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Nazi Rat-Lines and the 'Dulles Complex' in America
Bipartisan Revolt in Senate Defies Cheney Thuggery

**LaRouche Issues Alert on
Cheney's 'Guns of August'**



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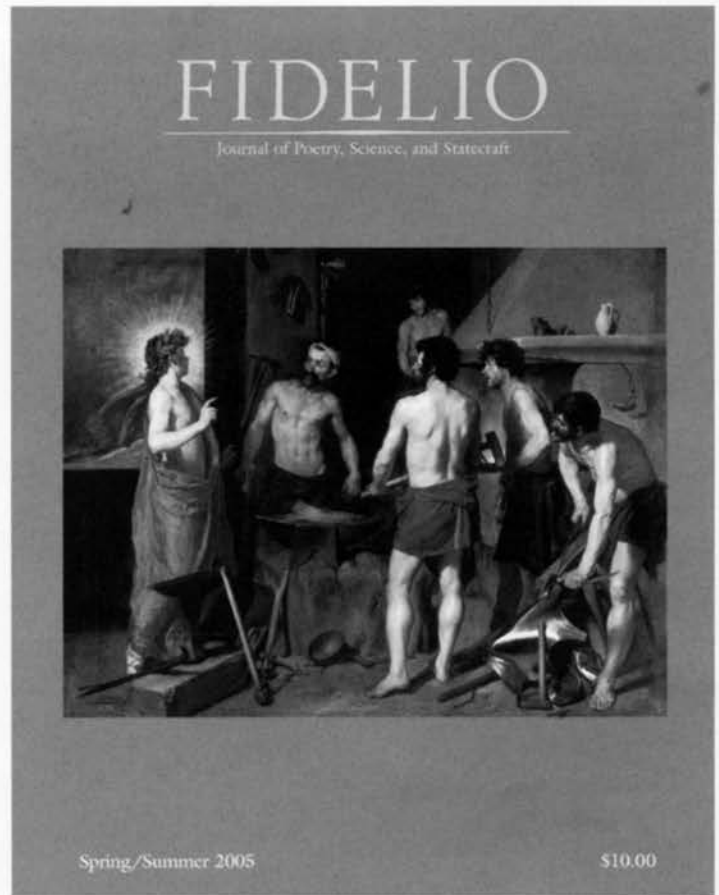
Lyndon H. LaRouche, Jr.

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Lyndon H. LaRouche, Jr.

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e-mail: eirms@larouchepub.com*

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

Homepage: <http://www.eirna.com>
E-mail: eirna@eirna.com

Executive Directors: Anno Hellenbroich, Michael Liebig

In Montreal, Canada: 514-855-1699

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

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

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From the Associate Editor

On July 27, Lyndon LaRouche issued a press release, warning that “Cheney’s ‘Guns of August’ Threaten the World.” This was given wide circulation in Washington, and among *EIR*’s far-flung international network of contacts.

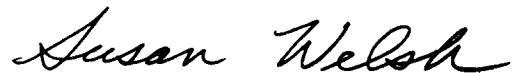
On July 28, *EIR*’s White House correspondent Bill Jones asked a question about the plans for U.S. strikes against Iran—even nuclear strikes—at the White House press briefing, and spokesman Scott McClellan’s pugnacious response confirmed, for informed observers, that LaRouche’s warning was right on the mark. The interchange was broadcast on CNN, and other reporters picked up the line of questioning.

By July 29, the story was breaking internationally, with *EIR* receiving numerous independent confirmations of the accuracy of LaRouche’s reading.

LaRouche emphasized, as you will read in our *Feature*, that the reason Dick Cheney’s synarchist faction is contemplating such an obviously insane policy, is that they don’t have any time to wait to secure their power, with the financial crisis coming on fast. They are moving for pre-emptive seizure of power, with a coup d’état against the U.S. Constitution, while they think they still can.

“They would have to be crazy to do it!” you say? Look how World War I got started, when the “guns of August” rolled. Look how Hitler’s lunatic delusions about a “Thousand-Year Reich” drowned Europe in blood. Or look closer to home, at how Cheney, Bush, and Britain’s Tony Blair went to war against Iraq, *knowing full well* that every justification they were giving to Congress and to the people was a lie.

Our *Investigation* package and *Editorial* draw out further the way in which the synarchists of the past and present operate, and what lies behind their insanity. The crucial fact, still obscured by historiography of World War II, is that the Anglo-American group which might be called “the Dulles Complex” put Hitler into power, and set up the “rat-lines” to rescue top Nazis after the war, in order to use them in common battles against the Soviet Union and on behalf of the synarchist financial order.



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World War I began
in August 1914.*



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WARNING FROM LYNDON LAROCHE

Cheney's 'Guns of August' Threaten the World

by Jeffrey Steinberg

Lyndon LaRouche, on July 27, issued an international alert, covering the period of August 2005, which is the likely time-frame for Vice President Dick Cheney, with the full collusion of the circles of British Prime Minister Tony Blair, to unleash the recently exposed plans to stage a pre-emptive tactical nuclear strike against Iran.

The danger of such a mad, Hitler-in-the-bunker-style aggressive military action by the Cheney circles would be even further heightened, were the United States Congress to stick with its present schedule, and go into recess from July 30 until Sept. 4. With Congress out of Washington, and with President George W. Bush on extended vacation in Maine and Texas, the Cheney-led White House would almost certainly unleash a "Guns of August" attack on Iran, LaRouche warned.¹

Senate Minority Leader Harry Reid (D-Nev.) has called for the Senate to remain in session for much of August—at least until the stalled Defense Authorization Bill is thoroughly debated and passed.

On July 27, after the Senate defeated a cloture vote which would have blocked a series of amendments to the bill, Senate Majority Leader Bill Frist (R-Tenn.) had indicated that he

would hold the defense bill until September, a move that Reid strongly opposed.

The 50-48 defeat of the cloture (60 votes were need to shut down the debate and freeze any new amendments), in which seven Republican Senators voted "no" along with all but three Democrats, represented another strategic defeat for Cheney et. al. Thirty amendments are pending, including several that would freeze base closings until all American troops are home from Iraq; would give the Congress clear jurisdiction to oversee interrogations at places like Guantanamo Bay and Abu Ghraib; and would set uniform codes for interrogations, under the Geneva Convention. The President has threatened to veto the bill if it passes with any of these amendments.

Sources close to Senator Reid indicated that Reid's concerns go beyond the issue of the Defense Authorization Bill per se, and reflect his own recognition that something has gone extremely afoul at the White House.

Indeed, a growing number of U.S. Senators, from both the Democratic and Republican parties, have voiced growing concern to *EIR* and others about the brutish behavior of top White House officials, particularly Dick Cheney. In a series of private White House "negotiating sessions" with leading Senate Republicans over the amendments to the Defense Authorization Bill, Cheney was reportedly livid, branding senior members of the Senate from his own party as "traitors" for not bowing to White House demands. As the result of this obscene behavior by the Vice President, the three most powerful Senate "defense caucus" Republicans—John Warner (Va.), Lindsey Graham (S.C.), and John McCain (Ariz.)—have broken with the Bush Administration on this issue.

1. The classic book *The Guns of August* by Barbara Tuchman (New York: Macmillan, 1962) describes the events of the first 30 days of World War I. In the early days of August 1914, Germany, enveloped by European alliances, was in a full-scale mobilization, hoping to implement its plan of sweeping through France, and occupying Paris, within one month. Instead, the war bogged down into four years of trench warfare, on the Western Front, along with war on the Eastern Front (Russia), and spread also to the Balkans. The vacation month of August has been the occasion for the start of other wars as well; Hitler's attack on Poland began on Sept. 1, 1939.



World Economic Forum

Will Dick Cheney, like Hitler in the bunker, launch an insane military action, to try to reassert control over his disintegrating base of power? Sources say that he may strike Iran in the “dog days” of August, possibly even using nuclear weapons.

Grounds for the Alert

LaRouche based his “Guns of August” alert on a series of factors, reported to him over the recent days, beginning with the qualified report, from a former U.S. intelligence official, published in the Aug. 1 issue of *American Conservative* magazine, that Dick Cheney ordered the Strategic Command (STRATCOM) to prepare contingency plans for a conventional and tactical nuclear strike against hundreds of targets in Iran, in the event of a “new 9/11-style attack” on the United States.

As *EIR* reported several months ago, the Bush Administration, under CONPLAN 8022, had already placed the relevant “mini-nukes” under the control of theater military commanders, as part of a new “Global Strike” doctrine of preemptive nuclear war, a doctrine originally conceived by Dick Cheney, Paul Wolfowitz, and Lewis Libby, when Cheney was Secretary of Defense under George H.W. Bush in the early 1990s.

Other reports since the beginning of the year have corroborated the focus on military plans against Iran:

- On Jan. 17, *The New Yorker* magazine published an article by Seymour Hersh, “The Coming Wars,” outlining Pentagon plans for combined aerial and commando attacks on Iran, aimed at destroying the country’s purported underground nuclear weapons program, and instigating a popular revolt against the mullahs.

- On Jan. 26, UPI intelligence correspondent Richard Sale reported that the U.S. Air Force is flying provocative combat reconnaissance missions over Iranian territory, from bases in Iraq and Afghanistan. The purpose of these missions,

he wrote, is to “template” Iran’s air defense systems, in preparation for a bombing campaign against at least 14 suspected secret nuclear weapons facilities. Sale added that U.S. Special Forces and Israeli commandos are aiding Iranian exiles from the Mujahideen-e-Khalq (MEK), as well as Iraqi Kurds, to conduct cross-border incursions, to plant sensors near target sites.

- On Feb. 19, Scott Ritter, the former U.S. Marine who led UNSCOM weapons inspection teams in Iraq during much of the 1990s, told an audience in Olympia, Wash., that he expected the United States to launch a bombing campaign against Iran, perhaps as early as June. He told the audience that President Bush had received, and signed off on, plans for an aerial attack on Iran.

The Nuclear Option

In the Aug. 1, 2005 issue of *The American Conservative*, retired CIA officer Philip Giraldi wrote: “The Pentagon, acting under instructions from Vice President Dick Cheney’s office, has tasked the United States Strategic Command (STRATCOM) with drawing up a contingency plan to be employed in response to another 9/11-type terrorist attack on the United States. The plan includes a large-scale air assault on Iran employing both conventional and tactical nuclear weapons. Within Iran, there are more than 450 major strategic targets, including numerous suspected nuclear-weapons-program development sites. Many of the targets are hardened or are deep underground and could not be taken out by conventional weapons, hence the nuclear option. As in the case of Iraq, the response is not conditional on Iran actually being

involved in the act of terrorism directed against the United States. Several senior Air Force officers involved in the planning are reportedly appalled at the implications of what they are doing—that Iran is being set up for an unprovoked nuclear attack—but no one is prepared to damage his career by posing any objections.”

The British Factor

The recent bombings in London have provided Tony Blair

with his own “Reichstag Fire” incident, and the full resources of the British “liberal imperial” faction can now be expected to weigh in behind the brutish Cheney circles in Washington.

The most compelling evidence of this “Guns of August” plan, LaRouche emphasized in discussions with colleagues, is the pattern of eyewitness reports of Dick Cheney’s state of mind. Cheney is living out an American version of “Hitler in the bunker,” lashing out at Republican Senators who have dared to resist his mad tirades, accusing anyone who fails to

CONPLAN 8022: Nuclear Pre-Emptive War Doctrine

Details of a new U.S. “global strike” plan appeared in the *Washington Post* on May 15, 2005, in a column by William Arkin, a former Army Intelligence analyst. *EIR*, as we reported in our May 27 issue, interviewed several senior U.S. intelligence officials, who confirmed the essential features of Arkin’s report.

The Arkin article offered a chronology of the recent steps taken by Secretary of Defense Donald Rumsfeld, on the road to pre-emptive nuclear war. This updated an *EIR* timeline of the Bush-Cheney Administration’s drive to pre-emptive nuclear war, which was published on March 7, 2003. That original story tagged John Bolton as a pivotal player in the drive to end a quarter-century American policy of no first nuclear strike against any non-nuclear power. It traced the origins of the pre-emptive nuclear war policy to the early 1990s and then-Secretary of Defense Dick Cheney, who launched a plan to include “mini-nukes” in the conventional arsenal.

Arkin’s article continues the chronology from mid-2004: “Early last summer,” Arkin wrote, “Defense Secretary Donald H. Rumsfeld approved a top secret ‘Interim Global Strike Alert Order’ directing the military to assume and maintain readiness to attack hostile countries that are developing weapons of mass destruction, specifically Iran and North Korea. . . . In the secret world of military planning, global strike has become the term of art to describe a specific pre-emptive attack. When military officials refer to global strike, they stress its conventional elements. Surprisingly, however, global strike also includes a nuclear option, which runs counter to traditional U.S. notions about the defensive role of nuclear weapons.”

Arkin traced the Global Strike schema to a January 2003 classified Presidential Directive, in which President Bush defined a “full-spectrum” global strike as “a capability to deliver rapid, extended range, precision kinetic

(nuclear and conventional) and non-kinetic (elements of space and information operations) effects in support of theater and national objectives.” Along the way, the Strategic Command (STRATCOM), headquartered at Offutt Air Force Base in Omaha, Neb., which formerly had been exclusively responsible for America’s nuclear weapons triad, was merged with the Space Command, and given responsibility for global operations involving both nuclear and conventional weapons.

Already, the September 2002 National Security Strategy of the United States, for the first time, had codified the doctrine of pre-emptive war, stating that the U.S. “must be prepared to stop rogue states and their terrorist clients before they are able to threaten or use weapons of mass destruction against the United States and our allies.” STRATCOM then established an interim global strike division, to devise plans by the end of 2002.

Arkin reported that “CONPLAN 8022-22 was completed in November 2003, putting in place for the first time a pre-emptive and offensive strike capability, against Iran and North Korea. In January 2004, [Adm. James O.] Ellis certified Stratcom’s readiness for global strike to the Defense Secretary and the President.”

Arkin warned, “This blurring of the nuclear/conventional line, wittingly or unwittingly, could heighten the risk that the nuclear option will be used.” He then detailed elements of CONPLAN 8022, which could involve the use of nuclear bunker busters, to take out hardened command structures and WMD depots in Iran or North Korea. CONPLAN 8022 could be activated if the U.S. determined there was an imminent threat of a nuclear attack, or “for a more generic attack on an adversary’s WMD infrastructure.”

“The global strike plan,” Arkin wrote, “holds the nuclear option in reserve if intelligence suggests an ‘imminent’ launch of an enemy nuclear strike on the United States or if there is a need to destroy hard-to-reach targets.” CONPLAN 8022 does not envision “boots on the ground,” he said, but combines precision weapons attacks with commando-style short-term operations, thus vastly reducing the time required to stage and launch an attack.

—Jeffrey Steinberg

follow his orders—including senior members of the United States Senate—of being “traitors” and worse.

And finally, LaRouche identified a series of reports from highly qualified Congressional, military, and intelligence community sources, who have confirmed the essential features of the *American Conservative* account of Cheney’s “Dr. Strangelove” schemes for a pre-emptive nuclear strike on Iran. These sources have emphasized that these Iran plans are not merely military contingency studies, but represent the policy intentions of Cheney. The fact that such a plan is crazy, LaRouche stressed, does not mean that Cheney won’t carry it out—quite the contrary.

Walls Closing In

The immediate context for Cheney’s psychological flight-forward is the growing revolt against the Bush Administration by a bipartisan group of U.S. Senators and Representatives, and the accelerating probe by independent counsel Patrick Fitzgerald into the “outing” by “two senior Administration officials” of CIA non-official cover officer Valerie Plame Wilson.

Furthermore, Cheney’s synarchist controllers in London are also up against the wall, facing a meltdown of their entire global speculative financial system. It is the imminent crash of the post-Bretton Woods system that is the driver behind the push for war and chaos on the part of Cheney et. al. The fact that a pre-emptive nuclear attack on Iran is being specifically linked to a new 9/11 “Reichstag Fire” incident, provides the key to the whole stage-managed affair.

Plamegate

The Fitzgerald probe, which began in December 2003, has already identified Cheney’s chief of staff Lewis Libby, and White House Deputy Chief of Staff Karl Rove, as two of the officials who spoke to reporters and revealed Plame’s identity. Plame’s husband, Amb. Joseph Wilson, had been dispatched to Niger in 2002 to assess reports that the country was supplying Saddam Hussein’s Iraq with yellowcake uranium to make a bomb. When Wilson came back and reported that the story was a hoax, the Cheney circles were not pleased. (See “From the Congress” report in *National*.)

But beyond Libby and Rove, the Fitzgerald probe has zeroed in on the White House Iraq Group (WHIG), the high-level agit-prop team assembled by White House Chief of Staff Andrew Card in August 2002, which includes Rove, Libby, Karen Hughes, then-National Security Advisor Condi Rice, her deputy and successor Stephen Hadley, and others.

Furthermore, independent counsel Fitzgerald has recently focussed attention on a June 10, 2003 State Department memo, which identified Plame. That memo was circulated among a number of neo-con officials, including Bush’s nominee for UN Ambassador, John Bolton—prior to the Robert Novak outing of Plame in a mid-July 2003 syndicated column.

Lyndon H. LaRouche, Jr.

‘The Guns of August: Hitler in the Bunker’

Lyndon LaRouche was interviewed on July 28 by Utah radio host Jack Stockwell, on Salt Lake City’s KTKK radio station. Here are excerpts.

Stockwell: My guest, ladies and gentlemen, Lyndon LaRouche, hasn’t been on the show in a long time. This may be a fortuitous day for you to be here. You were on my show on the 11th of September, 2001. And the attacks on the World Trade Center began prior to the show, but we discovered what was going on while you were on the show. You made some interesting remarks at that time, that turned out to be very prophetic, and without your knowing anything other than what we knew as far as news coverage was concerned—very prophetic statements.

And now! Here you are, less than 12 hours later, since the House voted to go ahead and pass CAFTA [Central American Free Trade Agreement]. We’re coming up on the August break when some dangerous things can happen in the government, when the House and Senate aren’t there to watch what’s going on in the Executive branch. We’re sitting here on the edge of the dynamite, the black powder keg of the financial bubble over this entire planet. We are quagmired in Iraq. I was paying tribute to the Chinese this morning, for buying at least \$1 billion a day in Treasury bills to keep our dollar pumped up—otherwise things would be a lot worse than they are now. So, in the midst of all this, what a perfect, fortuitous time for you to be on the show.

LaRouche: Thank you.

Stockwell: So, you got plenty of lead-ins there! But, one thing, before the CAFTA thing showed up at the last second, one thing I definitely wanted you to address, is what we can learn from Pericles of Athens, *and* the “Guns of August,” as we sit here on the edge of what in the world an insane White House can pull next?

LaRouche: Well, it’s not just the White House. More specifically, it’s Dick Cheney. You know, the President really doesn’t function—some people don’t like to say that, but it’s true, and we have to deal with reality. We can not deal with protocol, when reality is that important.

But therefore, Cheney is much more significant in the command structure in Washington, than the President in many respects. The President has these impulses, he says



EIRNS/Brendon Barnett

Lyndon LaRouche campaigning in Salt Lake City, Utah, during his 2004 Presidential campaign. Radio talk show host Jack Stockwell (at left) introduced him to an audience of 250 on Feb. 24, 2004. The dialogue between the two continues, in the interview published [here](#).

these things and so forth. But, sometimes I think he's shocked by Cheney.

What's happened is, that we've had for some time—the *American Conservative* magazine has put out the report, that the Strategic Command, under Cheney's orders, is moving for a “nuke-plus” attack on Iran, should the present antics in London and elsewhere, terrorist antics, escalate into the United States, in the form of something which is interpreted as a replay of 9/11. And this is being run with Tony Blair of London.

We got on the case of this plan, and it broke down—we checked with a lot of Senators who know this situation; we checked with a lot of people in the intelligence community, who know the situation—and it came down that nobody was going to blow the whistle publicly. You have something, I think Sy Hersh is on the case from the *New York Times* circuit on this investigation. But somebody has to blow the whistle. So, I said, the other day, “It's me.”

So, I put out a report that Cheney is—we're in a Guns of August situation, which the month of August, *if* the Senate does go on recess, and that is not settled yet; actually the leader of the Senate Democrats—[Harry] Reid, is pushing to keep the Senate in session, because there are a number of issues which require that, and also a lot of people are concerned—including Republican Senators, of some significance—that we not leave the doors unlocked for Cheney while the Senate goes on vacation. Because, the plan, right now, is to go to war!

Stockwell: Yes.

LaRouche: And the plan is, you see this funny business about pulling back from Iraq, we don't know what's going on there, but something is going on. But there's a shift into a pre-emptive war plan.

Now, the danger of this arises, from the way in which the financial situation is going down the tubes. And you're in something like the Guns of August, as in 1914 and 1939. You're in a period, in which someone can play the game of “Hitler in the Bunker,” and Cheney wants to do that. And it's our opinion, and I'm speaking of a group of people with whom I'm in touch—it's our opinion, that that's on the edge, and it has to be dealt with.

And therefore, I blew the whistle, with a statement called “The Guns of August: Hitler in the Bunker,” in which Cheney is pushing to get us into war. Whether it's going to happen or not, is not certain. Whether he *intends* for it to

happen, is certain. The orders are cut. It's an active operation, a Strategic Command directive from him. The fuse is lit. And if the fuse goes off, in August, presumably, it will happen.

My point was, in putting the point out, somebody had to say it. And by saying it, maybe we have a chance to prevent it from happening.

Stockwell: What's the chances of Reid getting the Senate to stay in session?

LaRouche: I don't know, we're working on it.

Now, we've got this thing in Central America, a piece of insanity, which makes everything just that much more complicated, and worse.

The joint's going nuts. It's an extremely dangerous situation. Harry Reid is a very intelligent, very capable fellow, in the position he occupies. We have also a number of Republican Senators who realize what Cheney represents, who despise the creature. So, there is a lot of muscle going on. My point was to put my weight on top of this situation, and to say the things nobody else wanted to be the first guy to say. We'll see what happens in the course of the next couple of days.

Stockwell: Well, you have a situation here, you know, in the sense that—when Secretary Rumsfeld was on, I think it was [George] Stephanopoulos's program about a month ago, and Stephanopoulos asked Rumsfeld point-blank, about military action with Iran, *it really hit me like a hammer* between the running lights, when Rumsfeld didn't have a clear answer and said, “*I'll have to check with the Vice President on that.*”

LaRouche: Yes, sure!

Stockwell: He didn't say, "the President," or "the Joint Chiefs"!

LaRouche: No!

Stockwell: He said, "I'll have to check with the Vice President on that." I think that's when it became more real to me, than ever before.

LaRouche: Well, this is what's going on. You have a President who's not functional. People don't like to say that, but the guy is nuts. His father knows he's nuts. His mother, I guess, also knows he's nuts.

But, the poor guy! I mean, he really is a menace, and he's not nice at all. He's sort of your "dry drunk," who'll slap you on the back on the bar, and then put a knife in your back if he doesn't like you. But, you know—"Hail fellow, well met" at one moment, and then, the next moment, who knows where he is.

But, the problem—and Cheney is not the problem. Cheney is—he is a problem; he's a thug, he's a sociopath. That's a fact, not a slander, not a libel. And he's dangerous.

But, what he represents is this: We're in a situation in which the international financial system *is going to blow*. This financial system is finished, in its present form. The fight is on now, and the leadership will have to come from the United States; it will have to come from, largely, within the Senate. Because the Senate is the only body which has a repository of sanity, not to take the place of the Executive, but to get the Executive to be sensible.

We're going to have to take leadership from the United States, to deal with the biggest financial crisis in modern history, and it's coming on fast. It can not be stopped in its present form. What we can do is take emergency action, which keeps the crash from sinking the world economy. And that's where we are.

This is not a depression: This is a breakdown crisis. Many people in the Congress are beginning to realize it. Other circles are realizing it. In Europe, among leading bankers, they know it. But Europe has nothing; no one has the guts in Europe to take this on, and they don't have the kind of political system in Europe, which can deal with this kind of crisis.

If the United States takes leadership and says, we're putting this thing into bankruptcy receivership and reorganization, and going back to the Bretton Woods system, then the Europeans can go along with it. And then we can get out of this mess. But, if the United States does not act, does not show leadership, I don't see much chance for the world. I see, we're going into the deepest kind of crisis you can imagine.

Stockwell: Who in the Senate even begins to demonstrate some understanding, or even having a grip of what you just said?

LaRouche: Oh! There are—a lot of them do! In the Senate, there's an increasing awareness of this. This went through ebbs and flows, at one point, they say, "Ah" of me, "you're

right." But then they would say, "but it's not going to happen that soon." Then things happen, and they say, "Oh! It's going to happen soon."

So, it's that kind of shuffling. And people are afraid of taking the leadership, that's the problem. See, under our system, normally, you would have a President, and the President would be convinced that he faces a crisis. And he would have various people in the Senate and elsewhere, who would be called in, who would agree with him, and would say, "Mr. President, okay, let's talk about it, we'll support you." And the President would act. And that's the way we would deal with the situation, normally.

We don't *have* a functioning President. We have something worse, in the form of a Vice President, who is working for an international synarchist crowd, the same people who gave us Adolf Hitler and company and World War II. That crowd is behind the scenes, and they're using this thug, this menace, Cheney, who's bullying everybody in sight. And so, we don't have a functioning Presidency.

The only thing we have now, from my standpoint, is the Senate, which is the best rallying point, for our institutions to push for certain things to happen, which would, in effect, cause the Presidency to act in a sense. And that's where we stand. . . .

Stockwell: . . . If you're just tuning in, Lyndon LaRouche is on the program, live, this morning. And interestingly enough, ladies and gentlemen, when you hear Mr. LaRouche say that it was necessary for he, himself, to take the step forward because a lot of other people don't, when you read certain op-eds that show up in the *New York Times*, the *Washington Post*, sometimes in the *Wall Street Journal*—but usually the *Post*, even sometimes the *Washington Times*, but, the *New York Times*; and you find other people using verbiage that Mr. LaRouche was using a year or two ago, and it's in their words now, almost word for word, the same phrases—they won't mention the "L-word" because it could be the end of their career. Is that not correct, Lyndon?

LaRouche: Well—it might be—

Stockwell: But, at the same time, they understand what you're saying, and they're saying it from a position that other people can then, again, themselves quote, without quoting you directly, for fear of what Cheney might do to them.

LaRouche: Well, what there is, actually—I think most Americans don't understand it clearly—that there is actually an intelligence community, which is not just the official intelligence community of the United States. But the United States does have, centered around the institutions in Washington, and with international connections, the United States does have a group of people, in service, out of service, who generally talk about things together, and who cut into and touch all kinds of institutions. And there is a leadership in the United States. You know, about 1,500 to 2,000 people, who are a key



Texas Young Republican Federation

On their way out—but dangerously pushing for nuclear war.

part of the real intelligence capability of the United States; people who are in service, or not in service, but they're all talking, they're all part of the same community of people who talk about these things. And I'm part of that. I've been in that for a long time, more now than ever before.

And so therefore, what's going on, is, we're all discussing things. It passes back and forth among us. I can get a pretty good reading on a consensus among this layer of people, within 24, or 48 hours any time, on hot issues. So, there is, in the United States, an intelligence community.

Stockwell: Now, let me interrupt you. This also includes retired flag officers?

LaRouche: Yes, sure! Because, see, the point is, you're talking about intelligence. "Intelligence" should mean "brains"; should mean "developed brains." So, you have people who care about the country. They're not acting, because they're getting paid, or rewarded, though some people are. Or, because they're in position or not in position. They're people who care about the country and care about the world. And we, generally, end up talking to each other, and passing the word around, in the course of every day, every week.

So, there is a consensus out there. The problem is, our system, which is unique—our system of government, apart from the literal language of the Constitution—we have a *tradition* that goes back to the American Revolutionary War and before, of people who are organized *as citizens*, who care about the country. And who cut into institutions, as some are members of institutions, some are not, but we care about the country. And that's what I'm a part of. And that's what's going on.

I'm the loudest mouth, in a sense. I say things that other people are afraid to say. And other people are happy that I say them, though they wouldn't want to say it themselves—

Stockwell: I appreciate that

LaRouche: That's my job!

Stockwell: Now, you've got Hersh, with the *New Yorker*, who doesn't seem to pull any punches or worry about any repercussions.

LaRouche: He worries. But he does a good job. He's a Gene McCarthy man from way back, and went into the *New York Times*, and made quite a career at the *Times*. And he's around, he's still functioning. He is what he is, and he's useful. . . .

Stockwell: Lyndon, there certainly are grounds for impeachment of both the President and the Vice President. Is anybody talking about this? I mean, instead of just holding the Senate in session during

a normal break, so that they can hold reins on the Vice President, and what he would possibly do during August, why don't they just do what needs to be done?

LaRouche: It's a problem: We have a system, which should work. We have people who do understand some of the problems. But they're not clear on the solutions. And there are two aspects to it. First of all, impeaching the Vice President, first, and then dealing with the President afterward, is something that probably should happen. There's not agreement on how that's to happen, however, even though there's an understanding of the situation becoming urgent. And you will find, on the Republican side of the aisle, as well as the Democratic side, a clear understanding: *Cheney must go*. Bush is a problem; Cheney must go. That is understood.

And you will probably see, the attempt to utilize what our special prosecutor is doing, in the Valerie Plame case and related things—

Stockwell: Fitzgerald?

LaRouche: Yes. Is going at the Cheney apparatus, which includes Scooter Libby, his chief of staff, who is an old Marc Rich lawyer, and that tells you a great deal. So, they're going at that.

Now, the problem is, economic policy problems: We've been going through, for a long period of time, especially since the course of the 1960s, we've been undergoing changes which became crystallized under Nixon and following—or, shall we say, under Kissinger and Brzezinski; we underwent a change from being what we were as a constitutional republic; we went to a crazy kind of system which is now running the country. And the Baby-Boomer generation who came into maturity in the 1960s, generally were drawn into this new way of thinking, which we are all too familiar with. And then, my generation, generally, left the active position of control



Some of the Synarchist banker-supporters who put Hitler in power: (Left to right) John Pierpont Morgan, Jr. of JP Morgan; E. Roland “Bunny” (left) and his brother Averell Harriman of Brown Brothers Harriman; John D. Rockefeller, Jr. of Citibank and Standard Oil; and Max Warburg of Kuhn Loeb. “The international Synarchist crowd, the same people who gave us Adolf Hitler and Company and World War II: That crowd is behind the scenes, and they’re using this thug, this menace, Cheney, who’s bullying everybody in sight.”

and leadership in government and outside of government, during the early '90s. And now the Baby-Boomer generation, which is the 68er generation, generally, has taken over key positions.

They’re conditioned to ideas about economy, which from my standpoint are nuts. Outsourcing is nuts; globalization is nuts. What just happened on the vote on Central America, is nuts. But the large part of the Baby-Boomer generation has been conditioned to this, and they’re only beginning now to realize that “maybe there was a mistake here someplace!”

That we have to go back to being an agro-industrial power, with a lot of infrastructure. We need that. People understand that, they understand it in the Senate. *But!* The dynamic is, “No.” The dynamic is, “We’re not ready to do that.”

So, what we need, in a crisis like this, is, not really to get rid of the negatives. I mean, taking people out and shooting them to eliminate the problems doesn’t work. You have to present *positive alternatives to the problem*. and mobilize people *positively* about solutions, and let the problems *push* you into working on those solutions.

Stockwell: And therefore, you have faith in the Senate that there’s enough people who understand this, that given the right impetus, and the right form of leadership, can band together an actually advise-and-consent kind of action?

LaRouche: In a sense—

Stockwell: And do something, that would actually hold the Executive branch under control?

LaRouche: I think that you have people, who in their conscience in the Senate, you could get a majority for the im-

peachment of Dick Cheney. You might not have a majority for the impeachment of George Bush; you might have a majority for “George, why don’t you retire?”

But, for hatred, among Republicans as well as Democrats in the Senate, the hatred of Dick Cheney is really something—a real phenomenon. And it’s justified. Cheney is not something unto himself. He’s only a thug. He’s an enforcer. He’s like a Mafia hit-boss. And it’s a bunch of bankers behind him, as typified by Halliburton or George Shultz, or that whole crowd. It’s that crowd that’s a problem, as it was with Hitler; that was the problem, really in World War I and World War II. This kind of force, this financial force behind the scenes, trying to deal with their problem, which they see as a financial-management problem, by going to the ultimate solution, *war*, to shake the whole thing up! Destroy this country, destroy that one.

And you’re getting it again! This financial system is doomed. It’s coming down. Globalization was a terrible mistake.

Stockwell: They understand that. And there’s enough of them that understand, the only way out of this problem, is the way they’ve gotten out of the problem in the past: War!

LaRouche: Well, that’s what you’re getting from the banking circles.

Stockwell: Right.

LaRouche: You’re talking about the people behind—not the bankers we know by name—

Stockwell: It’s not the banks, it’s the power behind the banks.

LaRouche: Yes—financial oligarchy.

Stockwell: Right.

LaRouche: The same crowd: wealthy people who control finances, and think they should run the world. Behind the scenes.

So, they take a thug, like Cheney. He's the Vice President, he was put in by Shultz, as a team to create the Bush Administration. And he took over! And he's a real thug—and he's got these bankers behind him. He doesn't really understand. He's not a very intelligent person. You don't have to be intelligent to be a Mafia boss.

Stockwell: You just have to be brutal.

LaRouche: He is brutal. That's all he is. And he's a guy who's a failure on the football field; he was a failure at college; he was a failure in life. And his wife, who is one of the stars, you know, of the high school campus, she picked him up out of the dump, got him a college education, and has moved him into powerful positions over the years. And he still is just a thug. But he is a thug for somebody, just like a Mafia hit-man in your neighborhood.

Stockwell: Okay. Now, with that description and definition of the Vice President, we sit here on the edge of a break. At the same time, the President could *easily* put [John] Bolton in as Ambassador to the UN, anyway, overriding any halting actions on the part of Congress, when Bolton has been his point-man all along for attacking Iran. And then there's all this war talk coming out of Israel, coming out of Tony Blair's people, that, if we get the slightest indication of nuclear development for fuel for weaponry on the part of an Iranian reactor system, we are going to do a first strike.

Now, you have all those forces coming together, right now, at the beginning of a normal break for the Senate. . . .

Now, I was talking about all these forces, these dynamics, many of which have similar control devices involved; but, coming together, now here, at the beginning of August. This next 30 to 35 days could be a most interesting period in American history.

LaRouche: Yes, we're coming to the point, that the system of change we went into, especially in the middle of the 1960s, with the emergence of the "68er generation," which was called a cultural paradigm shift—we went from, with all our faults, coming out of the war, we were a nation committed to agriculture, industry, and infrastructure, in terms of economy. We were committed to a system, an international monetary-financial system, that worked. It had many defects, there were a lot of evil people and stupid things going on, and so forth; but the basic idea of what an economy, how it should work—we used to have a fair-trade philosophy in pricing of goods, that, if we wanted something produced, you had to give a price which would cover the capital costs, the education of the people who produced the goods and that sort of thing—

we went away from that. And we went into what you saw in the streets with the so-called "68ers." They went crazy in the middle of the Vietnam War.

And that generation that went crazy, is now in power. That is, they are occupying most of the leading positions in government and outside government. Some of them are good people, but they're a little bit screwed up, because of this generational problem.

So, we now come to the point, that, as a result of several things, but especially, the generational change, we went away from being an agro-industrial, infrastructure-based power, we went away from the kind of education that produces a labor force that's capable of leading the country and capable of running our industry successfully. We're no longer the leading nation in the world. We ship our jobs overseas to cheap labor, and watch our own country sink for lack of production. You look at whole sections of the country, if you go through the map: They're disintegrating! . . .

