhaps because of this inadequacy in the planning process, that although they have adequate nuclear know-how, both nations have kept nuclear power generation on the back-burner.

## Hunt for Oil and Gas

Most recently, China, in particular, but India as well, has been scouring the world to secure a long-term supply of oil and gas. India has invested more than \$3 billion in global exploration ventures, and has said it will continue to spend \$1 billion a year on more acquisitions. China, which has already invested about \$15 billion in foreign oil fields, is expected to spend 10 times more over the next decade. Their hunt for a secure supply of oil and gas has taken them to Africa, South America, and Central Asia, in addition to getting engaged more vigorously in exploring their own on-shore and off-shore fields, and those in the Middle East.

China’s hunger for coal to fuel the furnaces to generate electricity has led the country to step up imports, transforming the once dirt-cheap commodity into the next “black gold,” as international prices went up 50% last year. Analysts said that China’s combined imports of thermal and coking coal were heading for 18 million tons in 2004, up 64% from 11 million in 2003. The cost of importation is already being felt, and it is likely that China will cut back exports of coal next year to meet rising domestic demand, while it cracks down on unsafe mines after a series of fatal disasters.



*The first of India's pressurized heavy water reactors, a 540-MW unit, located at Tarapur. A second unit will be commissioned there this year.*

## **Coal . . . and More Coal**

Coal has remained the dominant fuel in India's energy mix as well, and if New Delhi's linear projection remains in force in the coming years, coal would dominate the thinking of Indian planners through 2030. Demand is projected to grow from 391 million tons in 2002, to 758 million tons in 2030, at an average rate of growth of 2.4% per year. Unfortunately, the power sector is the chief driver of Indian demand. Currently, 71% of India's electricity is generated from coal.

India's coal needs are largely met domestically. Production totalled 364 million tons 2002, and is projected to increase to 705 million tons in 2030. India has 92.4 billion tons of proven coal reserves, 10% of the world total.

In addition to the obvious logistical nightmare entailed by the handling of bulk quantities of oil, gas, and coal, moving the raw materials also puts extreme strain on less-than-adequate transportation infrastructure, as well as on ports, and on the land space needed for handling these bulk quantities near congested residential and commercial areas. Both China and India are religiously developing these space-consuming handling stations, and are shoring up their weak infrastructure, paying a high premium.

## **U.S. Uneasiness**

What these two most populous countries will also have to worry about in the near future is: How to ensure national security while depending on the importation of such vital commodities by sea. The most obvious brick wall that both these countries may run into is an aggressive American geostrategic policy. The present Bush Administration, with its deep interest in ensuring strong physical control over oil and

gas fields around the world (and developing a military-technology capability which can physically hurt any nation), has already shown uneasiness about China and India's aggressive investment in foreign oil and gas fields.

News reports indicate a distinct U.S. nervousness over China's intentions in South America. Some observers point out that the Chinese interests in South American oil triggered the U.S. action to impede China's access to the Panama Canal, which connects the Pacific and Atlantic Oceans. In December 2004, Beijing signed a landmark deal with Venezuela and its neighbor Colombia, under whose terms a pipeline would be constructed linking Venezuelan oil fields to ports along Colombia's Pacific coastline. This will allow Venezuelan oil to bypass the Panama Canal, creating a new, direct route to China.

Needless to say, Washington does not like any of it. Writing in the *New York Times* on March 2, Juan Ferero reported, "Latin America is becoming a rich destination for China in its global quest for energy, with the Chinese quickly signing accords with Venezuela, investing in largely untapped markets like Peru, and exploring possibilities in Bolivia and Colombia." The tone of the article leaves no doubt that Beijing should recognize that the project could become highly vulnerable at any time.

India, which had been less aggressive than China in its oil and gas deals around the world, has also worked out an oil deal with Venezuela, and is also suspect in the eyes of the Bush Administration. In addition to Russia, Latin America, and the Middle East, Indian oil companies are looking to Chad, Niger, Ghana, and Congo in Africa, in particular, for oil and gas fields. Already sixth in global petroleum demand,



India meets 70% of its needs through crude oil imports. By 2010, India is expected to emerge as the world's fourth-largest energy consumer, after the United States, China, and Japan.

Some observers in Washington are dismayed that India, by extending military and political support to Iran, Vietnam, and Myanmar, in exchange for energy supplies, is really working against the U.S. interest. But Indian authorities have indicated that they are not hesitant in seeking deals with states at odds with Washington. In Sudan, India has invested \$750 million for the 25% stake in the Greater Nile Oil Project previously held by Talisman Energy of Canada.

Washington has, in fact, already expressed its displeasure at New Delhi's ongoing friendship with the regime in Tehran. In January, the state-run Indian Oil Corp. reached an agreement with the Iranian firm Petropars, to develop a gas block in the gigantic South Pars gas field, home to the world's largest reserves. India is cooperating with Iran to secure Gulf sea lanes and helping Iran to develop its Chahbahar port, as well as several other infrastructure projects.

Washington has strained relations with many of India's new-found oil and gas clients. This became a talking point when U.S. Secretary of State Condoleezza Rice, on her one-day visit to India on the Ides of March, reportedly urged India to give up the long-awaited \$4.5 billion Iran-Pakistan-India gas pipeline. Because it is so wholly unethical to deprive India, an energy-short nation, of meeting its energy requirement, Rice has reportedly signalled to New Delhi that Washington would permit India to purchase nuclear reactors from the United States, if New Delhi so chooses.

In addition to the energy deal suggested by Secretary Rice, aggressive political maneuvering exercised by the Bush Administration worldwide should be an eye-opener for both New Delhi and Beijing. The sea lanes remain vulnerable. There is no question that the United States is a massive sea power, and possesses the ability to choke off the supply line, particularly for a short period of time, if it so chooses. Building up naval power to match that of the United States is hardly a viable alternative, nor does it solve the real problem.

## Go Nuclear

It is important to note that both China and India have developed complete nuclear fuel cycles. Both have a respectable manufacturing sector, and both are friendly to another major nuclear power—Russia. Under these circumstances, the logical solution to the long-term electricity requirements of both China and India is to generate nuclear power in bulk quantities. It is also important that these two countries exchange scientific expertise and technology to speed up the process. Both nations possess a large and competent manpower base, and if they determine to go the nuclear route, it could be achieved at a much faster clip.

At the same time, it is evident that an all-out commitment to utilize nuclear power for long-term security is still not on the horizon. According to people involved in China's nuclear

program, the current plans call for new reactors to be commissioned at a rate of nearly two a year between now and 2020. Although size of the plants has not been clearly defined, even this rate of growth of nuclear power would hardly make a dent in the country's power demand.

China's eight nuclear reactors now in operation supply less than 2% of current demand. By 2020, assuming that the national plan is fulfilled, nuclear energy would still constitute less than 4% of demand. Although China had been working on various aspects of neutron physics and nuclear technology for almost 30 years, the program has not developed a definite Chinese reactor line. China now plans to import a significant number of pressurized light water reactors, while developing its own commercial-size High Temperature Reactors (HTRs), including the pebble bed HTR.

India, in contrast, has developed a very definite plan of the contribution of various types of reactors in its nuclear power program, but the overall contribution of nuclear power to India's power grid is still as insignificant as that of China. India has developed a commercial line of 235-megawatt (MW) Pressurized Heavy Water Reactors (PHWRs), which uses natural uranium as fuel. India's first 540-MW PHWR has been commissioned in Tarapur, and another one of the same capacity is scheduled to be commissioned this year.

India has also developed prototype fast breeder reactors, as part of the second phase of its nuclear power program. Fast-breeder reactors are more important to India than to other countries because the country's uranium resources will not be able to support more than 10,000 megawatts of generating capacity. Using uranium as the starting point, augmented by the breeding potential of fast reactors with a plutonium-uranium cycle, Indian planners think that about 500,000 megawatts of electrical power can be generated.

The first 500-MW fast breeder reactor is now under construction, and is expected to be completed by 2010. In addition, India is developing the thorium-fueled Advanced Heavy Water reactor (AHWR). The third stage of India's nuclear power development plan is to utilize thorium to fuel its future nuclear power reactors. The AHWR is a 300-MW reactor moderated by heavy water at low pressure. The reactor, built on the campus of the Bhabha Atomic Research Center (BARC) at Trombay, will have a lifetime of 100 years.

## Thorium Reactors

Scientists and engineers at BARC have been working for several years on the development of the Advanced Heavy Water Reactor, and construction is under way. The AHWR will use thorium, the "fuel of the future," to generate 300 megawatts of electricity up from its original design output of 235 megawatts. The primary reason that India switched to using thorium-232 as fuel is that the country has a very large thorium supply in the form of monazite sand. But the use of thorium has other interesting aspects as well. Thorium is "fertile" rather than fissile. In this respect, it is similar to

uranium-238, which makes up more than 95 percent of most nuclear fuels. A conventional reactor breeds various isotopes of plutonium from uranium-238, and some of that plutonium, in turn, undergoes fission in the reactor, adding to the power the fissile uranium-235 provides.

In the case of AHWR, thorium-232 will breed uranium-233, a fissile material, among other isotopes. The fissile uranium-233 generates the heat necessary for power generation. One reason that thorium is preferred over uranium-238 is, for instance, that thorium breeds uranium-233 more efficiently than uranium-238 breeds plutonium. This is because the thorium fuel creates fewer non-fissile isotopes. Reactor designers can take advantage of this efficiency to decrease the amount of spent fuel per unit of energy generated, which reduces the amount of waste to be disposed of.