Stockwell: Okay, now: Let me ask you this. As kind of a clarification of where we are historically, right now, let's assume, in the light of what happened at Offutt Air Force Base last August, when there were psychologists, military people, political people, religious people, meeting in a big confab, regarding the use of nuclear weapons—maybe limited to "bunker busters," whatever else—but the idea was, "how are we going to sell the American people on using nuclear weapons against the Iranian people?" In that light, that the preparations have already been laid in place to deal with this, in the sense of public relations, let's suppose that we don't muster the strength, the gumption, whatever, in the Senate to hold Cheney and Shultz, and the Trilateralists, and the Council on Foreign Relations, and all these people, in a control situation; and Vice President Cheney gets to have his little war with Iran: What do you see happening, if it actually gets that far?

LaRouche: Well, you can forget the human race for about three generations. At least as a human race. Because there's no way you can start this kind of nonsense, and not lead to incalculable effects.

Remember, first of all, you have a world monetary-financial system, which is not ready to collapse: It's ready to *disintegrate*. If you start something—you see what's happened in Iraq. Idiots don't want to see what happened in Iraq; they don't want to see what happened in Afghanistan.

Afghanistan was turned into a failed state, which is now one of the biggest drug-running operations in the world, which is going through all the adjacent parts of the world. You have an insurrectionary condition throughout the Middle East. You have Africa, is a hellhole. You have South and Central America, are about to disintegrate. *You want to start a nuclear war? You have to be insane.*

There is no issue which needs to be dealt with on the basis of deployment of nuclear weapons. You start a nuclear



National Archives/Hugo Jaeger of German PK

The “Guns of August” 1939: German troops parading through Warsaw, Poland, in September 1939, after Hitler’s blitzkrieg attack on Sept. 1.

war, you’re going to get a *thermonuclear* war! And you’re going to get chaos.

And the key thing to this, is the international financial-economic situation. The system is about to disintegrate! We have over 6 billion people on this planet—6 billion. If we go ahead, with this kind of thing, we’re going to go down, to less than a half-billion!

So, the people who think in that direction are clinically insane! At least in a functional sense. There’s just no way—.

Look, I had an experience, where I had a confluence of understanding with President Ronald Reagan, where I proposed to his immediate circles, what became known as the SDI. The President then, who was always, of course, against Henry Kissinger, and against MADness—that is, against the Kissinger thermonuclear deterrence policy—was interested, because what I was saying, coincided with what he believed, and deeply believed. That Kissinger was evil, and their system was insane. And when people like [Edward] Teller and others told him, that what I was saying was right and was workable, he went for it!

And during that period, I had a discussion with the Soviet

government, where I was doing a back-channel on behalf of the President, which became known—well, the President named it that—the SDI. Now, the Soviet government, like an idiot, turned us down, publicly. And that was the end of the Soviet Union. I told the Soviet government at that time, I said, “If you do that, you’re going to go under in about five years.” They went under in six—so I was off by a year.

If they had accepted it, we would have had a workable solution for the world problems, at the time. We’d have had a change in our own country, a new perspective, new outlook, we could have won. Not won the war, but we could have *won the peace*. And in a situation like this, in the world, what you’re looking for, is not how to win the *war*; but to win the *peace*. And any competent military specialist will tell you that. The object of military capability *is to win the peace*, not the war! And people who want the war, like the people behind

Cheney, they’re going to give you Hell.

And that’s our problem now. The people who say, “We’ve got to go, we’ve got to stop them, we’ve got to stop them”—I demonstrated, in what I did with SDI, or what I did in designing it, that that works! That approach works! It has always worked for us, in European civilization, whenever we did that. Whenever we did the opposite, we got into trouble. And the same thing is true now.

You’ve got to get Cheney out. We’ve got to rebuild the world. We’ve got an international financial system that is collapsing; we have terrible conditions of life in Central and South America, and Africa, and other parts of the world. These conditions of life *themselves*, will bring on warfare! *We’ve got to build peace!* We’ve got to build a world order among nation-states, which is constructive, which gives optimism to the human race. And we’ve got to build a system of secure peace. And we need a good military for that purpose, and I think anybody who understands military science will say that: The object of war capability, the ability to fight war, is to secure peace. And if you haven’t defined how you’re going to get peace, *don’t start the war*. . . .

HELGA ZEPP-LAROCHE'S CAMPAIGN PLATFORM

How To Save Europe From Its Life-or-Death Crisis

Helga Zepp-LaRouche, Chancellor candidate of Germany's Civil Rights Movement Solidarity party (BüSo), released the campaign platform of her party on July 22, as part of the drive toward the German Federal elections called for Sept. 18. We reproduce the full document below, because of its significance as a model for what European leaders should be doing in order to meet the challenge of the present crisis. The full title is: "Back to the D-Mark for a Policy of Directed Growth! Germany's Economy Must Grow Again! For a New, Just World Economic Order!"

Dear Voters:

Germany is currently gripped in a life-or-death crisis. We have not 5 million, but in reality about 9 million unemployed, and of those, the long-term unemployed and their families are under imminent threat of being plunged into poverty. In Germany's eastern states, the number of job opportunities is steadily dwindling, as is the number of young people remaining there. But also in the western states, many small and medium-size businesses are struggling under conditions which have distorted normal competition—from Basel II, all the way to the transfer of cheap production into the European Union's new member states. Our domestic economy is collapsing at an accelerating rate. And meanwhile, people are getting the feeling that there's no one up there who cares about them. The political establishment and top management have almost completely betrayed the population's trust, because they have consistently given the impression that they are concerned more about their own advantage, than about the general welfare.

Something must change in Germany—something fundamental. We need a completely different policy, one oriented

exclusively toward the general welfare, and which locates the human being, and not money, at the very center of policy-making. And this is why I ask you to actively support my candidacy for Federal Chancellor, and the BüSo's election campaign.

There is no hope for Germany, so long as it remains embedded in the system established by the Maastricht Treaty, the Amsterdam Treaty, and the so-called stability pact. All that faces it under those conditions, is a drastic worsening of the crisis, and a slide into chaos. Because these treaties have robbed us of the possibility of taking effective countermeasures to overcome the crisis; because by signing them, we handed our sovereignty over our economic and financial affairs to the European Union Commission and to the European Central Bank. In other words, these treaties explicitly forbid precisely those steps which would make economic recovery possible!

Therefore—and this is the program I stand for—Germany must immediately and unilaterally withdraw from the Maastricht Treaty and the European Monetary Union, and must reintroduce the deutschemark as its national currency, so that it will be able to implement a well-defined policy of economic growth. The old Stability and Growth Law of 1967 must be reactivated, in order to remedy the "condition of economy-wide imbalance"—which certainly exists today, given our 9 million unemployed—by launching a state-supported investment program for productive full employment. Henceforth, the euro's role should be reduced to that of a unit of international account, similar to the European Currency Unit's role in the former European Monetary System. Also, from the standpoint of international law, Germany is entirely justified in withdrawing from the Maastricht and Amsterdam treaties, because the presumption that they are in the self-interest of



EIRNS

Helga Zepp-LaRouche, running for Chancellor of Germany, has just issued her party's political platform.

Germany, does not hold true. Quite the contrary: These treaties are ruining Germany!

Such a return to the deutschemark as Germany's sovereign currency, must be but one aspect of an entire packet of measures, which I shall enumerate further below. The most important point—something which has not even been broached by any of the parties currently represented in the Federal Parliament [Bundestag], nor by the new so-called Left Party—is the fact that the free-market economic system, as it is currently associated with the globalization of the world economy, is hopelessly, irrevocably bankrupt, and that it is now in its final phase of systemic collapse. The demise of the entire U.S. automobile manufacturing sector, the resulting hedge-fund losses, and the imminent collapse of domestic real-estate markets around the world—to name only a few of the most dramatic aspects of this systemic crisis, which could easily touch off a super-collapse any day now—are bound to put the crucial question on the agenda, namely: What mechanisms are available to the government for defending the public interest and the general welfare? “People first!” and only after that, the banks—and not the other way around—must become the watchword.

The global economic and financial crisis can only be solved, of course, through an international reorganization of the world financial system—an action in which a bipartisan alliance within the U.S. Congress could play a significant role. In both the U.S. Senate and in the House of Representatives, intensive discussion is already well under way—especially among Democrats—over how we can return to the policies of Franklin D. Roosevelt, that is, to his New Deal and to the

Bretton Woods financial system inspired by him. Moreover, a group of moderate Republicans has come to realize the urgent necessity of using such a policy to defend what is left of America's industrial capacity, not only in the auto industry, but generally. Meanwhile, the continuing investigations of the lies that were deliberately fed to the Congress in order to dupe them into approving the war against Iraq, are casting dark, gathering Watergate clouds over Washington—something which could well bring about a sudden change for the better in American politics.

But there is *nothing* that will stop the crisis of the world monetary system from coming to a head in the very near-term (and this could happen, in any case, before the election on Sept. 18, but certainly not very long after that), so that an immediate emergency conference must be called. At that point, leading nations of the world must, hopefully as a result of the positive initiative of the United States, decide on a New Bretton Woods System, which will be based on the best aspects of the Bretton Woods System of 1944, but go beyond it by applying the scientific criteria of physical economy to the determination of the value of currencies.

Derivatives speculation, which is running off the rails, and over which neither any government nor central bank has an overview or control, must be essentially abolished, through agreements between governments. To tax derivatives through a Tobin tax or something similar, would only perpetuate the problem of the bubble economy. There must be a broad-ranging reorganization of debts, of which the majority will never be paid. Thereby, the short-term debts with high interest rates will be turned into long-term credits with low interest rates, and several categories of illegitimate debts will be totally written off. A fixed currency must immediately be established, so that speculation against currencies is totally unauthorized, and cannot criminally destroy people's livelihoods. Long-term investments in the international arena, for example, in infrastructure, are not possible without a fixed currency regime.

The right of credit creation, which is now in the hands of private interests, must be brought back under the sovereign control of governments and parliaments, because only they can be held accountable. Because the European central bank is only a daughter of the national central banks, and these still persist, it is no problem to return sovereign control over currencies to the control of sovereign governments. The national banks must then issue new credit lines, in order to enable directed investment into areas of the general welfare, through which real capital value is created, and which, therefore, is not inflationary. For domestic economic investment, the model of the Kreditanstalt für Wiederaufbau (Reconstruction Finance Agency) can also be used, as it was the model for reconstruction after World War II.

The first approximation is that approximately 400 billion D-marks of available productive credits must be provided every year in Germany, in order to achieve productive full

employment as quickly as possible. In other nations, credits adjusted to their conditions must likewise be issued for well-defined projects. In the United States, it is estimated that \$1 trillion must be issued for productive investments through the national bank, and in Europe comparable credits of the equivalent of about 1 trillion euro must be issued. This is basically the same policy which Franklin D. Roosevelt implemented with the New Deal, by which he led America out of the deep depression of the 1930s, and transformed it into the world's leading industrial nation.

How Did the European Currency Union Come About Anyway?

Even if some government representatives refuse to recognize it: Actually the ground has been pulled out from under the European Currency Union by the “no” vote of the French and the Dutch to the referendum on the European Constitution. Nevertheless they still cling to the ratification process. But the preferred currency union of the European political union had proved itself just as problematic, as Helmut Kohl had concluded at the end of 1989. Now ten new eastern European EU members are pressing to become members of the Euro-Zone, which will distort and make the conditions for the member states of the so-called “highland” countries more unbearable. The EU Establishment itself now realizes that the precipitous European Currency Union was a dead-end street, and the admission of ten more members into the Euro-Zone would only make the disputes much worse.

Let us briefly recall how the euro came about. After the fall of the Wall in 1989, the Kohl government was surprised by several declarations of a perspective of immediate reunification, because it had not prepared any practicable concept for this eventuality. In his “Ten-Point-Program” issued in a speech before the Bundestag on Nov. 28, Kohl proposed a confederation—not reunification—between the two German states. But the reaction of most of the Allies ranged from open to covert rejection. Margaret Thatcher herself tried with all her might to prevent a solution like the reunification of Germany, of all things, and she launched the “Fourth Reich Campaign”—the absurd charge that Germany was again seeking domination over Europe.

Mitterrand linked France's agreement to the confederation—not even to reunification—to Kohl's conceding to the proposed European Currency Union and the abandonment of the “hard” deutchemark. George Bush Sr. was also not originally for a confederation or unification, but then he was convinced by his advisors that the United States would lose its influence in Europe, if it pursued an open policy against reunification. Thus the Bush Sr. Administration supported a policy of “containment of Germany through self-containment,” that is, the handover of sovereignty to supranational European institutions, just as then were established in the Maastricht and Amsterdam Treaties.

Mitterrand insisted that Kohl agree to the Currency Union

at the Strasbourg summit of European Council on Dec. 8-9, 1989, about a month after the fall of the Wall. Mitterrand dismissed Kohl's hesitations about what consequences the European Currency Union would have on the stability of the economy, as “common space.” Under the pressure of the circumstance—Kohl later said that he had gone through the “darkest hours” of his life in Strasbourg—Kohl agreed to the Currency Union on the timetable Mitterrand wanted.

I myself had already presented in November 1989, in a leaflet with the title “Beloved Germany, Keep Going,” a totally different program, which later, in January of 1990, was on the agenda as the program of the “Productive Triangle Paris-Berlin-Vienna,” an economic reconstruction program for the later emerging countries and Eastern Europe. Had this program been realized, a reunified Germany would have become the kernel of the combined economic region Paris-Berlin-Vienna, as a motor for the actual development of the East. The assassination of Alfred Herrhausen [chairman of Deutsche Bank], who proposed a very similar concept for the development of Poland, and the ensuing assassination of Detlev Rohwedder [who, after reunification, was in charge of salvaging state-sector industry in former East Germany], instead shifted the situation toward the economic “stripping bare” of the East.

Why Doesn't Europe Function?

Through the Treaties of Maastricht (the Currency Union) and Amsterdam (the Stability Pact) Germany has given up its constitutionally guaranteed civil rights and sovereignty over its own economic and financial policy. And as long as Germany is bound by these treaties, the government can do absolutely nothing to eliminate the consequences of globalization, or the euro. Yes, there is a very solid connection between the euro, rising prices, unemployment, and the crisis of the social system.

Before the introduction of the euro, capital and foreign investment flowed into Germany, even though it was a country with high wages, good social services, and high taxes. The reason for that was the stable, solid D-Mark and Germany's highly attractive location, because of the high productivity of its productive plant and workforce. Germany was more attractive than countries which had lower costs, but higher currency risks, less developed workplaces, and inferior infrastructure.

After the introduction of the euro, Germany became impoverished, just like other European high-wage countries, because, above all, big capital turned toward the cheap production countries, which are, in most respects, cheap because the population is poor, and has low wages, and the public assistance is inferior. Under these conditions, the high wages and social costs in Germany were a disadvantage. The middle-size enterprises were forced to shift their production into these countries, and had to lay off our highly qualified workforce. At the same time, the workforce which flowed here out of the

cheap-production countries, where—still—there are higher wages, produced wage-cutting in the high-wage countries, which undermined wage agreements.

The alleged advantages, which the previously poorer countries, like Greece, Ireland, or Spain have achieved through the euro, turn out to be for the most part, an inflationary bubble—look, among other things, at the real estate sector in Spain—a process which is made still worse by the uniform interest policy of the European Central Bank. Inflation in the developing countries, and deflation in the high-wage countries is the result—totally aside from the fact that all of Europe cannot function, if the German economy has collapsed into depression.

In Germany there is much too little discussion about the consequences of the European Currency Union for the German economy, the Swedish neo-liberal economist Lars Calmfors wrote a year ago in the German edition of the *Financial Times*. But his conclusion from this indisputable fact was not that the German economy must leave a system which is ruining it, but that the German economy should submit itself to this system even further. Concretely, he proposed a so-called “internal devaluation,” therefore a reduction in real wages through the raising of the Value Added Tax and the shifting of the social taxes onto the wage-earners. Doesn’t this sound exactly like the new electoral program of Mrs. Merkel?

The so-called Scandinavian model, which has now been proposed by the CDU/CSU [Christian Democratic Union/Christian Social Union], is nothing other than the delivery of vinegar with a little bit of sweet stuff, so that the victims don’t notice the bitterness so much. This proposal doesn’t make any economic sense. The problem of the German economy is not a lack of the ability to compete, as the growth rate of exports shows. But the domestic economy is collapsing, which becomes worse and worse because of the dramatic collapse of buying power caused by the lowering of real wages.

Feudalism or the General Welfare?

There is currently in Germany a whole chorus of voices, calling for reducing or eliminating the role of the state. They reach from the “federal reform” demanded by the CDU/CSU, to the “slimming” of the state, to the far-reaching privatization proposed by the Liberals. And then there is the radical attack on the social state and basic law by the conservative revolutionaries like Meinhard Miegel, Arnulf Baring, or Hans Tietmeyer, who all present variations on the same policy. If one looks beyond the labels and at the inside of the package, one sees that behind the extreme demands for privatization and the reduction of the role of the state, is hidden the demand for a return to Feudalism, under which everything was “privatized.”

Until the formation of the modern sovereign nation state in the 15th Century, all privileges belonged to the “private” interest of the nobility, whose claim to power was based on

the fact that the masses of the population were kept in relative bondage, poverty, and backwardness. This oligarchical system depended upon the fact that only the nobleman had God-given rights, while the masses of the population had no more value than human cattle, whose number could also be reduced if need be, if the rulers wanted.

It was first in the Italian Renaissance, the writings of Nicholas of Cusa, and the rule of Louis XI of France that the idea was set forth that a government was only legitimate if it served the general welfare. The orientation to the general welfare expressed itself through the government raising the living standard of the population by the development of scientific and technological progress and a better education. At the same time, representative republics began to be developed, so that for the first time, the individual could participate in the government. The government and the elected representatives were now pledged to the defense of the population.

With the American Declaration of Independence, which proclaimed the inalienable rights of all people for the first time, in the context of the battle for a constitution, and the American Constitution itself, this principle achieved a real breakthrough. The Declaration of Independence and the Preamble of the American Constitution established clearly that a government has legitimacy only if it is committed to the general welfare. It is thus also very clearly established, that the population has the right to resistance, if a government or other powers try to uproot the general welfare.

With the American Constitution, the sovereign right of the government over its sovereign currency and control over the creation of credit was achieved, which the first U.S. Treasury Secretary, Alexander Hamilton, brought into existence in the form of the national bank. With that, an economic and credit policy became possible, which was oriented toward the concept of the physical economy, which had been defined for the first time by Leibniz. The German economist Friedrich List, the cofounder of the Customs Union, lived for several years in America, and gave this system, which was oriented toward the general welfare, the name “American System,” which he understood to be totally different from the “English System” of free trade.

It is this tradition, which goes back to the Renaissance, Leibniz, and the American Revolution, which puts mankind and the general welfare in the center of the policy and the essence of the state, which is expressed in our German Constitution, above all in Article 20. In Article 20, paragraph 1, it says: “The Federal Republic of Germany is a democratic and social state.” And paragraph 4 reads: “Against anyone who attempts to eliminate this government, all Germans have the right to resist, if no other remedy is possible.”

It is this social state which has been developed in Germany since the social legislation of Bismarck. We must defend it against all those who would destroy it and return us to Feudalism, whatever they call it. Against that we have the constitutionally provided right to resistance!

Productive Full-Employment Is Possible!

Whoever maintains that there will never again be full employment in Germany at a high level of productivity, simply has no idea of economics, and should pull out of politics. How could Germany achieve its high living standing, anyhow? Just like Japan, we have essentially no raw materials, but in spite of that, have achieved a leading position among the industrial nations of the world. How so? In reality, there are two factors responsible for it. Ever since Bismarck's industrial and social reforms, it was characteristic of German industry that a very high rate of scientific and technological progress always brought industrial productivity to the highest level. In this high quality also lay the reason for success in exports, for our high export-rate of up to 40%. And as long as these two factors were stressed, our economy functioned, and we could achieve a high living standard. Part of that was the best health system in the world, one of the best educational systems, based on Wilhelm von Humboldt, a functioning pension and social welfare system, and so forth.

If we want to be able to pay for this outstanding social state again, we must—in addition to the already mentioned correction of the competition-distorting conditions of the European Currency Union—again achieve excellence in education, by again advancing the creative potential, above all, of the youth, in the best possible way. We must otherwise throw out the window, hostility to technology, which has gripped us with the change in values since the 1968 revolution and the drug, rock, sex, counterculture; return to the study of great scientific discoveries; and give fundamental research a central role in the economy. The German machine tool sector, into which all the current scientific and technological discoveries flow, belongs to one of the most excellent potentials of the world economy. If we support the middle-sized industries through corresponding laws and an advantageous tax and credit policy, so that it can again produce world class quality, high export rates are guaranteed in the long run.

The Eurasian Land-Bridge

The natural export markets for Germany today are the expanding markets of the population-rich nations of Asia: China, India, Russia, and Southeast Asia. Since the abolition of the Iron Curtain, it is obvious we must again take up where the events of the 20th Century (the First World War, the Versailles Treaty, the Second World War, the Yalta-Accord) interrupted the development of an economically integrated Eurasia. The construction of the Transiberian Railroad and the construction of the railroad from Berlin to Baghdad were previously the beginning of an infrastructural opening to Eurasia.

Today the program of the Eurasian Land-Bridge, for which I place myself, since the disintegration of the Soviet Union in 1991, as one of the chief architects, is the obvious vision for the 21st Century. We must decide on a total Eurasian transportation network on the government level, which



EIRNS/Klaus Werner

The LaRouche Youth Movement takes to the streets of Germany, to tell the truth about the financial breakdown, and present the New Bretton Woods plan of Lyndon and Helga LaRouche. The sign reads: "What no one else dares to say: Hedge funds are imploding! Down around 40%! Systemic crisis of the banking system is going full blast!"

develops the whole of Eurasia through so-called development corridors over 25 to 50 years—basically two generations. That way, Europe and Asia will be bound together through an integrated system of magnetically levitated trains, high-speed rail systems, superhighways, waterways, and computerized rail stations. Along this transportation line, so-called development corridors, about 100 kilometers wide, will be built, in which energy production and distribution, as well as communications systems, are placed, and which create ideal places for locating new settlements of industry and agriculture. Thus, the land-locked regions of Eurasia will achieve the same advantages which previously were available only to regions which lay by the oceans, or rivers.

Obviously, we must say goodbye to the money-grubbing mentality of the Shareholder Value society. This is all the more true, in order to develop the productivity and living standards of the Eurasian population over one or two generations. But it is in our basic interest as an export nation, to help the Asian nations, to bring the poor and undeveloped parts of their population to a standard of development worthy of man. Because in China, for example, still more than 70% of the people in the western and inner regions of the country live in poverty. A similar situation exists in India and other Asian states.

Many of the infrastructure projects in Eurasia which I have proposed for years, have been realized in the meantime by different governments, which have finally understood that this cooperation is not only in the interests of both sides, but that a perspective for peace also lies in common economic advantage. But what I now propose, beyond the current national and bilateral cooperation, is one treaty for a complete Eurasian development program conceived over 50 years, which will be decided upon by all the participating sovereign governments through a multilateral treaty framework. Were I elected Chancellor, I would immediately place such a program on the international agenda. I know now that the absolute majority of nations of this world would be happy if such an initiative would come from Germany.

It is simply propaganda by the global financial interests, when they assert over and over again that there is no alternative to globalization. With cooperation between *sovereign* governments toward the construction of the Eurasian Land-Bridge—which should also be extended to Africa and the Americas—we can move concretely toward the realization of a just new world economic order, which should guarantee all nations on this Earth the right to development, and for all people a life that is fit for a human being. Thus the infrastructural opening up of nations and continents is the exact prerequisite for agricultural and industrial development, just as it was for the industrialization of Germany in the 19th Century.

We need a courageous vision for the future of mankind, if we want to come out of the current global systemic crisis. There is the question of the image of man, and this also goes to the question of whether we, as cognitive beings, are of a mind to give ourselves a political and economic order which corresponds to the value of man. We must be filled with love of mankind, in order to realize this ideal.

For a Renaissance of Culture

With our Weimar Classical era, we have already proven that our culture, based as it is on a humanist, culturally optimistic image of man, is capable of producing great works of Classical art, which have, in turn, greatly enriched the world's culture. And thus there is no reason why we cannot do the same again, bringing forth a new renaissance of Classical culture. Just as Italy managed to emerge from the dark age of the 14th Century, by rekindling the spirit of Classical Greece and launching the 15th Century Golden Renaissance, so we can do the same today. We need but to make the great poets, thinkers, and discoverers of the past 2,500 years come alive once again in the minds of our young and old alike.

This, of course, runs contrary to today's *Zeitgeist* [spirit of the times]. But consider the fact that we would not have ever arrived at the above-mentioned existential crisis, had our *Zeitgeist* been in good order. It is true enough that today we seem to be dominated by egotism, corruption, moral indifference, and enjoyment of banal forms of entertainment. But perhaps the crisis that has now become so obvious, will also

afford us the opportunity to inquire how the *Zeitgeist* could have ever sunk so low, and how we could have distanced ourselves so much from the high ideals of Schiller, and of Beethoven.

Although political events in the 19th and early 20th Century certainly did lead to multifarious attacks on German Classicism's high standards, it is also true that the most systematic attack on Classicism was only launched after World War II, by the Frankfurt School and the Congress for Cultural Freedom (CCF). The CCF, acting as the chief organ of Cold-War cultural warfare against the Soviet Union, had the mission of cutting off the population's access to Classical art, and replacing it with irrationalism and existentialism in modern art forms, in the service of the so-called "American way of life." Thanks to this cultural warfare, we now have the *Regietheater* ["director's theater," in which anything goes], such that for decades now, a Classical theater production that remains faithful to the original, is unheard-of in Germany; and also for some time, no opera has been staged in unbowdlerized form.

The Brandt educational reforms of the 1970s, which aimed at throwing the "educational ballast" of 2,500 years of European history into the trash bin, did its own part in ensuring that thereafter, students would barely even recognize the names of the great Classical artists, not to mention their works. The shocking results of the so-called PISA studies were, in fact, not so surprising, because the mediocrity had been built right into the modern concept of education. If you cut off one generation after the next, off from their own cultural roots, is it any wonder that the result is so pathetic? It is indeed an ironic blessing, that the residents of Germany's new eastern states enjoyed a far better education in Classical culture than in the West, and that it has only been since 1989 that they have been directly assaulted by these negative influences.

And so, let us take this crisis, which most people now recognize as life-threatening, as our opportunity to turn back to our treasures of Classical culture, where we shall find precisely the method of thinking that we need today in order to master the crisis. "Plato is passé"? "Bach is old-fashioned"? "Schiller is old hat"? By no means! The young people of the LaRouche Youth Movement and the BüSo will, in all likelihood, be meeting up with you over the course of the campaign, and you will be able to witness firsthand how today there are indeed many young people who have adopted as their own, the best ideas of universal history in art and science, so that a new renaissance might germinate and grow therefrom.

As your new Chancellor, I will not only set the stage for a new economic miracle; I shall also inspire our country's people to launch a new renaissance. Despite all the bad experiences of recent history: Put your trust in me; I know what to do.

Yours,
Helga Zepp-LaRouche

Rising Above Regional Turmoil: Gulf States and the Eurasian Land-Bridge

Dr. Mohammad El-Sayed Selim is Professor of Political Science at the Universities of Cairo and Kuwait. He presented this paper to the June 28 evening panel of EIR's June 28-29 Berlin seminar. The seminar brought together distinguished representatives of 15 nations, with Lyndon and Helga LaRouche, to discuss what had to be done to address the crisis of the world financial system.

The last quarter of a century has been one of the most tumultuous eras in the history of the Arabian (Persian) Gulf. This era witnessed four major wars, the Iran-Iraq War (1980-88), the wars resulting from the Iraqi invasion of Kuwait (1990-91), the socio-economic war resulting from the blockade against Iraq (1990-2003), and the Anglo-American invasion of Iraq and the subsequent war inside Iraq (2003-present). These wars have turned the region into one of the regions most dangerously armed and dominated by foreign powers. The main catalyst of all these conflicts has been the role played by different U.S. administrations. These administrations, especially the present one, have been key players in igniting these wars in order to justify American military domination of the region. They either played a tacit role, as was the case in the Iran-Iraq War, or an explicit one, as was the case in the Anglo-American invasion of Iraq.

As we move into the 21st Century, the region is yet to witness more wars. The Bush-Blair-Sharon alliance is already preparing to wage a war against Iran, using the Iranian nuclear program as a pretext. This war is quite imminent, as this alliance can only thrive on wars. If you have listened to Blair's comments on the election of Mahmoud Ahmadinejad as the President of Iran, and his references to Iran's commitments under the NPT [Nuclear Non-Proliferation Treaty], and looked carefully at his hysterical facial expressions, you will immediately recall his lies and same expressions before the invasion of Iraq. The man is already grooming for a replay of the Iraqi scenario. He referred to Iran's commitments under the NPT, but he neglected to refer to his own commitments under the same Treaty. Under the NPT, Britain is obliged to remove its nuclear arsenal and to help non-nuclear countries to use nuclear energy for peaceful purposes. However, the July 1990 London Declaration issued by NATO member states, referred to the determination of the alliance to keep nuclear weapons indefinitely. Britain was instrumental in is-

suing that declaration, and has consistently denied nuclear energy to developing countries.

Another war in the Arabian Gulf region will be catastrophic. Iran's military capabilities are intact, and as a result it could respond by devastating attacks. Some Shi'ite communities in the region are also likely to launch massive attacks against Western interests in the region.

NATO is also moving into the Gulf region as a part of its quest to emerge as the ultimate guarantor of global security. The alliance is already functioning in Eastern Europe, Central Asia, Afghanistan, and the Mediterranean, and is now moving into the Gulf through its NATO-Gulf Dialogue initiative. NATO is increasingly replacing the United Nations as the global security framework. If the present trend continues, we are likely to witness the withering away of the UN global security role and the handing over of such role to NATO. The main problem with this trend is that NATO is a Western-dominated institution that serves Euro-American security interests with no input from non-Western powers.

Another Side

This gloomy picture has another side, which reflects the awareness of the Gulf Cooperation Council (GCC) states of the long-term trends and their desire to benefit from the developmental opportunities which have emerged after the end of the Cold War. These states are already searching for strategic alternatives for the future. One of the main alternatives that is being considered, is the notion of the Eurasian Land-Bridge. These countries have become aware of this project and other projects which could contribute to the establishment of their physical infrastructure. I can refer here to the following cases:

- (i) The Qatari Dolphin Project through which Qatar supplies the Emirates, Kuwait, and India with natural gas;
- (ii) The Kuwaiti-Iranian project to build a 550-km-long pipeline to supply Kuwait with water; and
- (iii) The Saudi project to develop the railway network from Jeddah to Dammam, that is, from the western to the eastern coast, and connect it with the Iranian railway network.

In Kuwait, the Ministry of Planning has recently commissioned a study to assess the project of the Eurasian Land-Bridge, its potential impact on that country, and how to benefit from it to boost the Kuwaiti economy. The idea began with the notion of a northern Gulf economic zone linking Kuwait,



Wolfgang Lillge

Dr. Selim said that with NATO moving into the Gulf region, one of the main strategic alternatives that governments in the region are considering is to hook up with the Eurasian Land-Bridge.

Iran, and Iraq, and was later expanded to linkages with the trans-regional projects, especially the Eurasian Land-Bridge. I have taken part in preparing the final report of the group that assessed the feasibility of Kuwait reaching out to the Eurasian Land-Bridge. The final report recommended to the government that the Eurasian Land-Bridge project represents an excellent opportunity for the Kuwaiti economy. It also recommended that Kuwait should promote cooperation with Iran in the areas of transportation and communication, and should establish a system of national and regional railway connections.

The final report recommended that Kuwait should (i) initiate a multi-modal transport system with Iran between the Port of Showeikh and Iranian ports; (ii) ratify the Arab Railways Agreement between countries of the Arab Orient through which Kuwait could benefit from the projected inter-Arab railway connections; (iii) develop a new port at the island of Bobyan; (iv) develop a Kuwaiti railway network to be connected with Iran and Iraq, reaching to Central Asia; and (v) establish a free zone in the Port of Showeikh.

Kuwait is already moving in these directions in conjunction with other GCC states, as the notion of connecting with the Eurasian Land-Bridge is also being considered at the regional level. The GCC states' summit held in December 2003 requested the GCC ministers of transport and communications to prepare a feasibility study on linking the GCC states with the regional railways network. The reference here is to the emerging Arab railway network and the Iranian one, which could connect the GCC states with the Eurasian Land-Bridge.

As was pointed out earlier, these projects emerge against the backdrop of an uncertain security environment in the Gulf region. The problem is further complicated by the limited ability of the GCC states to resist foreign intervention. The connections between the GCC states and the Eurasian Land-

Bridge require extensive cooperation with Iran, and the Bush Administration is against that. India and Pakistan were able to resist American pressure to refrain from building the natural gas pipeline connecting them with Iran. But the GCC states are not in the same position as India and Pakistan in relationship with the U.S.A. One other hurdle is that the GCC states are inclined to give the private sector a leading role in building these projects. The private sector in these countries is not likely to take the risk of investing in these projects under the present uncertain conditions, especially given that that sector is dominated by a rentier approach to business.

The uncertainties surrounding the ambitions of the GCC states to connect with the trans-regional railways project call for an innovative approach to deal with these problems. In this respect, the idea of Helga LaRouche to hold an international conference in the Gulf region on the economics of the Eurasian Land-Bridge seems to be a good idea. I believe that the Gulf states will welcome that idea. A collective effort to defeat the projected aggression against Iran would also encourage the GCC states to break away, at least partially, from American hegemony, in the direction of coordination with Iran on the question of the Eurasian Land-Bridge.

Lyndon H. LaRouche, Jr.

The Danger of a U.S. Strike Against Iran

After Dr. Selim responded to a question concerning the possibility of a military attack by the United States against Iran, Mr. LaRouche added the following comment:

One thing that I've been trying to teach people a long time, about their own minds and other people's minds, is that most people live in a fishbowl kind of situation, where they have a mixture of certain false and relatively true axiomatic assumptions about what is possible. And therefore, they don't mentally live in the real world. They live in a synthetic world, which is composed of working assumptions, some of which are true and some of which are false.

I often cite the case of Frederick the Great at Leuthen, in the battle there: Every assumption would have said, in this case, that the Austrians would have had an overwhelming victory, or Frederick would have had to be routed. But he acted in a way in which the Austrians did not think possible.

Now, there are two ways in which this occurs. One, in which the decision is a sane one, that's made on the basis of, you strategically out-think your opponent, by doing what is



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Lyndon LaRouche: “The danger here is that some idiot will be deployed to do something absolutely mad: because they don’t care.”

rational, when your opponent is blind to a possibility. And that’s good strategy. It’s also good tactics.

The other case, is another case which came up, as promoted heavily by the RAND Corp., which was promoted in the case, for example, of the idea of what I was concerned about in 1975 in Lebanon. When I was in Iraq, and I knew that we were about to have a civil war explode under Kissinger’s premises in Lebanon. So, I told my friends and hosts then in Iraq, that we could expect a breakout of a civil war in Lebanon, started by Kissinger. And this would be the beginning of a general war in the Middle East. And it happened at that time.

And the point was, a so-called “chicken game,” which is a standard thinking among some people, especially neo-conservative types in the United States’ configuration. If you say something doesn’t make any sense, they may do it. If it’s insane, they may do it. It’s the great bluff. It’s the use of, “I am a madman, playing ‘chicken’ on the highway,” in the highways of California, the narrow highways.

And therefore, the danger here is—and it’s a danger also from Israel—that some idiot will be deployed to do something absolutely mad: *because they don’t care*. They don’t care. The so-called “countervailing factors of risk” will not prevent them from doing something mad. They will do it on the presumption, the same way that somebody did something in New York City on 9/11 in 2001. They didn’t have Hermann Göring handy to set fire to something, so they used another device, to create a “Reichstag Fire” effect in order to change the politics of the United States and the world.

Terrorist acts are often of that character. And the mentality of the Israeli right wing and its backers, in the Middle East: They are a terrorist mentality. They will do something for effect, hoping that the sheer horror of what they do, will deter people from an appropriate action, or cause them to launch a flight forward into an even more inappropriate reaction.