There are other pluses as well. For example, thorium dioxide, the form of thorium used for nuclear power, is a highly stable compound—more so than the uranium dioxide typically employed in reactors today. Also, the thermal conductivity of thorium dioxide is 10 to 15% higher than that of uranium dioxide, making it easier for heat to flow out of the slender fuel rods used inside a reactor. The melting point of thorium dioxide is about 500° C higher than that of uranium dioxide, and this difference provides an added margin of safety in the event of a temporary power surge or loss of coolant.

The hitch to using thorium as a fuel is that breeding must occur before any power can be extracted from it—and this requires neutrons. Some engineers have proposed using particle accelerators to generate the needed neutrons, but this process is costly. The only practical scheme at the moment is to combine the thorium with conventional nuclear fuels (made up of plutonium or enriched uranium, or both), the fissioning of which provides the neutrons to start things off. Previous work on thorium elsewhere in the world did not lead to its adoption, largely because its performance in light water reactors, such as in the Indian Point power plant in New York, did not live up to expectations.

In light of the potential advantages for reducing the quantity of nuclear waste and preventing the dissemination of bomb-making materials, it is not surprising that interest in thorium-based fuels has recently undergone something of a renaissance. The U.S. Department of Energy has been particularly eager to foster research activities in this area.

The main advantage of using a combination of thorium and uranium is the significant reduction in the plutonium content of the spent fuel, compared with what comes out of a conventionally fueled reactor. Just how much less plutonium is made? The answer depends on exactly how the uranium and thorium are combined. For example, uranium and thorium can be mixed homogeneously within each fuel rod. In this case, the amount of plutonium produced is roughly halved.

# Challenges of Human Space Exploration

by Marsha Freeman

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# Business Briefs

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## *The New Deal*

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### **Paper Hits FDR's Plan And LaRouche as 'Fascist'**

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The German establishment's leading newspaper, the *Frankfurter Allgemeine Zeitung*, on April 20 issued an attack on Franklin D. Roosevelt and his New Deal as being fascist, and blamed Lyndon LaRouche for a revival of interest in FDR's policies in Germany.

In a commentary entitled "Blue Eagle—Polite Fascism: The SPD Revives the New Deal," the *FAZ* assails the Social Democratic Party (SPD) for its recent insistence on the importance of the state in organizing the economy. The "defamations and the pushing of enemy images" under Roosevelt, such as the SPD is doing today, were the "real threat" to democracy, the paper claims.

The article adds: "This is the same scheme with which Helga Zepp-LaRouche's Civil Rights Movement Solidarity has recently gone to SPD party congresses, to garner support, while her husband, the right-winger Lyndon LaRouche, is pushing for the revival of the New Deal in America."

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## *New Bretton Woods*

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### **China's 'People's Daily' Publishes LaRouche Call**

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The *People's Daily*, China's official newspaper, published an article on April 18, citing Lyndon LaRouche's call for a New Bretton Woods financial system. Washington correspondent Yong Tang quoted three U.S. analysts on a recent U.S. Senate resolution demanding that China revalue its currency, the renminbi: Morgan Stanley's Stephen Roach, Treasury Secretary John Snow, and LaRouche. The article introduces LaRouche with the subhead: "LaRouche Calls for a New Bretton Woods System."

The article then stated: "The celebrated American economist and independent Presidential candidate, Lyndon LaRouche, has many times succeeded in predicting the outbreak of financial crises in many parts of the

world. . . . A few days ago on receiving a call from this paper's correspondent, who was looking for an interview, he was quite straightforward. 'Such an action by the U.S. Senate shows that it has lost its mind!' LaRouche said. 'You can't blame the emerging problems of the U.S. economy on the exchange rate of the renminbi. Such action by the Senate has an imperialist flavor, of unilaterally opposing the actions of a rival, without providing any solution to the problem.'

"Continuing . . . LaRouche said, 'If you want to solve the problems of the U.S. economy, you have to conduct major surgery.' He considers the present global financial and monetary system as already beyond any cure. It requires a thoroughgoing reorganization of the system, and cannot be accomplished through a simple reform. The ultimate goal of such a thoroughgoing reorganization is the establishment of a new Bretton Woods system."

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## *Economic Policy*

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### **German SPD Leader Rips Free-Market Liberalism**

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German Social Democratic Party (SPD) Chairman Franz Müntefering has created an uproar, with his call for a larger role for the state in Germany's ailing economy. Taking a cue from the Civil Rights Movement Solidarity party (BüSo), which is headed by Helga Zepp-LaRouche, he attacked anti-state "market economy purism," in an April 13 speech in Berlin. He said that "human beings today are only viewed as appendices of growth, profit, consumption, or as a commodity on the labor market," adding that too many people are interested only in maximizing short-term profit, and a "reduced role of the state." He noted that the state is not the enemy, adding that the SPD wants a "social market economy." "Our state also provides other public goods: an education system, health, finances, infrastructure. . . . The social state is not expendable."

He said the role of the state must be present in all areas vital to society: to secure municipal investments; made; 2) to preserve the social security systems; 3) to make long-

term investments in the future; and 4) to invest in basic research, in energy, transport, medicine, and not to wait to see whether the free market shows an interest in these areas.

The speech drew loud attacks from free-market ideologues of all stripes.

Müntefering stirred up even louder protests with an interview April 17 in *Bild am Sonntag*, Germany's largest weekly, in which he said that the worst threat to industry and jobs is predatory financial investors: "They stay anonymous, have no face, fall upon the firms like swarms of locusts, eat them up, and move on." He noted that it is "against this form of capitalism that we are fighting," adding that we "must not leave the world to the hands of money."

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## *Brazil*

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### **Free Trade Alliance Is Not on the Agenda**

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Speaking to a gathering of labor leaders in the capital, Brasilia, just days before U.S. Secretary of State Condoleezza Rice was to visit Brazil, President Luis Inacio Lula da Silva said that for two years, the proposed Free Trade Alliance of the Americas (FTAA) "has not been discussed in Brazil, because we took it off the agenda." Instead, Brazil has focussed on strengthening trade ties among its South American neighbors, and promoting infrastructural projects for regional integration.

"How did we take it off the agenda?" asked Lula. "By strengthening Mercosur [Southern Cone Common Market], creating the South American Community of Nations, and trying to establish a new standard of relations among South American countries."

Brazil still co-chairs the talks to create the FTAA with the United States. Therefore, Foreign Ministry spokesman Glaucio Veloso had to translate the President's words into diplomatese: "In no way did the President want to say that Brazil is no longer interested in FTAA or that it wants to withdraw." Veloso said that "what he is saying is that over the past two years Brazil has resorted to a new approach towards negotiations."

## German State Election Could Decide Schröder's Fate

by Helga Zepp-LaRouche

*The author is the chairman of the Civil Rights Movement Solidarity party (the BüSo) in Germany.*

On May 22, Germany's most populous state, North Rhine-Westphalia, will hold legislative elections. If the Social Democratic Party (SPD), which currently governs there in a coalition with the Green party, loses this election—and at the moment they have 35% of the vote, according to the polls, 10% behind the Christian Democratic Union (CDU)—then the situation for Social Democratic Chancellor Gerhard Schröder's national government in Berlin will become critical. Lately, perhaps not too late, the SPD has begun, just four weeks before Election Day, to respond to the topics which the BüSo had already incorporated into its own election campaign since last Autumn. Examples of this are the recent speeches and interviews by SPD Chairman Franz Müntefering, who began a clear change of direction, by denouncing the excrescences of predatory capitalism, by comparing its behavior to that of a plague of locusts that is attacking businesses. Furthermore he stressed the meaning of Articles 14 and 20 of the German Constitution, which establish the character of Germany as a social state, and the indispensable role of the state in defending the public interest.

As explosive as Müntefering's baby steps are, as moves in the right direction (which have meanwhile been supported by the entire SPD), the hysterical reaction of the neo-conservative elements of the opposition, as well as the liberals and other organizations, is even more telling. What readers of *EIR* in the United States perhaps do not know, which makes this debate so riveting, is the fact that the German economy is in a rapid spiral downward. Unemployment has reached more than 9 million people—1 million in North Rhine-Westphalia alone. That represents 3 million more than in 1933, the year Hitler came to power.

### The BüSo Sets the Tone

In October 2004, this author wrote a memorandum with the title "Pilot Project for Germany: The New Industrialization of the Ruhr Region," for the forthcoming election campaign, in which it was noted: "During the course of 2004, the world economy has reached the final phase of a new global depression. Under the conditions of the [European Union's] Maastricht Treaty, this new world depression has already caused North Rhine-Westphalia more damage than the Depression of the '30s, which ended, as is well known, with the Second World War. The qualitative change in economic and financial policy since 1971-72, away from the original Bretton Woods system and to the floating-exchange-rate system, has finally led to a modern-day variant of the Morgenthau Plan, and those policies of 'structural change' continue to strengthen this tendency even more. Worse still, by means of the corset of the 'Stability Pact,' the same repressive austerity policy as existed under Brüning and von Papen, is again threatening democratic rights and the public welfare.

"In view of the circumstances under which the coming elections for the legislature of North Rhine-Westphalia are taking place, decisions must be made which will determine whether Germany will continue to exist at all, as an industrial nation and as a real nation. The entire world must steady itself for a titanic revolution during the coming year 2005. Therefore, the legislative election in North Rhine-Westphalia in the Spring will not be an ordinary one, but it will be, to a certain extent, the battleground upon which the fight for the further existence of Germany is carried out."

In three subsequent open letters to the voters of North Rhine-Westphalia, which were distributed by mass leafleting, the BüSo presented the crucial topics on the agenda: 1) the absolute necessity to rescind the Stability Pact of the Maastricht Treaty; 2) instead of austerity, an FDR New Deal-ori-

ented national investment program to end unemployment; 3) the [German] Constitution, above all its second paragraph, which defends against neo-conservative subversion; 4) the role of the sovereign nation-state as the defender of the public welfare against the so-called “independent” central banks; and above all, 5) a New Bretton Woods system, as an answer to the systemic collapse of the global financial system.

### **Dump the Agenda 2010, Hartz IV ‘Reforms’**

Now, one needs to know that the notorious Agenda 2010 of the Schröder government, which was already a relatively brutal savings program, represented the conformance of the German government to the European Union’s guidelines for “harmonization” of job markets. These guidelines correspond to the spirit of the Maastricht Treaty, and above all to the plan, after reunification of Germany and the fall of the Soviet Union, to merge Germany into the European Union structure, and thereby to weaken it economically. Indeed Agenda 2010 meant a total attack on Germany as a state concerned with social welfare, as it had been developed after 1945.

But above all, there is the further “reform,” the so-called “Hartz IV,” which equated welfare recipients with the unemployed. The de facto “decoupling” of long-term unemployed people from state assistance—which, with 9 million unemployed, is no small number—signalled the end of the social welfare state. This “reform,” which has been in place since the beginning of the year, has led to increasing bitterness and rage against the Schröder government in the population. What could bring an SPD government to turn away from all the traditions of their history and to commit such obvious political suicide? The SPD has lost members and elections, and after an ominous election controversy in the state of Schleswig-Holstein, in which Social Democratic Gov. Heide Simonis was brutally crushed, it was clear that the election in North Rhine-Westphalia would seal the fate of the Berlin government.

However, Chancellor Schröder again proved that he is capable of responding to the public voice. One such example was his famous turnabout against the Iraq War in August 2002, shortly before the last election to the Bundestag (the national parliament). The BüSo had warned since the previous February, that the Bush Administration had prepared a war against Iraq which was based on lies, and had mobilized the fight against this war, leading up to election of the Bundestag from February to August. Then, at the beginning of August, and also only one month before Election Day, Schröder suddenly turned against the Iraq War, and because this corresponded to the views of the German population, which fortunately does not see war as a means of problem-solving anymore, won the the elections in September. French President Jacques Chirac followed Schröder’s example. And when the full account of the deception campaign upon which the war was justified was exposed, the title of “old Europe” came to be a badge of honor.

Under the pressure of the ever-increasing economic crisis,

Germany, France, Spain, and even Italy prevailed some weeks ago at the EU conference in Brussels against Great Britain, the Netherlands, and Austria, in freezing the notorious Stability Pact, to a certain extent. Thus one of the demands of the BüSo was fulfilled. But what is still completely missing, is a working national investment program of at least 200 billion euros per year, which would eventual create 10 million new productive jobs.

### **Rebuild the Ruhr Industrial Region**

By means of a very active intervention into the election campaign, the BüSo, and above all representatives of the LaRouche Youth Movement (LYM), denounced the fact that the leading CDU opposition candidate and political lightweight, Jürgen Rüttgers, tried to increase his candidacy’s stature by supporting the neo-con Arnold Schwarzenegger. Rüttgers was the first German politician to visit the “Governator” after his gubernatorial election victory in California, and accordingly came out in support of still more brutal budget cuts, in case of his own election victory in North Rhine-Westphalia. In the meantime, it might dawn on Rüttgers that this support for the ever-more-unpopular Schwarzenegger might have been a very stupid political move.

The BüSo has brought the question of the economic reconstruction of the Ruhr region onto the political agenda through numerous rallies and interventions, through open letters, articles in the the newspaper *Neue Solidarität*, and by the aforementioned memorandum. Even if, in the context of the structural reform of the past decades, much of its industrial substance has decreased, the Ruhr region, with its complex infrastructure, still offers ideal conditions for modernization and new settlement of industries. The so-called “Cargo Cape,” an underground network of tunnels for bulk transport, could offer urgently necessary relief for the completely insufficient highways; Duisburg, as the largest inland port of Europe, presents excellent conditions for so-called rolling factories, by means of which whole production units, with the assistance of platforms, could be shipped anywhere in the world. These represent only a few future projects of a much more extensive program.

The situation is particularly explosive because of the Opel factory in Bochum, upon which a number of supplier firms are dependent. It represents a large percentage of the jobs in the Ruhr region. Opel, like its parent company General Motors, is in crisis, and its employees have the Sword of Damocles hanging over their heads. One can assume that the GM crisis, just like the crisis of the global financial system which is based on the dollar, will dramatically increase in the next weeks, and this gives reason for optimism that the BüSo will not only successfully advance its own campaign, but will also convince other forces, like the SPD, trade unions, and the parts of the CDU that oriented toward Pope John Paul II and not Schwarzenegger, that a way out of the present crisis situation is only possible with policies in the tradition of FDR: the New Deal and a New Bretton Woods.

# Malaysia's Anwar Ibrahim: Wolfowitz's Knife in Asia's Back

by Mike Billington

Simultaneous with the confirmation of Paul Wolfowitz to become the head of the World Bank (where, it can be credibly argued, he will be in a position to kill more people than he did at the Defense Department), a longtime friend of Wolfowitz, Malaysia's Anwar Ibrahim, made a reappearance in the international limelight. When Anwar was released last year after six years in prison in Malaysia, he flew directly to Germany, and Wolfowitz took time from his busy schedule at the Pentagon to join his old friend in Europe. On April 5, the Johns Hopkins School for Advanced International Studies (SAIS) in Washington hosted Anwar for his first address in the United States after his release from incarceration, where it was announced that Anwar had been hired as a "visiting scholar" at SAIS, while he finishes writing his prison diaries. Wolfowitz had been the director of SAIS in the 1990s, before he joined George W. Bush's Administration as Deputy Secretary of Defense, where he became the leading proponent of pre-emptive war, to impose "democracy" on target nations through military means. In 1995, Anwar had been a guest of Wolfowitz at SAIS, and was greeted this year like a returning hero.

Other Washington institutions connected to the National Endowment of Democracy networks of "civil society" intelligence operations are also honoring Anwar, with distinctions such as "Democrat of the Year." Informed of Anwar's new appointment at SAIS, one knowledgeable Malaysian official sighed, "Ah, so this is how the U.S. plans to finance Anwar's subversion of Malaysia!"

Wolfowitz, a leading neo-conservative proponent of American Empire for the past several decades, is using Anwar as one of his weapons in Asia, aimed at preventing the necessary united action of Asian and European nations in the face of the ongoing collapse of the dollar and the International Monetary Fund (IMF)-centered financial system. The primary target is China. The Wolfowitz plan is to disrupt the unity of the Association of Southeast Asian Nations (ASEAN) and its growing alliance with China, by (among other things) turning Indonesia against Malaysia, an alliance which stands at the center of ASEAN. Anwar is playing his part in the scheme.

Anwar became famous worldwide after the 1997-98 speculative attack on the Asian economies by George Soros and

his fellow hedge-fund jackals. While Indonesia and other Southeast Asian economies succumbed to the demands of the IMF, subjecting their economies to murderous austerity conditionalities in exchange for temporary debt relief following the collapse of their currencies, Malaysia, under the leadership of Prime Minister Dr. Mahathir bin Mohamad, refused to subject its population to IMF dictates. Nonetheless, Dr. Mahathir at first allowed Anwar, who was then his Deputy Prime Minister and Minister of Finance, to follow his personal preference for what became known as "IMF policies without the IMF": across the board austerity, interest rate hikes, and the cancellation of major infrastructure projects.

By the Summer of 1998, Indonesia, which had called in the IMF for help, was destitute, the population suddenly reduced to penury, the banking system bankrupt, the currency in free fall, the government reduced to groveling before the IMF managing director, and ultimately collapsing. Thailand and Korea were in similar, if less severe, crises. Malaysia was heading in the same direction. Then, on Sept. 1, 1998, Dr. Mahathir shocked the world by breaking all the rules of IMF orthodoxy, imposing selective currency controls, ending speculation in the ringgit (the national currency) by pegging it to the dollar—and firing Anwar Ibrahim. Anwar and a handful of followers went on a rampage, attempting to carry out a popular revolt to overthrow Dr. Mahathir. Despite open support from neo-conservatives in the West, including especially U.S. Vice President Al Gore and Secretary of State Madeleine Albright, Anwar's "people's power" revolt went nowhere, and he soon found himself in prison, convicted of abuse of power and morals charges.

The results are well known. Despite the screams from the IMF and the Anglo-American banking institutions, that Dr. Mahathir was leading Malaysia down the road to Hell, that his nation would soon find itself destitute, cut off from the "responsible" world, and would likely find itself begging for the IMF to come to its rescue, the opposite occurred. While all those nations subjected to IMF policies suffered social crises and a massive increase in poverty, Malaysia alone among the Asian countries attacked by the speculators retained social stability and relative economic well-being. The devastation in neighboring Indonesia was the worst, as the

currency was driven down to a third of its former value, tripling the country's huge foreign indebtedness virtually overnight, while poverty rates exploded. The Indonesian economy has only partially recovered still today. Even the IMF admitted (although long after the fact) that the vicious austerity and credit contraction policies it had imposed on the desperate government of Indonesia had been a terrible mistake.

### **Embrace of the IMF, and Wolfowitz**

On the occasion of Anwar's recent appearance at SAIS, *EIR* asked him the following question: "Even the IMF has acknowledged that its prescriptions for the Asian economies after the speculative attack of 1997-98 only made the crisis worse. Your policies for Malaysia after the attack were well known to be consistent with those of the IMF, until they were reversed by Dr. Mahathir's currency controls, and your simultaneous removal from office. Are you also now willing to admit that, had your policies been followed, the result would have been a disaster for your country?"