Brawls in Britain Over Iraq/Terror Link

by Mary Burdman

Since Prime Minister Tony Blair launched his evangelical crusade to join the George W. Bush Administration in invading Iraq, the war and the campaign of deception used to justify it have divided Britain, including Britain’s intelligence and military services. The controversy over the Blair government’s notorious “sexed up” dossier on Iraq of September 2002, which was used to ride roughshod over the broad national opposition to the war, has led to one revelation after the other of the policy fights in Britain.

Barely 10 days after the July 7 deadly terrorist bombings in London that killed 56 people, the Royal Institute of International Affairs (known as Chatham House), the British establishment’s leading policy think-tank, released a report July 18 which states that there is “no doubt” that the Iraq War, and Britain following the policy of the George W. Bush Administration in Iraq, is crippling British intelligence and raising the terror risk to Britain itself.

On the strategic level, the London bombings and the entire brutal terrorist campaign, have been unleashed by networks of Synarchist financiers, who have used terrorism to twist world events for decades. These are the networks which brought fascism to power in Germany and Japan in the last century; the British “liberal imperialist” crowd has played the leading role since the Empire was launched in the 18th Century. Yet, even at the height of the British Empire, certain factions opposed, and at times brought under control, the extreme policies of the “Forward School.” Their opposition serves as a precedent for the many in Britain—in and outside the power structure—who are trying to do the same to Tony Blair.

“A key problem with regard to implementing [core counter-terrorism policies] is that the U.K. government has been conducting counter-terrorism policy ‘shoulder to shoulder’ with the U.S., not in the sense of being an equal decision-maker, but rather as pillion passenger compelled to leave the steering to the ally in the driving seat,” the report states.

“There is no doubt that the situation over Iraq has imposed particular difficulties for the U.K., and for the wider coalition against terrorism. It gave a boost to the al-Qaeda network’s propaganda, recruitment, and fundraising, caused a major split in the coalition, provided an ideal targeting and training area for al-Qaeda-linked terrorists, and deflected resources

and assistance that could have been deployed to assist the Karzai government [in Afghanistan] and to bring bin Laden to justice. Riding pillion with a powerful ally has proved costly in terms of British and U.S. military lives, Iraqi lives, military expenditure, and the damage caused to the counter-terrorism campaign.”

The report, titled “Security, Terrorism, and the U.K.,” for the International Security Programme of Chatham House, was written by two professors, Frank Gregory of the University of Southampton and Paul Wilkinson of St. Andrews, known for their sober assessments. They state that in the 1990s, British security was focussed on the IRA, and even the existence of the so-called “Londonistan” terrorist circles in Britain was not considered a domestic threat. That has now changed.

“By the mid-1990s, the United Kingdom’s intelligence agencies and the police were well aware that London was increasingly being used as a base by individuals involved in promoting, funding, and planning terrorism in the Middle East and elsewhere. However, these individuals were not viewed as a threat to the U.K.’s national security, and so they were left to continue their activities with relative impunity, a policy which caused much anger among the foreign governments concerned,” the authors acknowledge.

At that time, the British authorities did not appreciate the al-Qaeda threat. Now, the report states, the “U.K. is at particular risk [from al-Qaeda] because it is the closest ally of the United States, has deployed armed forces in the military campaigns to topple the Taleban regime in Afghanistan and in Iraq, and has taken a leading role in international intelligence, police and judicial cooperation against al-Qaeda, and in efforts to suppress its finances,” the report states.

Britain’s counter-terrorism goals are: 1) addressing “underlying causes” of terrorism in the United Kingdom and abroad, including the treatment of Muslim citizens; 2) effectively using intelligence to disrupt and apprehend terrorists; 3) ensuring that there are “reasonable security precautions”; and 4) preparedness for any attack. Especially for the first two goals, the Iraq situation is a “key problem,” the report states.

Abuse of Intelligence

The Chatham House assessment is *not* new. Already on Feb. 10, 2003, before the invasion of Iraq, Britain’s Joint Intelligence Committee told Blair that al-Qaeda and associated groups are “by far the greatest terrorist threat to Western interests, and that threat would be *heightened by military action against Iraq*” (emphasis added). The *Guardian*’s security affairs editor, Richard Norton-Taylor, emphasized the importance of the Joint Intelligence Committee report, as well as the Chatham House document, in his July 19 column on Blair’s highly selective “use and abuse of intelligence.”

The Joint Intelligence Committee report was released on Sept. 11, 2003, amid Lord Hutton’s inquiry into the



EIRNS/Christopher Lewis

Tony Blair’s “use and abuse of intelligence” is under attack by senior establishment officials and institutions.

circumstances of the July 17, 2003 death of British weapons expert Dr. David Kelly, by the House of Commons Intelligence and Security Committee, which was investigating Iraqi weapons of mass destruction. The top-secret report, “International Terrorism: War with Iraq,” was withheld from members of Blair’s Cabinet, and from the Parliament. It warned that in the event of a regime collapse in Baghdad, “there would be a risk of transfer” of chemical and biological weapons to potential terrorists, and acknowledged that intelligence heads had virtually no information about the any quantities of chemical or biological agents in Iraq, and “no intelligence [that] Iraq had provided chemical and biological materials to al-Qaeda.”

Although it had no evidence of Iraqi intentions to use chemical or biological weapons, the Joint Intelligence Committee “assessed that any collapse of the Iraqi regime would increase the risk of chemical or biological warfare technology or agents finding their way into the hands of terrorists.” This report thus demolished Blair’s entire “case” for war, including the alleged Iraq/al-Qaeda connection. Norton-Taylor also cited the now-famous (in the United States) “Downing Street memos” of July 21, 2002, and July 23, 2003.

Britain’s security and intelligence agencies and senior officials in Whitehall, Britain’s permanent bureaucracy, were opposed to attacking Iraq because “they knew the Bush Administration was not telling the truth when it claimed there was a link between al-Qaeda and Baghdad.” Foreign Office diplomats who also opposed the war, “slapped down” these officials, because their views might damage U.S.-U.K. relations, Norton-Taylor wrote.

The Iraq War has also damaged British attempts to recruit agents or informants in the Islamic world, he said. "There are many in Whitehall who believe that the public will forever treat 'intelligence' with dangerous cynicism. . . . Lord Butler's report on the use of intelligence on Iraq's weapons programme [states that] [i]ntelligence . . . 'can be a dangerous tool if its limitations are not recognised by those who seek to use it.' "

Norton-Taylor wrote: "The limitations of intelligence were amply demonstrated in London on July 7. The security and intelligence agencies have said they will learn lessons. Is it too much to hope that Blair and his foreign policy makers will too?"

A Shrill Response

Downing Street has been shrill in its response to the Chatham House commentary. Foreign Secretary Jack Straw and Defense Secretary John Reid both rejected the report. Blair's contention, is that "extremism" causes terrorism. It is certainly the case that fundamentalism, whether of the "Christian," "Muslim," "Jewish," "Hindu," or any other such variety, is a fascist ideology that can generate violence. But this is not what the crusading "Liberal imperialist" Blair has in mind.

A senior City of London analyst told *EIR* July 19 that the Chatham House report is especially interesting, "because Chatham House is full of people associated with the Foreign Office. I think they are getting their revenge on Blair for the Iraq War. Blair ran off on his own unilateral foreign policy from 2002-03 on Iraq, and he did this without the Foreign Office agreement. Chatham House never liked Blair's relationship with Bush, but Blair went 100%. Now, they want a policy more consonant with what they see as British material interests, and not one so subservient to the United State. The Chatham House group does not want Britain to be involved in such a war; it is damaging to British policy in the Mideast, and I am sure their view is that this *does* increase the risk of terrorism against Britain," the analyst said. "It is also now clear that the intelligence services did drop their guard before the bombings."

One British expert on Iraq pointed out that "what is extraordinary about the [Chatham House] report is who wrote it. Paul Wilkinson not only has very strong connections to the intelligence and security services but receives quite a bit of funding from the government. . . . In linking the war in Iraq to the weakening of the fight against international terrorism, the report said what almost every journalist in the country has been wanting to say." This has brought the Iraq War policy question back to "center stage," he said, and adds to the debate, on who actually was behind the London bombings.

Higher Terror Threat

On July 20, just a day before renewed incidents on the London transport system—this time without casualties—the outspoken London Mayor Ken Livingstone blamed Anglo-

French and U.S. policy in Southwest Asia since World War I, including the sponsoring of Osama bin Laden, for helping generate the terrorist danger. While denouncing terrorism and violence in all forms, Livingstone told BBC Radio 4's "Today" program: "I think you've just had 80 years of Western intervention into predominantly Arab lands because of the Western need for oil. . . . And I think the particular problem we have at the moment is that in the 1980s . . . the Americans recruited and trained Osama bin Laden, taught him how to kill, to make bombs, and set him off to kill the Russians and drive them out of Afghanistan. They didn't give any thought to the fact that once he'd done that he might turn on his creators.

"If at the end of the First World War, we had done what we promised the Arabs, which was to let them be free and have their own governments, and kept out of Arab affairs, and just bought their oil, rather than feeling we had to control the flow of oil, I suspect this wouldn't have arisen." Livingstone also attacked "double standards," including Western nations' initial welcome to Saddam Hussein when he came to power in Iraq, and the "running sore" of the Palestinian/Israeli conflict.

Liberal Democratic Party leader Charles Kennedy on July 12 repeated his call for a clear timetable for withdrawal of British troops from Iraq, "going hand in hand with political progress," but he also emphasized that "the status quo is not a credible option." While blaming terrorists for their attacks, Kennedy also noted that the occupation of Iraq and the Israel-Palestine situation are terrorism's main "recruiting sergeants. . . . The way we went to war in the first place, as well as the mismanagement of the aftermath, have fuelled the conditions in which terrorism flourishes. Iraq and 9/11 were two different and distinct security issues. But now we have the worst of both worlds, an unstable Iraq, free of the tyranny of Saddam Hussein, but facing the tyranny of the suicide bomber," Kennedy said.

Even Blair's own Joint Terrorist Analysis Center warned in a mid-June report that Britain's intelligence and law enforcement officials had concluded that "Events in Iraq are continuing to act as motivation and a focus of a range of terrorist related activity in the United Kingdom."

The report, leaked to journalists and then published in the *New York Times* July 19, said that "many of our current concerns focus on the wide range and large number of extremist networks and individuals in the U.K. and individuals and groups that are inspired, by but only loosely affiliated to [al-Qaeda] or are entirely autonomous."

However, the Joint Terrorist Analysis Center "concluded" that "at present, there is not a group with both the current intent and the capability to attack the U.K." The government then lowered its formal threat assessment one level, despite the timing: The massive police and security deployment at the G-8 summit in Gleneagles, Scotland, meant that London had to call back many of its top bomb and other experts on an emergency basis after the July 7 bombings.

Afghan Opium Explosion Worries Asian Leaders

by Ramtanu Maitra

The newly elected Kyrgyzstan President Kurmanbek Bakiev and Uzbekistan President Islam Karimov for the first time publicly identified the dangerous alliance of drug traffickers and religious agitators, based in the U.S.-controlled Afghanistan, as a major threat to nations across Central Asia.

In early July, the six-nation summit of the Shanghai Cooperation Organization (SCO), a regional security group that includes Kyrgyzstan, Kazakstan, Tajikistan, and Uzbekistan, in addition to Russia and China, cited the threat as an aggressive international alliance between drug barons and Islamic militants infiltrating the backyards of both Russia and China from Afghanistan and Pakistan. President Karimov has gone on record saying that a vast international “radical religious” conspiracy, fueled by drug money, “aims to destroy stability in order to dominate the region . . . and introduce its own model of development.”

Furthermore, the SCO as an organization, and the Kyrgyzstan and Uzbekistan heads of states in particular, have pointed their fingers at the dubious U.S. role in Afghanistan after the ouster of the Taliban in the Winter of 2001.

According to Bishkek-based columnist Fred Weir of the *Christian Science Monitor*, there is a growing understanding of an interwoven relationship between the Islamic radicals and drug traffickers operating into Central Asia from the “recently liberated” Afghanistan.

Afghanistan: The Source

“The drug pipeline from Afghanistan, through Central Asia and Russia to the West, is overflowing because production volumes are exploding,” says Orozbek Moldaliyev, director of the independent Politics, Religion, and Security think-tank in Bishkek, the capital of Kyrgyzstan. “The narco-barons fund religious extremists and terrorists, on the principle that anything which weakens central government control and spreads chaos will make their business easier,” he added.

Although many single out the lack of democracy and repressive regimes in Central Asia, particularly in Uzbekistan, as fostering radical Islam, there are other causes as well. The poverty in the region is getting only worse, and it is most pronounced in the Fergana Valley, where Kyrgyzstan, Uzbekistan, and Tajikistan intersect. The valley has also become a primary staging area for drug dealers moving their product westward, experts say. “Drug pro-

duction is multiplying rapidly, and this is radically changing the political outlook for the entire region,” says Sergei Kolmakov, co-director of PBN, a business risk consultancy.

But there are others who blame the United States for the deteriorating conditions. They point out that Afghan drug production was being brought under control by the Taliban regime in Afghanistan, which was overthrown by the U.S.-led intervention in 2001. “Everyone doubts the intentions of the Americans nowadays,” Kimsambai Abdurakhmanov, a leading Muslim cleric and former head Mufti of Kyrgyzstan, told the *Christian Science Monitor* recently. “The Americans come here, and all these bad things start happening. They say they’re fighting terrorism, but terrorism just gets worse. How can we explain these things?” he asked.

The U.S. Role

There is, however, no indication that Washington is paying any attention to these complaints. Afghan drug production remains virtually undisturbed, and the U.S. policy to support the drug warlords in order to maintain a facade of stability in Kabul is pursued relentlessly.

On the other hand, what worries the Bush Administration is the joining of voices by the Central Asian nations with Russia and China. The SCO Summit took the unexpected step of asking the United States to set a timetable for closing its military bases at Manas in Kyrgyzstan and Karshi-Khanabad in Uzbekistan, which were set up with Moscow’s approval prior to the 2001 invasion of Afghanistan.

U.S. Defense Secretary Donald Rumsfeld arrived in Kyrgyzstan on July 25, and was scheduled also to visit Tajikistan. Rumsfeld had previously made it clear to the Kyrgyzstan leadership that the United States has no intent to leave the U.S.-led air base in Manas. He told reporters on his flight to Bishkek, “The basic premise that combat or anti-terrorist operations are complete in Afghanistan is flawed. It is not true.” And Rumsfeld and other Pentagon officials have already indicated that they were looking for solutions to keep the U.S. military base in Karshi-Khanabad in Uzbekistan.

Before Rumsfeld landed in Bishkek on July 25, U.S. media were already propagating the idea that the Kyrgyzstan leadership was pressured by both Russia and China at the SCO summit to agree to the organization’s declaration on U.S. bases. Gen. Richard Myers, Chairman of the U.S. Joint Chiefs of Staff, remarked that “bullied by two big countries” (Russia and China), the Central Asian countries had made the demand.

But Kyrgyzstan and Tajikistan now seem to be trying to wiggle out of a Russo-Chinese vise, and the Kyrgyzstan leadership is making conflicting statements on the issue. But, it is also evident that Moscow is hardening its position on the U.S. base issue, with apparent support from China.

U.S. Auto Supplier Sector In Worst Shape Ever

by Richard Freeman

The shake-out of General Motors and Ford Motor during 2005 has caused the most violent and widespread dismantling of the U.S. auto parts supplier sector in the more than century-old history of the automobile. The supplier sector represents the “undercarriage” of the auto industry: It produces the brakes, electrical wiring, shocks/struts, seats, and other vital components.

During 2005’s first six months, Standard & Poor’s downgraded 25 U.S.-based auto suppliers, while upgrading only one. Tower Automotive, Collins & Aikman, Meridian, Uni Boring, and Trim Trends, went bankrupt. The world’s two largest parts suppliers, Delphi and Visteon, are millimeters from bankruptcy.

This collapse highlights the culpability of General Motors, Ford, and DaimlerChrysler. During the recent three decades, driven by the lunatic monetarist doctrines of “shareholder value” and “globalization,” the Big Three U.S. automakers slashed costs relentlessly, shutting down valuable capacity, laying off workers, cutting not the flab, but the bone and muscle of the companies, all in the frenzied drive to increase the value of the stock and dividends. GM CEO Rick Wagoner, Ford CEO William C. Ford, Jr., and DaimlerChrysler CEO (until the week of July 25) Jürgen Shrempp outsourced production to low-wage plantations in Mexico, China, etc. When the situation got tight, the Big Three broke contracts with the auto suppliers, demanding that the suppliers cut the cost of their goods by 5%, 8%, 12%, again and again. They did this to the suppliers, despite the fact that they had had working relationships with the suppliers for decades. The lower prices drove the suppliers below breakeven.

When, during the first five months of 2005, U.S. auto production fell, and the suppliers’ cost for steel and for plastic resin—which is tied to the cost of petroleum—rose, the suppliers were thrown into a death spiral.

Upon realizing that the suppliers were failing, the Big Three rushed to bail out some of them, *at a cost greater than if they had not tried to chisel the suppliers in the first place*. This shows the bankruptcy of shareholder value/globalization.

Clouding the horizon as well, the speculative hedge-fund locusts have zeroed in on the weakened auto suppliers, to make some quick cash off them.

The auto suppliers’ collapse reminds us that the auto sector crisis is not months away, but upon us. Lyndon LaRouche has said, that unless a mobilized U.S. Senate exercises its responsibility to superintend the retooling of the auto sector’s machine-tool capacity and advanced labor force, to a new mission of producing capital goods for infrastructure and the like, then the disappearance of the sector is a certainty. With it will be lost a priceless technologically advanced machine-tool capacity, and America will be reduced to a third-rate power.

A Big Sector, a Big Loss

The auto supplier sector possesses a much larger machine-tool capacity, and employs far more workers, than the auto sector itself. The auto sector proper is comprised of the final assembly, as well as the transmission and engines, and the stamping and forging factories owned by the major auto companies. (This includes U.S.-based facilities owned and operated by Honda, Toyota, Nissan, Volkswagen, etc.)

Table 1 shows the number of production workers employed in the auto sector proper, in the auto supplier sector, and in the two sectors combined. Job losses were heavily concentrated in the auto supplier sector. Since 1999, the two sectors combined lost 196,300 production jobs; four-fifths of the production jobs losses were in the auto supplier sector.

Epitomizing the manner by which the Big Three automak-

TABLE 1

Change in Number of Production Workers Employed in Auto and Auto Supplier Sectors

(Thousands of Workers)

	1999	May 2005	Change From 1999 to May 2005	% Change
Auto Sector Proper	291.3	253.3	38.0	-13.1%
Auto Supplier Sector	837.1	678.8	158.3	-18.9%
Combined Auto and Auto Supplier Sectors	1,128.4	932.1	196.3	-17.4%

Source: Bureau of Labor Statistics; Bernard Swiecki, Center for Automotive Research; *EIR*.

ers forced auto suppliers to cut their prices, and thus accelerated the suppliers' collapse, is the case of Troy, Michigan-based Collins & Aikman, which produces parts for 90% of the vehicles that are built in the United States.

David Stockman, the former U.S. Office of Management and Budget director, served as the president of Collins & Aikman during the early 2000s. He built C&A through a series of mergers, including C&A's purchase of a plastics trim business for \$1.2 billion in August 2001. In the course of this, C&A inherited from the companies it purchased, contracts to supply parts to the Big Three automakers, some of which were already unprofitable—i.e., C&A had to supply parts even when it lost money for every part it produced. Nonetheless, the C&A plan was to produce the goods, and when the old contract expired, negotiate a new contract on better terms. In 2004, DaimlerChrysler threatened that unless C&A reduced prices, it would give some of C&A's contracts to a rival. C&A decided to make concessions to keep the business.

According to documents obtained by *Detroit Free Press*, published in its July 27, 2005 edition, on May 24, 2004, DaimlerChrysler coerced Collins & Aikman into signing an agreement to give back to DaimlerChrysler 8.5% of the value of the contract that C&A had with DaimlerChrysler to produce plastic trim for the 300 Magnum Charger vehicle. C&A was already losing money on that contract, even before the give-back. DaimlerChrysler also compelled C&A to give back more than 10% of the value of the contract that it had with DaimlerChrysler to produce parts for the Town & Country minivan and the Dodge Ram and Dodge Durango pick-up trucks.

By Spring 2005, as the GM and Ford crisis deepened, C&A was so short on cash, its suppliers would not ship it goods and material, and C&A had to shut some of its plants. A desperate Stockman threatened to stop sending C&A instrument panels to DaimlerChrysler's plant in Brampton, Ontario. The other Big Three automakers, and some Japanese automakers, also squeezed C&A. On May 12 of this year, Stockman was fired. On May 17, C&A filed for Chapter 11 bankruptcy protection.

However, because C&A produces some parts that the Big

Three automakers absolutely depend upon, since C&A's bankruptcy, DaimlerChrysler, GM, Ford, Honda, Toyota, and Nissan have had to infuse \$330 million into the company to keep it going. This deal includes allowing C&A to charge 15% more on their contracts with the Big Three than it previously did. This \$330 million bailout is far, far more than the Big Three and Japanese automakers had extracted from C&A in concessions. Plus, C&A is a shell of its former self.

But this methodology and the psychotic "shareholder value" and "globalization" doctrine that underpins it, proliferated:

- On July 12, GM agreed to purchase both parts and financial assets of the parts supplier Tower Automotive, after Tower had earlier filed for Chapter 11 bankruptcy protection. This constituted, in part, a bailout.

- In late May, Ford Motor Company announced a restructuring plan/bailout for Visteon, the nation's second largest parts producer, which had split off from Ford in 2000. Ford had also squeezed Visteon for price cuts. Under the agreement, Ford took control over most of Visteon's factories (putting them into a limited liability corporation), and had to infuse more than \$1 billion into a Visteon bailout.

- GM has been in discussion for some form of bailout with Delphi, the world's largest parts supplier, which had split from GM in 1999. GM reportedly is trying to gain concessions from the United Autoworkers as part of the deal. Last year, Delphi lost \$4.75 billion. Delphi has recently hired a new CEO, Robert "Steve" Miller, who is known to apply a ferocious "chain saw" approach to problems. During the 1990s, Miller headed Bethlehem Steel, when he pulled the swindle of putting it into bankruptcy, to pass its pension costs onto the Federal Public Benefit Guaranty Corporation.

The "shareholder value" and "globalization" doctrines are variants of the post-industrial society policy, which the Wall Street/City of London financier oligarchy imposed upon the United States during the 1960s. This originally produced the crisis in the auto sector and America's heavy industry. To apply it during a depression to the auto supplier sector, has lawfully precipitated bailouts and doubled the damage to the productive economy.

Hedge-Fund Locusts

Making the situation more dire, the \$1 trillion hedge-fund sector now plans to parasitize the auto suppliers industry. The July 25 *CraigslistDetroit.com* reports, "A new type of investor smells opportunity in the struggling auto supply industry, one willing to put money at risk but expecting quick and high returns: hedge funds." The hedge funds are interested in these transactions to make quick cash. This would accelerate the shrinkage of auto suppliers.

The Troy, Michigan-based Intermet, which owns and operates nine iron factories and eight magnesium and die-cast plants, is under siege from the hedge funds. On Sept. 29, 2004, Intermet filed for bankruptcy protection. Now, two hedge funds—R2 Investments and Stanfield Capital Partners

LLC—have offered to help bring Intermet out of bankruptcy by investing \$75 million. The catch? The hedge funds would obtain a majority of Intermet's new stock. They would assist in stripping the assets of Intermet, and then likely sell off the remaining company, hoping that Intermet's bonds appreciate somewhat, so that it can make a profit on selling them, too.

The Dearborn, Michigan-based Meridian, a major parts supplier which filed for bankruptcy this year, is another example. Soros Fund Management LLC, the vehicle of George Soros, and Davidson Kempner Advisors, Inc., another leading hedge fund, have bought up some of Meridian's second-tier secured debt.

The hedge funds would invest and play with the auto suppliers' debt the same way that the vulture funds did with Argentina's in the past few years, leaving them a husk of what they were.

GM's Course

But overriding much of what will happen in the auto parts supplier sector will be what General Motors does over the next few months.

GM CEO Wagoner effectively announced on June 7 that senior management intends to liquidate GM as a functioning enterprise in the United States: He told a stockholders meeting that he would oversee the elimination of 25,000 additional hourly United Auto Workers production workers' jobs, accompanied by the closure of an unspecified number of production facilities—probably seven—all by 2008. Given the speed with which GM is being dismembered, many of these cuts in employment and production will occur in the immediate future. GM had already closed five production facilities before this June 7 announcement.

During the past two months, GM has used an "employee discount price" sales promotion, offering cars to everyone at the discount price that a GM employee would pay. GM reportedly increased sales in June of 2005 by 47% over sales in June 2004, and may register sales increases for July. However, the company sold cars during July with a price incentive totalling \$4,584 per vehicle. On all but a few of its 70 to 80 models, it likely lost money per unit car sold. GM simply cleared out inventory.

Most frightful is the direction of the policy that GM plans to pursue. The July 24 *CarConnection.com* reported that "GM recruited Stephen Girsky, a respected Wall Street analyst, to act as a full-time adviser." In truth, Girsky, who works for Morgan Stanley, had, in the words of the June 8 *Detroit News*, "estimated that 45 percent of GM's North American production capacity . . . is unused or produces models that generate little or no profit," and thus could be shut down. With Girsky as an advisor, GM would be pursuing a course of dismemberment.

In view of the speed with which the auto shutdown has been proceeding, the LaRouche solution on retooling must gain force.

China's Controlled Reform To Keep Currency Stable

by Mary Burdman

The People's Bank of China, the nation's central bank, ended the peg of the renminbi (RMB) to the U.S. dollar and adjusted the RMB-dollar exchange rate by 2.1%, to 8.11 to the dollar, on July 21. The PBOC had been directly pegged to the dollar since 1995. The PBOC announcement, issued late in the day from Beijing, said that beginning July 21, "China will reform the exchange-rate regime by moving into a managed floating-exchange-rate regime, based on market supply and demand, with reference to a basket of currencies." The aim of the PBOC is to maintain a "basically stable" RMB exchange rate, "so as to promote the basic equilibrium of the balance of payments and safeguard macroeconomic and financial stability." In a press statement July 19, after a two-day meeting in Hohot, Inner Mongolia, of the PBOC's head officers and provincial branches, the Bank announced it would keep the RMB rate "basically stable at a reasonable and balanced level" in the second half of 2005.

The daily dollar-RMB trading price "will continue to be allowed to float within a band of 0.3% around the central parity published by the PBOC" each day, "while the trading prices of the non-U.S. dollar currencies against the RMB will be allowed to move within a certain band announced by the PBOC," the Bank's statement said. It will adjust the exchange-rate band "when necessary according to market development as well as the economic and financial situation." Malaysia ended the dollar peg of its currency, the ringgit, the same day.

This very important decision in Beijing, was *not* the change which the Bush Administration, some members of Congress, and central banks in Japan and elsewhere have been demanding of China since the beginning of 2003. The pressure has been as heavy as that exerted on Japan to sign on to the 1985 "Plaza Accord"—which plunged Japan into a huge financial bubble and bust—and as that on China to *de-value* during the height of the 1997-98 Asian financial crisis, which China rejected then.

High-level economists in Beijing are emphasizing that China has not in reality "converted to 'floating' its currency." The PBOC statement is very carefully worded: The RMB exchange rate is now being determined "in reference to" a basket of currencies, including the U.S. dollar and others. The dollar peg was very specific; now, that is not the case. This situation gives the People's Bank "a free hand" to maintain

the “basic stability” of the currency, without being forced into specific valuations due to other currencies’ gyrations.

Solemn Statement

There were important political considerations for this move, especially because China does *not* want a trade war with the United States or European Union. It would have been extremely difficult, given the current world economic situation, for Beijing to hold onto the fixed peg to the dollar for much longer. However, pronouncements in various international publications, asserting that this was simply the “initial” step to a “free” float, or that the matter had been secretly pre-announced to the U.S. Administration, are reminiscent of the after-the-fact self-congratulations of former Western

government leaders, on their alleged pre-arrangement of the fall of the Berlin Wall. The People’s Bank was quick to correct these sentiments.

On July 26, the Bank issued a “solemn statement” to deny that the 2.1% revaluation of the RMB is just a “first step” towards further increases. While welcoming “responsible and objective” coverage of its decision, the PBOC announced, “certain foreign media have misled the public and even wrongly speculated that the revaluation of RMB by 2% was only the first step in a series of adjustments, which could ‘lead to expectations for further RMB revaluation by the People’s Bank of China in the non-distant future.’ ” This is not the case; the revaluation “does not in the least imply an initial move which warrants further actions in the future.”

LaRouche: China Currency Collapse Would Finish Dollar

In a telephone discussion with a West Coast LaRouche Youth Movement meeting on July 23, 2005, Lyndon LaRouche responded to a query concerning the significance of reports that the Chinese currency, the renminbi, was no longer pegged to the dollar, and whether the United States would react in some way.

Well, first of all, don’t believe any of the reports of the type you’re reflecting in your remarks. No such thing happened.

Under tremendous pressure from the United States government, China made a compromise to establish a float of the value of its currency within a bracket; within a range, a fairly small range. In other words, the Chinese currency is not a free-floating currency. So, it’s not been allowed to float. It’s been allowed to adjust, an adjusting float within a certain bracket which will be very tightly managed by the Chinese government.

Most of the things you’ve heard about this in the press—forget. Most of the reports you’ve heard, forget.

Now, what you’re faced with, is the following situation: If the Chinese currency were to collapse, the United States would collapse immediately. So, you don’t want a soaring increase of the value of the Chinese currency. Nor do you want a collapse of the value of the Chinese currency, either one. You want the currencies, the reserves of China, of South Korea, and Japan, for example, to remain at about their present levels. Some margin for fluctuation is allowable. The margin will have to be determined by governments, because the fluctuations will have to occur, in the overall picture—it will not be a uniform adjustment, commodity by commodity. It will have to be an adjustment

on a selective basis. And therefore, what the net effect will be, there will be a slight degree of float, within a regulated interval, in which the float will be reflected in an *average* change in price, not a uniform standard, across the board, change in price. So, there’d be an adjustment.

Now, if the U.S. system were to collapse, or the Chinese currency were to collapse, or the Japanese currency, or South Korean currency, you’d have an immediate collapse of the dollar. You’d have an immediate collapse of Europe. You would have a Dark Age over this planet, if you had that kind of system. So, if anything like that were to happen, forget it, buddy! Get off the planet! It’s coming down!

So, don’t believe what you hear. And don’t try to ask yourself, or ask others, or answer questions, where somebody assumes that what happened in the Chinese currency is what was reported as the “Snow job”—that is, the Treasury Secretary Snow, who does Snow jobs for Bush and the Vice President, or the President of Vice. Don’t believe any of it. It’s all garbage. It’s misinformation.

So don’t try to answer the question, or interpret the question that’s posed to you, because the question itself is a fraud. There was no free float of the Chinese currency. There was no general devaluation or revaluation, or anything of the currency. There was an agreement, under tremendous U.S. pressure, from the Snow-job administration, the Bush-Cheney Administration. There was tremendous pressure for the Chinese to concede, to have some flexibility in the value of the currency, the exchange rate of the currency. And that was a *U.S.-pressed, U.S.-demanded concession*.

And, if they don’t tell you that—tell them, they’re full of you-know-what. Because it’s not “the Chinese decided.” The Chinese didn’t decide. They decided to accept a negotiated demand, pressed upon them, *by the United States government*.

The entire process of reform “must proceed in a gradual way,” the Bank stressed, and the reform is not a matter of the “quantitative adjustment” of the exchange rate, but its “improvement.”

PBOC monetary committee member Li Deshui had already made a “solemn” declaration on Beijing’s intentions to keep effective currency controls firmly in place, in a July 22 interview. China’s “last economic and financial defense” is the fact that its currency is not fully convertible, he said. The government will “not easily allow” a change in the policy. “There’s more than \$800 billion to \$1 trillion of hedge funds in the world and the Chinese financial system is relatively weak,” Li said in an interview with Bloomberg News, also published in *China Daily*. “If the yuan becomes fully convertible it would be attacked by these hedge funds. Over the next five years, I do not foresee the renminbi becoming fully convertible,” Li said. “Our banks are not good enough and the monetary system is not quite up to international standards.”

Li Deshui said that the RMB would be traded against the currencies of China’s major trading partners: “I’m not talking about just yen, euros, and pounds,” he said. “You name the currency, it’s in the basket.” No one in Beijing has specified which currencies are in the “basket” and how they are weighted. China’s main trading partners are the European Union, the United States, Japan, Hong Kong, the ASEAN bloc, South Korea, Taiwan, Russia, Australia, and Canada.

The timing of the rate adjustment does reflect international politics, but reflects, even more, big strains on China because of the collapsing U.S. economy. Between January and June of this year, China’s exports shot up 32.7% year-on-year to \$342.34 billion, while imports were up just 14%, at \$302.69 billion. The foreign trade balance shifted from a \$6.8 billion deficit a year ago, to a current surplus of \$40 billion. As a result, China’s foreign-exchange reserves have skyrocketed, to \$711 billion, an increase of over \$100 billion just in 2005. This rate of increase is nearly double that of early 2004; if it continues, China’s forex reserves could hit \$1 trillion in a year. The U.S. trade gap with China hit a record \$162 billion in 2004, and the National Association of Manufacturers is saying the deficit will hit an astonishing \$225 billion this year.

Beijing took advantage of the recent strength of the U.S. dollar and the withdrawal of some speculative capital to make its quick decision for a slight RMB appreciation, State Information Center economist Dr. Gao Huiqing told the *Beijing Times* July 23, according to a Xinhua report. He Fan, assistant director of the Institute of World Economics and Politics of the Chinese Academy of Social Science, also noted that China had taken advantage of an unexpected opportunity to change the RMB rate, without giving opportunities to speculators. At their current rate of growth, China’s foreign-exchange reserves might even exceed those of Japan by year-end. This would push China to the “frontline” of the complicated conflicts of international economy and finance, making financial

macro-control very difficult, He Fan said. The RMB appreciation can help ease this.

Slow Down Exports

The 2.1% adjustment, small as it is, will have the effect of “slowly slowing down” the rate of export growth, by making the RMB slightly more expensive. The biggest problem with the export boom, is that it is being generated by foreign-owned enterprises in China, and not by Chinese industry. Foreign enterprises accounted for 57% of export volume in 2004, the Chinese Ministry of Commerce reported July 12, and these enterprises employed 24 million people, 10% of China’s non-agricultural labor force. The revaluation will win Beijing time for internal economic and financial development, and help adjust capital flows, by encouraging greater outflows of Chinese investment.

Wang Xiaoguang, of the Economic Research Institute of the State Development and Reform Commission called the export increases “an ephemeral joy,” and said that slower trade growth in the latter half of 2005 might pose a severe challenge to China’s economy. “A strategic transformation must occur in coastal China to shake off its excessive reliance on foreign investment and exports. Stimulating domestic consumption and employment is a better choice to resist the slow-down,” Wang said.

Xinhua also quoted Fan Jianping, director of the Economic Forecast Department of the State Information Center, calling for the government to invest more in infrastructure, such as transportation, power grids, water supply, medical care, and education. “It would be safer to invigorate the Chinese economy through domestic investment and consumption,” Fan said. He also called for raising Chinese citizens’ incomes. “Although the ratio of China’s fiscal revenue has risen to 20% of the GDP, the growth in citizens’ income is left far behind,” he said. Between 1997 and 2003, China’s fiscal revenue has grown twice as fast as urban residents’ income, and over three times as fast as rural residents’ income.

In an interview with the *People’s Daily* published July 23, an unnamed PBOC spokesperson said that the RMB rate reform “was necessary for alleviating unbalanced foreign trade, expanding domestic demand,” and increasing China’s relations with the rest of the world. The recent years’ “continuous expansion of China’s double surplus, in current account and capital account, has aggravated the imbalance of international payments.” Changing the exchange rate will help China’s development strategy of “domestic demand and optimizing resource allocation; will contribute to enhancing the independence of the monetary policy”; will “increase financial control and regulation; and help maintain a basic balance of imports and exports,” the spokesman said. Any “major fluctuation of RMB exchange rate will exert great impact on China’s economic and financial stability and so does not conform to China’s fundamental interests,” the PBOC spokesman warned.