Anwar's response, and his presentation generally, indicate that he is not primarily interested in regaining any position of trust or leadership within his own country, or even within the party which was created in order to build support for him after his arrest, Parti Keadilan Rakyat. Rather, he is embracing, by name and with little reservation, the persons and the policies of the much hated (in Malaysia and elsewhere) George Soros, the architect of global speculation; Paul Wolfowitz, the leading promoter of pre-emptive war; and the bankrupt and discredited IMF.

"I was right, of course," proclaimed Anwar. He claimed that he had some differences with the IMF, but "the way the country was spending had to be addressed, whether they were among the IMF prescriptions or not." He said that it was "beneficial" for the IMF to come into Malaysia and discuss their ideas. He expressed support for the IMF's denunciation of all major infrastructure projects, as wasteful "megaprojects," as if their only value were to provide financing for the "cronies" who were involved in the construction. The Bakun Dam was singled out for condemnation. He acknowledged that he had circulated Soros's papers to policymakers, and had defended Soros when Dr. Mahathir denounced him as a thief and a moron. And, on the success of Dr. Mahathir's program in saving Malaysia from the fate of its neighbors, Anwar said: "Yes, the growth was robust, the people escaped poverty—but that was all on the surface [!]. Underneath, there was corruption, no transparency, authoritarian leaders, and no free media."

Most disturbing, even to his supporters in Malaysia, was Anwar's effusive praise of Wolfowitz. In a Bloomberg interview in Hongkong on March 18, Anwar welcomed the Wolfowitz appointment to head the World Bank, saying that Wolfowitz "passionately believes in freedom, and understands the issues of poverty, environment degradation, living conditions and health issues which are very much a World



*Anwar Ibrahim (center) during a recent meeting with his friend Paul Wolfowitz (right), a leader of the U.S. neo-con faction promoting pre-emptive wars. Anwar has effusively hailed Wolfowitz's appointment to head the World Bank.*

Bank agenda." While people in Iraq may find this characterization less than amusing, Anwar is careful to explain that he was not a supporter of the U.S. invasion of Iraq. Nonetheless, he displays how far he is willing to go in defense of the neo-conservatives who are sponsoring him, by adding: "But I don't believe that that war was directed against the Muslims or the Iraqi people."

The deputy president of Anwar's Keadilan Party, Dr. Syed Husin Ali, rushed to distance himself from this embrace of the hated Wolfowitz. "He is an advisor," Syed Husin told the online opposition news service Malaysiakini on April 8, referring to Anwar. "He can give advice to us, but he cannot determine the party's policy," he said, insisting that Anwar's backing of Wolfowitz was only his personal view, and did not reflect the party's position.

### **Turning Indonesia Against Malaysia**

The clue to Anwar's intentions (or rather, the intentions of Wolfowitz, with the assistance of Anwar) were revealed in his attempt to set Indonesia against Malaysia. Indonesia's democratic transformation since the 1997 crash, said Anwar, has been the "most important development in the Muslim world in this century." Although many people describe Malaysia as a model of a successful, democratic Islamic nation, said Anwar, this is totally wrong. Malaysia is a dictatorship, even after Dr. Mahathir's retirement, he insisted, while the true model of Islamic democracy is Indonesia. Ironically, Anwar admitted that Indonesia was in dire need of economic growth and an end to corruption, but the contradiction did not seem to concern him in the least.

In an interview in *The Age of Australia* on March 21, Anwar described the devastation following the speculative destruction of the Asian economies in 1997-98 as a *positive* development, "a gale of creative destruction that shook the complacency of Asian societies and the governments."

The tie to Australia is significant. The Australian government of Prime Minister John Howard is closely allied with the Bush Administration on all strategic matters, and is participating in the Wolfowitz effort to woo the new Indonesian government of President Susilo Bambang Yudhoyono to ally with the neo-conservative regimes in Washington and Canberra, in exchange for military deals and investments. Howard has induced Yudhoyono to support Australia's effort to be included as a founding member of the East Asian Summit (EAS), when it is launched later this year. This is strongly opposed by Malaysia and China, among others, and thus puts Indonesia at odds with Malaysia.

Howard, however, has most likely poisoned any chance Australia may have had to be admitted to the EAS, when he refused to sign the Treaty of Amity and Cooperation with ASEAN, even though it has been signed by Japan, China, South Korea, and India, among others. The Treaty forswears the use of military aggression against other co-signers. Howard, like the Bush Administration, refuses to give up the right to pre-emptive military intervention against his neighbors, a threat which no nation can afford to ignore in the Bush/Cheney era.

Wolfowitz presents himself as a "friend of Indonesia," using his experience as Ambassador to Indonesia in the 1980s as evidence of his competence to run the World Bank. "People in Indonesia have a different view of me" from that of his critics, Wolfowitz told Bloomberg News on March 18. While Anwar contrasts Indonesia's democracy to the supposed dictatorship in Malaysia, Wolfowitz often contrasts Indonesia to the Islamic nations of Southwest Asia, to justify U.S. military adventures to bring "democracy" to the Arabs.

Wolfowitz served as Ambassador to Indonesia from 1986 to 1989, while hot money was pouring into the country, leading to significant development and relative prosperity—and a good reputation for Wolfowitz. However, as was painfully learned after 1997-98, the foreign contracts which brought about this development were of the "economic hit man"<sup>1</sup> variety, since the entire risk had been imposed on the Indonesian side. Enron and other power companies, for instance, succeeded in getting guarantees from the Suharto government (usually with a member of the Suharto family involved), that the government would purchase the full capacity of power plants *whether or not it was needed or used*, while it was to be purchased in dollar-denominated prices. The foreign debt was also to be paid in dollars. When the speculators destroyed the Indonesian currency and economy in 1997-98, the nation's debt tripled overnight, while the government was forced to purchase unneeded electricity at triply-inflated prices. The memory of Wolfowitz as a friend of Indonesia darkened a bit. His subsequent role as architect of the imperial

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1. See John Perkins, *Confessions of an Economic Hit Man: How the U.S. Uses Globalization To Cheat Poor Countries Out of Trillions* (San Francisco: Berrett-Koehler, 2004).

war on Iraq turned it to black. For Wolfowitz to imagine that he is still admired in Indonesia, is as far from reality as Anwar's fantasy that the neo-conservatives will win him a place of respect in Malaysia.

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## Book Review

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# Anwar Ibrahim Defends Asia's Colonial Masters

by Mike Billington

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### **The Asian Renaissance**

by Anwar Ibrahim  
Kuala Lumpur: Times Books International, 1996  
430 pages, paperbound, \$20

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*The following is a slightly adapted excerpt from a review of Anwar Ibrahim's book, published in EIR, April 26, 2001.*

... This review will serve, first, to demonstrate the hypocrisy of Anwar's current diatribes against the Malaysian government; and, second, to show that Anwar's epistemology comes directly from Malaysia's former British colonial masters—which is, of course, the reason he is so beloved by London and London's allies on Wall Street and in Washington.

### **A Serious Flaw**

This reviewer addressed the issue of Anwar's worldview once before, in 1996, when Anwar published an essay entitled, "Asian Renaissance and the Reconstruction of Civilization," in the May 1996 issue of the Malaysian journal, *JUST Commentary*. In a spirit of constructive friendship toward the then-Deputy Prime Minister, I responded personally with a letter addressed to the director of *JUST*, Dr. Chandra Muzaffar, who is now deputy chairman of the Keadilan Party, the opposition movement founded by Anwar's wife, Datin Wan Azizah Wan Ismail. In my letter, I commended Anwar for approaching Asia's future from the perspective of universal history, and for his condemnation of the moral decay in the West emanating from the Enlightenment. I also applauded his advocacy of a return to the worldview of man as expressed in the Christian idea of *imago viva Dei*, man created in the living image of God, and in the Islamic *khalifatullah fil ardh*, the vice-gerent of God.





Left to right: Anwar Ibrahim, George Soros, and Paul Wolfowitz. Anwar wrote in his 1996 book, about the legacy of colonialism, “When they hector us on issues such as human rights, patronize us on the matter of values, impose conditionalities on trade, we cannot help but suspect a hidden agenda—a new form of domination in place of the old.” Yet today, he has joined the “hectorers,” and counts Soros and Wolfowitz as close friends.

However, I wrote, there was “a serious flaw in the assumptions underlying Anwar’s analysis, a flaw which could lead to severe and deadly consequences in the global financial and social crisis we are now confronting. Stated summarily: In attacking the ideas of the Enlightenment, Anwar has . . . adopted the fundamental, flawed axiom of the Enlightenment itself, as introduced into Europe by the Venetian enemies of the Renaissance—that is, that there exists an unbridgeable gap between reason and faith, between science and religion. While Anwar decries the practitioners of the Enlightenment for exalting reason over religion, he accepts the underlying assumption that man must choose between these supposedly irreconcilable worldviews. In fact, perhaps the most profound contribution of the Renaissance was to make manifest mankind’s unique position in the Creation, that of being in the image of the living God, *by virtue of the divine spark of reason*, and thus [mankind] is capable of discovering and mastering the laws of nature, participating in the continuing creation of the universe.”

I expounded on this point at some length, showing that Anwar was actually *denying* the concept of *imago Dei* by accepting the absolute dichotomy between science and religion, whether or not he favored the latter over the former.

### British Distortion of History

The key to understanding Anwar is understanding the intentional and systematic manner in which the British distorted Western history, especially as presented to its colonial subjects. To justify their colonial policy of imposing backwardness upon the “inferior races,” the British claimed that the wealth and power of the Western powers were the necessary result of the Darwinian character of man as a sensate beast, pitted in a Hobbesian battle of each against all. British

colonial rule, they argued, was the natural consequence of this survival-of-the-fittest law of the jungle applied to the human beast, with the Anglo-Saxon race merely living up to the “white man’s burden” to rule the world. The history of Western thought was presented as commentaries on Aristotle. Totally ignored or distorted was the fierce and continuous battle between the Platonic/Christian worldview of man as a creative participant in God’s unfolding creation, against the contrary Aristotelian view of man as devoid of any innate qualities distinguishing him from the beasts, with some destined by birth to rule, others to be slaves. The Aristotelian view of the mind as no more than a processor of sense perceptions through pre-programmed rules of Aristotelian logic, was expanded upon by the empiricists of the Enlightenment, resulting in the “hedonistic calculus” of Jeremy Bentham and Adam Smith, whereby man has no higher criteria for determining his actions than the principle of maximizing sensual pleasure and minimizing pain.

Absent entirely from the British conception of man was the process of creative discovery, Plato’s method of hypothesis, and the grounding of that creative process in the notion of *agapē* as found in Plato and St. Paul—the passion for truth and the love of mankind as a whole, which motivates the cognitive discoveries of the scientist and the artist alike.

The rediscovery and flowering of this Platonic-Christian worldview in the 15th Century gave rise to the Golden Renaissance, with its explosion of scientific and artistic discovery, and the establishment of the nation-state as the necessary sovereign institution to provide for the development of the population as citizens, rather than serfs.

The Enlightenment, contrary to British teaching, and contrary to Anwar’s misperception, was not a further flowering of the Renaissance, but a direct reaction against it, orches-

trated by the Venetian oligarchy and their assets in northern Europe, centered in the “Venetian party” in London. (See, “Lord Palmerston’s Multicultural Human Zoo,” *EIR*, April 15, 1994.) The Enlightenment rejected the Renaissance view of man in the image of God, promoting instead the unbridled liberty of the individual to satisfy his sensual desires. Anwar does, in fact, identify this degenerate character of the Enlightenment, quoting a particularly revealing passage from Bernard de Mandeville’s infamous *Fable of the Bees*, which holds that the unrestrained pursuit of vice by each individual is the best means for achieving the greatest good for society as a whole, and is the true source of wealth and power. . . .

But, although Anwar claims to *oppose* this hedonistic creed of the Enlightenment, he accepts the British lie that such overt pursuit of evil is indeed the source of the West’s wealth and power. To justify this fraud, he also accepts the lie that the Renaissance was based on the same, hedonistic impulse. “In the case of the European (Florentine) Renaissance between the 14th and 16th Centuries,” Anwar writes, “the intense assertion of the power of the individual to determine his own destiny led to the flourishing of secular humanism at the expense of Judeo-Christian religiosity.” Incredibly, Anwar denies *any differences of worldview* in the West, asserting that one-and-all have agreed on the degraded, Enlightenment conception of man. “The West has expressed its identity,” he writes. “Its ideals and moral values have been articulated fully. There is little dispute of its own self-image.”

Against this falsely defined monolithic West, Anwar counterposes his concept of an Asian Renaissance: “The Asian Renaissance . . . differs fundamentally from the European in that it has its foundations in religion and traditions—Islam, Confucianism, Buddhism, Hinduism, and Christianity being the major ones.”

Having thus defined a religious East versus a pagan West, Anwar has set himself up to adopt in full the British colonial worldview designed for its subject populations. There are three central issues taken up by Anwar which reveal this subservience to the Enlightenment he professes to oppose: the role of the Prometheus myth, the philosophy of John Locke, and the economics of Adam Smith.

### **Prometheus and the Greens**

“European Renaissance thought,” writes Anwar, “resurrected the ancient myth of Prometheus as an agent *independent of the theological and natural order*. This is dramatically opposed to not only the Islamic concept of man as God’s viceroy on Earth, and the Confucian *jen*, but also the Christian concept of man as *imago Dei* or *Pontifex*, the bridge between Heaven and Earth” (emphasis added).

It is not clear from which textbook Anwar derived this particularly perverse formulation (he quotes the third-rate textbook writer Will Durant in other locations). Prometheus did not deny God, nor the “natural order,” as Anwar contends. Rather, he defied the utterly *unnatural* order of the pseudo-

gods of Olympus (the oligarchical elite), in order to teach mankind the divine arts and the technology of fire. The Prometheus myth is, in fact, an early Greek premonition of the very *essence* of the Mosaic concept of *imago Dei*, that mankind is capable of mastering the laws of the universe in order to “have dominion over nature” (Genesis 1:26).

Anwar’s distortion is in keeping with Prince Philip’s demonic environmentalist movement, which insists that mankind must forgo technological progress in order to be in harmony with the environment, and must be the *custodian* of nature rather than its master. Such a “greenie” mentality ignores the fact that billions of people will die if the world reverts to a more primitive stage, as would be inevitable if the current post-industrial, anti-science prejudices of the New Age are not reversed.

Anwar repeatedly expresses his greenie prejudices against progress. He writes: “It is foolhardy to assume that the success of the last thirty years can be repeated over the next thirty,” and he condemns the “obsession with mere economic indices.” He also quotes at length from the UN’s *Human Development Report* from 1996, which constructs multiple justifications for suppressing growth—e.g., capital-intensive growth is “bad” because it doesn’t create enough jobs; so also is “rootless” growth, which “causes the people’s cultural identity to wither”; and, of course, there should be no growth in which “present generations squander the resources needed by future generations.” These are classic cover stories used by the IMF in denying development aid to Third World countries.

Even worse, Anwar praises the oligarchical Club of Rome and its 1972 publication, *Limits to Growth*. While he admits that this book, which purports to discover natural limits on the capacity of the Earth to sustain population growth, has been exposed as a witting fraud, Anwar nonetheless states approvingly that “the report contributed immensely to the consciousness of the harmful effects of the growth mania on the environment.”

### **Locke vs. Leibniz**

Anwar also weighs in on the fundamental issue of the historic conflict between the American System of physical economy and the British model of free trade—and, again, Anwar is on the side of the British. The American Republic was founded as a continuation of the European Renaissance conception of the sovereign nation-state, a conception which was under lethal attack within Europe by the Enlightenment forces of Empire, centered in England and the Netherlands. The American Founding Fathers were particularly inspired by G.W. Leibniz, the greatest Renaissance mind of his age. The American System, created by Alexander Hamilton and his followers, was based directly on Leibniz’s development of the science of physical economy, locating economic progress in the discovery of new physical principles, which become, in turn, the basis for the design of heat-powered ma-

chines to enhance man's mastery over nature. It was Leibniz also who contributed to the Founding Fathers the concept of man's inalienable right to "life, liberty, and the pursuit of happiness."

Leibniz wrote fierce polemics against John Locke, who had formulated the ideology used by the emerging financial oligarchy, based on property rights, free trade, and inheritance (which Locke had the audacity to describe as "natural law"). Even more audacious is Anwar Ibrahim's claim that Locke "launched a revolution in political thought to emancipate man from political tyranny, [with] the idea of the inviolability of human life and property." Anwar quotes Locke claiming that the two rights natural to all men are "the right to freedom of his person . . . and a right before any other man, to inherit, with his brethren, his father's goods." This defense of oligarchical family rights over the general welfare of the citizenry was entirely rejected by those who led a true "revolution in political thought to emancipate man from political tyranny"—the framers of the American Declaration of Independence and the U.S. Constitution.

It is of note, however, that the Constitution of the British-inspired slavocracy of the Confederate States of America included no "general welfare" clause, and replaced the Founding Fathers' Leibnizian concept of "the pursuit of happiness" with Locke's right to "property."

Anwar also acknowledges his (and Locke's) debt to Aris-

totle on this count, praising Aristotle's view of justice as "the bond of men in states, for the administration of justice, which is the determination of what is just, the principle of order in a political community." This notion of a "social contract" is the core of British common law, ignoring the higher, constitutional question of the true meaning of Justice. In his embrace of Aristotle, Anwar never even mentions Plato, let alone his masterpiece, *The Republic*, which is in its entirety a refutation of Aristotelian notions of positive law, in favor of a quest for true Justice conceived in terms of the general welfare of the citizenry, as the necessary basis of a Republic.

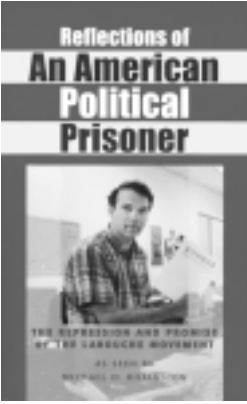
### Adam Smith, the 'Moralist'

Given Anwar's adherence to the free-trade dogma of the IMF, it is not surprising that he embraces the spokesman for British 18th-Century free-trade imperialism, Adam Smith. But it is doubly disturbing that he attempts to portray Smith as a misunderstood paradigm of moral virtue. Anwar claims that a supposed recent renewal of concern over ethics in economics derives from "a rediscovery of the moral philosophy of Adam Smith in its more integral form." Anwar continues: "While the founder of the discipline of economics has been largely credited with the discovery of self-interest as the engine of wealth accumulation, he himself considered 'wisdom and virtue' more worthy of admiration than material riches."

Smith's *Wealth of Nations*, written in 1776 as a direct attack on the emerging republican revolution in the American colonies, was viewed by the first century of American System economists as the most evil book of its age, justifying slavery, drugs, and the subjugation of "lesser races," all in the name of "free trade." Smith's moral depravity should have been clear to Anwar even from the passage which he himself quotes from his *Theory of Moral Sentiments*: "The disposition to admire, and almost to worship, the rich and the powerful, and to despise, or at least to neglect persons of poor and mean condition, *though necessary both to establish and maintain the distinction of rank and order of society*, is, at the same time, the great and most universal cause of the corruption of our moral sentiments" (emphasis added).