Food Cartel Imports Shrink Another U.S. Crop's Production: Apple Orchards

by Marcia Merry Baker and John Hoefle

Cartel concentration, outsourcing, and “cross-sourcing” of production (between the United States and Asia) is shrinking American production of apples—more rapidly since 2001—and reducing the once-rich variety of apple types grown in the country. Like other examples, this one, shown in new time-lapse computer animation, shows the taking down of high-technology agricultural production by the plague of globalization.

Six major juice processors of U.S.-grown apples (into juice concentrate) have gone out of business since 2001, leaving only two U.S. commercial-scale companies remaining: Tree-Top, a cooperative of 1,350 farmer-owners in Selah, Washington; and Naumes, in Medford, Oregon.

Apart from the very few regional juice and cider-makers still processing U.S.-orchard fruit, U.S. consumption of apple juice is currently met by a cartel of multinational companies, packaging rehydrated blends out of imported apple-juice concentrate from China, Chile, Argentina, Turkey, Austria, Germany, and Poland. Apples are also imported from South Africa.

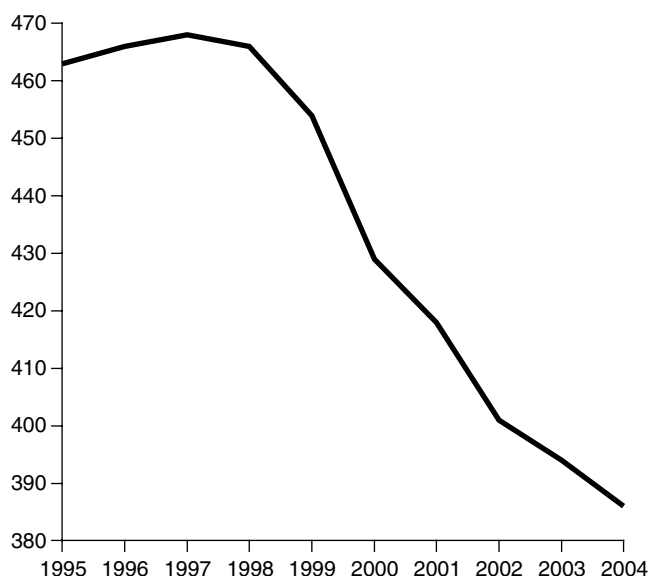
Some of the major cartel apple juice companies and their principal import-sources include:

- **Nestles/Libby's**—Argentina, Chile;
- **Coca Cola/Minute Maid**—Argentina, Chile, China, Austria, Germany, Turkey;
- **Mott's**—China, Chile, Argentina, Poland;
- **Ahold/Foodhold USA LLC/Giant/Nature's Promise**—Turkey;
- **Kraft Foods/Kool-Aid**—(There is only 10% juice in their “apple juice drink,” with origin unspecified.)

These firms and the financial interests behind them, acting in league with the globalizing institutions—the World Trade Organization, International Monetary Fund, and others—have successfully imposed their “global sourcing” practices upon governments over the past 25 years. Rationalizations to the gullible public proclaim that “global competition” is best for the consumer. The predictable outcome has been the impoverishment of the food-exporting nations, and of the U.S. farm sector itself.

Apples are one of several basic food items whose production and sourcing are examined, in the first of a series of

FIGURE 1
Decline in U.S. Apple Orchard Area, 1995-2004
(Thousands of Acres)



Source: U.S. Department of Agriculture.

newly released economics animations, commissioned for this Summer by *EIR* Contributing Editor Lyndon LaRouche, on the theme, “Where Does Your Food Come From?” (for the animation, see www.larouchepac.com).

Coca Cola/‘East India Co.’ Orchards in China

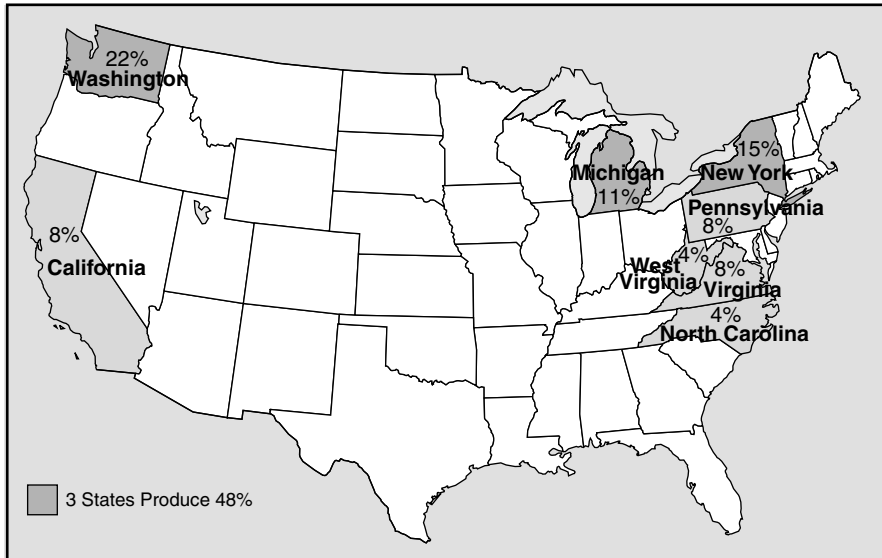
Huge for-export orchard reservations were set up in China over the early 1990s. Then, during the period from 1995 to 1998 alone, China’s share of the U.S. use of apple-juice concentrate went from 1 to 18%. This represents an increase in volume of U.S. imports from China of more than 1,200% in these three years, reaching 40,000 metric tons in 1998. At the same time, the average price for apple-juice concentrate imports from China fell by more than half, from \$7.65 a gallon

FIGURE 2

States' Share of U.S. Apple Production, 2004 Compared to 1970

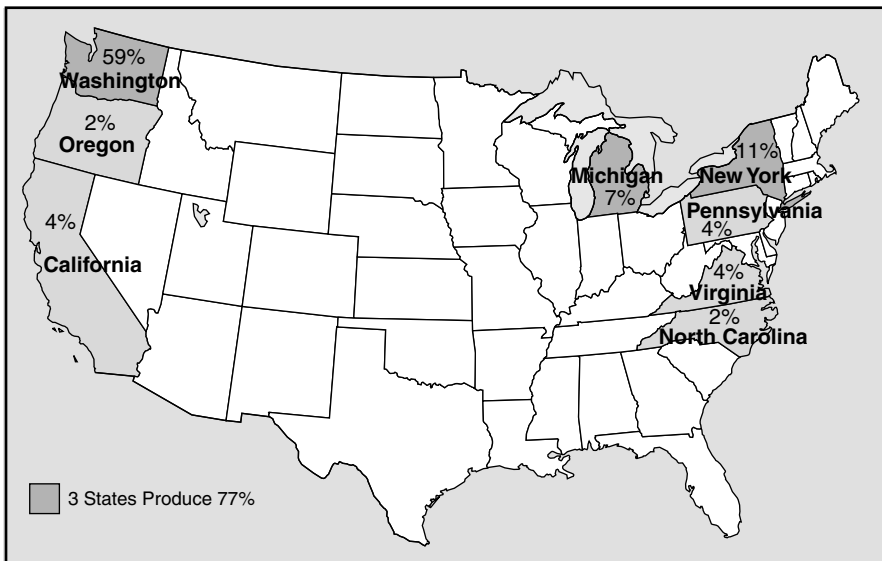
(Percent of Total U.S. Annual Output)

1970: Eight States Produce 80% of Apple Production



Source: U.S. Department of Agriculture Statistics 1973.

2004: Eight States Produce 90% of Apple Production



Source: U.S. Department of Agriculture Statistics 2004.

demanding import volume continued, flowing in from many other nations, with the expected dire results.

The duties on Chinese imports are set to expire this Summer, and U.S. apple growers, and processors of U.S. apples have recently filed an appeal for a five-year extension of U.S. tariffs on China's apple-juice concentrate imports with the Commerce Department and the International Trade Commission. If the appeal is not granted, "extinction" lies ahead for the U.S. domestic apple-juice concentrate producers, according to Nancy Foster, president and CEO of the U.S. Apple Association, based in Virginia (www.usapple.org).

In response to the binge of "free" trade since the 1990s, the area of U.S. commercial orchard operations has dropped dramatically over the last ten years. The amount of U.S. apple-bearing acres (of orchards with 100 trees or more) went from 463,000 acres in 1995, down to 386,000 in 2004. (See **Figure 1**.)

Yields increased, but at the same time, the pattern of concentration of apple production came to be narrowly centered in Washington state, which in 1970, accounted for 22% of all U.S. volume of apple output (producing 1,390 million pounds out of 6,257 million of the U.S. total). But in 2004, Washington alone accounted for 59% (producing 5,900 million pounds out of 10,075 million pounds total produced in the United States!). (See **Figure 2**.)

Under "free" (rigged) trade, the pattern today is for Pacific cross-hauling of apple products to suit food commodity cartel demands. "Fresh" Washington state premium apples go westward to Asia, commanding top prices in Singapore, Taiwan, Hong

Kong, and so on, while Chinese apple-juice concentrate—from lower-yield, less presentable fruit—flows eastward to the United States.

The Johnny Applesed Principle

Anything you may hear about how such cross-haul trade

down to \$3.57 a gallon. Coca Cola and other importers made a killing in juice processing and marketing.

In protest, stateside apple growers and processors of U.S.-produced apples, demanded restrictions on Chinese apple-juice concentrate imports, and anti-dumping duties were levied on China by the United States. However, the cartel-



EIRNS/Stuart Lewis

This carton of Minute Maid brand (Coca Cola-owned) apple juice may contain product from any of seven countries.

Last Chance To Stop Avian Flu Pandemic?

by Colin Lowry

Events in Asia over the past few months have put the world on a short fuse toward the explosion of a global influenza pandemic. Avian influenza has broken out in several new places, and has again infected another species (pig), which could act as a carrier and mixing vessel for the recombination of a hybrid virus that can easily infect people.

Indonesia reported its first human cases and fatalities from avian influenza type H5N1 on July 21, with the death of a father and two of his young daughters. The man died ten days after the onset of symptoms, despite treatment in the hospital. Making the cases more mysterious, is the fact that the man lived in a city and had no known exposure risk to wild or domestic birds, which, so far, have been the primary vectors for spreading the disease to people.

The health authorities in Indonesia are coordinating with the World Health Organization (WHO) to track down all of the people who may have been exposed to the virus from the victims, or who had recent contact with them, to try to find the source of the infection. These new cases bring the global total to 111 confirmed infections in people, resulting in 57 deaths from avian influenza type H5N1 since 2003.

In April in Indonesia, researchers reported that they had been testing for the presence of H5N1 influenza in domestic pigs, and found that in one area on the island of Java there were many pigs that showed no symptoms but were infected with the virus. This finding is extremely serious, as pigs could now be vectors of the avian influenza virus, and because they showed no symptoms of the disease, it makes detection even more difficult. In Asia, large-scale testing for the virus in domestic pigs is economically impossible under current conditions.

The fact that the pigs could now harbor the avian virus also makes them a dangerous new mixing vessel for the creation of a new form of the virus, if the pigs are also infected with a human influenza virus. Pigs routinely are susceptible to human influenza viruses, and can carry them asymptotically as well. Influenza type A viruses can recombine and swap genes, creating a new and potentially more dangerous virus. A recombination event in the pig, with a human and avian influenza virus, could produce a virus that could easily spread from person to person—which is exactly what the experts fear will be the start of the next deadly pandemic.

patterns reflect an innate geo-economic “competitive advantage”—for China to produce lower-grade apples for U.S. juice consumption, while the U.S. Northwest is especially suitable for high-grade yields—is just so much globaloney. China’s orchard areas are well-suited for advanced methods of cultivation, from which the harvest could be supplying both China, and neighboring island nations.

In the United States, there is vast agro-climatic potential for fine apples in many regions outside of Washington state, as U.S. farming history shows. Washington, with its very advanced orchards, has simply become a cartel source-region of choice. Drastically narrowing the source-area of U.S. production to the Pacific Northwest, as shown in the maps in Figure 2, comparing 1970 to 2004, is undesirable for many reasons: disease potential, over-reliance on limited crop genetics, shipping costs, and undercutting other orchard regions.

The American fable of Johnnie Applesseed makes the point. Unprepossessing Johnnie, with a cookpot for a hat, travelled hill and vale, passing out seeds for apple trees. The moral of the story: A nation will survive and thrive, if it builds widespread cultivation and agriculture capacity.

This is the principle to be reinstated today, as free-trade farm and food practices are causing worse and worse damage to national economies, while the global financial system itself is now blowing up.

Can a New Pandemic Be Prevented?

The recent avian flu outbreak in Qinghai province in China showed that wild birds are an important vector in the spread of the disease, and that the disease is far from contained in Asia. So far, more than 140 million domestic chickens have been slaughtered in an attempt to contain the spread of the disease.

In early July, the WHO, the UN Food and Agriculture Organization (FAO), and the World Organization for Animal Health (OIE) held an international meeting of health officials and scientists in Malaysia to review the strategy to combat the avian influenza epidemic in Asia.

The WHO meeting concluded with the adoption of a prevention plan with four main objectives. First, farming practices must be changed to segregate the species, so that chickens, ducks, and pigs are not kept together, allowing a flu virus to move from species to species, and recombine into a new form. Second, a large education program must be set up for small farmers and their families about risky livestock practices, and how to limit exposure of people to animal viruses. Third, the testing and reporting of suspected flu outbreaks must be improved, with incentives for farmers to report outbreaks in their flocks, so that the necessary control measures can be applied. Fourth, a better poultry influenza vaccine needs to be developed; large-scale vaccination of poultry in countries with endemic avian flu may be the only way to stop the epidemic from spreading.

The implementation of this plan would cost about \$250 million, which would have to come mostly from the developed countries outside of Asia. The plan also calls for the buildup of public health infrastructure, including laboratories, clinics, disease surveillance, and the purchase of anti-viral medicines.

The question of the effectiveness of an H5N1 vaccine based on the seed strains the WHO was using last year is still not resolved, as no one can say what the composition of a new variant virus would be, but so far, studies from Vietnam show the virus has changed very little over the last year. The vaccines are still being developed, and if the H5N1 virus were to break out this year in Asia, spreading from person to person, the vaccines would not be ready for use. The only other treatment would be anti-viral drugs, but the older class of drugs such as amantadine and rimantadine have shown little effectiveness against H5N1 in human patients.

The newer drugs, Tamiflu and Relenza, are more effective, but are much more expensive, and are in short supply worldwide. Tamiflu is manufactured only by Roche Pharmaceuticals, and only in one plant in Switzerland. Orders for it from 14 countries for 40 million doses are still being fulfilled, and at current capacity the manufacturing process will take about one year to produce that amount—which will be insufficient in the event of a global pandemic, where potentially a billion doses would be needed.

A new study done by a research team at St. Jude Chil-

dren's Hospital in the United States has shown that the previous assumptions about how much Tamiflu is required, and how long a patient should be treated, may not work against the new variety of avian H5N1 in circulation now. Previous work using the original H5N1 virus, which was isolated from Hong Kong in 1997, showed that a five-day course of Tamiflu given to mice experimentally infected with the virus resulted in about an 80% survival rate. When this experiment was done using the H5N1 virus isolated from Vietnam in 2004, this same treatment was able to save only 50% of the infected mice.

Continuing the study with varying doses and time courses, it was found that to get 80% survival in the mice infected with the 2004 H5N1 virus required an eight-day treatment with Tamiflu. If this study is an indication of what the new variant virus might look like from a treatment perspective, it means that even more Tamiflu will be required, and that current stockpiles of the drug will be exhausted more quickly in the event of a pandemic.

Window of Opportunity Closing

The evidence is increasingly clear that the world will face a new flu pandemic, possibly very soon, and so far, we are unprepared to deal with it. The WHO plan will not be implemented unless the money and resources are put behind it very soon. The window of opportunity for the world to prevent this catastrophe from happening may close very soon. Past flu epidemics have shown us that flu usually resurges in Asia in the Summer, and then sweeps through the rest of the world, hitting the United States in the early Winter.

In the United States, the government has still not done much to solve the vaccine production problem, and the lack of a stockpile of adequate anti-viral medications. These questions have been taken up by U.S. Senators on several occasions, but the Bush Administration has not abandoned its suicidal free-market ideology applied to health-care infrastructure. At a minimum, the government should be issuing guaranteed contracts for the production and development of new flu vaccines, and should be buying and stockpiling crucial anti-viral medications that may provide the only way to curtail the spread of the avian influenza and save lives, should the pandemic erupt this Winter.

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Andean Presidents End War on Drugs

by Luis Vásquez

The heads of state of the South American Andes, gathered at the Andean Community of Nations Presidential summit, signed a so-called Lima Act on July 18, in which they approved, according to Peruvian President Alejandro Toledo, “a change in strategy in the current war against drugs.” This “change of strategy,” in effect, signifies abandoning the policy of “crop substitution and forced eradication,” to put emphasis instead on the lyrical-sounding “alternative development.” Under the reign of the International Monetary Fund-dictated free-trade system that is today destroying the region, this can only mean abandoning the fields to production of coca—the raw material for cocaine. Currently, the Andean region produces 97% of the coca leaf used by the world cocaine trade.

As the Peruvian press was quick to comment, this change in focus of the fight against drugs was the main course of the Andean summit. And it signifies “ending the persecutorial bias and putting more emphasis on attracting coca-growers *cocaleros*.” In other words, this “change” represents nothing less than accepting the demands of the *cocalero* movement, which is run by the drug trade, to put an end to police actions of prohibition, interdiction, and forced eradication of coca leaf throughout the region.

Undoubtedly, this total change in orientation has the blessings of Wall Street, and was already seconded by the European Union’s Commissioner of External Affairs, Benita Ferrero Waldner, during a visit to Lima July 14-15, two days before the Presidential summit began. Ferrero held meetings with the Foreign Affairs ministers of the Andean countries, as they were preparing their draft of the Lima Act. In statements to the Lima press, Ferrero declared that “the confrontationalist strategy never worked.” “I believe that there must be a strategy that includes the *cocaleros*,” she said, “because they naturally have to make a living somehow, and they need to live well, and we are going to work with this strategy.”

This new so-called focus of the war on drugs follows the acknowledged failure of the Bush Administration’s Plan Colombia, whose declared intent was to reduce the production of coca and of drug trafficking in the Andean region. In fact, across the region, the reduction of coca production in Colombia has been replaced by an increase in coca production in Bolivia and Peru. In Peru alone, over the past three years, production of coca leaf has grown from 35,000 to 70,000 hectares.

This new and more permissive “anti-drug” orientation was immediately well received by international circles which have been demanding an end to the war on drugs for years. Exemplary is the case of Inter-American Dialogue vice-president Michael Shifter, who happened to be visiting Lima during the signing of the Lima Act, and who told that city’s press that U.S. policy against drugs has not worked, and it were better to change it. “I believe that anti-drug policy is not going to work if there are no viable alternatives of employment, production, and work. If the United States is not prepared to invest seriously in alternative development projects, its program is condemned to failure.”

Legalization of Coca Cultivation

The campaign in favor of a more liberal policy regarding coca cultivation is the fruit of three decades of effort on the part of institutions like the Lindesmith Center and the Andean Commission of Jurists. During those years, millions of farmers, unemployed and desperate because of austerity policies imposed by the IMF, have been pushed into coca-growing as their only means of subsistence. These farmers, now *cocaleros*, are being mobilized throughout the region on behalf of drug-trafficking interests. These mobilizations, which in Bolivia succeeded in overthrowing two Presidents, have managed to win the passage of laws in Peru which legalize the cultivation of coca in certain regions of the country.

In mid-June, the regional government of Cuzco unlawfully issued its own decree legalizing coca cultivation. Specifically, the local government, which is in the hands of the Independent Moralizer Front, a party allied to Peruvian President Alejandro Toledo, decreed the legalization of coca cultivation in its three coca-growing valleys. In the face of this openly unconstitutional and separatist move, the Toledo government grunted its displeasure, and then, faced with *cocalero* mobilizations, including highway blockades, moved to accept the Cuzco decree, without any substantial modifications.

This model was then imitated in every *cocalero* zone in the country. The regional mayors of Huanuco and other authorities in the Huallaga Valley, have announced that they are ready to approve similar measures. In Puno, a violence-wracked area bordering Bolivia, the mayor issued a law liberalizing the cultivation of coca leaf in the Carabaya and Sandia valleys, which have long served to feed into the drug trade. In San Gaban, a town in the Carabaya Valley, *cocaleros* violently seized the hydroelectric plant a year ago, to protest forced eradication of coca crops. The violent expulsion of the occupiers by police led to several deaths, forcing the government eventually to back down on eradication there.

The case of San Gaban is illustrative of what is going on in the 14 *cocalero* regions of Peru. In 2003, San Gaban had only 470 hectares of coca under cultivation. Today, the number of hectares growing coca is more than 3,000. The population during this same period of time has tripled, and all serve as slave labor to the drug trade.

Bipartisan Revolt in Senate Defies Cheney Thuggery

by Edward Spannaus and Nancy Spannaus

A bipartisan group of Senators handed Vice President Dick Cheney and company a major defeat on July 26, when 48 Senators voted against ending debate of the Defense Authorization bill. Senate Republican Leader Bill Frist then pulled the entire defense bill off the Senate floor, rather than allow Republican-sponsored amendments to be adopted which President Bush had threatened to veto—a threat which Cheney had personally delivered in a meeting with senior Republican Senators.

At issue were a number of amendments to the defense bill, particularly those which would set standards for the treatment of detainees, including compliance with the Geneva Conventions, and one relating to the Pentagon's base-closing plans. Cheney—the embodiment of the “Imperial Presidency”—threatened a veto of any Congressional enactment which would “interfere” with the President's conduct of the war on terrorism, or his ability to shut down military bases.

The Senators who defied Cheney's threats on the military handling of detainees were not just any old Senators. They included John Warner (R-Va.), the chairman of the Senate Armed Services Committee, and two other members of the Committee, Lindsey Graham (R-S.C.), a former military prosecutor, and John McCain (R-Ariz.), who, as a prisoner of war in North Vietnam, was subjected to torture and brutal treatment.

All of this makes no difference to Cheney. According to a well-informed Washington intelligence source, Cheney and his staff are at war with Warner, McCain, and Graham, and Cheney is applying the “Bush Doctrine” (“you're either for us, or against us”) to these senior Republican Senators.

In seeking to legislate standards for detention and interrogation of detainees, the Senators were simply carrying out the mandate of the U.S. Constitution, which, in Article I, Section

8, gives Congress the authority to “make Rules concerning Capture on Land and Water,” and for the “Regulation of the land and naval forces.”

Constitutional Authority

Among the amendments being offered to the Defense Authorization bill were the following:

- McCain Modified Amendment No. 1557, to provide for uniform standards for interrogation of persons under the detention of the Department of Defense.
- Warner Amendment No. 1566, to provide for uniform standards and procedures for interrogation of persons under the detention of the Department of Defense.
- McCain Modified Amendment No. 1556, to prohibit cruel, inhuman, or degrading treatment or punishment of persons under the custody or control of the United States Government.

These would seem to be coherent not only with the human rights standards of the United States, but also with the Geneva Conventions Treaty which the United States has signed, as well as good policy. But they conflict with Dick Cheney's agenda. In his meeting with the three senior Republican Senators on July 21, Cheney warned them that their bill setting standards for the treatment of detainees, would usurp the President's authority. According to the July 24 *Washington Post*, this is the second time that Cheney has met with them “to tamp down what the White House sees as an incipient Republican rebellion.”

The Army Field Manual

What was most worrying to the Cheney gang at the White House, was the fact that they knew that other Republicans, as well as most Democrats, would support these Republican-

sponsored amendments. That's why Cheney's first step was to try to prevent McCain, in particular, and the others, from introducing the amendments at all. But, on Monday, June 25, McCain went ahead.

His statement on the floor of the Senate included the following:

"Let me begin by noting that the Army Field Manual and its various editions have served America well, through wars against regular and irregular foes. The Manual embodies the values Americans have embraced for generations, while preserving the ability of our interrogators to extract critical intelligence from ruthless foes. Never has this been more important than today in the midst of the war on terror.

"To fight terrorism it is obvious that we must obtain intelligence, but we have to ensure that it is reliable and acquired in a manner that is humane. To do otherwise not only offends our national morals, but undermines our efforts to protect the nation's security. Abuse of prisoners harms—not helps—us in the war on terror, because inevitably these abuses become public. When they do, the cruel actions of a few darken the reputation of our honorable country in the eyes of millions. Mistreatment of our prisoners also endangers U.S. service members who might be captured by the enemy—if not in this war, then in the next.

"The Army Field Manual authorizes interrogation techniques that have proven effective in extracting life-saving information from the most hardened enemy prisoners. It also recognizes that torture and cruel treatment are ineffective methods, because they induce prisoners to say what their interrogators want to hear, even if it is not true, while bringing discredit upon the United States. It is consistent with our laws and, most importantly, our values. Let us not forget that al-Qaeda sought not just to destroy American lives on September 11, but American values—our way of life and all we cherish. Now, as our friends in London and elsewhere find themselves confronting the same evil, preserving the common values we hold dear is more important than ever. We fight not just to preserve our lives and liberties but also our morals, and we will never allow the Terrorists to take those away. In this war that we must win—that we will win—we must never simply fight evil with evil."

On July 24, some 11 retired military leaders had issued a statement endorsing the McCain amendment to make "the interrogations of detainees in DoD custody to conform to the U.S. Army Field Manual on Intelligence Interrogation (FM 34-52), and prohibiting the use of torture and cruel, inhuman and degrading treatment by any U.S. government agency." The signers included former Congressman and Ambassador Douglas "Pete" Peterson, and two other former Vietnam POWs and retired Navy Commanders; they were prisoners in North Vietnam for six, seven, and eight years, respectively. Other signers were retired flag officers from all four uniformed services, including former Centcom chief Gen. Joseph Hoar (USM), and retired Adm. John Hutson,

whose testimony to the Senate Armed Services Committee in mid-July was excerpted in the July 29 edition of *EIR* magazine.

In their statement, issued as a letter to McCain, the military men wrote:

"It is now apparent that the abuse of prisoners in Abu Ghraib, Guantanamo, and elsewhere took place in part because our men and women in uniform were given ambiguous instructions, which in some cases authorized treatment that went beyond what was allowed by the Army Field Manual.

"Administration officials confused matters further by declaring that U.S. personnel are not bound by longstanding prohibitions of cruel treatment when interrogating non-U.S. citizens on foreign soil. . . . The United State should have one standard for interrogating enemy prisoners that is effective, lawful, and humane. Fortunately, America already has the gold standard in the Army Field Manual. Had the Manual been followed across the board, we would have been spared the pain of the prisoner abuse scandal."

Frist Fails

Majority leader Frist, who owes his very political existence to Cheney, did his best to whip the troops into shape, but failed. When he called the cloture vote on June 26, the White House's estimate of its lack of control was shown to be true. Seven Republicans voted against Frist's attempt to shut down debate. They were Wayne Allard of Colorado, Susan Collins of Maine, Lindsey Graham of South Carolina, Trent Lott of Mississippi, John McCain of Arizona, Olympia Snow of Maine, and John Thune of South Dakota. As a result, the cloture vote wasn't even close, falling 10 votes short of what was necessary. (Three Democrats voted with the Administration.)

Nor were the military standards amendments the only ones Cheney had to worry about. Also filed was a motion by Sen. Carl Levin (D-Mich.), No. 1494, to establish a national commission on policies and practices on the treatment of detainees since Sept. 11, 2001. When it was filed, it was not at all clear if some Republicans would not join in that amendment on the floor, when it was voted on. In addition, the Administration faces a full-scale revolt from Republicans, led by Senator Thune, against the closing of military bases in time of war. And Sen. Kay Bailey Hutchison, Republican of Texas, is on the rampage against the closing of veterans hospitals, 18 of which are on the Administration's chopping block, during a time of war.

At present, all of these amendments remain live, and open for debate, at the point the Administration seeks to push through the Defense Authorization bill. Democratic Senate leader Harry Reid has proposed that debate and votes occur in August, by extending the Congressional session. The Administration clearly hopes time will be on its side, in trying to smash the opposition before the bill comes up for a vote, and has acted to put off the vote until after Labor Day.

From the Congress

Intelligence Agents Expose Crime Behind The Plame Leak

The Senate Democratic Policy Committee and Democratic members of the House Government Reform Committee held a forum on the Valerie Plame leak investigation on July 22, which featured leading members of the intelligence community, who spoke on the implications and dimensions of the crime. The leak of the identity of undercover CIA agent Valerie Plame, wife of former Ambassador Joe Wilson, is the subject of an ongoing Federal grand jury. Here are major excerpts of the event, which was given short shrift in the print media. Subheads have been added.

After an introduction by U.S. Sen. Byron Dorgan (D-N.D.), Sen. Charles Schumer (D-N.Y.) provided a brief opening statement, identifying the scope of the crime:

Senator Schumer: ‘A Dastardly Crime’

As many of you know, I called for an initial investigation the day after, or a couple of days after, I read Robert Novak’s column. I was simply outraged that the name of an agent could be “outed.”

Immediately after I made that call, I got calls from people in the Central Intelligence Agency who said they were furious at what had happened.

And so I called George Tenet, who was then the head of the CIA—and I’d known him for a long time; he’s a Queens guy, I’m a Brooklyn guy—and he was furious.

And in a series of conversations with him and with others, we came to the conclusion that the only thing that could force the Justice Department to launch an investigation was the CIA making a strong request for one, and he did.

So the origins of this investigation do not come from anybody on the political side, they come from the CIA itself, which I think, from the very highest level down to the agent functioning and helping our country out there in the field, there was fury that this had happened.

When we called for the investigation—when I did and then later the CIA—nobody knew where it would lead. Nobody knew who had done it. Maybe it was some low-level



Schumer.Senate.gov

Senator Charles Schumer

functionary in the Administration or the White House. Who knew?

But we knew a dastardly crime had in all likelihood been committed. And if nothing was done, it could happen again and again, jeopardizing the lives of both agents in the field, their sources, and Americans, because of the important work that the CIA does.

The White House tried to deny it. They denied the involvement of Mr. Rove. They denied the involvement of Mr. Libby.

And then, because of the perseverance of the prosecutor, when they could no longer deny it, they are now in the stage of trivializing it. They’ve put out false information: “Oh, Agent Plame was not undercover. Oh, Agent Plame never went on overseas mission.”

And one thing I can say for sure, despite the White House’s effort to first deny and now trivialize, Mr. Fitzgerald, a prosecutor’s prosecutor, will get to the bottom of this. Not for a political purpose—he’s the most non-political man around—but because we have to protect the national security of our country.

Today, it’s come out in the *New York Times* that a memo that might have revealed Agent Plame’s identity was passed around on the political side of the White House, and that Karl Rove was involved in figuring out the strategy not just on the politics, but on the how you deal with the idea that maybe there was no uranium going from Iraq to Niger and try to backtrack on statements that the President made.

All I can say is, where there’s smoke, there’s usually fire, and we are not going to rest till we get to the bottom of this.

In the meantime, just three quick things—three things should be done by the White House.

Number one, I believe that the security clearance of Mr. Rove and now Mr. Libby should be suspended. They may not have met a criminal standard, but they certainly have met a standard where they don’t deserve to have security clearance, particularly given the non-disclosure agreement that every White House person is supposed to sign.

Second, that the President should reiterate his commitment that anyone who was involved in the leak—not simply that anyone who meets that narrow and high criminal standard—be fired.

And third, Andrew Card should begin a new internal investigation to figure out what went on, again because that’s not the criminal standard, but there’s a lower standard that they should have to see what happened, since his first investigation, obviously, didn’t do the job. . . .

Patrick Lang: ‘This Is About Trust’

After the Senators and Congressmen gave their opening statements, the first witness to be called was Col. Patrick Lang (ret.), a decorated veteran of the Defense Intelligence Agency, who also served in Vietnam. Colonel Lang was the former director of the Defense Human Intelligence Service. He is currently an analyst/consultant for many TV/radio broadcasts, among them the “Jim Lehrer News Hour.”

Mr. Chairman, distinguished members of the House of Representatives, it's a great pleasure to be here. And I thank you for letting me speak here today.

I feel particularly strongly about this case, not so much on a personal level, so much as I feel that what has happened with regard to this disclosure and follow-up is a kind of structural assault on the ability of the United States to have sound and well-respected and effective clandestine intelligence services.

As I'm sure you know, the present war that we are engaged on—which will go on for a long time, I think, because it is, in fact, a war against a kind of tendency, a set of ideas, that moves around—that kind of war involves enemies that go into subway stations carrying 10-pound packs of homemade explosives.

These fellows, they don't have much of a technical signature for their intelligence detection. They have no overhead photography signature: a pickup truck, something like that. They don't really have a signals intelligence signature much, because they're very clever and they've gotten to be better and better at not doing the kinds of things that make them vulnerable.

So in the end, what you have to have, is you have to have human beings who will go and find out for you what it is they're going to do next.

And we haven't done that very well, evidently, up until now. It doesn't seem that way to me, anyway, from the outside.

But it is a peculiarity of this kind of war that that is exactly the kind of intelligence that you have to have.

And what has happened here, I think is, as I say, an assault on the ability of the United States to do that.

Why would that be? It's because HUMINT [human intelligence] is about human beings. It's about one person, an American person, a case officer, in the parlance of the trade, causing some foreign person to trust him enough and to trust his unit and to trust the United States enough to put his life, his fortune and, indeed, his sacred honor in many cases, into the hands of this case officer and the American intelligence unit that stands behind this case officer.

It's all about trust; it's completely about trust. It's about—I happen to have done a good deal of this kind of work in my life. And the moment in which some person—whether he's an ambassador or a Montagnard in the hills of Vietnam with filed teeth—decides that he's going to trust you enough so that he's going to believe that you will protect him in every way in doing what he is doing, which is extremely dangerous to him and his family and to everyone else, is a magic moment, indeed. It's almost sacramental, in a lot of ways, really. . . .

And the obligation to protect this person is absolute, in fact. And it's not only absolute from the point of view of morality; it's absolute from the point of view of practicality as well; because if within a practicing clandestine intelligence unit, the case officers believe that their superiors will not protect the identity of their sources or their own identity, in

fact, in doing things which are dangerous and difficult, then, a kind of circle of doubt begins to spread, like throwing a rock into the water.

And it spreads in such a way so that if an intelligence service that belongs to a particular country comes to be thought generally in the world as an organization that does not protect its own, does not protect its foreign assets, then the obvious is true, in that people are not going to accept recruitment, are not going to work for you. And the smarter they are, the better placed they are, the better educated they are, the less likely they are to accept recruitment and to work for you, if they believe that you are not going to fight in the last ditch to protect their identities.

And so, this is all completely about trust.

In a strange kind of way, the kind of people who are valuable to recruiters, foreign assets, are a kind of community. They're a community of the well-informed and the alert, and the people who have a great deal of situational awareness. . . .

So when you have an instance like this, in fact, in which not just the intelligence community, but the elected government of the sponsoring government, of the major country in the world, deliberately, and apparently for trivial and passing political reasons, decides to disclose the identity of a covert officer, the word goes around the world like a shock, in fact, that, in fact, "The Americans can't be trusted—the Americans can't be trusted. If you decide to cooperate clandestinely with the Americans, someone back there will give you up—someone will give you up, and then everything will be over for you." So you don't do it.

And so the very kinds of people you need to get into the heart of this galaxy of jihadi groups and people like this, will make a judgment that they are not going to trust you in this way. And once that happens, then the possibility of penetrating these groups, the possibility of knowing that they're going to carry 10-pound bags of explosive in the subway stations, will go right down the drain.

It will be done forever. It would take forever to get that back, because this is all about trust and this is a violation of trust.

Larry Johnson: 'A Group of Bullies'

The next speaker was Larry Johnson, a former CIA analyst, who also worked at the U.S. State Department's Office of Counterterrorism from 1989 to 1993.