Indeed, such evil is *necessary*, says Smith, regardless of the offense to our moral sentiments, in order to maintain the oligarchical order. This is no different than Mandeville's *Fable of the Bees*, which Anwar claims to despise.

It must be noted, that if Anwar read the entirety of Smith's *Theory of Moral Sentiments*, he'd have come across the following infamous passage which demonstrates Smith's (and the Enlightenment's) satanic view. Smith argues that man should simply follow his "original and immediate instincts," without resort to cognitive functions. "Hunger, thirst, the passion which unites the two sexes, love of pleasure, and dread of pain, prompt us to apply those means for their own sakes," he writes, "and without any consideration of their tendency to those beneficent ends which the great



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Director of nature intended to produce by them.”

Does Anwar’s Asian Renaissance, which he claims is based on “religion and tradition,” endorse this hedonistic view of religion?

This reviewer has elsewhere developed at length the actual parallels between the European Renaissance and the Confucian Renaissance in 11th- and 12th-Century China, showing the close affinity between Confucian *ren (jen)* and the Platonic/Christian *agapē*, as well as the similarities between the Song Renaissance giant Zhu Xi and the Western Renaissance leaders Nicolaus of Cusa and Leibniz (see, e.g., “Toward the Ecumenical Unity of East and West: The Renaissances of Confucian China and Christian Europe,” *Fidelio*, Summer 1993). In both Asia and the West, Renaissance thinkers rejected the hedonism and moral relativism displayed by the likes of Locke and Smith as a curse, not a pragmatic necessity.

### Hypocrisy

While Anwar was apparently willing to compromise his professed high moral standards in order to justify his allegiance to the Adam Smith dogma of free trade, his book does, at least, retain moral indignation against those who have attacked Asia under the cover of human rights concerns. However, today, now that Anwar has joined full tilt with those same enemies of Asia, his earlier protestations ring hollow indeed.

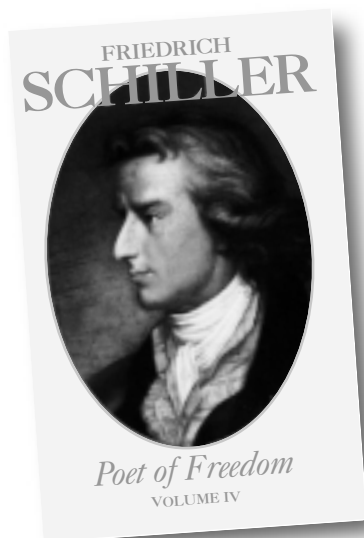
Consider this admirable passage from *The Asian Renaissance*: “When they hector us on issues such as human rights, patronize us on the matter of values, impose conditionalities on trade, we cannot help but suspect a hidden agenda—a new form of domination in place of the old.” Or the following: “True, the age of *la mission civilisatrice* is over and no one talks about it any longer without a touch of remorse or embarrassment. However, in our day, the tone is as condescending, although it has metaphorized into *la mission democratrice*. That enterprise has acquired the status of a dogma in foreign relations . . . , ready to be enforced with the mightiest firepower known in human history.”

The fact that Anwar has now become one of the leading “hectorers” for these hypocritical “democratizers,” demonstrates not only his ever-shifting moral relativism, but also his primary allegiance to those deploying the “mightiest firepower known to human history.”

Prime Minister Dr. Mahathir, the primary target of Anwar’s current invective, has provided leadership to developing-sector nations in defending their economies and their populations against the ravages of the IMF and globalization. The fact that Dr. Mahathir enjoys continuing wide support across Asia and the developing sector is an indication that any new Renaissance will come not from the Anwar Ibrahims of the world, but from those who are joining forces to replace the bankrupt global financial system with a new, just world economic order.

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—Friedrich Schiller,  
Wilhelm Tell.



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# Norbert Brainin: Founder and Primarius of the Amadeus Quartet

by Hartmut Cramer

The death of violinist Norbert Brainin on April 10, 2005, came as a shock, and is still difficult to grasp. He died at the age of 82 in London. With him the world loses one of those truly great artists and human beings, who, because of their moral integrity and extraordinary charisma, are able to shape an entire epoch, since they are able to successfully mediate in all cultures precisely that which makes man unique: the joy in creative work. Anyone who has seen firsthand only once, how intensively, precisely, and rigorously—but never ever pedantically—always inspiring, loose, and with a lot of jokes, Norbert Brainin was capable of teaching especially young musicians, how great Classical works are to be performed, so that the listeners can be reached and ennobled in the best Schillerian sense, understands the deeper meaning of Beethoven's famous challenge *So streng wie frei* (As rigorously, as free). This high moral challenge, which is not only valid in Classical art, but also in all science, accompanied Norbert in

his long artistic life; with “his” Amadeus Quartet, he consciously chose to take it on—and fulfilled it.

“To bring out adequately in quartet playing the great art of the four-part setting,” of which Beethoven became an unsurpassed master with his late quartets—the very domain of the legendary Amadeus Quartet—“so that the audience starts to understand this concept, is, for an artist like me, the *raison d'être*, the sense of an accomplished artistic life.” How often in our many discussions and interviews with Norbert have we heard this sentence from him, which he said very deliberately at the end of his last interview to *Ibykus* in July 2004—an interview which now unfortunately has become the very last of his life.

“We simply listened into the music. Again and again,” was his typical answer to the question, how the Amadeus Quartet was able to reach this great mastery of interpretation. Similarly, his stating the fact, that he was one of the last living violinists who was educated in that very technique of violin playing, which had been “authorized” by Beethoven himself, and without which “you simply can't play Beethoven's late quartets adequately.” Brainin stood in this tradition with two of his teachers: Rosa Hochmann-Rosenfeld in Vienna, as well as Carl Flesch in London, were pupils of Jakob Grün, who in turn had been the pupil of Joseph Böhm in Vienna. Böhm, the “father of the Viennese violinists,” and founder of the so-called “German,” or “Viennese School,” had worked with Beethoven directly, especially concerning the interpretation of his late quartets. “Technically speaking, it is exactly the kind of violin playing which you need in order to play Beethoven's music,” said Brainin. It means, producing a certain *singing* tone. It's like the *bel canto* technique in singing. And, like a singer, you have to rehearse



Lyndon LaRouche (left) with Norbert Brainin, after a concert played by the renowned violinist in 1987.



*The Amadeus Quartet, left to right: Norbert Brainin, Siegmund Nissel, Peter Schidlöf, and Martin Lovett. The four played together for 40 years—a record in musical history.*

this every day. Every day.” Yet, aside from all the talent and industriousness, as well as the enthusiasm and joy in doing creative work, the cultural and personal background of the members of the Amadeus Quartet was also a decisive reason for its success, and for that the career of Norbert Brainin is exemplary.

### **The Development of a Great Musician**

Born 1923 in Vienna, his enthusiasm and talent for playing the violin became clear already at the age of 6, when he saw the 12-year old “prodigy” Yehudi Menuhin perform in concert. Initially, Norbert was taught by his uncle Max—an amateur musician and later architect in New York, but who nevertheless played so well, that he was allowed to play in quartets with professional string players, a passion, which he still indulged in at the age of 90. But when Norbert’s extraordinary talent became evident, he was taken under the wing of Riccardo Odnoposoff, the then (very young) concert master of the Vienna Philharmonic, and violinist Rosa Hochmann-Rosenfeld, who also introduced him—at the early age of 12—to playing string quartets. Later she arranged his contact to Carl Flesch in London, who at the time was by far the world’s most famous violin pedagogue.

After Hitler’s *Anschluss*, the occupation of Austria, in March 1938—right on Norbert’s 16th birthday—the family decided to send their children to England for their safety. Flesch accepted Norbert as a pupil and everything seemed to develop “normally,” until World War II ended his studies with Flesch. When the Nazis started to bomb England, Flesch fled from London to the Dutch harbor of Rotterdam, which was later largely destroyed in a terrible bombardment.

In London, Norbert initially continued his studies with

Flesch’s assistant Max Rostal, but as an “enemy alien,” he soon was put into an internment camp, where he met Peter Schidlöf, who was also a young Jewish refugee from Vienna who played the violin. Through joint performances of Mendelssohn’s Violin Concerto in the camp (Schidlöf playing the solo part, Brainin “the orchestra”), the two boys became inseparable friends—for life. When Brainin was able to resume his studies with Rostal, his teacher announced that he was ready to teach two Jewish violin students without any means—Peter Schidlöf and Siegmund Nissel, who had also emigrated from Vienna—for free. Three of the future

members of the Amadeus Quartet became close friends because of their joint fate as refugees and their life in the internment camp; artistically, they became close later in Max Rostal’s chamber orchestra, and while playing string quartets together. In addition, there was another challenge to be mastered: the duty to undertake “war-relevant activity.” Up to eight hours’ work in an armament factory, and about four hours studying the violin—that was the typical “day of study” for these future outstanding musicians during the war.

After this tough education, Norbert accepted another challenge, a true baptism by fire for the musicians: In 1946 he took part in the Carl Flesch Competition, founded in memory of his recently deceased teacher—with the firm intention to win it. His interpretation of Brahms’ Violin Concerto fully convinced the jury. The first prize being a concert with the BBC Symphony in London, Brainin chose (typically for him) Beethoven’s Violin Concerto, and with that, the door to a great international career as a soloist was wide open. While preparing for this concert, he often played string quartets with his friends Peter and “Siggie,” who were joined by the cellist Martin Lovett—“because through this I wanted to develop myself further musically and artistically. But then something decisive happened, in my head, my soul, and my heart; and this was entirely caused by the music we played. Above all, by Beethoven’s quartets, but also by those of Schubert, Mozart, and Haydn. . . . I couldn’t *think* about anything else. . . . Already in 1947 I sensed, that playing string quartets would become the purpose of my life.”

This is exactly what happened. The (unofficial) debut of the “Brainin Quartet” in 1947 was already a huge success; the proper debut of the Amadeus Quartet on April 10, 1948 in London was even a sensation. So, too, its 1950 debut on Ger-

man soil, in Hamburg, where “the audience in its enthusiasm almost smashed the entire hall.”

Since that time, Norbert Brainin and “his” quartet developed more and more into a powerful musical institution, which set international standards in terms of adequate interpretation of the great Classical works for string quartets—above all Beethoven’s late quartets, the *raison d’être* of these four musicians. Until the premature death of its violist Peter Schidlof in 1987, the Amadeus Quartet played together with no changes in its personnel, which is a unique record in the history of music.

This part of Brainin’s extraordinarily successful artistic and equally influential cultural-political life, which secures him an acknowledged place in the history of music, is generally known. The London *Times*, in its obituary on April 12, honored Brainin’s extraordinary artistic and moral qualities, and did not forget to mention his appropriate use of jokes. (Once, in order to loosen up his colleagues, Brainin suddenly interrupted the Amadeus rehearsal of Schubert’s Quintet, and told a joke about the conversation of two street violinists in New York: “What’s your violin?” “Strad, 1699.” “Boy, that’s cheap.”)

But also another part of Norbert’s life deserves to be told, because it demonstrates in an exemplary way, that for him the question of morality and absolutely strict artistic rigor and integrity—his constant *truth seeking*—was not only a matter of “pure art,” but also of practical everyday life—i.e., politics. We are talking about his relationship with the American politician Lyndon LaRouche, with whom he developed a close friendship over the last 20 years.

### Friendship With LaRouche

The basis for this was laid, as usual in such matters, with the intensive exchange of great ideas. Before their first meeting in the Spring of 1986, Brainin had read some of LaRouche’s writings on music, philosophy, and—naturally—also politics. When they met in the vicinity of Wiesbaden, Germany, Schubert’s String Quintet—at the time one of LaRouche’s “music projects”—was at the center of discussion. For more than two hours Norbert demonstrated (without a score), with gestures, singing, and at the piano, the connection of all five voices of this great work of art, which he knew by heart. After that, the discussion—over a good dinner—continued with philosophical and political questions, but also with a lot of jokes and anecdotes. Out of that first discussion grew an extraordinarily fruitful intellectual cooperation, which went far beyond “musical projects” as such.

In December 1987, Brainin together with Cologne pianist Günter Ludwig gave a (first) “solidarity concert for LaRouche” in Boston’s famous Jordan Hall, with sonatas from Mozart, Brahms, and Beethoven, when LaRouche was put on trial for purely political reasons. The concert was reviewed very favorably in the leading Boston newspaper—a testimony to Norbert’s courageous engagement. The U.S.



*Brainin and Günter Ludwig rehearse for a concert in Washington in 1990.*

government some months later was forced to declare a mistrial, since the political fallout for then-U.S. Vice President Bush senior threatened to become too damaging. Brainin also stood by his friend LaRouche, when the latter was put on trial again—in practically the same case—at the end of 1988 in Alexandria, Virginia, and was sentenced to 15 years in prison, after a “rocket docket trial,” which had nothing to do with a fair trial according to normal legal standards.

Several times in the U.S. capital, but also in many European cities—among them Paris, Milan, Munich, Hamburg, and Wiesbaden—Brainin played solidarity concerts for LaRouche in the following years; he also visited his friend twice in prison in Rochester, Minnesota, where the two discussed, in a very noisy environment, questions of Classical composition—above all the principle of *motivic thorough composition*, which was very close to Norbert’s heart.

### Fight for the ‘Low Tuning’

Norbert was especially interested in cooperating with LaRouche in the field of the *science of music*. At the end of the 1980s, this meant above all the fight for the “low tuning” of C=256 Hertz, the so-called “Verdi A” of 432 Hz, a proposal which the famous Italian soprano Renata Tebaldi had made in a discussion with LaRouche. After long conversations con-



Brainin inspects a Stradivarius in the collection of the Smithsonian Institution in Washington, 1990.

cerning the *scientific* relevance—and not only the obvious practical one—of a unified (lower) tuning as opposed to today’s absurdly high “Karajan tuning” of A well above 440 Hz, Brainin, who of course had grasped the meaning of this question for singers immediately, studied this problem intensely. Using the *Adagio* from Bach’s Sonata for Violin solo in G-minor, Brainin demonstrated for the first time in a private setting with LaRouche, his wife Helga, and some friends, in August 1988 in his beautiful Summer house in northern Tuscany, Italy, the fact that a Classical composition (and also his Strad) sounded much better—i.e., “fuller” and more transparent at the same time—in the “low tuning.” Spontaneously (over lunch) the decision was made, to repeat this experiment on stage, which occurred in December of that same year with extraordinary success in Munich, Germany.

Before that, though, Brainin “paid his tribute to science.” In order to demonstrate the superiority of the “low tuning” in a parliamentary hearing in Rome, which became the basis for a parliamentary initiative to pass a law on the “Verdi A,” Prof. Bruno Barosi, the director of the world-famous International Institute of Violinmaking, in Cremona, Italy, invited Brainin to his lab, recorded certain tones (and their octaves) both in the low and high tuning, did a spectral analysis, and finally evaluated the findings. At first, Barosi and his assistant were

totally baffled at the absolute precision of Brainin’s intonation: “I have had almost all of the world’s top violinists in my lab, but something like this, I have never seen. Brainin is precise to the very Hertz, and that always. Again, and again. That is truly unique.” The other findings were not so surprising, but equally clear: The lower tuning created a larger sum of overtones, which explains the fuller sound; it was also proven, that Brainin’s Strad had its best resonance by far at exactly C=256 Hz, which is about A=432 Hz. This is clear proof, that Antonio Stradivari understood the superiority of the “low tuning,” and had built his instruments accordingly. Said Barosi laconically: “That I expected; in this lab we have tested all the Strads we could get hold of, and the result is always the same.” Not only these tests, but also Brainin’s ensuing demonstration (including Bach’s *Adagio* as an “encore”) were videotaped, and broadcast on Italian regional TV the same evening; the video was shown to parliamentarians in Rome some time later.

After that, Brainin demonstrated the superiority of the “low tuning,” in many concerts, in which he also had the courage to explicitly tell the name of the instigator of this international campaign, Lyndon LaRouche. In the meantime, the superiority of the low tuning had been acknowledged by many of his famous “instrumentalist colleagues,” like his friend, the pianist András Schiff, for instance. The singers were definitely in favor of the “low tuning,” with only a very few exceptions. After the “debut” in Munich with pianist Günter Ludwig, which is available on audio and video, Brainin demonstrated the advantages of the “low tuning” with other ensembles: with a piano trio, for example, and with a string quartet. In a truly memorable concert with the Orlando Quartet, which was also educated by members of the Amadeus, in Wiesbaden in 1992, Brainin even played viola in the performance of Mozart’s C-minor String Quintet KV 406. He shut the mouths of many intransigent journalists by telling them with a smile, “My Strad simply sounds much better this way.”

### Motivic Thorough Composition

At this time, Brainin was also engaged in studying an important principle of composition which he had been thinking about “already for many years,” which for an artist who had studied, rehearsed, and performed all great Classical string quartets again and again for over 40 years is not surprising at all: The principle of *Motivführung* (motivic thorough composition), as Brainin called it, was developed by Joseph Haydn. In 1995, while giving a master class at Dolná Krupá, a castle near the Slovakian capital of Bratislava, where Beethoven is supposed to have stayed and composed, Brainin said that so far nobody had understood fully the extraordinary significance of this principle of composition—which Mozart had developed further in a decisive way, and which Beethoven then masterfully exploited to the fullest—whenever he had brought it up for discussion, “except LaRouche.” His



talks with LaRouche in the prison at Rochester also dealt with this question, which in 1992 led to the essay “Mozart’s Revolution in Music 1782-86,” one of several philosophical writings by LaRouche, written during his 1989-94 imprisonment under extremely difficult conditions.

A result of this close cooperation were several demonstrations of this principle of composition, which Brainin explained at master classes with young string quartets. With the Munich-based Henschel Quartet, he produced a film for the Schiller Institute, in which he demonstrated this principle using works from Haydn and Mozart. At the master class at Dolná Krupá he worked for almost a week with the Slovakian Moyzes Quartet, and the Hungarian Auer Quartet, and demonstrated with Beethoven quartets the significance of *Motivführung*. The intensity—but also ease—of Brainin’s teaching is best shown by a caricature drawn by the young primarius of the Auer Quartet. This sketch was inspired especially by the very first lesson these young students got from Brainin, when he interrupted their playing with a “loud ‘Nooooo,’ ” telling them that playing string quartets is not entertainment, but “a bloody serious affair, science”; and he added: “At least a whole dimension is missing here.” To grasp and adequately perform this scientific dimension of Classical music—i.e., to bring out the real *content* of the music “behind the notes” (Furtwängler), was Brainin’s primary concern. In this respect, he made no compromises, and could not joke about it, no matter with how much Viennese charm he uttered his inspiring, or critical words.