I wouldn't be here this morning if President Bush had done the one thing that is required of him as the commander-in-chief of the United States armed forces and, by extension, the intelligence services, and if he'd upheld that portion of his oath to protect and defend the Constitution; when, in the minute that Valerie Plame's identity was "outed," that he'd delivered a very strict and stern warning to those in his employ, and to the members of the Republican Party and the Republican National Committee, in particular, to lay off and stop the attacks.

But instead, what we've seen, particularly over the last two or three weeks, is one of the most malicious, disingenuous smear campaigns, not only of Ambassador Wilson, who can publicly defend himself, but of Valerie Plame, his wife, who is still an officer at the Central Intelligence Agency and is unable to speak out publicly, is unable to defend herself and to correct the record.

When I see a group of mostly men ganging up on one woman, that, to me, is a group of bullies. And I was raised that when I see some bullies, I get involved.

I entered on duty in September of 1985 with Valerie. We were classmates in the career trainee program. There were only about 50 of us.

And, at that time—from the day we walked in the door—we were all under cover, to the extent that when Valerie's name was first released in July of 2003, I didn't realize it was her, because I didn't really know her as Valerie Plame. I knew her as Valerie P.

Catch this: Even though every single one of us in that career trainee program had top secret clearances, even internally, we were told to limit our identification of each other by last name in order to protect our identities. That's how serious it was.

It wasn't just "protect it from the outsiders," it was "work together to help protect each other."

And then, as Colonel Lang correctly noted, when you breach that trust—and what we had here was, for the first time in the history of the United States by any Administration, a political operative went after an active intelligence officer and leaked their name for petty, trivial, political reasons and, at the end of the day, has caused terrific damage to the United States.

Val started—and let me say, she has not asked me to come defend her, nor has Ambassador Wilson. I'm speaking up on my own, because I know her, because I value what she's done for this country. She started off initially with official cover, but moved to nonofficial cover.

Now, regardless of whether you're under official or non-official cover, you are under cover; that's a protected identity. When I left the Central Intelligence Agency on Sept. 30 of 1989, the day I walked out the door, my cover was lifted. Up to that point, I had been sitting at a desk, but I was undercover, and release of my name would have been a violation, at least, under the law, although I had not served overseas.

But in Valerie's case, she went to the nonofficial cover which simply means you don't have the protection of the U.S. government. You may operate under a U.S. passport, you may operate under some other passport. But if you're caught engaged with espionage overseas, you could be executed. You have no protection under the Geneva Conventions.

And it's this lie, first and foremost, I want to put to bed. Because you've had the Republican National Committee sending out members of Congress, like Congressman Peter King and Roy Blunt, who are perpetuating a lie. And I think it is inappropriate for members of the Senate and the House to go on national television—and I've seen individuals even

such as Senator Hatch insist that this is of no consequence, and that's relevant because Senator Hatch is the one who wrote my recommendation letter getting me in the CIA.

I will not stand for any American official to launch these unwarranted, unfair attacks and mislead the American people on issues so basic.

There have been efforts to say, well—the *Washington Times* quoted a former supervisor, Fred Rustman, saying, "Oh, her cover was light." This is not true. Fred Rustman left the agency in 1990 and he was not aware of anything that happened subsequent to that, because he was not in social contact with Valerie or Joe Wilson. And he was not in a position to know. And that's how it's been with the agency and throughout the intelligence community; it's called "the need to know."

We're told that Valerie was just a desk jockey; didn't do anything important. If you just sit at a desk, you're not an intelligence officer.

It is that expression by people who are on intelligence committees, to display such gross ignorance at times, that makes me wonder if they have been asleep at the meetings, to not understand how this system works and the requirements and obligations for protecting people.

The last lie I want to put to bed—and unfortunately the Senate Intelligence Committee report on this helped feed the flame—and that is, that Valerie sent her husband on the mission to Niger.

Now, apart from the fact that in February of 2002, when Valerie allegedly sent Joe Wilson on this mission, at that time the Administration did not have a clear, publicly defined position stipulating that, in fact, Iraq was selling uranium or trying to acquire uranium from Niger. So it mystifies me how a low-level case officer could on her own discern what the Administration's policy subsequently would be, so she could put in place this dastardly scheme to send her husband to Niger to find out that that was false so that then she could embarrass the Administration a year and a half later.

That is laughable.

But the reality is, Valerie was not a manager. When the referral came, when Vice President Cheney's office—when Vice President Cheney himself asked the CIA briefer, "What about the Defense Intelligence Agency report that Iraq is trying to acquire uranium from Niger?"—the briefer said, "We'll check it out." Went back—the process works at headquarters in this way—the briefer comes back, meets with the office directors, who are the very senior managers at CIA.

The office directors in turn talked within their offices. They'll have several divisions. That office director from the Counterproliferation Center talks to the division director for the Counterproliferation Division, who, in turn, later sends an e-mail, the deputy of that office, to Valerie saying, "Could your husband do this? Is he available?"

She wrote the memo back. Unfortunately, what the Senate Intelligence Committee only reports is the memo that she sent back. Nobody had the decency and honesty to ask the natural



Federation of American Scientists

In this kind of war, you have to have human beings who will find out for you what the enemy is going to do next. Here, the aftermath of a terror attack on the U.S. Embassy in Dar es Salaam, Tanzania, Aug. 7, 1998.

question: Who asked her to write the memo? Because she didn't just generate it on her own.

Beyond that, the way the Senate Intelligence Committee [report] is so disingenuously and, in my opinion, dishonestly written, to leave you the impression, "Well, nobody really knows what happened and Valerie clearly was there to do this"—except she's not a manager! She has no authorization to approve travel for anyone. She can't expend taxpayer dollars on her own. It requires the signature of a boss. And that is the central issue here: that she was someone who was down on the food chain, but now, for political reasons, has been put right in the crosshairs.

Let me make one final comment.

It was, I guess back in 2000, I voted for George Bush because, at that point, I wanted a President who knew what the meaning of "is" was. I was sick and tired of word games, parsing words, and the kind of refusal to admit the obvious. And I was tired of political operatives who were showing up on cable news channels parsing words.

And I voted for President Bush with the understanding that he was going to come to Washington and bring a new set of ethical standards.

So where are we?

The President, within the last week, has flip-flopped and backed away from his promise to fire anyone at the White House implicated in the leak. He never stipulated at the outset that there had to be some sort of judicial or criminal process to its completion.

Rather, he sent the appropriate message, that if there's anyone in my staff doing this, they're going to be gone.

We now know from press reports that at least Karl Rove and Scooter Libby were involved. And instead of the President being, first and foremost, concerned, in my judgment,

with protecting this country and the intelligence officers who serve it, we're confronted with a President who's willing to sit by—to this day—while various political operatives go around and savage the good reputations of people like Valerie and Joe Wilson.

This is wrong. This should stop. And it could stop in a heartbeat if the President would simply put a stop to it. He hasn't. That speaks volumes.

Without firm action to return to those principles that he promised to follow when he came to Washington, I fear that the political debate in this country will degenerate into an argument about what the meaning of "leak" is.

But, as Pat correctly noted, the implications of this, the breach of trust with these people whose secrecy we've promised to protect, is far more serious and has far graver implications for the United States.

We deserve people who work in the White House who are committed to protecting classified information, who will tell the truth to the American people, and who will live by the example of the idea that, when we're a country at war with Islamic extremists, we cannot expend our efforts and energies attacking other American citizens like Joe and Valerie, who simply told the truth.

Jim Marcinkowski: 'Irreparable Damage'

Next to testify was former CIA officer Jim Marcinkowski, who has worked at the FBI, the U.S. Navy, County Prosecutors' offices, and the CIA (1985-89).

When you look at this issue and really boil it down, you're looking at two different things—you're looking at trust and the way the media has handled that.

The first real issue is, can you ever recover from the loss of trust? And I'm talking about around the world. Are we going to be able to recover that? And that's really—that strikes to the heart, in my mind, of this issue.

The second issue, the media, and the coverage this story has gotten recently—now, I'm from the Midwest. I'm from Michigan. Believe it or not, we cannot follow this story in the great detail that's out there in the national media. It just can't be done. People are raising families, they're going about their business, they're trying to make a living. But there are things that are simply undisputed.

First undisputed fact that everyone understands is that we have irreparably damaged our capability to collect human intelligence. And by doing so, we've significantly diminished our capability to protect the American people.

Understandable to all Americans, is a simple, incontrovertible, but damning truth: The United States government exposed the identity of a clandestine officer working for the CIA [inaudible] partisan politics.

But equally disastrous from that first breach of trust, is that we have continued on a course of self-inflicted wounds by government officials who have refused to take responsibility. They've played hide-and-seek with the truth and engaged in

semantic power games for more than two years, all at the expense and the safety of the American people.

And from my position, I don't believe any government official has that right. And it's important that the American people understand that trust, and as Pat Lang has indicated, cover is part of that trust. . . .

To operate undercover, that means you use a ruse to cloak your identity and your intentions. . . .

An officer performing a street buy, for example, a drug buy on the street, uses a very light cover; meaning he or she could pose as something as simple as a drug user, operate only at night, and during the day, believe it or not, have a desk job in the police station. The American people understand that.

And when you see the criticisms of Valerie Plame as a paper pusher, as a desk jockey—whatever slander they want to put on her for what she has done, it's irrelevant.

Now, while some people have light cover, other people may have a different degree of cover.

When the FBI attempts to infiltrate an organized crime network or a drug ring, obviously, the FBI agent is not going to go and be seen at the local police department, the local FBI headquarters, and he's not going to be seen having drinks with his colleagues after work.

In any scenario, your cover, no matter what the degree—that's the thing that provides personal protection and safety. But it doesn't end there. Cover is also used to protect collection methodologies, as well as innocent persons a CIA officer may have regular contact with, such as overseas acquaintances, friends, and even other government officials. . . .

Now, what are the effects when you do the exposure, when someone is exposed who has that clandestine operation, or clandestine duty? The exposure of Valerie Plame by anyone in the White House is the same as a local police chief announcing to the media the identity of his undercover officers. It's that simple; everybody gets that. In both cases, the ability of the officer to operate is destroyed.

But there is also an added dimension. An informant in a major sophisticated crime network, or a CIA asset working in a foreign government, if exposed they have a rather good chance of losing more than just their ability to operate. Any undercover officer, whether in the police department or the CIA, will tell you the major concern of their informant or their agent is their personal protection and that of their family. Cover is safety.

If you cannot guarantee it in some form or other, the other person is not going to work for you; it's as simple as that. And you will lose that source of information.

So the real issue before the Congress and the country today is not the partisan politics, not even the loss of secrets. The secrets of Valerie Plame's cover are long gone. What has suffered irreversible damage is the credibility of our case officers when they try to convince an overseas contact that their safety is of primary importance to us.

If you cannot guarantee that safety, you will not have that

person working for you, because if they are exposed, they will in many cases die.

How are case officers supposed to build and maintain that confidence when their own government cannot even guarantee the personal protection and security of the home team? That's what this is about. The loss of secrecy in the world of espionage occur from time to time, and they may be damaging. The stealing of credibility of the CIA officers, however, is simply unforgivable. . . .

David McMichael: 'The Basic Issue Is Truth'

The final intelligence witness was David McMichael, a former CIA case officer, who gave informal testimony.

My colleagues here have presented a very strong case here on what is required, and have emphasized—and, as you Congressional members have done, too—trust as essential, and truth as essential.

And as my resumé did not include here, I have, since leaving the CIA 22 years ago, been best known as a critic of many aspects of United States intelligence operations, especially in the area of covert operations.

And I want to point out to you that—because we're talking about truth here—in the 1991 Defense Appropriation Act, in the intelligence section, it finally incorporated a definition of covert operations. And those are—and I paraphrase—actions undertaken by the United States government of a political, economic, or military nature conducted in foreign countries, carried out in such a way that the role of the United States is not known or, if revealed, plausibly can be denied.

So we're talking plausible denial. So what we understand here, is there is an element of untruth built into many intelligence operations, and it's the necessity to protect this which goes into plausible deniability.

And the person most essential to be protected, as those of you who follow the debates over many years know, is the President, the Administration of the United States. So there's a built-in bias here on this.

What I would like to emphasize, in supporting my colleagues entirely, is the need and necessity for protecting the individuals who work in this system and devote their careers and lives to it and are paid to do it.

I would also emphasize that the responsibility of the Congress here—and I'm not being critical, I don't think, beyond what you've heard many times before—is to work to present the truth, and not to allow this system to be used, not merely to smear an individual someplace, but to conceal the truth from the American people.

And at bottom, I think what we are dealing with today, as Larry Johnson has pointed out, in the whole buildup to the current war in which we are, there has been, let us say, less than complete regard for the truth, for delivering that truth to the American people by the Administration. And at bottom, I think that is what we are all concerned with.

Constitutional Opposition Grows To Rumsfeld Base-Closing Plans

by Carl Osgood

Developments over the past two weeks indicate Secretary of Defense Donald Rumsfeld's base-closing plan will not emerge from the Base Realignment and Closure (BRAC) Commissions' deliberations without substantial changes. And, regardless of what the commission ultimately decides, the plan may still face significant challenges both from a number of states and in the Congress. The BRAC Commission has until Sept. 8 to submit its report, incorporating whatever changes to the Defense Department proposals it decides on, to President Bush. Bush then has until Nov. 7 to accept the report or send it back to the commission. If he accepts it, it then goes to the Congress, which has 45 legislative days in which it can only reject the report completely—not make partial changes—by means of a joint resolution, which must go to the President for his signature. Since Bush supports the plan for base closings, Congress would have to reject it by a veto-proof margin—and that possibility is growing stronger as opposition grows to Rumsfeld's overreaching. Otherwise, the recommendations become binding and must be completed within six years.

Senators Robert Byrd (D-W.Va.) and John Warner (R-Va.) had already laid out grounds to challenge Rumsfeld's plan in testimony to BRAC Commission hearings on June 28 and July 7; the battle is following the broad Constitutional and legal lines the two senior Senators laid out. Broader opposition, in the form of state governors and attorneys general, is mobilizing against aspects of the Pentagon plan dealing with the Air National Guard, on the basis of the authorities granted to the states by the "militia clause" of the U.S. Constitution. The top National Guard officers of the states, the adjutants general, are also mobilized, not because they oppose the BRAC process itself, but because the Air Force coordinated poorly, or not at all, with the states in developing its plan to consolidate most of the flying assets of the Air National Guard.

Pentagon 'Roughshod Over Constitution'

In his July 7 prepared statement to the BRAC Commission, Warner had pointed out several areas in which the Pentagon had deviated from the criteria established in the base closing law while making its determinations. It had used "mil-

itary transformation" ideology, and Rumsfeld's desire to vacate leased office space in Crystal City, Virginia. "The commission must determine if the Department simply disregarded the selection criteria, and used subjective military judgment in place of the criteria in law, to justify certain BRAC recommendations when the analysis process, established to provide an objective review of data, did not support the recommendation," Warner said.

In his testimony, earlier, Byrd had taken up the issue of the National Guard, and the American tradition of the "citizen-soldier," not only for West Virginia—which stands to lose its Air National Guard contingent of eight C-130 cargo planes—but also for the nation as a whole.

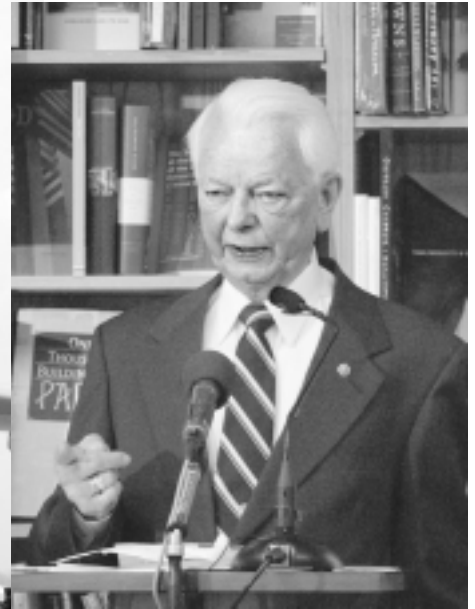
Resistance to Rumsfeld's plan has been shifting in the direction indicated by Byrd and Warner ever since. Pennsylvania and Illinois have both filed suit in Federal court to stop the proposed shutdown of Air National Guard units in those states. At least two other states, Michigan and Missouri have officially announced their opposition, as well. Michigan Gov. Jennifer Granholm, on July 20, officially informed Secretary of Defense Donald Rumsfeld that she does not consent to the proposed relocation of the Michigan Air National Guard's 110th Fighter Wing from Battle Creek to Selfridge Air National Guard Base, near Detroit, or the shutdown of the 127th Fighter Wing at Selfridge. "These Department of Defense recommendations have not been coordinated with me, my Adjutant General or members of his staff," Granholm wrote. She also noted that the recommendations "appear to be the result of a seriously flawed process that has completely overlooked the important role of the states with regard to the Air National Guard units."

In Missouri, Attorney General Jay Nixon, a Democrat, announced on July 22 that he would be filing a lawsuit to stop the closure of the Missouri Air National Guard's 131st Fighter Wing, which has 15 F-15 jets stationed at St. Louis's Lambert Airport. In a letter to Gov. Matt Blunt (R), Nixon wrote, "The cooperative relationship between the federal and state governments with respect to state National Guards requires a delicate balance—a balance so important that it was written into the United States Constitution." He said that Rumsfeld's recommendations "run roughshod over these principles." A spokes-



EIRNS/Stuart Lewis

The Pentagon's base-closings plan is patently un-Constitutional, in that it tramples on the rights and duties of governors to deploy their Air National Guard units. Senior Senators John Warner (R) of Virginia (left) and Robert Byrd (D) of West Virginia have taken the Constitutional lead in stopping Rumsfeld's usurpation of the base-closings law.



man for Blunt said the governor would encourage Nixon to begin preparing the suit.

Concerns of the governors were echoed in a House Armed Services Committee hearing, on July 20, called to take testimony from the Air Force on its "Future Total Force" concept. During that hearing, several members of the committee upbraided the Air Force for ignoring the concerns of the states. Rep. Curt Weldon (R-Penna.) said "it really frustrates and bothers me that this has happened, that clearly the Guard and Reserve have not been given proper consideration on recommendations that will impact them." Pennsylvania Gov. Ed Rendell, among other state officials, has sued to stop the BRAC usurpation of his state's National Guard. Rep. Jim Cooper (D-Tenn.) added that, since the Pentagon has had almost ten years (The Defense Department has been calling for a new round of base closures since the mid-1990s) to work on this, one would think that "we'd get it right, and that governors would be consulted, since there does seem to be a legal requirement that governors be talked to. And whether it's Governor Rendell in Pennsylvania or governors in other states, it seems to be a massive and perhaps crippling oversight that this was apparently not done."

White House Threatens a Veto

The Defense Department has been asserting that it has done nothing wrong, has followed the law, and has consulted with the states as much as it needed to. The strongest indication, however, of how the Bush Administration views the

battle now ongoing, is the veto threat emanating from the White House, on the Fiscal 2006 defense authorization bill, should an amendment sponsored by Sen. John Thune (R-S.D.) to delay the BRAC process until certain conditions are met, be attached to it. The Senate began debate on that bill on July 20, but Senate Majority Leader Bill Frist (R-Tenn.) unceremoniously pulled it from the Senate floor after a failed 50-48 cloture vote on July 26. Frist had moved to invoke cloture on July 22 after Vice President Dick Cheney made clear his opposition, not only to the Thune amendment, but also to other amendments relating to the treatment of detainees held in the custody of the U.S. military.

The conditions to be met before any BRAC final decisions, which would be imposed by Thune's amendment, include the completion of the next Quadrennial Defense Review, the redeployment of substantially all U.S. combat forces from Iraq, and a complete analysis of the report of the Overseas Basing Commission, among others. "BRAC should not occur while this country is engaged in a major war and rotational deployments are still ongoing," he told the Senate on July 21. He added that "There is no need to rush into decisions, that in a few years, could turn out to be colossal mistakes." The Senate is now not scheduled to resume work on the defense bill until September. Thune has made it clear, however, that he will continue to push for his amendment because its effect is to extend the time in which Congress has to review the plan, not stop the work of the BRAC Commission, itself.

Ironically, while effectively blocking Thune's amendment, Frist has written to several of the members of the BRAC Commission, urging the commission to give "full consideration" to keeping open Ellsworth Air Force Base, the proposed closure of which Thune has been consistently opposed.

Plan 'Violates Regulations and Laws'

The Air National Guard proposals, as well as other aspects of the Pentagon plan, have raised concerns within the BRAC Commission itself. An early indication of this was an internal memorandum written by the commission's deputy general counsel, Dan Cowhig, which was surfaced by the *Buffalo News* on July 14. Cowhig noted several problems with the plan, including the use of the BRAC law to do things that the Pentagon already has authority to do without the BRAC process, such as the movement of aircraft between bases. Cowhig noted that the statutes which require the consent of state governors, before the Defense Department can make substantial changes to National Guard units, "not only flesh out the exercise of the powers granted [by the Constitution] to the Legislative and Executive branches of the Federal government; they also express the long-standing compromise with the prerogatives of the governors, as chief executives of the states, that antedate the ratification of the Constitution."

Cowhig concluded that the commission may not approve any recommendation that has the effect of changing or disbanding an organization of a state's Air National Guard, without the consent of the state's governor.

The cumulative effect of the state opposition and Cowhig's memo began to show on the commission during a hearing in Washington, D.C. called by the BRAC Commission on July 18. The hearing was called in order to give the Pentagon the chance to answer questions many of its proposals had raised with the commission. The commission's view of the Air National Guard plan was encapsulated by commissioner and retired Admiral Harold Gehman. He told the Air Force witnesses, led by Lt. Gen. Stephen Wood, the Deputy Chief of Staff for Plans and Policies, that the Air National Guard plan "appears to substantially deviate from the BRAC legislation. It appears that you have inconsistently applied military value to your decisions. It appears to violate several standing regulations and laws, and it appears to have several policy issues embedded in it." Gehman told Wood and the other witnesses that they need to help the commission "with what appears to be an unworkable and unsatisfactory set of recommendations."

Commission chairman Anthony Principi echoed Gehman's concerns and seconded his call for a commissioner-level briefing by the Air Force, so that the commissioners can take the time to work through all of their concerns.

As one result of the hearing, the Adjutants General Association of the United States (AGAUS), made up of the top

National Guard officers from each of the states, held a closed-door meeting in Washington, on July 22, to try to hammer together an alternative to the Air Force proposal; they were unable to do so. A spokesman for the association told *EIR* that, while the adjutants general were able to come up with some basic working concepts, it was "unrealistic to expect that they could undo in a few hours what the Air Force has been working on for two years."

Maj. Gen. Roger Lempke, the president of AGAUS, and the adjutant general for the state of Nebraska, wrote to Principi on July 26 that the association believes that "the proposed recommended actions are beyond the scope of the Base Closure Act, and it would be improper for the BRAC Commission to include these actions in its recommendations to the President and to the Congress." He noted that a "realignment" under the act pertains to installations, not to units, unit equipment, people or positions.

In opposition to these improper recommendations, Lempke said, the the AGAUS is putting forward what Lempke called a "way ahead," that provides a flying mission in every state, access to air refueling and airlift missions for all the governors in times of domestic emergencies, sufficient air defense to cover all population centers in the continental U.S. and retirement of aging aircraft and participation in new and emerging flying and non-flying missions.

Lempke explained, in a telephone interview with *EIR* on July 27, that what the adjutants general are proposing is to separate the "programmatically elements"—the movement of people and aircraft—from the BRAC process, so that those issues can be dealt with separately. He said that "that will allow us, then, to begin working with the Air Force, to better plan those movements and retirements of aircraft, to align with bringing in new missions." He noted that the time constraints of the BRAC process—the commission has to send its report to the President by Sept. 8—just does not allow these discussions to take place. "If we had time to sit down with the Air Force, right now," he said, "we could eventually get to something that would work fine for everybody . . . but the BRAC process just doesn't allow that to happen. . . . So that's why we're recommending the BRAC action that we are."

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Mississippi Officials Blast DoD Overreaching

by Judy DeMarco

At the July 22, 2005 Base Realignment and Closure (BRAC) Commission Regional Hearing in New Orleans, commissioners heard the testimony of Amy Tuck, Lieutenant Governor of Mississippi; Rep. Gene Taylor, senior member of the House Armed Services Committee representing the three Gulf Coast communities at risk for closure; and retired Air Force Lt. Gen. Clark Griffith, president of the Biloxi Bay Chamber of Commerce. Excerpted here are their major arguments opposing Keesler Air Force Base's proposed realignment by "disestablishing the inpatient mission at the 81st Medical Group, converting the medical center to a clinic with an ambulatory surgery center." Keesler's medical center, located on the Gulf Coast of Mississippi, is the second largest in the entire Air Force. The Department of Defense (DoD) justifies the realignment by citing reduction of excess capacities and relocation of personnel to activities with higher military value. DoD claims that local civilian medical networks for inpatient services, and Veterans Affairs (VA) hospitals within a 40-mile radius, can supply the services currently provided by the Keesler facility. Testimony soundly refuted this, and demonstrated the DoD's flagrant violations of the BRAC rules.

Lt. Gov. Amy Tuck: The recommendation to eliminate inpatient care at the Keesler Air Force Base and convert its medical center to a clinic is a bad idea. This is bad for the active duty war fighters and their families. I also want you to know that it will be terrible for Mississippi, much more so than the Pentagon's BRAC report reveals. Mississippi has difficulty attracting and retaining physicians, particularly in high-demand specialties. The graduate medical education program at Keesler brings physicians with those specialties to the Gulf Coast to provide needed care. The Pentagon misleadingly implied in its

recommendation that the graduate medical education program would remain, and, therefore, did not consider the significant impact its closure would have—substantial deviations from Base Closure Criteria.

When Hurricane Ivan threatened last year, over 100 Alzheimer patients had to be relocated. Keesler took over half. Washington is closing our VA Hospital in Gulfport, and says it can do so because Keesler Medical Center can pick up on that specialty care load. These depend upon in-patient care, coupled with the specialties provided at Keesler through the graduate medical education program. Unfortunately, the mission of medical care was underrated in the military valuation of Keesler Medical Center.

So Governor Barbour and I ask you to scrutinize this recommendation with great care and focus on the military care mission and its importance to our war fighters, their families and our community.

Rep. Gene Taylor: I'm hopeful you will take action to correct the gross mistakes made in these recommendations. The DoD recommendations were enormous and substantial deviations from the BRAC criteria, and, in some instances, went well beyond the scope of authority provided by the BRAC statute. The proposal to eliminate in-patient care at the Keesler Medical Center is the most outrageous of them all. The DoD made an inexcusable error in calculating Keesler's military value.

Essentially, the DoD has proposed to close Keesler hospital, cripple the graduate medical education program, force military personnel, their families, and retirees off



U.S. Navy/Stacy Byington

Naval Station Pascagoula, its personnel here preparing for Hurricane Ivan, is the only U.S. naval presence on the Gulf of Mexico; it is slated for closure by the Pentagon.

base, where there is a severe shortage of physicians—all because somebody in the Pentagon apparently punched the wrong key.

Keesler should be the model for military health care. The medical center fulfills every major requirement for military health care.” Yet, “there is no civilian medical capacity to absorb so many new patients. As a matter of fact, South Mississippi has a severe shortage of primary care and specialty care physicians. The VA medical facility has no excess capacity.

In fact, the VA CARES Commission proposed a reorganization that was heavily dependent on the promise of expanding the cooperative arrangements with Keesler and local hospitals. But, the Joint Medical Cross Service Group made no attempt to communicate with the VA, made no attempt to communicate with any local hospital or any local physicians about capacity or the availability of surgery and specialty care. It is clear the Air Force is using the BRAC process to close hospitals and eliminate graduate medical education well beyond the authority of the BRAC statute. . . .

The decision to close Naval Station Pascagoula is another example of significant deviation from BRAC criteria. If the DoD’s BRAC recommendation remains, there will be no Navy presence in the Gulf of Mexico.

Lastly, I would like to address the DoD’s recommendation to relocate the Navy Human Resource Service Center-Southeast from Stennis Space Center. The decision is rife with flaws that easily meet the standard of substantial deviation. Things that are there: The Navy Personnel Centers co-located with three major naval activities, the Navy Meteorology and Oceanographic Command, the Navy Oceanographic Office, the Navy Research Center.

Lt. Gen. Clark Griffith: Bottom line: The BRAC recommendation forces our military members, their families, veterans, and retirees into a civilian medical network that does not have the capability to take it, that does not have the specialty care they receive on base.

In summary, we believe what the [Medical Joint Cross Service] Group has done is wrong, how they arrived at it is wrong, and the result is clearly wrong. The recommendation is wrong since it doesn’t just eliminate in-patient services of the second largest medical center in the Air Force, it also eliminates the second-largest medical education program in the Air Force.

The other effects on the community, such as the loss of emergency services during disasters, loss of medical personnel recruitment for the coast, loss of retirees on the coast, and the loss of synergies with the Veteran’s Administration—none of these realities were considered by the Medical Group. In every case, they missed their own stated objectives and targets, because realigning the Keesler Medical Center is not the right thing to do.

Senators Tell Bush: Hands Off VA Hospitals

by Patricia Salisbury

On July 19, the Senate Appropriations subcommittee on Military Construction and Veterans Affairs put the Bush/Cheney Administration on notice, that the Administration policy of shutting down or scaling back vital Veterans Affairs (VA) hospitals and other facilities around the country, will not go forward unchallenged. Eighteen VA facilities nationwide are currently under threat, as part of the “Capital Asset Realignment for Enhanced Services” (CARES) process, which is evaluating such extreme measures as shutting down the premier VA hospitals in Manhattan, New York, and Waco, Texas.

These plans were slated to go forward at another round of CARES hearings to be scheduled in September. But they have drawn vehement protests from veterans and others in communities throughout the United States. Now, language included in an appropriations bill prohibits the VA from using any funds to change the current infrastructure, service, or mission of the 18 VA facilities currently on the CARES list.

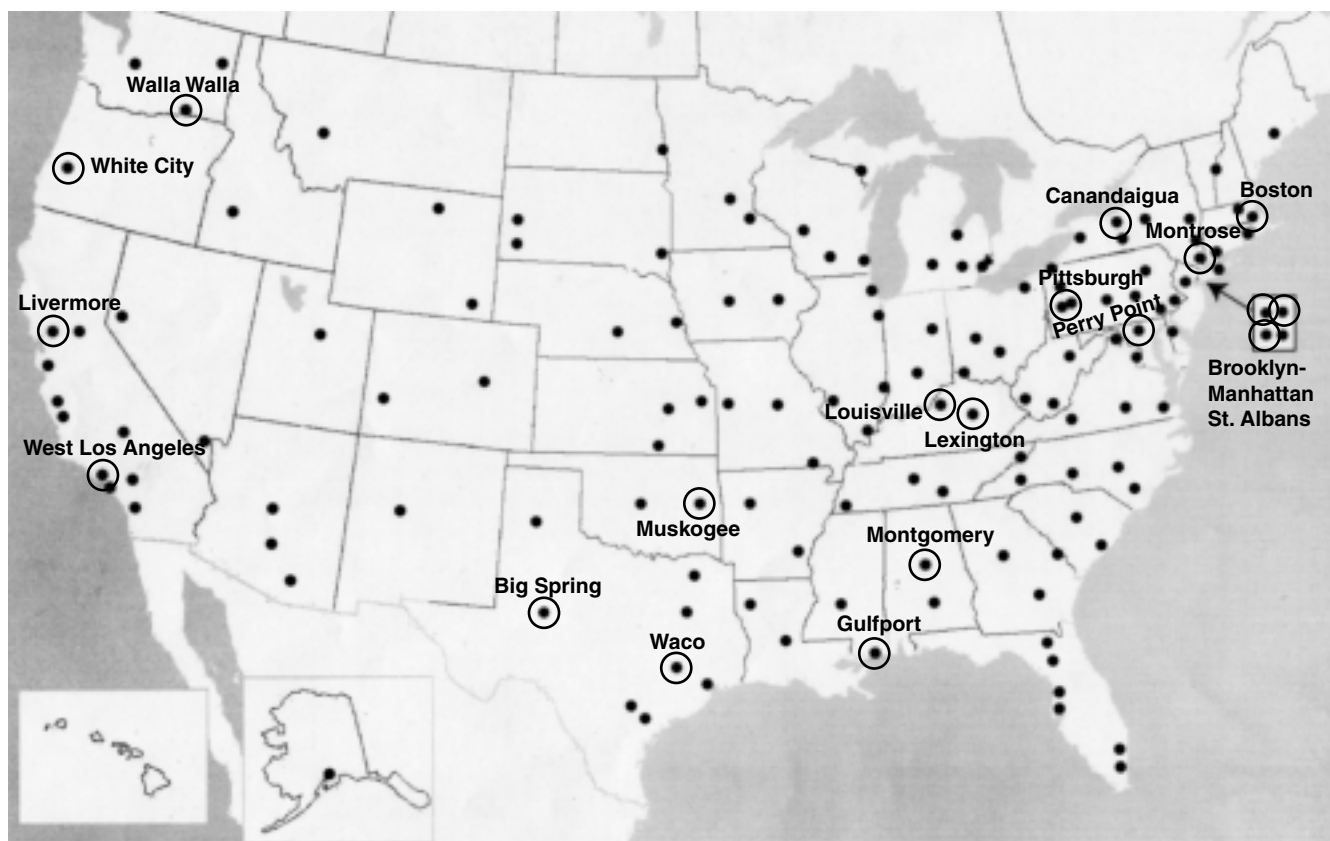
The subcommittee report states that conditions have changed since the CARES 2004 study of VA infrastructure, as large numbers of veterans return from Iraq and Afghanistan; it says that public meetings conducted as part of the CARES process in April and May raised problems that were not identified in 2004. This is mild language to describe the absolutely chaotic situation in the veterans health-care field. The breakdown of the general health-care infrastructure has forced tens of thousands of non-Iraq War, non-Afghan War veterans to seek the VA systems services, in addition to the war-created influx. The latest figures provided by reluctant VA bureaucrats to Congressional hearings, indicate that at least 25,000 veterans seeking VA services are on waiting lists.

While falling short of actually shutting CARES down, the Senate language, if adopted in the final version of the bill, would protect the current facilities and mandate further study to evaluate the “more global situation now facing our nation’s veterans.” This approach could spill over, into facing the reality of the need for a total rebuilding of the health system, as called for by Democratic statesman Lyndon LaRouche.

The stubborn refusal of the Bush/Cheney Administration to face the reality of the disintegration of health care, along with the rest of the economy, and its continued pursuit of gimmicks such as CARES, and assorted budgetary sleight-of-hand tricks, is fueling the ongoing revolt of both Democratic and Republican members of Congress on a number of fronts.

FIGURE 1

Veterans Affairs Medical Centers, 2004: Eighteen Are Targetted for Shut-Down and Sell-Off



Source: Department of Veterans Affairs, CARES Decision, May 2004, Office of the Secretary; www.va.gov.

Administration’s ‘Bad Faith’

In addition to the action taken at the July 19 appropriations subcommittee hearing, administration representatives were grilled and charged with “bad faith” at the House Committee on Veterans Affairs on July 21. Republican committee chairman Steve Buyer of Indiana announced that he was instructing the VA to see if any staff involved in the current budget debacle should be dismissed, and that he would seek a Government Accountability Office investigation of the VA budget process. Buyer also announced that he would personally, and at his own expense, travel during August to investigate allegations—and the VA’s testimony to the contrary—that soldiers returning home from Iraq and Afghanistan are denied access to care.

Buyer was reacting to the latest evasions by VA representatives hauled before the committee, which has been in several emergency sessions to get a handle on the catastrophic shortfalls in the VA budgets for both Fiscal 2005 and 2006. Early in the July 21 hearing, the VA representative, Dr. Jonathan B. Perlin, Under Secretary for Health, Department of Veterans Affairs, was forced to admit that the emergency appropriations request of almost \$3 billion to cover both shortfalls, was

based on the Administration’s assumption that its proposed policy changes for VA services would be adopted. This brought enraged charges of lost credibility and “bad faith” from both Republican and Democratic committee members, who pointed out that the Congress has rejected these changes repeatedly. The changes would increase enrollment fees and co-pays, and cut back long-term nursing home services.

The committee members of both parties were also enraged by the stonewalling of Perlin when he was asked, no fewer than five times, what exact figure the VA had submitted to the Office of Management and Budget. Perlin finally admitted that this information was “embargoed,” implying that he had been forbidden to release it.

Congressmen also objected to the constant evocation by Perlin and other VA representatives, of the now thoroughly discredited Milliman actuarial model, which was the basis for the failure to discover the shortfall in the first place. Congressman Bob Filner (D-Calif.) told the VA representatives, “You act as if you were locked in a computer room. . . . We are not run by a model; talk to the Vets. . . . You act as if the human intellect had no role here.”



Intelligence Reorganization Is a Tough, Uphill Battle

*Victor Marchetti served for several decades in the CIA, including as executive assistant to the Deputy Director. Several years after he left the Agency, he wrote *The CIA and the Cult of Intelligence* (New York: Alfred A. Knopf, 1974), one of the most widely read and important books critiquing the intelligence community at that time. Jeffrey Steinberg interviewed him on July 20.*

EIR: What is your present assessment of the state of affairs, with the CIA in particular, and the U.S. intelligence community more broadly?

Marchetti: I think we're in a period of revision, obviously, and reorganization, that is, in general purposes and general goals, all for the better. There'll be parts of it that somebody will not be happy with. Generally speaking, I think Silberman and Robb¹ did a pretty good job, and their staff, of seeing the intelligence community for what it is, and how it's divided, and where the changes need to be made.

EIR: What were some of the problems as you see it, and as they discussed it in the commission report, that needed to be corrected?

Marchetti: Well, for one thing, the intelligence community has gotten much too big. It's grown into a monster. And it's become very much of a bureaucracy, in the worst sense of the word. It really needs to be, not only reorganized, it needs to be cut down, pared down, and I don't know that they're going to do any of that. But at least they're going to reorganize it, by making John Negroponte the new Director of National Intelligence [DNI]. This is a good thing: Because the old days, when CIA, essentially, was the main producer of finished intelligence for the policymakers and the White House, are gone. Everybody got into the act.

Now, even back in the old days, the State Department was always very important. And the Pentagon was, too, but not so much in an intelligence sense, but in an interpretive sense, interpreting what the intelligence meant, in looking down the road as to what could happen in the future.

It was kind of a tight little world. And everybody knew

what the pecking order was. For the National Intelligence Estimates, the CIA had control of that. But they did it very deftly, and included everybody in State Department, Pentagon, National Security Agency [NSA]; and everybody contributed to it; everybody had a say in the final version; and everybody had a say in approving it. But CIA was basically in control. They wrote the Estimates—at one point in time, that's what I used to do, is to write National Intelligence Estimates.

They wrote the Estimates, and then this was after they were coordinated with the other agencies, then it was approved by what was then called the U.S. Intelligence Board (USIB). The director, was the chairman. And the heads of the other agencies participated.

That exercise of National Intelligence Estimates has grown all out of proportion. In the old days, you might get a request, say, from LBJ—you know, directly from his office—saying that he'd like to know what is the status of Soviet intercontinental ballistic missiles; or, what would the Soviets do, if we did that; or, what are the Vietnamese likely to do, if we bomb Hanoi? These Estimates would then be prepared by the Agency, with all the other agencies contributing in that, and be sent over to the White House—where it might be read, or it might not be read. And even if it was read, it might be thrown in the wastebasket, or it might be put aside for future reference.

Intelligence was an input. And everybody knew this, that intelligence was an input, into the policymakers' decision process. It didn't control anything. And there were many times, when the President and Secretary of Defense, like Robert McNamara, and State Department, Dean Rusk, would request Estimates. And so then, nobody got their nose out of joint, if the President, or McNamara, or the other policymakers didn't take what seemed to be the obvious advice—you couldn't give advice, you could only imply it by the way the Estimate was written—that was their prerogative. And everybody understood it: That intelligence was just one of the things that went into making a policy decision.

So, intelligence had not achieved this very high status that it has now. You know, where people talk about Estimates, like it is the Gospel. And part of the reason, is, that back in the old days, intelligence was tightly held. There weren't that many people who had access to this kind of intelligence. Now,

1. The Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction, co-chaired by Charles Robb and Laurence Silberman, presented its report to the President on March 31, 2005.

Congress is in on the act, and the committees—and it's much more widely spread. And therefore, the information easily leaks into the media.

Another thing, I think has gotten out of control by the growth—right now, I'm just concentrating on intelligence production—and that is, what was current intelligence. The CIA used to prepare a daily brief for the President—it wasn't called that, it was called a "bulletin" then—for the White House and for the key policymakers, in which we talked about the current events that were going on around the world, and what they meant, and how accurate the reporting was, and so on and so forth. And this was something that they read in the morning (or maybe didn't read).

We had a little White House staff—we were called the "warroom" which was a misnomer, but it was a little watch office where some of the CIA people worked over there, in close relation to the National Security Advisor, and provided information on overriding things. And it was up to the National Security Advisor to decide what to give the President—like Kissinger would decide. And his staff consisted of CIA people, and some State Department people. So it was, again, a tight little shop. Everything was very closely knit. And the intelligence was just an input.

I think Kennedy used to read the bulletin once in a while, but I don't recall hearing that Nixon, or—from our guys over there, who were right there, they didn't even know if Nixon was reading it, or Ford. Maybe Jimmy Carter did, I don't know.

That was the intelligence production side. Now, there was a lot of intelligence that was produced: big studies on economies, on geographical issues, numbers of things that were of interest to the government.

But what was happening at this time, was that the intelligence community was ballooning, and not just that part. That part was actually the last part to grow, the production, the analytical part of the Agency. What was ballooning were the collection systems, like the satellites and other forms of overhead reconnaissance, photographic, ELINT [Electronics Intelligence], SIGINT [Signals Intelligence]. And at the same time that they were exploding and growing, it required bigger and bigger processing facilities; like the National Photographic Interpretation Center has now ballooned into this big thing, the Geospace something-or-other. And the original was just a little group controlling the satellites, that was in our own [offices]—now, it's a big agency. NSA, of course, just *really* mushroomed with all the advances in electronics, communications systems, and the subsequent advances in the intercept and analysis of this. So, you have tons of people processing all this stuff, and operating the systems and then processing it.

Now, in the old days, when it was this tight little ship, where the CIA was the Central Intelligence Agency, it controlled a lot of these new things. Because, in some instances, they were the leaders in developing overhead reconnaissance

by aircraft, and then by satellites. And they were the leaders in processing it. So, all of this was under the CIA umbrella. But then they were relatively small shops. And the Director, even then, couldn't keep on top of everything. The Director had to decide, he had to pick and choose.

When Allen Dulles was Director, clandestine operations were kind of his primary interest; for John McCone, intelligence production, estimates, current intelligence, all that, became his primary interest; *and*, science and technology, the developing of systems, and how to process them. And he gave everything to his Deputy Director, who was then Gen. [Marshall] Carter—you know, "You ride herd on clandestine operations." That was very difficult for him to do, so a lot of it was deferred to the clandestine services in the Agency, who run themselves.

Then, somewhere along the line, and I think with the coming of Henry Kissinger, intelligence began to take on a special role in policymaking, and it just kind of grew under Reagan and the other Presidents. And the emphasis gradually seemed to be more on the analysis side. For a lot of good reasons—I mean, first of all, we'd been burned in some big clandestine operations, like Cuba for example, and we had been thrown out of some countries, like Iran. And we were up against our primary target with the Soviet Union, and secondly China, [we] were denied territories, very difficult to operate against.

So, the clandestine services as such, were not that important in those issues. Where they were important, was in the Free World, in the underdeveloped world, where they did a lot to counter—in fact, too much, in my opinion—to prevent the spread of Communism. They actually destroyed some good things, like the national liberation movements of Sukarno, and had a lot of trouble with Nehru, and Nasser.

But that's where they were good. They were very good at operating in these kinds of environments. And they were very good at combatting the Soviets and Communism, in these areas. And they did this, in part, not only just from knowing what was going on, and reporting on it, but that's where covert action came in, the work of people like Cord Meyer, who developed propaganda, and disinformation techniques, and some other very sophisticated things. And got American liberals like Gloria Steinem in on the act; they didn't necessarily know they were working for the CIA, but they knew they were working against Communism, which they didn't like.

But the Agency was starting to get too big, then. And the community was growing around it. But they were still in control. And then, I think in the last 20 years, it just ballooned all out of proportion—and you don't know who's in charge; you don't know whom to rely on, what's really going on. And I think this is where Presidents were getting frustrated, but also Congress. Because, see, now Congress was in on the act. Before, back in the old days, when it was this tight little community, Congress had nothing to say.

EIR: A few senior committee chairman would be informally

The neo-cons couldn't control the CIA, so they went into the Pentagon, and they got everything they wanted and did everything they wanted, said everything they wanted. And then, the pressure that built there and in Congress, and in the White House, was just too much for a weak Director like Tenet to handle. It has to be a very strong Director.

briefed, but there weren't oversight committees, there wasn't this sort of public scrutiny.

Marchetti: In the Senate, there was an ad hoc committee made up of half a dozen members of the Defense Committee, and half Foreign Relations. And Senator Stennis was in charge of it. And he just didn't have any meetings! For more than a year at a time, sometimes. And all that the Director had to do, was whisper in his ear, and, he'd say, "I don't even want to know some of this stuff."

So, the CIA was really the President's special tool. And there wasn't any Congressional interference to speak of.

Anyway, over years, with people writing books about the CIA, criticizing, and committees being formed in Congress to look into this stuff.

EIR: Church and Pike Committees—

Marchetti: Yes. The net result was, that Congress had a bigger role. And, at the time, I thought that was good. Now, I'm not too sure.

But, the community grew out of all proportions. And then, it became—I think the big mistake, with a guy like Clinton, who didn't know or care much about foreign policy or intelligence, to put in a bureaucrat from the Senate, George Tenet, to run the CIA, was a big mistake. I'm not saying that an outsider isn't qualified, because John McCone was certainly very good. But, if you're going to have an outsider, he has to be somebody who understands foreign affairs, and understands the intelligence process, or is going to learn. You don't want somebody whose life has been dealing with Congressmen, and playing the game. So, when he gets his big opportunity with the White House, it became a slam dunk, you know, he pulled down the backing board with it!

I think it's good that they're doing this. I think it's good to have DNI, and let him handle certain big things: Let him handle the budget; let him decide what agencies will do what, and where people will work, and all that kind of stuff. And I think that's all very good.

And *in that*, the little old CIA is going through a revival, or trying to go through a revival. There are cliques. There's obviously a bureaucratic clique in the CIA, that isn't happy with what's going on. And there are the people who were in the analytical area, and estimates, current intelligence—well, now they're all going to be under Negroponte.

And the Pentagon has always captured any of the big things the CIA did, like overhead reconnaissance, satellites, U2s, A11s, all this sort of stuff. Let them have it, let them do it. And the scientists can work anywhere, they don't have to work in CIA. And, besides, most of the work is really done on the outside. It's all shopped out, because, they don't have the facilities to do the basic research, and the advanced research necessary. So, they work through some of the very companies they built—like TRW, JPL—you know, they helped to build these organizations by working closely with them.

I think that's fine.

So, what I'm hearing, is that there's a trend in the Agency, toward getting back to the basic clandestine mission, and that this is being done with the acquiescence and approval of the President and the White House, for a number of reasons. Porter Goss is there, now. He didn't come over to the CIA, to preside over its burial—I mean, he knew what was going on, the way the winds were blowing. After all, he was a member of Congress, he was on the committee—

EIR: He chaired it.

Marchetti: So, he knew what was coming, the DNI and that. And he didn't want that anyway! He didn't want to spend all day long preparing to brief the President, and going over these sticky National Intelligence Estimates, and worrying about budgets. He's an old clandestine operator, and that was his first love, and that's what he wants to get back to. To get the Agency back into that mode, which is, in a sense, a direct inheritance from the Office of Strategic Services, OSS, in World War II, you know, which was a combination of intelligence-gathering, or FI, and covert action.

Now, in World War II, that happened to be a lot of paramilitary stuff—dropping in behind enemy lines and so forth. But when the Cold War came around, following the Presidential guidance and NSC-68, Paul Nitze's paper, it became covert action. Now, clandestine operations include, of course, espionage or foreign intelligence, acquiring information by various means; counter-espionage, protecting your sources, your organization; *and* covert action.

Now, covert action has a whole series of things that go on under that. All ways, from propaganda, and disinformation; you start getting down into the destabilizing of governments;



White House/Paul Morse

President Bush listens to Director of National Intelligence John Negroponte at a press conference on Feb. 17, 2005. Marchetti comments that the current situation requires a very strong DNI. "This is going to be Negroponte's problem, to tell them, 'No. I know what you're thinking. I know what you'd dearly love to hear, but that ain't the way it is!' That's going to be very, very difficult."

it starts getting on the dirty side, with sabotage, and who knows what else; and then you're all the way down, to paramilitary operations. The kind of paramilitary operations that the CIA carries out, are not really the same thing that the military does. It really is paramilitary operations.

EIR: Like Afghanistan, for example?

Marchetti: Yes. Well, see, in Afghanistan, there were two kinds. Now there's a good example. See, in Afghanistan, you had SEALs—

EIR: Green Berets—

Marchetti: Yes, and other elite military guys going in and doing some fighting. The CIA guys were there—but what were they doing? They had suitcases full of money, and they were bribing warlords. And then they had a couple of guys out in the field, who had to stir up some people, and machine-gun a few things, and so on. That's what the CIA is, *that* difference. People say it's a fine point. It may be a fine point, but it's two different kinds of missions. The CIA is going to hold onto that.

Another thing that the CIA is very good at, oversees, is not just spying; it was an embassy within the embassy: It was the President's private representative there. If he wanted the President of the other country to know something and he didn't want to go through channels, because of too many leaks and problems, he'd use the CIA channel. And vice versa! These people would talk to the CIA station chief and let him know what was going on. You know, guys like King Hussein would talk to the station chief. The Ambassador was for par-

ties and other things. Down in Mexico, there were three straight Presidents who were tied into the CIA chief of station. And so, if you're the President and you want to know what's going on in a country, you can ask for an Estimate, you can ask the State Department, you can ask the military and their attaché—but you can also ask the CIA guy, who might have special connections about what's going on in the country.

EIR: Do we still have those kinds of CIA capabilities out in the field?

Marchetti: Yeah! That's right, we do! And that's one of the things that's being saved. That's why the FBI was told, "No, no, no, no, you're not going to operate independently," and the military, "You're not going to operate independently in these countries. You're going to work through the CIA chief of station. He's the boss. He's the clandestine operations boss in your country."

So, by developing that system, rebuilding the old chief of station, the old overseas

presence, developing deep cover, like NOCs, non-official cover; and they're going to have to get a lot of people, they're going to have to work very hard to spy on these countries. And it's not going to be very successful. It's going to be really difficult.

And, you've got to understand, we're in another Cold War. They can call it what they want to—"war on terrorism"—and that's not it; it's a cultural war. It's a war between Judeo-Christian Western civilization versus Islamic radical ideology, which is very powerful, as you know, throughout the area. And it's got to be fought the way Communism was fought. And this is where covert action is going to have a revival, comeback. And we're going to have to start publishing newspapers, magazines, and that, have to influence people; radio programs; we're going to have to try to recruit people, develop them, and hope that they can get to be Senators in their country, or get to be President. We're going to have to recruit imams and mullahs, you know what I mean? It's going to be a battle of ideas, not to get information about what's going on, but to actually *influence* events, and develop events more to our liking, or at least less to our disliking.

So, I think what's going on is good. And from what I hear, I think Goss is doing a good job. Now, whether he'll be able to do it, to do all these things—it's a big, big job he's taking on; but at least he's got a fighting chance, if he doesn't have all these other things that he has to worry about, which will be Negroponte's job. And the CIA, under Goss, is going to fade back into the woodwork.

I don't know what they're going to do with all those build-ings. They're going to have to—I don't know.

EIR: Go into the real estate business! Sell 'em off.

Marchetti: Give that to Negroponte. And all of a sudden, maybe out here in Leesburg, we'll have a little building somewhere in our district.

EIR: Now, it seems to me, that what you're describing is a long-term rebuilding process, and refocussing of the mission back to much more of the kind of traditional CIA role that evolved out of World War II, and through the Cold War: Do we have, within our culture, within the universities, within the society, people with the requisite skills to be able to do the job? Or, is there going to be a big rebuilding process, to even create that core cadre again? You had OSS as a training experience, and a whole kind of elite, coming out of World War II, going into intelligence, coming out of Ivy League schools, plus the combined experience of the war. Where does the raw material exist at this point, for the kind of mission that you're asking about, that you're saying has to be done?

Marchetti: That's a very good question. Because, first of all, it may not exist! This may be wishful thinking. The world has changed. The country has changed, quite a bit. The people in it are much different. Over the years, I've met young CIA officers, and even 20 years ago, when I was meeting some of them for the first time, I was just shocked at their lack of dedication and sense of duty. And there were all these gals who were serving five years, and then writing books; you wonder about them, too, you know.

The whole society's is just, "What's in it for me?" "How fast can I get to the top?" Or, "How much money can I make? But at least, how fast can I get to the top?"

We may not have the wherewithal, the human wherewithal, the personality, dedication, that we once had to do something like this. It may be that this will be a failure.

EIR: There were two events, in effect, that I think were the drivers for forcing this whole reorganization question to the surface. One was obviously the attacks of Sept. 11, 2001; and the other one was the whole debate over whether or not the intelligence product that went into the White House, leading into the invasion of Iraq, was up to snuff. And there was also a question that came up, that I know was an issue that you wrote about way back, and that we talked about over the years: namely, the interaction between policymakers, who may have a preset notion of what they want, and the pressure coming down on the intelligence community to produce a product that proves the case that policymakers have already decided upon.

How do you see those problems sorting out? Was there undue pressure from the White House, and from neo-conservatives at the Pentagon, to get an intelligence product that fit their desires, for example, to go to war in Iraq?

Marchetti: I don't think there's any question about it, that the preconceived notions, justifying the preconceived goals of the neo-cons, of the old Cold Warriors like Cheney and Rumsfeld, and other people—Bush—who are overly influenced by the Religious Right—that they wanted intelligence

to fit their goals. And this is where you have to have a very strong Director of Intelligence. Now, this is going to be Negroponte's problem, to tell them, "No. I know what you're thinking. I know what you'd dearly love to hear, but that *ain't* the way it is!" That's going to be very, very difficult, now; first of all, for the normal reason that no President or policymaker wants to be told by some intelligence expert, that he's wrong. And the second thing, is now, with so much emphasis on intelligence, with Congress involved, so much leaking going on, it will be very difficult to keep it private—say, between the DNI and the President, the DNI and the Secretary of Defense. So that he could make some decisions, and go ahead and do it.

And then, they're all surrounded by so many action-oriented people in the National Security Council, and in the Defense Department intelligence.

See, this is one of the reasons the neo-cons went into the Pentagon. They couldn't control the CIA, so they went into the Pentagon, and they got everything they wanted and did everything they wanted, said everything they wanted. And then, the pressure that built there and in Congress, and in the White House, was just too much for a weak Director like Tenet to handle. It has to be a *very strong* Director—but I don't know. It's going to be a real struggle.

You know, as you get older in life, you're not quite as optimistic as you used to be. If I had to place a bet, I'd say, "It's not going to work. It was a good try, but, no cigar."

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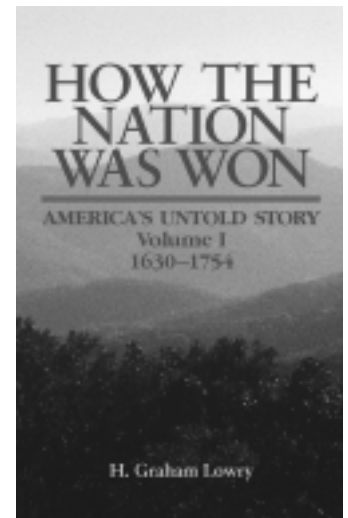
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THE NAZI RAT-LINES

Time to Rid America Of the ‘Dulles Complex’

by William F. Wertz, Jr.

Introduction: Setting the Stage

On Aug. 10, 1944, about two months after the June 6 D-Day landing of the Allies in Normandy, France, less than a month after the unsuccessful July 20 attempted assassination of Adolf Hitler, and eight months before the death of U.S. President Franklin D. Roosevelt on April 12, 1945, a secret meeting took place in Nazi-occupied Strasbourg, France at the plush Maison Rouge Hotel, to plot the survival and eventual resurgence of the Nazi apparatus in the post-war period.¹ The meeting was organized by Martin Bormann, the head of the Nazi Party Chancellery, who became Hitler’s designated successor.

Although Bormann did not personally attend the conference, he was represented by Dr. Friedrich Scheid, who was a lieutenant-general in the Waffen-SS and also a director of the industrial company Hermsdorf & Schomburg. In 1942, Scheid held an important position in Albert Speer’s Ministry

of Armaments and Munitions, and at the end of 1942, I.G. Farben’s Dr. Walther Schieber, Chief of the Armaments Delivery Office, put him in charge of the bureau of “Industrial Independence,” in which position he had far-reaching responsibility for the Nazi arms industry.

Before the meeting, Bormann had confided to Dr. Scheid, “The steps to be taken as a result of this meeting will determine the post-war future of Germany. German industry must realize that the war cannot now be won, and must take steps to prepare for a post-war commercial campaign which will in time ensure the economic resurgence of Germany.”

According to an agent who attended the meeting and who was described as someone who “had worked for the French on German problems since 1916,” Dr. Scheid told participants on behalf of Bormann: “The battle of France is lost to Germany and now the defense of the Siegfried Line is the main problem. . . . From now on, German industry must take steps in preparation for a post-war commercial campaign, with each industrial firm making new contacts and alliances with foreign firms. This must be done individually and without attracting any suspicion. However, the party and the Third Reich will stand behind every firm.”

Scheid continued: “The ground must now be laid on the financial level for borrowing considerable sums from foreign countries after the war.” As an example of a practice which proved very useful in the past, he cited the fact that “patents for stainless steel belonged to the Chemical Foundation, Inc., New York, and the Krupp Company of Germany jointly and that the United States Steel Corporation, Carnegie Illinois, American Steel & Wire, National Tube, etc., were thereby under an obligation to work with the Krupp concern.” He

1. According to a Reuters wire story published in 1996, a three-page U.S. intelligence document released by the National Archives, which reports on this meeting, was sent from Supreme Headquarters of the Allied Expeditionary Force to the U.S. Secretary of State in November 1944. The document was sent by the Office of the Assistant Chief of Staff, G-2, on Nov. 7, 1944 and was entitled “Secret Service Report No. EW Pa 128.” The meeting is reported in *Martin Bormann, Nazi in Exile*, by Paul Manning, and in *The Murderers Among Us, The Wiesenthal Memoirs*, edited by Joseph Wechsberg. As reported in an article entitled “General Eisenhower: ‘Interesting Document,’ ” in *Junge Welt*, Dr. Scheid fled from Berlin in April 1945 and was interned by the Soviet occupation forces from June 1945 until Dec. 31, 1945. He was subsequently named the German director of the Management Board of the Soviet Joint Stock Company (SAG). He died in 1949.



These top Nazis escaped via the “rat-lines” or helped other war criminals to escape (from top left to bottom): Heinrich Müller, Walter Rauff, Klaus Barbie and Martin Bormann.

also cited the Zeiss Company, the Leica Company, and the Hamburg-Amerika line as typical firms that had been especially effective in protecting German interests abroad and gave their New York addresses to the industrialists at this meeting.

The meeting was attended by representatives of several German firms: Dr. Kaspar represented Krupp; Dr. Tolle represented Röchling; Dr. Zinderen represented Messerschmitt; Drs. Kopp, Vier, and Beerwanger represented Rheinmetall; Captain Haberkorn and Dr. Ruhe represented Büssing; Drs. Ellenmayer and Kardos represented Volkswagenwerk; and engineers Drose, Yanchew, and Koppshiem represented various factories in Posen, Poland, including Drose, Yanchew & Co., Brown-Boveri (which was part-owned by General Electric and International Telephone and Telegraph), Herkuleswerke, Boschwerke, and Stadtwerke. Also attending were Captain Dornbach, head of the Industrial Inspection Section at Posen, Dr. Meyer, an official of the German Naval Ministry in Paris, and Dr. Strassner of the Ministry of Armaments in Paris.

A representative of the armaments ministry, Dr. Bosse, presided over a smaller second meeting with Scheid and representatives of Krupp and Röchling, who were told the war was lost and would continue only until the unity of Germany was guaranteed. He said they must prepare themselves to

finance the Nazi Party when it went underground.

“From now on,” Bosse said, “the government in Berlin will allocate large sums to industrialists so that each can establish a secure post-war foundation in foreign countries. Existing financial reserves in foreign countries must be placed at the disposal of the [Nazi] party so that a strong German empire can be created after the defeat. It is almost immediately required that the large factories in Germany establish small technical offices or research bureaus which will appear to be absolutely independent and have no connection with the factory. These bureaus will receive plans and drawings of new weapons, as well as documents which they will need to continue their research. Under no circumstances may they fall into the hands of the enemy. These special offices are to be established in large cities where security is better, although some might be formed in small villages near sources of hydroelectric power, where these party members can pretend to be studying the development of water resources for the benefit of any allied investigators. The existence of these bureaus will only be known to a small circle of industrialists and to the leaders of the party. Each bureau will have a liaison officer [*Verbundungsman*] to the party. As soon as the party becomes strong enough to re-establish its control over Germany, the industrialists will be paid for their efforts and cooperation by concessions and orders.”

The agent's report further stated: "These meetings seem to indicate that the prohibition against the export of capital, which was rigorously enforced until now, has been completely withdrawn and replaced by a new Nazi policy whereby industrialists with government assistance will export as much of their capital as possible abroad. Previously, exports of capital by German industrialist to neutral countries had been accomplished secretly and by means of special relations. Now the Nazi party stands behind the industrialists and urges them to save themselves by getting their capital out of Germany and at the same time to advance the Party's plans for its post-war operations. This freedom given to the industrialists further cements their relations with the Party, by granting them a measure of protection.

"The German industrialists are not only buying agricultural property in Germany, but placing their funds abroad, particularly in neutral countries. The two main banks, through which this export of capital operates are the Basler Handelsbank and the Schweizerische Kreditanstalt of Zurich. Also there are a number of agencies in Switzerland, which for a five percent commission buy property in Switzerland, using a Swiss cover."

Dr. Bosse closed the meeting by observing that "after the defeat of Germany, the party leadership expects that some members will be convicted as war criminals. Thus preparations must now be made to place the less prominent leaders as 'technical experts' in various key German enterprises."

At the meeting, the decision was made to set up an elaborate network of flight capital front corporations through which to transfer financial assets held by the SS (Schutzstaffel) into neutral countries including Spain, Argentina, Portugal, Sweden, Turkey, and Switzerland. The code name for this operation, "whereby industrialists with government assistance will export as much of their capital as possible," was Operation Eagle Flight. Among the key figures who would play a role in this flight capital operation were Hitler's commando, Otto Skorzeny, who personally attended the meeting, and, after the war, former Reichsbank President and Nazi Economics Minister Hjalmar Schacht.

The Dulles Complex

Contrary to most "official" histories of the Maison Rouge meeting and the subsequent Nazi evacuation of assets and personnel from Europe, this was not a secret German plot. The Strasbourg meeting already had the endorsement of the international Synarchist financier apparatus, and Anglo-American Synarchist operatives, typified by Allen and John Foster Dulles, were already hard at work, forging the "separate peace" with their German Nazi friends. The very British, American, French, Swiss, and Benelux Synarchist financiers and cartel bosses who helped put Hitler in power to build the Nazi war machine to fight the "war to end all wars" against the Soviet Union, were fully engaged in the plan to scrap Hitler, but retain much of the German Nazi infrastructure, particularly the banking and cartel elites. To this end, they

created the Nazi "rat-lines"² in league with Martin Bormann.

This pro-Nazi international financier faction, which put Hitler in power in 1933, opposed Roosevelt's election in that same year, and then plotted unsuccessfully to overthrow him in a military coup d'état in 1934. Even after this plot, financed by the du Ponts, General Motors, and Morgan Bank, was exposed by Gen. Smedley Butler, Roosevelt's opponents continued to work with the Nazis, whom they expected would attack the Soviet Union. However, when it became apparent that Hitler would strike westward first, they began to change their attitude. It was only after Winston Churchill's decision to seek an alliance with the United States against Hitler in order to preserve the British Empire, that this faction would be forced to work with Roosevelt to win the war, once the Japanese attacked Pearl Harbor on Dec. 7, 1941.

However, this was only a temporary alliance, given that the Synarchist agenda before and during the war continued to be totally opposed to that of Roosevelt. For example, in 1940 a U.S. intelligence document entitled "'Synarchie' and the policy of the Banque Worms group," reported that the program of the Synarchists was "to work for the ultimate complete control of all industry by international finance and industry." The group hoped to create a Franco-German industrial bloc which would effect a fusion with Anglo-Saxon industry after the war. It desired "a speedy conclusion to the war, the continuation of which they believe could only lead to the ruin of the heavy industrial interests." Its policy toward Germany was "to eliminate Hitler, Goebbels and Himmler with his Gestapo and thus facilitate the formation of an Anglo-Franco-German economic bloc."

After the U.S. defeat of the Imperial Japanese Navy in the Battle of Midway Island on June 4-7, 1942, and the Soviet defeat of the Nazis in the Battle of Stalingrad on Feb. 3, 1943, it was clear to Bormann, to his allies at I.G. Farben, and to its Anglo-American cartel partners, that Hitler was going to lose the war. They, therefore, began to lay the globalized financial and political basis for a new universal fascist order without Hitler, in the post-war, post-Roosevelt period as envisioned by the Banque Worms group.

As early as 1943, Bormann began to transfer Nazi gold through Franco's Spain to Argentina. Preparations for transforming Hitler's now inevitable defeat into a post-war Nazi resurgence were accelerated with the Aug. 10, 1944 meeting at the Maison Rouge Hotel. Bormann anticipated that the preparations would have to be concluded by mid-May 1945, within days of when the Nazi surrender actually occurred. The reason that there was no continued rear-guard Nazi military resistance in the Alpine Redoubt after the surrender, as some feared, was the fact that this plan was put into effect.

On the Anglo-American side, with the death of President

2. The routes by which Nazi war criminals escaped to South America and Southwest Asia (the Middle East) were called "rat-lines." A rat-line is the rope ladder reaching to the top of the mast of a ship, the last place of safety for an escaping rat when the ship is going down.

Roosevelt on April 12, 1945, a coup was launched in the U.S. intelligence community by the pro-Nazi U.S. faction of the British-centered financial oligarchy.³ Roosevelt's intent after the war, as reported by his son Elliott Roosevelt in his book *As I Saw It*, was to use American System methods of economic development to end all forms of colonialism and to create a community of principle among sovereign nation-states based upon his Good Neighbor Policy. Roosevelt's policy was in direct opposition to that of Churchill, which was to preserve the British Empire.

Roosevelt had wanted to dismantle such Nazi cartels as I.G. Farben, whereas the British and their agents in the United States, such as Allen and John Foster Dulles, wanted to preserve the pre-World War II cartel arrangements under imperial Anglo-American control. Roosevelt, a believer in American System Hamiltonian principles, created the Bretton Woods financial system to replace the Nazi-controlled Bank for International Settlements (BIS), which was based upon the Anglo-Dutch system of independent central banking. His Synarchist opponents, however, insisted on the continued operation of the BIS, and plotted to dismantle the Bretton Woods system as soon as they could muster the political power to do so.

While Roosevelt had been committed to maintaining his World War II alliance with the Soviet Union, the British and

3. William F. Wertz, Jr., "The Plot Against FDR: A Model for Bush's Pinochet Plan Today," *EIR*, Jan. 21, 2005.

their allies in the United States, centered on the Dulles brothers, launched a global campaign against the Soviet Union, utilizing protected Nazi networks. At the war's conclusion, as advocated by Lord Bertrand Russell, they even contemplated a pre-emptive nuclear war against the Soviet Union, in order to impose a New World Order and eliminate the sovereign nation-state. This policy of pre-emptive nuclear warfare, which Vice President Dick Cheney is attempting to revive today, was only abandoned when the Soviets broke the Anglo-American nuclear monopoly by developing a thermonuclear bomb.

The anti-Soviet campaign continued throughout the Cold War, which was launched by Churchill and his ally President Harry Truman. Although the Soviet Union was the nominal target, the real target was the American System tradition of Franklin Roosevelt, whose advocates were accused by Truman's stooge Sen. Joseph McCarthy of being pro-communist, for opposing the Synarchist policy.

The cultural complement to the Dulles-run Nazi rat-lines and the drive to overthrow the Bretton Woods, was the creation of the Congress for Cultural Freedom. The purpose of the CCF, which was run by Allen Dulles's faction at the CIA, was not de-Nazification, but just the opposite. By promoting fascist ideologues like Friedrich Nietzsche and Nazi Party member Martin Heidegger, the Dulles-controlled CCF intended to ensure that no future FDR could ever emerge in the United States or continental Europe.

During the Cold War, the policy of protecting and utiliz-

Dulles and Schacht: A Synarchist Love Affair

On Oct. 20, 1930, the cream of the Anglo-American foreign policy establishment gathered in New York City for a dinner, celebrating the signing of the Young Plan, which launched the Bank for International Settlements (which would soon be funding the Nazis). The two guests of honor at the gala, sponsored by the Foreign Policy Association, were none other than John Foster Dulles and Hjalmar Schacht. Introducing Schacht to the admiring audience of New York bankers and Anglophilic foreign policy mavens, Dulles reminisced about his first encounter with Dr. Schacht, in 1923, when the streets of Germany were filled with "Red revolutionists," and Germany was at the height of hyperinflationary panic.

"It was a time," Dulles said, "when almost everyone with whom I talked in Germany—and I talked to the leading bankers and industrialists—felt that the situation was hopeless, and that the only thing to look forward to was a world-wide catastrophe which would wipe the slate clean,

and while causing all nations to start again from primitive beginnings, would at least give Germany an even chance." Dulles continued, "Of all that I met in Berlin, Dr. Schacht alone looked forward with hope to the future and felt it worthwhile to do something, to try to save something out of the wreckage which everybody else felt was permanent. I sat in his rooms in Berlin at this time that I refer to, when our conversation was interrupted by the rattle of the machine guns sweeping the streets of Berlin. His thoughts were not on that, but his mind was working on plans for financing the importation of essential raw materials into Germany which would again put industry in motion. That is the quality which brought him to leadership and which permitted him later to perform the miracle of stabilizing German currency through the Rentenmark, at a time when this was impossible by all the rules of economics and finance. . . . It was ostensibly based upon land. Any economist or financier will tell you that you cannot maintain a stable currency based upon land, and they are right, because the Rentenmark, purporting to be based upon land, really was based upon and drew its stability from confidence in the integrity and intelligence and in the character of Dr. Schacht."—*Jeffrey Steinberg*

ing Nazis had a profound impact on the methods employed by elements of the Dulles-controlled U.S. intelligence agencies both in the United States and abroad. Roosevelt's Dulles-led opponents proceeded to incorporate Nazi personnel and Nazi-style methods in their post-war crusade against communism. The impact of this policy can still be seen today, in the Beastman methods adopted by the Cheney-Bush Administration in the so-called war on terrorism.