This uncompromising seriousness in deeply rooted human affairs was, to a very large degree, the basis of the enormous artistic charisma of Norbert Brainin. He gave one of the most moving examples for this in early December 1989, shortly after the fall of the Berlin Wall, when he played a “Beethoven Matinee for German Unity” in Berlin, especially for the people in Eastern Germany, the then still existing German Democratic Republic. The many letters which the Schiller Institute—the organizer of this concert—received before the event, already made clear that this concert would become a milestone: “Will come under any circumstances. But need a definite OK, since I still have to repair my Trabi.” (That was the little car most East Germans drove at that time.) Or: “Need definitely a ticket, since I have to drive 250 km to the concert,” and: “I am 10 years old, but I absolutely want to hear the Maestro.” More than 1,000 people came to the concert at the Berlin High School of Arts, among them about 800 G.D.R. citizens, who were not asked to pay. The performance of three Beethoven sonatas (op. 12, no. 3; op. 96; as well as op. 47, “Kreutzer”) created real storms of enthusiasm, but the reaction to Brainin’s final encore became the biggest compliment an artist can receive: first, a considerable silence, then a long standing ovation, since Brainin with his interpretation of the *Adagio* from Beethoven’s “Spring Sonata” in these turbulent times had hit exactly the right tone.

An equally moving example was his concert on March



*Brainin signs autographs after a 1993 concert in Montgomery, Alabama in memory of Martin Luther King.*

24, 1993 in Birmingham, Alabama, in honor of Martin Luther King, who had been murdered 30 years earlier. Two days before this concert, Brainin and Ludwig had played the same program—besides sonatas from Beethoven and Handel, they performed César Franck’s A-Major Violin Sonata “because of its deep religious character”—for a mainly African-American audience in Washington, D.C.; in the Ebenezer United Methodist Baptist Church, where America’s greatest President, Abraham Lincoln, and the former slave and freedom fighter Frederick Douglass had spoken. In Birmingham, the concert took place at the famous Sixteenth Street Baptist Church, the center of the activities of the civil rights movement there in the 1960s, which in 1963 had been hit by a terrible bombing attack, killing several children. Many of the listeners, some of whom even brought their babies with them, had never attended a Classical concert at all, but were thrilled, and deeply moved. The Mayor of Birmingham declared this day to be “Dr. Norbert Brainin Concert Day in Memory of Civil Rights,” and presented a certificate of honor to him. Schiller Institute Vice President Amelia Boynton Robinson, who during the 1960s, had fought successfully side by side with Martin Luther King for the Voting Rights Act, declared afterwards: “These concerts laid the seed for the coming together of the civil rights movement and Classical culture, which we have to bring to life again in America.”

In every epoch there are sublime personalities in music, who because of their towering artistic capabilities and moral integrity are not only able to actually reach, inspire, and thrill people deep in their souls, but who also have the power to considerably shape their time. In the 20th Century, among these personalities were undoubtedly Wilhelm Furtwängler, Pablo Casals, Yehudi Menuhin—and Norbert Brainin.

# *On the Election of Pope Benedict XVI*

The elevation to Pope of Cardinal Joseph Ratzinger, the closest collaborator of John Paul II, whose ecumenical action he supported with theoretical writings, represents a choice of continuity with the pontificate of his predecessor. It is good, even excellent news, commented Lyndon LaRouche, noting that Ratzinger's election will be reassuring to many.

His quick election on April 19 (only two "black smokes" before the announcement) indicates that a strong consensus on his name had already existed in the College of Cardinals. This, and his profile, are analogous to the election of Paul VI, the Pope whose great legacy lives on in ecumenical circles with his statement, "Development is the new name of peace."

Benedict XVI's first words were: "After a great Pope like John Paul II, God has chosen a humble worker of His vineyard to serve Him. I am comforted by knowing that God makes good use of even the most imperfect instruments."

Ratzinger is the first Pontiff to have published in LaRouche's publications. In the Spring 1992 issue of the German magazine *Ibykus*, Cardinal Ratzinger authored an article entitled "Diagnose und Prognose zur Lage von Kirche und Welt: Wendezeit für Europa" ("Diagnosis and Prognosis on the Situation of the Church and the World: Time of Change for Europe"). It was an adaptation, done by Ratzinger himself for *Ibykus*, of a speech he had given at a conference at the Catholic University in Milan.

The name of Benedict XVI which Ratzinger chose is a precise signal. Benedict XV was an anti-synarchist Pope, who was elected in 1914 as successor to Pius X, and who fought against European oligarchies. He tried unsuccessfully to mediate a peace between Germany and France, and called the war "a useless massacre." In his first call for peace in September 1914, he drafted a five-point program which included the renunciation of any "winner's vengeance" in the spirit of the Treaty of Westphalia of 1648, which ended the Thirty Years' War. In his call of July 28, 1915, he warned that "humiliated and oppressed nations . . . prepare the reaction and transmit from generation to generation a sad heritage of hate and revenge." Again, in 1918, he called on U.S.

President Wilson not to impose humiliating conditions on the losers. Unfortunately, Wilson did not listen to him.

Pope Benedict XV dissolved the ultramontane, synarchist organization La Sapinière in France, and the *Sodalitium Pianum*, the inquisitory organization built up in the Vatican against "modernists." He supported the formation of the *Zentrumspartei* (Center Party) in Germany. He also lifted the ban preventing Italian Catholics from actively participating in national politics, and introduced reforms to take missionary organizations out of the political control of colonial powers.

In his first homily following his election, Pope Benedict XVI gave a strong programmatic message demonstrating his continuity with the policies of John Paul II: "In undertaking his ministry, the new Pope knows that his task is to make Christ's light shine in front of men and women of today: not his own light, but that of Christ.

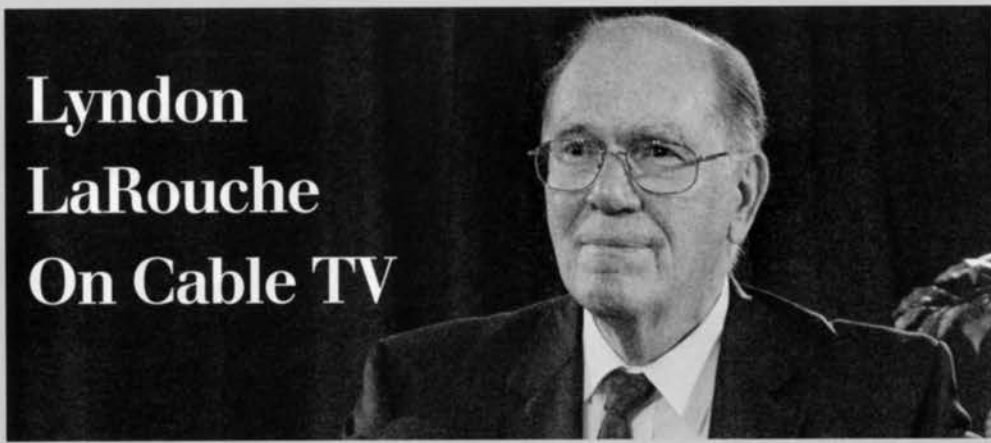
"With this awareness, I address myself to everyone, even to those who follow other religions or who simply seek an answer to fundamental questions of existence and have not yet found it. . . . I assure them that the Church wants to continue to build an open and sincere dialogue with them, in the search for the true good of mankind and society.

"I invoke from God unity and peace for the human family, and declare the willingness of all Catholics to cooperate for true social development, respectful of the dignity of every human being.

"I will make every effort and dedicate myself to pursuing the promising dialogue started by my venerable predecessors with various civilizations, so that out of mutual understanding, the conditions for a better future for everybody will spring."

It is notable that Cardinal Ratzinger's writing on "Interreligious Dialogue and Jewish-Christian Relations" begins and ends with a discussion of Nicolaus of Cusa's "On the Peace of Faith," the dialogue which the great Cardinal and scientist of the 15th Century wrote as a guide to combining ecumenical dialogue (in the midst of bitter conflict between the Ottoman Empire and the West), with the search for truth.

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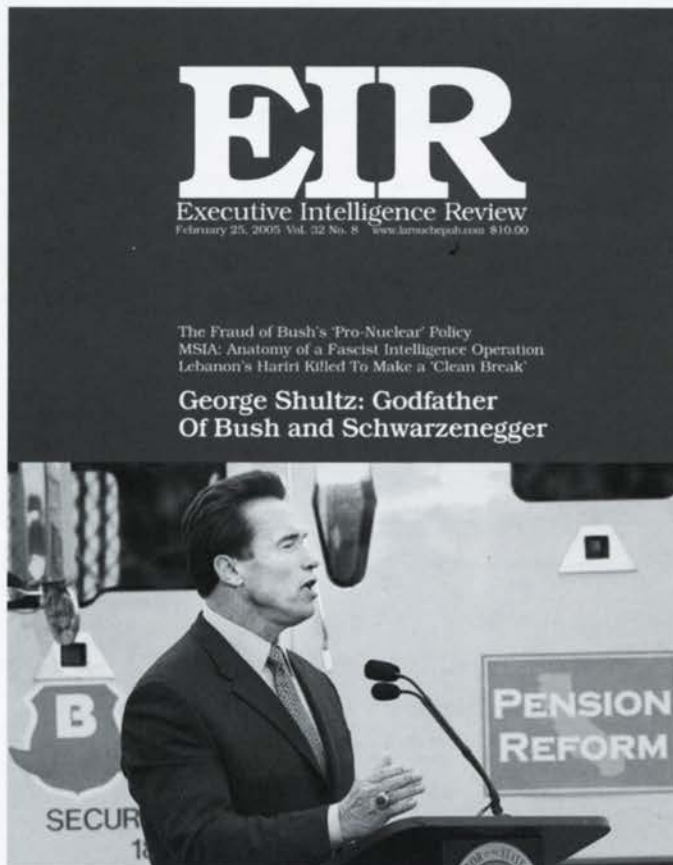
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