After the Bretton Woods system was dismantled by the Nixon Administration in 1971, under the influence of George Pratt Shultz, the first generation of Nazi war criminals who had been protected by Dulles, participated in the creation of a second-generation Fascist International, which included Chilean fascist dictator Augusto Pinochet's Operation Condor.⁴ And today, with an onrushing global financial and economic collapse worse than the 1930s, there is an attempt to give birth to a third-generation Fascist International, to be used to enforce the fascist economic policies of the same Shultz, who is the present-day controller of both the George W. Bush Administration and California Governor Arnold Schwarzenegger, whom Shultz is grooming to be an American Hitler.⁵

If the United States is to return, under Lyndon LaRouche's leadership today, to the role that Roosevelt envisioned it playing after the defeat of fascism in World War II, the nation will have to be freed from the "Dulles Complex," the international Synarchist faction which not only protected Nazi war criminals in the post-World War II period, but also used them as a private covert mercenary army, and has emulated their criminal anti-human mentality and practice ever since, as evidenced most recently in the Satanic detention and interrogation methods employed at Abu Ghraib and Guantanamo Bay prisons. This is the apparatus which the late Pope John Paul II referred to as the "structures of sin."

Martin Bormann and the Nazi Gold

Beginning in 1943, Bormann, who was Hitler's personal secretary and chief accountant, directed an operation to transfer Nazi gold to Argentina to finance the activity of the Nazi international in the post-war period. There was a secret fund at the Reichsbank in Berlin, which Bormann discovered in 1943. Walter Funk, who replaced Hjalmar Schacht as president of



Martin Bormann

4. William F. Wertz, Jr., "Nazis, Operation Condor and Bush's Privatization Plan," *EIR*, March 25, 2005; and Wertz, "Luis Posada Carriles Gives the Lie to George Bush's 'War on Terrorism,'" *EIR*, June 17, 2005.

5. Shultz's current wife, Charlotte Shultz, is Arnold Schwarzenegger's chief of protocol. Also see William F. Wertz, Jr., "MSIA: Anatomy of a Fascist Intelligence Operation," *EIR*, Feb. 25, 2005.

the Reichsbank in 1939, was in charge, and Otto Skorzeny, Hitler's commando, aided in many of the shipments to the Reichsbank. Bormann began dipping into the fund and shipping it out of Germany with the help of Skorzeny. The money was shipped to southern Spain, where U-boats transferred it to Argentina.

Gen. Wilhelm von Faupel, the head of the Berlin-based Ibero-American Institute and Nazi Ambassador to Franco Spain in 1936,⁶ managed the shipment of the Nazi gold from Spain to Argentina with the aid of Capt. Dietrich Niebuhr (Abwehr chief in Buenos Aires until expelled in 1941) and Gottfried Sandstede (chief of the Gestapo in Argentina), whom Evita Duarte (later Evita Perón) had helped escape from Argentina to Spain in 1941. Niebuhr supervised the transfer of the shipments to the U-boats. Nazi records show that as much as 550,000 ounces of gold, 3,500 ounces of platinum, 4,638 carats of diamonds, hundreds of works of art, and millions in gold marks, pounds sterling, dollars, and Swiss francs were sent aboard six U-boats to Argentina.



Wilhelm von Faupel

General Faupel was known as the I.G. Farben General. He had extensive experience in Ibero-America and Spain before Hitler came to power in 1933. He served in Argentina in 1911-13, returned to Germany when World War I began, and coordinated espionage and sabotage for Germany in Spain. After the war he returned to Argentina and then also served in Brazil and Peru. In 1934, Hitler appointed him head of the Ibero-American Institute in Berlin. He planned and coordinated the Franco revolt against the Second Spanish Republic in 1936, and then became Hitler's ambassador to Franco Spain later the same year. Once Franco consolidated power, the Nazis then used Spain as a means of receiving needed raw materials, including oil from I.G. Farben cartel partner Standard Oil during the war, and also as a means of penetrating Ibero-America through the Spanish Falange and the Council of Hispanidad.⁷

Had the Axis powers not been defeated in the Battle of Midway and in the Battle of Stalingrad, von Faupel's Ibero-

6. See William F. Wertz, Jr., "The Cristero War on Mexico: Synarchism Then and Now," *EIR*, July 25, 2003 and Wertz, "The Nazi-Instigated National Synarchist Union of Mexico: What It Means for Today," *EIR*, July 9 and July 16, 2004.

7. Other pro-Nazi German military officers deployed to Ibero-American countries prior to World War II: Capt. Ernst Röhm, organizer of the Nazi Storm Troopers, went to Bolivia in 1925 as "special advisor" to the Bolivian Army. Aviation officer Fritz Hammer went to Colombia, where he later organized Nazi espionage and economic infiltration. General Bohnstedt became head of the military academy in El Salvador and official instructor to the Salvadorean Army. General Reinecke, General Kundt, and many other officers of the German General Staff became active in Chile, Paraguay, and Peru.

American Institute had planned to utilize the Nazi-instigated National Synarchist Union (UNS) of Mexico to carry out military operations against the United States, including the option of an invasion of the U.S. Southwest states where the UNS was highly organized. When the United States and the Soviets prevailed, von Faupel's focus shifted to collaboration with Bormann to prepare for the post-war period.

On May 22, 1944, two weeks before the D-Day Allied landings in Normandy, von Faupel wrote to one of his agents in Berlin:

“Reichsleiter Bormann, who has received two reports from von Leute and the Argentine General Pistarini, insists that the shipments to Buenos Aires be resumed forthwith. Ask General Adolf Galland to place two aircraft at our disposal, solely for flying at night, and inform Rudel and Hanna Reitsch. The bearer of this letter and Kuster must start preparations at once. Köhn must come to Madrid with the first available plane to help Sandstede, who has been ordered to report to me tomorrow.”⁸

The gold was shipped to Ludwig Freude, who deposited it in four Argentine banks—the Banco Germánico, Banco Alemán Transatlántico, Banco Tornquist, and the Banco Alemán—in the name of Eva Duarte. There were four partners on the accounts: Freude for von Faupel, Ricardo von Leute (director of the Banco Alemán Transatlántico) for Bormann, Dr. Heinrich Dörge (councillor of the Central Bank of Argentina and a former aide to Hjalmar Schacht), and Ricardo Staudt. Staudt was an Argentine citizen of German birth, who had been designated a war criminal by the French government after World War I.

Bormann sent von Faupel and Sandstede to Argentina in the Spring of 1943, after the defeat at Stalingrad, to arrange the receipt. They arrived in Buenos Aires on May 2, 1943 and immediately contacted Ludwig Freude.

The Global I.G. Farben-Martin Bormann Empire

After the Allied invasion of Normandy in June 1944 and the failed assassination attempt against Hitler on July 20, 1944, Martin Bormann clearly decided that no time was to be lost in preparing for the post-war survival of the Nazi Party and its industrial allies.

Immediately after receiving a report on the Aug. 10, 1944 Maison Rouge Hotel meeting, Bormann placed a call to Georg von Schnitzler of I.G. Farben, with whom he discussed the need to secretly countermand Hitler's order for the destruction of German industry at the war's close. Von Schnitzler and I.G. Farben's president, Hermann Schmitz, had both helped Hitler come to power in 1933. But they were now working with Bormann to prepare for a Hitlerless post-war era.

Ever since 1941, Bormann had headed up the Nazi Foreign Organization. But through his alliance with I.G. Farben,

he also had access to a much more extensive international network. I.G. Farben's office in Berlin was under the direction of Dr. Max Ilgner, nephew of Hermann Schmitz. It had offices and representatives in 93 countries. Its contact men throughout the world were called I.G. *Verbindungsmänner* (liaison officers), all of whom were Nazi Party members, which made Bormann their chief. Bormann would use both of these organizations to coordinate his flight capital operations.

In setting up the post-war Nazi financial empire, Bormann met frequently with Hermann Schmitz, who was the master of financial camouflage. Schmitz was given the title of “secret councillor” to the Nazi Party and to Bormann.

In the last months of the war, Bormann set up 750 new corporations in neutral countries, using the technique perfected by I.G. Farben. A national of each country was the nominal head of each corporation, and the board was a mix of German administrators and bank officials. The companies were owned by Germans who possessed bearer bonds, which required no registration of identity, as proof of stock ownership. A breakdown by U.S. Treasury investigators of these new German firms was as follows; Portugal, 58; Spain, 112; Sweden, 233; Switzerland, 214; Turkey, 35; Argentina, 98.

In addition to overseeing these 750 new corporations, Bormann kept apprised of the corporate activities of I.G. Farben, which had numerous subsidiaries in the neutral nations that would play a critical role in the operation of the Nazi rat-lines, including 8 subsidiaries in Argentina, 3 in Portugal, 4 in Sweden, 6 in Switzerland, and 14 in Spain.

I.G. Farben controlled many Spanish firms directly or through Unicolor SAIG. Farben owned 51% of the stock in Sociedad Electroquímica de Flix, whose manufacturing processes were under license from I.G. Farben. Química Comercial y Farmaceutica S.A. was a subsidiary of I.G. Farben. Farben Unicolor S.A. represented 16 German firms having interlocking directorates with several large Spanish chemical companies. There were also two prominent German-owned banks in Spain.

As of February 1945 there were 987 joint stock companies in Spain controlled completely by German capital. Two thousand Spanish companies, many of them with branches and affiliates in North and South America, had German directors on their boards.

As late as the Summer of 1944, I.G. Farben had built four new chemical plants in Madrid. In March 1944, the company completed a synthetic oil plant in Pueblonuevo del Terrible near Cordoba. This plant had a Spanish name, Calvo Sotelo, but it was completely owned by I.G. Farben. In the Summer of 1944, I.G. Farben built a magnesium plant in Santander. Other German plants—steel, textile, munitions, and mines—existed in Catalonia, Asturias, the Basque country, and Galicia.

In Argentina, Fritz Mandl virtually controlled the munitions industry on behalf of I.G. Farben. Mandl was an armament manufacturer in Germany who invested heavily in an Argentine government program to expand its armaments

8. Ladislav Farago, *Aftermath*, p. 202.

industry. Swedish Synarchist Axel Wenner-Gren set up Krupp and I.G. Farben fronts throughout South America and especially in Argentina. Alfredo Moll, the son-in-law of the president of the Central Bank of Argentina, was the director of Anilinas Alemanas, the I.G. Farben subsidiary in Argentina.

Besides Anilinas Alemanas, the principal direct subsidiaries of I.G. Farben in Argentina were Bayer and Tosca. Monopol and Indunidas were two cloaked Farben enterprises. In addition Farben had cartel arrangements with Química Merck and Química Schering. Farben officials were also connected, through interlocking directorates, with German firms operating in the electrical, iron and steel, and construction industries.

The Farben/Bormann financial empire extended into several other Ibero-American nations, including Brazil and Peru, where von Faupel had been active before World War II. Many of these nations would provide refuge for escaping Nazi war criminals after the war, and in the case of Chile would launch the neo-Nazi Operation Condor in 1975.⁹

On Sept. 8, 1944, President Roosevelt, who had intended to dismantle this entire I.G. Farben global apparatus, had sent a letter to Secretary of State Cordell Hull in which he said: "The history of the use of the I.G. Farben trust by the Nazis reads like a detective story. Defeat of the Nazi army will have to be followed by the eradication of those weapons of economic warfare."

However, after his death, despite a trial of 24 executives of I.G. Farben, the decartelization envisioned by Roosevelt was thwarted by the pre-war Anglo-American cartel-partners of the Nazis.¹⁰ With the launching of the Cold War by Churchill and his puppet Truman, the Anglo-American cartels moved to protect the Nazi financial operations, even as Dulles helped Bormann and other Nazi war criminals to escape to Southwest Asia and South America. The Nazis' financial and political assets would be useful in both the Cold War against the Soviet Union and in the effort to dismantle Roosevelt's Bretton Woods system.

9. In Brazil, the chief centers of Nazi activities were the Farben concerns of Aliança Commercial de Anilinas Ltda. and A. Química Bayer of Rio de Janeiro. The Brazilian Farben executive, Hammers, was a leading liaison officer; in Peru, Dr. Friedrich Bank and Guillermo Corvejo, executives of the Farben Compañía General de Anilinas, were both key I.G. Farben liaison officers; in Chile, Werner Siering, manager of Farben Bayer, reorganized the Nazi/I.G. Farben intelligence operation in Chile in 1935 and was secretary of the Chilean Nazi party; in Venezuela, Alfred Becker and Arnold Margerie, executives of the Farben La Química Bayer in Caracas, supervised Army Liaison and Nazi Party operations throughout the Caribbean; in Ecuador, L.E. Brückmann, head of the Farben concern of Brückmann and Company of Guayaquil, was also the Nazi consul. His fellow Farben executives, the manager Herr Tetke and the treasurer Herr Ruperti, were the leading Nazi Party organizers in Ecuador; and in Mexico, the chief executive of the Farben concerns Compañía General de Anilinas, La Union Química, and Casa Bayer, was Baron von Humboldt, who was also chief of the Mexican Nazi Gestapo.

10. Wertz, *op cit.*, *EIR*, Jan. 21, 2005.

Operation Sunrise and the Rat-Lines

The shift away from Roosevelt's post-war perspective began in earnest on the U.S. side immediately after his death, with the conclusion of the Operation Sunrise negotiations carried out by Allen Dulles, the Office of Strategic Services (OSS) station chief in Bern, Switzerland, with SS Gen. Karl Wolff, to effect a separate peace with the Nazis in Northern Italy.

Dulles arrived in Bern in November 1942 and immediately began to meet with emissaries of Himmler's SS, such as Prince Max von Hohenlohe-Langenburg; Reinhard Spitzky, an SS officer attached to the Foreign Ministry; and Carl Langbehn, Himmler's personal attorney. It is also likely that he established contact with Hjalmar Schacht, who since 1943 frequently travelled to Switzerland as Nazi Minister Without Portfolio.

In the 1930s, both Allen and John Foster Dulles openly supported Hitler and functioned as lawyers for the Anglo-American-Nazi cartels. For example, in 1936, the J. Henry Schroder Bank of New York entered into a partnership with the Rockefellers, forming Schroder, Rockefeller and Co., Investment Bankers. The partners included Avery Rockefeller, nephew of John D. Rockefeller; Baron Bruno von Schroder in London; and Kurt von Schroder, an officer of the SS Death's Head Brigade and the head of the J.H. Stein Bank of Cologne, Germany, which directly funded SS chief Heinrich Himmler. The lawyers for the company were John Foster Dulles and Allen Dulles of the law firm Sullivan and Cromwell. Allen Dulles was also a member of the board of the new company

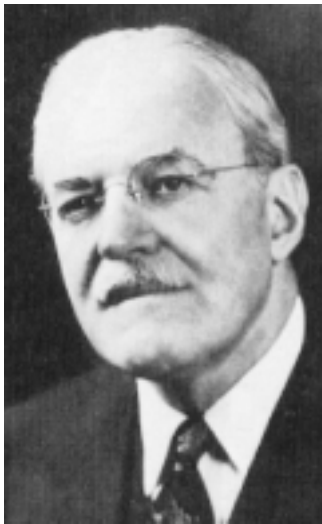
Gerhardt Westrick, the head of International Telephone and Telegraph (ITT) in Germany, was also a pre-war associate of Allen and John Foster Dulles. Walter Schellenberg, head of the Gestapo's counterintelligence service (SD), and Baron Kurt von Schroder were members of the board.

Schellenberg worked closely with I.G. Farben chief Hermann Schmitz, who, like Kurt von Schroder, was on the board of the BIS. John Foster Dulles was the attorney for I.G. Farben's U.S. subsidiary, American I.G., which Sosthenes Benn, the head of American ITT, bought up during the war, in order to avoid expropriation by the U.S. government.

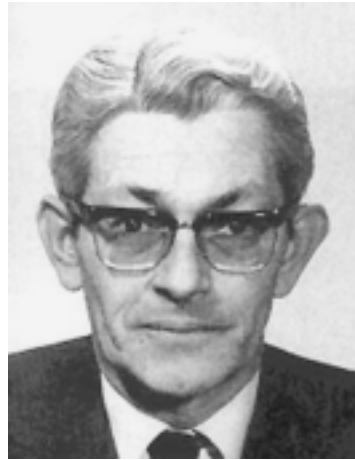
Dulles was also a personal acquaintance of Martin Bormann before the war.

In his negotiations with Dulles, SS General Wolff expressed his hope that the "decent" and "idealistic" members of the SS and the Nazi Party would be able to play a role in the reconstruction of Germany after the war, and that they would be protected by the Anglo-Americans and utilized in a projected war against the Soviet Union. To two of his SS subordinates, Wolff confided: "We'll get our Reich back again. The others will begin to fight amongst themselves eventually and then we'll be in the middle and can play off one against the other."

Wolff, who had been Himmler's chief of staff, and thus Himmler's liaison to Hitler, had been sent to Italy with express



Deutsches Historisches Museum



The Dulles brothers, Allen (left) and John Foster (center), were key figures in setting up and perpetrating the Nazi rat-lines, along with top spook James Jesus Angleton (right), Allen Dulles's protégé. This was the core of the anti-Roosevelt faction in U.S. intelligence.

orders to contact the Allies. Bormann was informed by Wolff of his discussions with Dulles.

The separate peace negotiated between Dulles and Wolff was concluded on May 2, 1945, just five days before the general surrender at Rheims. Even though Roosevelt had insisted on an unconditional surrender of the Nazis, the understanding established between Dulles and Wolff clearly involved an agreement to protect the Nazi apparatus, despite the fact that some of the most prominent Nazis would have to be sacrificed.

In the post-war period, while some of the most prominent Nazis were prosecuted at Nuremberg by the International War Crimes Tribunal, others were helped to escape through the "rat-line." Some escaped to the Middle East, at least temporarily, but most escaped through Argentina to the southern cone of South America, where there was already significant Nazi organization prior to World War II. Other fascists stayed behind in Europe under NATO control in the Gladio networks, for the ostensible purpose of preventing communists from coming to power in Europe.

Wolff himself was protected as part of the deal. With the help of Dulles, he narrowly missed being included among the defendants at Nuremberg. In 1949, he was prosecuted by the British, but was acquitted after receiving affidavits from Dulles and others on his behalf. Only in 1962, after the Adolf Eichmann trial in Israel, was he found guilty by a West German court, on charges that he had helped plan the extermination of the Jews. But even then, after a brief sentence in jail, he was released.¹¹

11. A State Department memorandum dated Sept. 17, 1947 was cabled to Germany by State's head of security Jack Neal in response to an inquiry on how to handle war criminals who claimed that they had been involved with Operation Sunrise. The memorandum reads: "Officials concerned with Operation Sunrise report no, repeat no, promises furnished. However, these officials are of the opinion . . . that allies owe some moral obligation in return for aid performed and risks taken, therefore, definite consideration should be

Two U.S. Intelligence Services

The protection of Nazi war-criminals was not initially U.S. policy. The involvement of Allen Dulles in promoting the Nazi rat-lines reflected a split in the United States between those who were still loyal to the post-war vision of Roosevelt versus those like Dulles and his protégé James Jesus Angleton, who were themselves allied with the pre-war Anglo-American-Nazi cartels. In Angleton's case, his father, Hugh Angleton, had been the representative of National Cash Register in Italy before the war.

At war's end, Allen Dulles was under suspicion for his pro-Nazi loyalties. For example, in 1945, the U.S. Treasury Department accused him of laundering funds from the Nazi Bank of Hungary to Switzerland. Similar charges were made against his agent Hans Bernd Gisevius, who had worked as an OSS agent while serving at the Reichsbank. Dulles, of course, was a close friend of the American Director of the Nazi-controlled Bank for International Settlements in Basel, Switzerland, and was in close contact with top Nazi banking officials, including Hjalmar Schacht.

Nonetheless, with the death of Roosevelt, Dulles was able to create an intelligence network in Germany loyal to him and his objectives. As a result, by 1946, there were, in effect, two U.S. intelligence services in Germany. The Department of Army Detachment (DAD) took orders from those in the institution of the U.S. Presidency still loyal to Roosevelt. Dulles's men, on the other hand, were centered in the War Department's Strategic Services Unit (SSU). They were also known as the War Department Detachment (WDD) or the Document Disposal Unit (DDU).

While the DAD (the CIA's predecessor) hunted Nazis, Dulles's clique recruited them. Region IV of the U.S. Army's 66th Counter Intelligence Corps (CIC) in Munich helped the

given to those favorable aspects when weighing any war crimes with which they are charged." (Christopher Simpson, *Blowback*, p. 93.)



Avery Dulles, S.J., the son of John Foster Dulles, was a protégé of Bishop Alois Hudal, the Nazi Roman Catholic prelate who coordinated the rat-lines for Allen Dulles. Avery worked closely with Hudal, and remains a center of corruption in the Church today.

DDU recruit ex-Nazis and smuggled them out of Germany via the 430th CIC in Austria to Italy, whence they would escape to Argentina and elsewhere.

James Jesus Angleton was well positioned to facilitate this Dulles operation. In November 1944, he was appointed head of the X-2 British-American Special Counter Intelligence unit (SCI-Z) in Rome. In April 1945, he was appointed head of X-2 in all of Italy and then in December 1945, after the Dulles-Wolff negotiations, he was appointed head of SSU in Italy. In November 1947, Angleton returned to Washington, D.C., where he became the Assistant Director for Special Operations at the new CIA.

Dulles resigned from the OSS after the war and returned to New York, where he rejoined his brother John Foster Dulles's law firm, Sullivan and Cromwell, and soon went to work for a large number of clients in Argentina, which was the key nation in Ibero-America to and through which Nazi war criminals would escape. In 1950, he became head of planning for the CIA and then the CIA's Deputy Director. In 1953, he was appointed CIA Director by President Eisenhower. When Eisenhower's farewell address in 1960 warned the American people of the dangerous power of the "military-industrial complex," he knew whereof he spoke, since his own Administration was riddled with what could be best referred to as the "Dulles Complex"—even though he, as President, defied the Anglo-American factions on numerous occasions.

The Role of Avery Dulles

Avery Dulles, the son of John Foster Dulles and the nephew of Allen Dulles, is now a Roman Catholic Cardinal, and was also implicated in the Nazi rat-lines. In 1940, he converted to Catholicism. During the war he joined the Naval Reserve as an intelligence officer. His official biographies say

that he received the Croix de Guerre in 1945 for liaison work with the French Navy. Later in that same year while serving in Naples, Italy, it is said that he contracted polio. He was discharged from the Navy in 1946 with the rank of lieutenant, and later returned to the United States, where he entered the Novitiate of the Society of Jesus in Poughkeepsie, New York on Aug. 14, 1946.

This chronology places Avery Dulles operating as an intelligence officer in Italy in 1945-46, during which time his Uncle Allen concluded the Operation Sunrise negotiations with the Nazis, and Allen's protégé Angleton was head of Counter Intelligence for Italy as a whole.

While in Italy, Avery Dulles came under the direct guardianship of Bishop Alois Hudal, who, as we shall see, was the Nazi Roman Catholic prelate who coordinated the Nazi rat-lines for Allen Dulles. Thus, not only did Allen Dulles and Angleton run the Nazi rat-lines from the top, but they had an inside intelligence operative in the person of "Brother Avery," working closely with Bishop Hudal.¹² These were the circumstances under which Avery Dulles, a center of corruption in the Roman Catholic Church today, began the process which culminated in his being appointed Cardinal.

Another monk, who like Avery Dulles was under the guardianship of Bishop Hudal, was Adolf Martin Bormann, the eldest son of Martin Bormann and the godson of Adolf Hitler. Adolf Martin had taken monastic vows and, following a preliminary course in the Federaun Monastery near Villach, Austria, was under the patronage of Bishop Hudal. Bormann's eldest daughter, Ute Eva, had taken the veil in Santa-Giulia Monastery.

Gehlen, Schacht, and Skorzeny

After the war, the Dulles-Angleton faction selected three key Nazis—Reinhard Gehlen, Hjalmar Schacht, and Otto Skorzeny—to work with them against the Soviet Union.

Gehlen, who had been Hitler's top spy on the Eastern front, worked with the CIA, which was established in 1947, and its predecessors immediately after the war. Gehlen's organization was headquartered south of Munich at Pullach, Germany. He worked here with the CIA until 1956, when he became the chief intelligence officer for the new West German government.

Schacht, George Shultz's favorite fascist, had been an asset of the Anglo-Americans since the Versailles Treaty following World War I. He helped create the Anglo-American-Nazi cartels in the 1920s; then he helped bring Hitler to power in 1933 and was the president of the Reichsbank and the Nazi

12. L. Bezymensky, *Tracing Martin Bormann*, 2001, p. 93. Bezymensky is a former major in Soviet Intelligence and later became a journalist. He interviewed Russian and German officers and officials and researched relevant documents in West German, East German and Soviet archives. He reports as follows: "Hudal was the guardian not only of Brother Martin (Adolf Martin Bormann to the laity), but also of another monk, Brother Avery, John Foster Dulles's son."



Left to right: Hjalmar Schacht, Reinhard Gehlen, and Otto Skorzeny, three leading Nazi figures who were hand-picked by the Dulles-Angleton faction in U.S. intelligence to work with them in the Cold War against the Soviet Union.

economics minister. In these positions he was responsible for the war mobilization and the fascist slave-labor policy of the Nazi regime.

Nonetheless, after the war he was acquitted at Nuremberg, against the votes of the Soviets and the Americans, with the Soviet members of the Tribunal insisting on publishing their dissent. Schacht was later convicted and sentenced to eight years in prison by a German denazification court, but won an appeal due to the intervention of John J. McCloy, the U.S. high commissioner in Germany.

Still adhering to his fascist views, Schacht would then be rehabilitated by his Anglo-American controllers, and his economic policies would be defended, as a result of his acquittal, as the basis for the post-1971 Anglo-Dutch financial system.¹³

Skorzeny worked with Martin Bormann during the war to transport Nazi gold out of Germany to fund Nazi operations in the post-war period. He also worked with Gehlen. In January 1945, Gehlen contacted Skorzeny, whom he asked to secretly bury copies of his anti-Soviet intelligence files in three locations in Bavaria, to be used to bargain with the Allies after the war.

When he turned himself in to the U.S. forces at the war's conclusion, Skorzeny stressed his desire to continue the fight against the Soviet Union and communism. He was placed on trial before an American war crimes tribunal, but having offered his services to the Dulles faction, he was acquitted. Given his role in the Nazi regime, others still wanted to prosecute him. The German Ministry for Reconstruction and Politi-

cal Liberation determined to try him before a denazification court. Also the government of Czechoslovakia requested his extradition for prosecution in that country for war crimes.

However, just before being extradited in 1948 to Czechoslovakia, Skorzeny escaped from a German internment camp at Darmstadt with the help of his friend Gehlen and the Dulles faction of the U.S. Counter Intelligence Corps.

On Sept. 2, 1948, shortly after Skorzeny escaped from Darmstadt, Schacht was released from prison. The two would soon meet in Madrid, where many Nazis had fled after the war. In fact, it was estimated that as many as 16,000 Nazis lived in Madrid by 1950 under Franco's protection.

Schacht's job was to help recover the hidden assets of the Nazi treasure. He and Skorzeny formed a worldwide business partnership. Skorzeny soon was handling the Spanish interests of Klöckner AG, the Wolff trust, the Feldmühle Paper Co., the Messerschmitt works, the Krupp conglomerate, the H.S. Lucht Co., and others. He asked SS Col. Leon Degrelle, who had been Belgium's leading Rexist Nazi collaborator, to aid him in handling German interests in Spain. In 1954, after he divorced his wife, Skorzeny married Countess Ilse von Finkenstein, a niece of Hjalmar Schacht.

Another key Nazi operative who came under the protection of Allen Dulles and worked with Skorzeny was the Swiss Nazi François Genoud, a prominent official of the pro-Nazi National Front for Switzerland. Genoud worked closely with Martin Bormann in the transfer of millions of marks from German to Swiss banks. By 1943, he was in regular contact with SS General Wolff and with Allen Dulles. Several reports place Genoud in contact with Klaus Barbie, the "butcher of Lyon," during the Operation Sunrise negotiations.

After a brief legal detention following the war, Genoud worked with Schacht and Skorzeny in Southwest Asia, including Egypt, and also helped launch the Buenos Aires-based Nazi magazine *Der Weg*, which was produced by Ludwig Freude. In conjunction with Skorzeny, he was deeply involved in arms sales to the French Secret Army Organiza-

13. In late 1971, Lyndon LaRouche debated New York Queens College Professor Abba Lerner, who explicitly defended the economic policies of Hjalmar Schacht as the basis for the transformation of Roosevelt's Bretton Woods system by President Richard Nixon on Aug. 15, 1971. Lerner claimed that had Schacht's economic policies been applied properly, Hitler "would not have been necessary." LaRouche identified Lerner's defense of Schacht as advocacy of universal fascism.

tion (OAS), which attempted to assassinate President Charles de Gaulle. Genoud came into possession of Bormann's notes of his talks with Hitler and published them after the war.

'Die Spinne' and Odessa

At war's end, Skorzeny had organized a network called Die Spinne (The Spider) to help members of the SS (Schutzstaffel—Defense Detachment) escape Germany. Members of the SS belonged to the Nazi Party and were responsible for enforcing Nazi policies. There were three components to the SS: the Allgemeine-SS, which played a political and administrative role, including the enforcement of racial purity laws; the SS Death's Head organization, which ran the concentration camps; and the Waffen-SS, which was an elite military organization. The Sicherheitsdienst (SD—Security Service) was part of the SS, as was the Gestapo (Geheime Staatspolizei—Secret State Police).

On Sept. 30, 1946, the Nuremberg International War Crimes Tribunal declared the SS a criminal organization, stating: "The SS was used for purposes which were criminal, involving the persecution and the extermination of the Jews, brutalities and killings in concentration camps, excesses in the administration of occupied territories, the administration of the slave labor program and the maltreatment and murder of prisoners of war."

It was this criminal organization which was preserved by Skorzeny's Die Spinne, which maintained the escape route from Germany via Austria to Italy. The U.S. 66th CIC, Region IV, listed the leading members of the organization as Skorzeny; Hasso von Manteuffel; Helmut Beck; SS Capt. Franz Röstel; and Hermann Lauterbacher, formerly a member of the staff of SS leader Himmler. (Lauterbacher would later work with Skorzeny in Egypt.) Röstel obtained a Syrian passport, changed his name to Haddad Said, and directed the escapees from his headquarters in Munich and Lindau. Lauterbacher, along with Franz Spögler, a former officer of the Security Service (SD) in Italy and a close friend of Mussolini's mistress, handled the affairs of Die Spinne in Italy, overseeing the so-called monastery route between Austria and Rome. This route culminated in Collegio Teutonico di Santa Maria dell' Anima in Rome, where Msgr. Alois Hudal, Bishop of Eila, welcomed the escapees.

Skorzeny also organized the Brotherhood of former SS men, which eventually became known as Odessa, a code word meaning Organization for the Release of Former SS Members (Organization der Entlassene SS Angehörige). The legal arm of Odessa was known as HIAG, the Mutual Aid Association of Former SS Members (Hilfsgemeinschaft auf Gegenseitigkeit). This organization was the legal successor to the SS. Its membership in West Germany numbered 20,000 former SS soldiers, and by 1951 it had an extensive network, with former members of the SS in France, Belgium, Holland, Italy and other nations.

On the Italian side, Odessa was headed by Prince Pinatelli and other personalities of the former Italian Fascist Party,

such as Giorgio Almirante, who along with Prince Junio Valerio Borghese and Il Duce's sons, Vittorio and Romano Mussolini, was a leader of the Italian Social Movement (MSI), founded on Dec. 31, 1946. Immediately after the war, Borghese had been rescued by James Jesus Angleton. Vittorio Mussolini later escaped to Argentina.

Another important organization, which functioned as part of Skorzeny's Odessa operation, was the Kameradenwerk. It was organized by SS Col. Hans Ulrich Rudel, who was based in Argentina after the war. Rudel was the most successful air ace in the Luftwaffe, during the war. On June 8, 1948, he arrived in Argentina on a flight from Rome arranged by Bishop Hudal, bearing a Red Cross passport under the name Emilio Meier. In Argentina he became the head of Juan Perón's Air Force, in the pay of Argentina's National Institute of Aeronautics.

In 1951 he returned to Germany, where in 1953 he collaborated in a failed neo-Nazi coup plot led by Werner Naumann, who after Hitler's death had been appointed Propaganda Minister of the short-lived new Nazi government by Martin Bormann. Rudel helped to establish the Deutsche Reichspartei, which was the precursor to the National Democratic Party of Germany (NPD), the leading neo-Nazi party in Germany today.

In the 1970s and 1980s, Rudel was involved in selling arms to and acting as an advisor to Augusto Pinochet of Chile, Alfredo Stroessner of Paraguay, and the "Cocaine Generals" in Bolivia, where Klaus Barbie was the head of internal security.

The Vatican Connection

The corrupt network in the Vatican which ran the Nazi ratline into Ibero-America involved primarily Austrian Bishop Hudal, Croatian priest Krunoslav Draganovic, a number of pro-Mussolini fascist Italian cardinals and bishops, including the Archbishop of Milan, Cardinal Ildebrando Schuster, and Genoa Archbishop Giuseppe Siri, and a network of corrupt priests under the control of primarily Hudal and Draganovic. Archbishop Siri of Genoa was Walter Rauff's contact in setting up Bishop Hudal's escape-network in that city.

In Ibero-America, there was also a network of corrupt Catholic Church officials who were ideologically committed to the Nazi ideology of Hispanidad, which had been propagated by von Faupel's Ibero-American Institute in Berlin.¹⁴ In Argentina, this included Cardinal Antonio Caggiano and



Bishop Alois Hudal

14. See Wertz, *op cit.*, *EIR*, July 9, 2004.

his ally the bishop of Tucumán, Agustín Barrere, who met with French Cardinal Eugene Tisserant in 1946 and told him that they would help French Nazi collaborators to escape to Argentina. Cardinal Tisserant, a well-known anti-communist, was the secretary of the Congregatio pro Ecclesia orientali, a special unit of the Vatican which coordinated its policy in Eastern Europe.

The rogue elements in the Vatican involved in running the Nazi “rat-lines,” were those right-wing anti-Christian nominal Catholics who supported the Nazis, Mussolini, and/or Francisco Franco in Spain. These are the same so-called Catholics, like William F. Buckley, Jr., who hated the late Pope John Paul II, as much as they hated Pope John XXIII and Pope Paul VI. They defended Hitler’s anti-Semitism and Gestapo tactics on the same grounds that they supported the Spanish Inquisition of Tomás de Torquemada. Contrast this with the policy of the late Pope John Paul II, who helped Jews escape persecution in his native Poland, and who did so much to establish ecumenical relations with Jews during his papacy.

A number of writers attempt to attribute responsibility for the activity of these rogue elements within the Catholic Church to Monsignor Giovanni Montini, who later became Pope Paul VI. Montini was Pope Pius XII’s Under Secretary of State for Ordinary Affairs. However, at least two of these same authors acknowledge that “Montini deservedly has a reputation as an anti-Fascist.”¹⁵

In fact, Pope Paul VI, as expressed in his encyclical *Populorum Progressio*, in which he proclaimed that “development is the new name of peace,” was a principled supporter of President Franklin Roosevelt’s anti-colonial economic development policy and an opponent of the fascist economics of Schacht and the Dulles faction.

Forced to operate under a Hitler-allied fascist Mussolini government before and during the war, the Vatican was in a position so precarious that it could not exercise control over pro-fascist Synarchist elements operating under the cover of the Church. After the war, with the death of Roosevelt, the Vatican was penetrated by the Dulles-Angleton intelligence faction, which, as the new occupying power, ran its own pro-Nazi operations contrary both to Roosevelt’s intent and to that of the Vatican itself.

That Bishop Hudal did not have the support of the Vatican in his Nazi rat-line activity is further confirmed by the fact that he himself complained bitterly that Montini mistreated him. Moreover, he never claimed that his own activity was sanctioned by Montini or Pope Pius XII.

Bishop Hudal was himself a Nazi, who in 1935 published a pro-Nazi book entitled, *The Foundations of National Socialism*. In 1942, he authored a pamphlet entitled “Europe’s Religious Future,” in which he argued that Christianity must use Nazism to fight the twin dangers of liberalism and Bolshevism, both of which, according to him, were inspired by the

15. Mark Aarons and John Loftus, *Unholy Trinity, How the Vatican’s Nazi Networks Betrayed Western Intelligence to the Soviets*, p. 19.

Jews. He also held a Golden Nazi Party membership badge.

As reported above, Hudal was the guardian of both Martin Bormann’s eldest son, Adolf, who was preparing to become a Jesuit priest, and of Avery Dulles. Adolf Martin received his first name from his godfather, Adolf Hitler. After the war he served for years as a missionary in the Congo, but then asked for reassignment to South America. When the Vatican denied the request, Adolf resigned from the priesthood on July 24, 1971, and married a former nun. They both then went to work as missionaries to the Indians of Brazil and Bolivia, where it was possible for him to see his father.

Bishop Hudal was the Rector of the Pontificio Santa Maria dell’ Anima. During the war, he served as Commissioner of the Episcopate for German-speaking Catholics in Italy, as well as Father Confessor to Rome’s German community. He often spoke about the unity between the Catholic Church and the Nazi government. Hudal had contacts with the German Red Cross, the Dulles-Angleton wing of the U.S. OSS, British Intelligence, and was well connected to Die Spinne and Odesa. Hudal and Draganovic also worked with Reinhard Gehlen.

Once the war ended, Hudal in his official capacity as Spiritual Director of the German People visited all the German POW camps. Word soon spread of his role in helping Nazis to escape. U.S. intelligence agencies under Dulles-Angleton control knew of his mission and helped provide transportation, living quarters, and even identity papers.

Among the most prominent Nazi war criminals to escape helped by Hudal and Draganovic were the following:

Martin Bormann escaped to a safe house in Denmark and was later transported from northern Germany to Munich.¹⁶ From there he crossed into Austria and then finally to a Franciscan monastery in Genoa, Italy. From Italy he travelled to Argentina, where he remained until Juan Perón was forced from power in 1955. Some specialists maintain that he died in Paraguay in 1959. According to other authors, Bormann was still alive in 1974 and is said to have often visited Colonia Dignidad in Chile while in exile. This Nazi sanctuary functioned during Operation Condor as a torture center for Pinochet’s DINA secret service.

Heinrich Müller, the head of the Gestapo and senior general of the Waffen-SS, met with Bishop Hudal, who found quarters for him until he could escape. He later boarded an Argentine ship in Naples and settled initially in Peru with the help of SS Col. Friedrich Schwendt. Müller worked directly

16. Bormann, with the help of Heinrich Müller, left behind a trail of false evidence which purported to show that he had died in Berlin. One of the witnesses who claimed to have seen Bormann’s dead body being removed from a tank in Berlin was Juan Piñar, a Spanish soldier who was part of a Blue Division unit, which accompanied Bormann as he left the bunker of the Reichschancellery.

The fact that on Sept. 30, 1946 the International War Crimes Tribunal at Nuremberg sentenced Bormann *in absentia* to death by hanging, “when and if apprehended,” indicates clearly that the Tribunal thought that he was still alive and had escaped.

with Bormann and became the chief of security for the Bormann organization after the war. Müller helped Skorzeny organize the secret services of Egyptian President Gamal Abdel Nasser and Libyan President Muammar Qaddafi.

Walter Rauff, head of the SD in Milan, and the inventor of the mobile gas vans used to gas as many as 250,000 Jews to death, was apprehended at the conclusion of the war, but was then released to the custody of “S Force Verona,” an OSS unit working with the British-American “Special Counter Intelligence” team in Italy (SCI-Z), headed by Angleton. Rauff escaped in 1948 to Syria, where he was an advisor to the secret police and chief bodyguard of the President, and then to Chile via Ecuador. In Ecuador, he had a job with the I.G. Farben firm Compañía Bayer. Bishop Hudal was a close friend of Rauff beginning around 1943. Monsignor Don Giuseppe Bicchierai, Secretary to Milan’s Cardinal Schuster, sheltered Rauff in the convents of the Holy See, before his departure from Italy. Bicchierai, like Rauff, had been involved in the Operation Sunrise negotiations. Rauff, who died in May 1984, was an advisor to Pinochet’s DINA beginning in 1975.

Friedrich Schwendt, an SS colonel who worked with Rauff, had been involved in Operation Wendig, counterfeiting millions of bank notes for the Nazis. He escaped to Peru. He later helped plan the U.S. “Bay of Pigs” invasion of Cuba from the Dominican Republic, and worked closely with Rauff and Barbie in money-laundering and arms-trafficking.

Klaus Barbie was “the butcher of Lyon,” France, where as chief of intelligence and the Gestapo, he was responsible for the torture and killing of 26,000 people. He fled after the war from France to Germany, where he was recruited by the Dulles-controlled faction of the U.S. Counter Intelligence Corps. On March 22, 1951, he was smuggled from Germany through Austria to Genoa by the CIC, from where he was shipped to Argentina and then settled in Bolivia in 1951. In 1952, and again in 1954, the Military Tribunal of Lyon sentenced him to death *in absentia*. In 1964, under the alias Klaus Altmann, he was put in charge of Bolivian internal security forces. After another coup in 1970, he continued as a security consultant to the government. And then after the “Cocaine Coup” in Bolivia in 1980, Barbie was appointed once again the head of Bolivian internal security. This was during the time period when Bolivia belonged to Pinochet’s Operation Condor.

Franz D. Paul Stangl, the commandant of the Treblinka death camp, escaped with help from Hudal. Stangl initially went to Southwest Asia, where he worked with Skorzeny and Gehlen, spending time in Syria. He then moved to Brazil where he worked in the São Paulo Volkswagen factory until 1967, when he was captured.

Josef Mengele, the infamous Auschwitz doctor, lived in Argentina under the protection of Hans Ulrich Rudel, until Skorzeny moved him to Paraguay in 1959 where he became a security advisor to President Stroessner. He died in Brazil in 1979.

Adolf Eichmann escaped to Genoa and was hidden in a

monastery under Archbishop Siri’s control with the help of Hudal. He then sailed on June 14, 1951 to Argentina, where Carlos Fuldner found him a job at Mercedes Benz. In Argentina, both Eichmann and Mengele were under the protection of the neo-Nazi Tacuara group, which was advised by the anti-Semitic Argentine priest Julio Meinvielle. One of the leaders of Tacuara was Horst Eichmann, son of Adolf Eichmann. The Israeli Mossad caught Eichmann in 1960, and brought him to trial in Israel. As head of Section IV B-4, the Gestapo office in charge of extermination of Jews, Eichmann was a direct subordinate of Heinrich Müller.¹⁷

Eastern European Nazi Collaborators

In addition to the German Nazis who escaped, many of the escapees were Eastern European collaborators of the Nazis, whom the British and Dulles wanted to utilize against the communist partisan leader Josip Broz Tito in Yugoslavia, and elsewhere in Eastern Europe, as part of the Cold War. Three of the priests who were active in organizing the Nazi rat-lines were themselves Nazi war criminals from Croatia.

Croatian Father Krunoslav Draganovic was Secretary of the Confraternity of San Girolamo in Rome, and used this institution as his base of operations. In 1932 he studied at the Papal Oriental Institute and the Jesuit Gregorian University in Rome. He stayed until 1935 working in the Vatican Archives. He then became secretary to Bishop Ivan Saric of Sarajevo, who during the war was known as the “hangman” of the Serbs during the massacres perpetrated by the Croatian fascists, the Ustashi.



Fr. Krunoslav Draganovic

Father Draganovic was himself an Ustasha colonel and war criminal. He was an officer of the committee responsible for the forced conversion of Orthodox Serbs to Catholicism and the forced requisitioning of food during the Nazi offensive on Kozara Mountain. He was also vice president of the Ustashi’s Office of Internal Colonization.

In August 1943, Draganovic returned to Rome, where he represented the Ustashi and the Croatian Red Cross. In late 1944, Draganovic began to visit the camps in Italy where Croats were housed. He used American travel papers and

17. Other prominent Nazi war criminals who escaped include: Eduard Roschmann, who was responsible for the death of some 40,000 Jews in the ghetto of Riga in Latvia. He died in Paraguay in 1977; Erich Priebke, who participated in the shooting of 335 Italians in the Ardeatine Caves massacre in 1944, escaped to Argentina. He was extradited in 1996; Alois Brunner, a senior officer in the Jewish deportation program. He worked with Skorzeny in Egypt after the war; Joseph Schwamberger, commander of three concentration camps in Poland; Dr. Gerhard Bohne, the administrator of Hitler’s euthanasia program; and Dr. Carl Värnet, who conducted surgical experiments on homosexuals at the Buchenwald concentration camp.

travelled in an American car. He also had close relations with the Minister of Internal Affairs in Italy, Dr. Migliore, who directed the Italian secret service.

Father Draganovic was considered the alter ego of Ante Pavelic, the fascist leader of Croatia. In July 1947 the Yugoslavs requested Draganovic's extradition, but the request was denied. His younger brother Kresimir escaped to Argentina. Pavelic, who was sheltered by the British government, himself arrived in Buenos Aires on Nov. 6, 1948.

In addition to Draganovic, the two other major fascist Croatian priests involved in the rat-lines were Father Cecelja and Father Dragutin Kamber. Cecelja was a professed Fascist who organized 800 peasants to assist the Nazi occupation of Croatia, officiated at the swearing-in ceremony of Croatian Nazi quisling Ante Pavelic while being aware of the Budak proclamation to kill one-third of the Serbs. He was deputy military vicar to the Ustashi militia with the rank of lieutenant colonel. He was registered as a war criminal himself. Father Kamber set up the concentration camp at Doboje and became its commandant.¹⁸

Juan Perón's Faustian Deal

It is not the purpose of this article to provide a comprehensive assessment of Argentine President Juan Perón or the Peronist Party which survives him in Argentina today. Today, forces that emerged from that party, under the leadership of President Néstor Kirchner and others, are waging a determined fight against the fascist economic policies of the International Monetary Fund, a fight which reflects the positive institutional commitment to social justice and economic development of the party founded by Perón.

During World War II, Argentina, with its von Faupel-trained military was officially neutral. The British benefitted from Argentine neutrality, because it allowed Argentina to ship food to Great Britain throughout the war without Nazi interference. Argentina's neutrality, however, led the United States to provide military assistance to Argentina's regional rival Brazil, while denying Argentina the same. As a result, Argentina made a number of unsuccessful attempts to obtain military assistance from the Nazis. Only when it became absolutely clear that the Axis powers had lost the war did Argentina finally declare war on them on March 27, 1945.

Clearly, Juan Perón himself had mixed motivations respecting his participation in the rat-line. On the one hand, he hoped to bring as many as 4 million European immigrants to Argentina after the war. He also put an emphasis upon the recruitment of skilled workers, technicians, and scientists.

18. Three other priests who were part of the Draganovic operation were: Father Dominik Mandic, the official Vatican representative at San Girolamo, who was a senior official in the Franciscan order. He arranged the printing of false identity papers on the Franciscan press at San Girolamo; Monsignor Karlo Petranovic, who later lived in Canada, worked out of Genoa, shipping out war criminals; and Father Gallov, a Hungarian Catholic Priest, was central to forging Red Cross papers, using aliases and false nationalities.



Argentina National Archives

Rodolfo Freude (left) with Juan and Evita Perón in 1946. Freude's father, Ludwig, was a crucial player in the shipment of Nazi gold to Argentina. Rodolfo became President Perón's personal secretary.

Perón had in mind the economic benefits to Argentina of increasing its total population and also of expanding the skilled component of the work force.

On the other hand, there is no doubt he was a witting participant in bringing Nazi war criminals to Argentina from 1947 until 1950. This decision was undoubtedly influenced by Perón's nationalist opposition to British imperialism and his adaptation to pro-fascist elements in Argentina, including in the Roman Catholic Church, with whom he had allied to gain power in 1943. Ironically, however, the Nazi rat-line was run by the same Anglo-American imperialists Perón otherwise opposed.

After the war was concluded, during a military revolt against him in September 1945, Perón was forced to rely heavily upon the Bormann apparatus for his political survival. To avoid detention, he initially escaped for three days to the Summer home of Ludwig Freude. After Perón was arrested, Freude, who had been a crucial player in the shipment of Nazi gold to Argentina, helped finance the mobilization organized by Evita Duarte to effect his release. In October, Perón would marry Evita, in whose name the Nazi gold had been deposited. Freude then became the main conduit for German contributions to Perón's 1946 Presidential election campaign. Moreover, his son, Rodolfo, became Perón's personal secretary.

After Perón's election in 1946, Rodolfo Freude became head of the Presidential Information Bureau (a presidential secret service) and of the new Central State Intelligence Agency (CIDE). Perón's involvement in the Nazi rat-line would then be coordinated by Rodolfo Freude.

As President, Perón protected Ludwig Freude from demands for repatriation to Germany. Rodolfo's brother-in-law, Werner Kónnecke, who had been the accountant for the Nazi intelligence network in Argentina during the war, was arrested, but then released by Perón with no charges. Also, SS Capt. Siegfried Becker, the head of SD operations in the entire Southern Cone of South America, was briefly arrested at the end of the war, but was cleared of charges after Perón became President.

Evita Perón's Trip to Europe

On June 6, 1947, Evita Perón began a tour of Europe, one of the purposes of which was to coordinate the network for

helping Nazis relocate in Argentina and other countries in South America. The first stop on her tour was Spain, where Gen. Francisco Franco greeted her. While in Spain, she reportedly met with Nazis connected to Otto Skorzeny, who in 1947 was still under Allied detention and would only escape in 1948. Skorzeny himself arrived in Argentina no later than January or February 1949. There he would first train the Buenos Aires police in Nazi interrogation methods, and then oversee the training of the police throughout Argentina.

After next visiting Rome, Evita then went to Rapallo, a town near Genoa, where she met Alberto Doderò, owner of an Argentine shipping fleet. On June 19, 1947 the first of Doderò's ships, the *Santa Fe*, arrived in Buenos Aires, carrying a cargo of Nazis. Over the next few years, Doderò's boats carried thousands of Nazis to South America.

The most important meeting Evita was to have in Rapallo was with Martin Bormann himself. According to the Argentine Catholic Intelligence Agency, led by Fathers Egido Esparza and Andrés Canale, Bormann's passage to Argentina after the war was arranged by Evita Perón, who met with him, the Argentine Salesian Army Chaplain José Clemente Silva (the brother of Perón's close friend Gen. Oscar Silva), and the Bishop of Genoa, Giuseppe Siri. Evita was accompanied by two Italian generals, Graziani and Cassiani, and Commendatore Giovanni Maggio. Silva provided the travel documents.

As a result of this meeting, Bormann sailed in 1948 on the *Giovanna C*, disguised as a Jesuit priest by the name of Juan Gómez. Like other fugitives, he entered Argentina, coming from Genoa on a second-class ticket, with forged Vatican documentation. When he arrived on May 17, 1948, he was received by Ludwig Freude. Once in Argentina he registered under a Jewish name as Eliezer Goldstein.¹⁹

Evita then went to Geneva to meet key figures from the Nazi escape apparatus, including a Swiss diplomat, Jacques Albert Cuttat, who had worked at the Swiss Legation in Argentina from 1938 to 1946. Swiss files accused Cuttat of maintaining wartime contacts with known Nazis. During the war, the Swiss Central Bank and a dozen Swiss private banks maintained gold accounts in Argentina. Among the account holders was Cuttat. Nonetheless he was promoted to chief of protocol of the Swiss Foreign Service after his return from Argentina to Switzerland.

Delegation for Argentine Immigration in Europe

After Evita's trip, centers of Perón's Delegation for Argentine Immigration in Europe (DAIE) were set up in Genoa

19. The Peróns kept all but a quarter of the Nazi gold, which they gave to Bormann. All four of the partners listed as trustees on the bank accounts in which the original Nazi gold was deposited were later killed. In 1949, Dörge was found dead; in December 1950, Leute was found murdered. A few months later, Staudt was dead, and in 1952, Freude was found dead, having drunk poisoned coffee.

and Bern. The Genoa office was set up by Father José Clemente Silva. Carlos Fuldner arrived there in December 1947.

In Bern, the center was set up by Perón's Ambassador to Switzerland, Benito Llambi, a retired major, who was a member of the secret GOU lodge which carried out the coup in Argentina with Perón in 1943. The office was directed by Carlos Fuldner, Herbert Helfferich, and Dr. Georg Weiss. A police report described them as "110% Nazis." Weiss was a guided missile scientist. Helfferich joined the Nazis in 1933, and was the Director of Public Works for Hitler. After escaping to Argentina, he was sent back to Bern as an agent of Rodolfo Freude's Presidential Information Bureau. Carlos Fuldner was the son of German immigrants to Argentina who returned to Germany to study. In 1931, Fuldner joined the SS and later was recruited into the SD Foreign Intelligence Branch. On March 10, 1945, Fuldner, who rose to the rank of an SS captain, fled to Madrid with a planeload of stolen art. He then moved to Bern, where he posed as a representative of the Argentine Civil Air Transport Authority.

The head of the Swiss Federal Police, Heinrich Rothmund, and the former Swiss intelligence officer Paul Schaufelberger participated in the activities of the Argentine immigration service in Bern. Rothmund worked for Justice Minister Steiger, who became President of Switzerland in 1945. Rothmund became the Swiss delegate to the International Refugee Organization from April 1945 to September 1947. Fuldner introduced Rothmund to Father Draganovic.

On Aug. 31 1948, Bishop Hudal sent a letter to Juan Perón requesting 5,000 visas for German and Austrian soldiers. Hudal's main assistant was Capt. Reinhard Kops, a Nazi military intelligence officer. Kops worked in liaison with Perón's DAIE offices in Genoa. Hungarian Father Edoardo Doemeter of San Antonio parish in Genoa worked with Kops. He signed Eichmann's Red Cross passport application. Kops himself later fled to Argentina, where he was employed by *Der Weg*, a monthly magazine written and read by Nazi fugitives. It was produced from the Dürer-House bookshop owned by Ludwig Freude. In 1949, Kops convinced Hudal to write an article for the publication.

A secret U.S. Army report written in 1948 said that the Swiss government made a profit by providing Nazis with phony documents needed to flee to Argentina. KLM Royal Dutch Airlines may have illegally flown suspected Nazis to Argentina, while Swissair acted as a booking agent.

Argentine Immigration Office in Buenos Aires

Santiago Peralta, a Nazi-trained, skull-measuring anthropologist was appointed to head Immigration by Perón in 1946. In 1932, he had studied applied anthropology in Germany. He published a virulently anti-Semitic book in 1943, *The Action of the Jewish People in Argentina*. In 1946, he published a second anti-Semitic book, *The Influence of the Arab People in Argentina*, in which he contrasted the benefits of promoting Arab immigration against the disadvantages of admitting Jews. After one year as head of immigration, he

was dismissed by Perón on June 7, 1947 and replaced by Pablo Diana. This was one day after Evita left for Europe.

A review of the key personnel involved in Perón's Immigration Office in Buenos Aires, makes it absolutely clear that Perón was not the unwitting victim of a plot by others to bring Nazi war-criminals to Argentina through the back door. Besides the aforementioned Nazis, Fuldner, Helfferich and Weiss, the key personnel involved were as follows:

Pierre Daye: A Belgian Rexist party parliamentary leader and war criminal. In mid 1948, Daye set up the Society in Argentina for the Reception of Europeans (SARE), in a building owned by the archbishopric of Buenos Aires. The archbishop was Cardinal Primate Santiago Luis Copello, a sympathizer of the French Vichy regime, supporter of Franco, and regular visitor at the German Embassy in Buenos Aires during the war. Pierre Daye was in touch with Leon Degrelle, leader of the Belgian Rexist party, who was hiding out in Franco's Spain. Degrelle, who worked closely in Spain with Otto Skorzeny, would also collaborate with Francoist Blas Piñar's New Force. In mid-1949, Daye created a Center of Nationalist Forces, which involved the pro-Mussolini Italian Franciscan Father Eusebio, who had helped Vittorio Mussolini, Il Duce's son, escape to Argentina in 1947.

René Lagrou, founder and leader of the Flemish SS, condemned to death by a war tribunal in Antwerp. He had wide-ranging powers at Immigration and was a founding member of SARE.

Jan Durcansky, a war criminal from Czechoslovakia, who escaped to Argentina with his brother Ferdinand, also a war criminal, and became an informant for Perón's secret service and a founding member of SARE. His appointment to Immigration was signed by Perón. Request for extradition by Prague was turned down in 1960.

Charles Lesca, an Argentine-born French war criminal on the directorates of various right-wing publications such as *Action Française*, *Frontières*, and *Combats*. He was editor of the anti-Semitic magazine *Je Suis Partout*. At the liberation of Paris, he escaped to Berlin and then to Madrid, where he organized the first "rat-line" to Argentina for agents of the SS.²⁰

In 1949, after Charles Lesca's sudden death on Jan. 11,

20. Other key personnel included: Jacques de Mahieu, veteran of the Waffen-SS Charlemagne Division, recruited French volunteers. Perón named him national secretary of the Higher School of Peronist Leadership; Gino Monti de Valsassina, the Italo-Croatian Count of Monti, was an ex-member of Hitler's Luftwaffe and a former spy for Nazi military intelligence; Branko Benzon, the wartime Croatian ambassador to Berlin and Budapest, became advisor to Perón's Public Health Ministry and worked at the German Hospital in Buenos Aires. He accompanied Perón into exile in 1955; Georges Guilbaud, a French war criminal, was a close confidant of Vichy President Pierre Laval and Marshal Pétain. He joined Freude's secret service and became one of Perón's main economic aides; Leonard de Roover, a Belgian war criminal, was recruited to the Information Bureau and became the link between Freude and Immigration; Radu Ghenea was the pro-Nazi former Romanian Ambassador to Madrid and a friend of Fuldner and Daye; and Víctor de la Serna, a Spanish journalist who fought in Franco's Blue Division.

Perón began to withdraw from the operation. Immigration Commissioner Pablo Diana was replaced by former GOU mastermind Col. Enrique González. There was a charge that too many landing permits had been given to Jews, which violated Directive 11, which restricted Jewish immigration. An inquest was conducted by the Ethnic Institute during which even Fuldner was questioned.

By the Spring of 1949, the Bern operation was shut down and the Genoa operation was terminated in 1950. This was approximately the time in which a rift began to develop between Perón and Spain's Franco. Perón's attempt to go back on his Faustian deal with the Nazi international and chart an independent course would be a contributing factor in his overthrow by the British in 1955.

The U.S. Involvement

Declassified documents establish clearly that the Nazi rat-line run by Bishop Hudal and Father Draganovic worked directly with the Dulles/Angleton British faction of U.S. intelligence. Special agent Paul Lyon, of the 430th Counter Intelligence Corps in Austria, worked with Draganovic in late 1947. Draganovic agreed to smuggle CIC informants to Argentina at a price of \$1,500 per head. In return, the CIC assisted him, through another U.S. intelligence agent, Robert Bishop, who was chief of the eligibility office at the International Refugee Organization (IRO) in Rome. According to one source, Bishop "had also been a member of Angleton's operation."²¹

In July 1948, the CIC agreed to smuggle Draganovic's fugitives out of Germany to Austria, in return for his assistance in obtaining Argentine visas for persons of interest to the U.S. government.

In 1995, Col. James V. Milano authored a book in which he claimed self-servingly that the rat-line he ran from 1945 to 1950 only helped Red Army deserters and Soviet refugees, but not Nazi war criminals to escape. Milano, who was part of the 430th CIC and was head of the 7769th Military Intelligence Service, admitted that he ran a rat-line out of Salzburg, Austria from 1945 to 1950. He claimed that Klaus Barbie was smuggled out only after he retired and shut down his rat-line.

Milano reported that the records of his rat-line, with the exception of two reports by Capt. Paul Lyon, which somehow survived, were deliberately burned, to protect those who were smuggled to South America. He admitted that Barbie was smuggled out through Genoa by the 66th CIC via the 430th CIC in Austria, utilizing the services of Draganovic. Barbie was escorted to Genoa by George Neagoy, who succeeded Paul Lyon. Neagoy joined the CIA in 1951.

21. Bishop had worked on a variety of clandestine projects with Dulles-Angleton ally Frank Wisner in Istanbul, Bucharest, and Rome since at least 1944. According to CIC agent Lyon, during the 1948 Italian election campaign, Bishop attempted to use the rat-lines as a large-scale paramilitary operation, by providing "large numbers of underground troops, military supplies, sea evacuation, air evacuation and the like" for clandestine warfare against the communists. This is an early example of the use of the stay-behind Gladio networks of the rat-lines. (Simpson, *op cit.*, p. 195.)

One of the U.S. documents written in 1948 by Paul Lyon which survived reads as follows:

“Through the Vatican connections of Father Draganovic, Croat, DP Resettlement Chief of the Vatican Circle, a tentative agreement was reached to assist in this operation. The agreement consists of simply mutual assistance, i.e., these agents assist persons of interest to Father Draganovic to leave Germany and, in turn, Father Draganovic will assist these agents in obtaining the necessary visas to Argentina, South America, for persons of interest to this Command. . . .

“It may be stated that some of the persons of interest to Father Draganovic may be of interest to the Denazification policy of the Allies; however, the persons assisted by Father Draganovic are also of interest to our Russian ally. Therefore this operation cannot receive any official approval and must be handled with minimum amount of delay and with a minimum amount of general knowledge.”

This document, which admits involvement with Nazi criminal Draganovic, in smuggling Nazi criminals wanted by the “Denazification policy of the Allies” to Argentina, is itself a cover-up, since the involvement of Dulles and Angleton in the rat-lines begins immediately after Operation Sunrise in 1945, as evidenced by the case of Walter Rauff cited above, and Milano’s own admission that he ran his rat-line beginning in 1945.

Draganovic was only dismissed by U.S. intelligence in 1962. His dismissal slip merely said: “No longer useful to the Vatican or to the U.S.” In 1967, Draganovic returned to Yugoslavia where he died in 1982.

The Case of Egypt

An early example of how the Nazis were used by the Dulles-Angleton British faction as a private mercenary army, as was done later in the 1970s in Chilean dictator Augusto Pinochet’s Operation Condor, is the case of Egypt. As this case makes clear, terrorism today under an Islamic cover should not be taken at face value. Just as Osama bin Laden was an Anglo-American Synarchist asset during Zbigniew Brzezinski’s and Bernard Lewis’s “Afghansi” war against the Soviet Union in the 1970s, Islamic terrorists were trained after World War II by those Nazis who escaped Europe on the Nazi rat-line run by Allen Dulles on behalf of his Anglo-American Synarchist financier controllers.

Just as in many Ibero-American nations, the Nazi presence in Southwest Asia was extensive prior to the war. Hitler’s closest ally in the Mideast was the Grand Mufti of Jerusalem, Haj Amin el-Husseini. After the war, thousands of Nazis escaped to the Mideast through the Nazi rat-lines. By 1947, Swiss-based Nazi International leader François Genoud had reorganized the Mideast intelligence sections of the defeated Third Reich. In the early 1950s at the Cairo Windsor Hotel, one could regularly run into such people as Genoud, the Grand Mufti, and SS Gen. Karl Wolff. Skorzeny himself arrived in Cairo in 1952.

As early as 1951, Dulles dispatched Kermit Roosevelt

to Cairo to open secret negotiations with Col. Gamal Abdel Nasser and his Society of Free Officers.

The case of Nasser is even more clear than the complex case of Juan Perón in Argentina. Nasser was a genuine nationalist, opposed to the British Empire, who wanted to develop his country and defend the sovereignty of the developing nations. He became a victim of the Cold War, and of the split in U.S. intelligence between the Roosevelt tradition and the “Dulles Complex.” His political maneuvering included using the Nazis whom he had inherited from his predecessor, Gen. Mohammed Naguib. Later, he would break from their Anglo-American controllers and turn to the Soviet Union for support.

In sending Kermit Roosevelt to Cairo, Dulles wanted to protect Anglo-American interests in Egypt, as the monarchy of King Farouk crumbled. In 1953, Dulles turned to Gehlen, who in turn subcontracted the CIA mission of training an Egyptian security force to Otto Skorzeny. Over the next 18 months, Skorzeny used CIA money to recruit Nazi advisors to train the Egyptian security services. Among his aides were Hermann Lauterbacher, a member of the SS and former deputy leader of the Hitler Youth, and Franz Bünsch, who wrote an anti-Semitic tract entitled *The Sexual Habits of Jews*. Bünsch, a veteran of Eichmann’s SS “Jewish Affairs” office, was Gehlen’s resident chief in Cairo.

Skorzeny initially operated as military advisor to Gen. Mohammed Naguib. While in Egypt, he also met frequently with Nasser, who took power in 1956. During this same period, Schacht was travelling from one Arab country to another in his capacity as economic advisor to the Shah of Iran and the Saudi royal family.

Among those recruited by Skorzeny to train the Egyptians were SS Gen. Oskar Dirlewanger, the “butcher of Warsaw”; SS Col. Adolf Eichmann; SS Gen. Wilhelm Farmbacher; Panzer Gen. Oskar Munzel; Leopold Gleim, former chief of Hitler’s personal guard and Gestapo security chief of German-occupied Poland; Joachim Dämpling, former chief of the Gestapo in Düsseldorf; Dr. Hans Eisele, chief medical officer at Buchenwald concentration camp; and Heinrich Willermann, former medical director at the Dachau concentration camp.

Another Nazi who joined Skorzeny’s project in Egypt was Alois Brunner, a.k.a. “Georg Fischer.” Brunner had once been Eichmann’s top deportations expert for the entire Reich, personally implicated in the murder of 128,500 people. He was convicted by the French government *in absentia* of crimes against humanity and sentenced to death. He remained in Cairo until 1962 and then returned to Damascus.

Skorzeny trained an Arab foreign legion in commando tactics. This secret unit was comprised of 400 former Nazis and Gestapo veterans and used a training base at Bilbeis in the Delta.

When Nasser took over, Gleim became his State Security Cadre (KSSC) commander; Dämpling his advisor on Special Activities, whose responsibilities included the secret police and the concentration camps at Abu-Sabal and El-Kanater; and Bernhardt Bender, the former chief of the Wehrmacht

security division in the Ukraine during World War II, was chosen to head the Egyptian Security police, the organization in charge of the prisons.

German scientists were also recruited for the military program. When this program came to public light and was criticized, it was supported by Averell Harriman, at the time U.S. Assistant Secretary of State, who argued that if the Nazis left Egypt, the Soviets would come in.

The team utilized by Skorzeny to train the Egyptians had been provided to him by Gen. Heinrich Müller. Colonel Qaddafi of Libya then asked Nasser to make the Nazi team of advisors available to him as well.

Conclusion

As we have demonstrated conclusively, after World War II, Allen Dulles and James Jesus Angleton and the Anglo-Dutch banking faction which they represented, moved immediately to protect their Nazi allies, in order to overturn Franklin Roosevelt's American System vision of the post-war world, and replace it with a form of universal fascism.

Allen Dulles and his brother John Foster were lawyers for the Anglo-American-Nazi cartels prior to the war. They worked directly with Hjalmar Schacht ever since the signing of the Versailles Treaty, and the companies they represented worked with the Nazis even during World War II.

After the war, Dulles and Angleton worked directly with a rogue network within the Roman Catholic Church, including Nazis like Bishop Alois Hudal and Nazi war criminals like Father Dragonovic, to protect and utilize Nazi war criminals.

While the constitutionally established institutions of the United States government were trying to capture and prosecute Nazi war criminals, Dulles, Angleton, and their loyalists were recruiting and protecting Nazi war criminals as assets to overthrow those very same U.S. institutions.

This process of overthrowing the U.S. Constitutional commitment to the General Welfare, which Dulles and his circle spearheaded, has continued into the present day under the direction of George Pratt Shultz.

It is no accident that the Nazi war criminals protected by Dulles and Angleton played a leading role in enforcing Shultz's Schachtian economic policies in Chile and throughout the Southern Cone of Ibero-America under Operation Condor. Similarly, if successful, the attempt on the part of the Shultz-controlled Bush Administration to implement the Chilean model for privatization of Social Security in the United States would necessarily be a foot in the door to fascism here. That is the threat posed by Shultz's Arnold Schwarzenegger, whose father was a Nazi and who has personally expressed his own admiration for Hitler. Schwarzenegger is a modern-day Hollywood version of fellow Austrians Adolf Hitler and Otto Skorzeny.

That is why Lyndon LaRouche has insisted that either we win the current battle to defeat Bush's drive to impose the Chilean model of privatization of Social Security in the United States, or we will all end up in concentration camps.

The "Dulles Complex" is an oligarchical, Synarchist cancer, which must be excised from the U.S. body politic, if the United States and the world are to survive the present crisis.

With the cold coup d'état carried out through voter suppression on Nov. 2, 2004 by the controllers of George W. Bush, Shultz and his Synarchist banker friends, think they have the opportunity they have been waiting for.

But they are wrong. As the May 23 defeat in the U.S. Senate of the "nuclear option" demonstrates, Bush's manic drive to push through Social Security privatization has already proven to be the biggest mistake of his political life—and may lead to his downfall. It is time that the "Dulles Complex," which ran the Nazi rat-lines after World War II and which is plotting to impose fascism in the U.S. and the world today, is finally defeated.

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The Mentality of Evil

In his major document “The Case of a Vice President’s Mass Insanity,” published in last week’s *EIR*, Lyndon LaRouche shocked many by his bluntness on the evil character of Dick Cheney. Within a matter of days, the depths of that evil became a matter of “hot news,” with the publication of the story that Cheney had ordered preparations for a nuclear strike against Iran. As it became clear that the nuclear story was more than credible, those who had previously been shocked by LaRouche, found his evaluation chillingly confirmed.

Of course, the story of what Cheney represents, and the danger he portends, does not begin with him, or his personal sponsors. To comprehend the significance of Cheney’s role in the current Administration in its full horror, it is necessary to go back to the precedents available in the Mussolini, Hitler, and Franco tyrannies, where the Synarchist bankers had also put tyrants into power, in order to try to maintain their control.

EIR is uniquely qualified to provide this historical background, having pioneered in unearthing the links between the family of President G.W. Bush, and those non-German financial interests who played a crucial role in bringing Hitler to power. That lineage is significant in shaping the role of the current President, but the mental and emotional limitations of George W. Bush make his role pale by the side of that of the brutish Cheney, who provides the impetus for enforcing the Synarchist agenda within the White House.

With Cheney, it’s not a matter of family connections, unless you want to count his wife, who has the stronger ties to the British and Synarchist circles. Rather, he can only be understood as a member of the species we find historically in the circles serving brutal dictators such as Hitler, the gangs of thugs such as Bormann, Göring, and Goebbels. Like them, Cheney is merely an underling, but one who implements the vicious will of his Synarchist masters with even greater brutality than they would dare to show.

Don’t think we are simply bad-mouthing the Vice-

President, or utilizing a metaphor. It’s about time the American public, among others, accepted the fact that the very same Synarchist bankers and families who created Hitler, Mussolini, and Franco, *escaped* the Second World War, and are alive and well today. They have never given up their intentions to run a worldwide fascist empire, or to destroy the one real obstacle to that objective, the Constitutional republic of the United States. And they have preserved the networks of agents—in finance, intelligence, academia, and elsewhere—from generation to generation, and are actively pursuing their long-term goal, even as the world financial system enters upon its new breakdown crisis.

The documentation of the continuation of the Synarchist-sponsored Nazi networks is voluminous, but little of it has actually been incorporated into popular discussion of current history. Thus, many may be shocked by this week’s *Investigation* package, which actually provides a perfect complement to the Cheney story. What we present, is just the tip of the iceberg, but it shows without a doubt that the Nazi networks were preserved by the Anglo-Americans, and sent into intelligence agencies around the world, as a matter of *top-level policy* on the part of those financial interests who had put them into power. We are now confronted with a third generation of Nazi operatives, whose mentality is no different from those legendary brutes in Hitler’s apparatus, but who hide behind the respectability of modern-day political institutions.

The truth must be faced: A Dick Cheney, with his lack of regard for the human rights of prisoners or any other human beings, not to mention the Constitution of the United States, is not an ambitious Republican making wrong judgments. He is a dangerous Nazi, whose position of power threatens the very future of our republic, and that of the world as a whole. If he is not stopped, he will not only spark nuclear war, but carry out a coup against our republic. This is an *immediate* danger, and it’s on the August agenda.

Cheney must be removed from office, now!

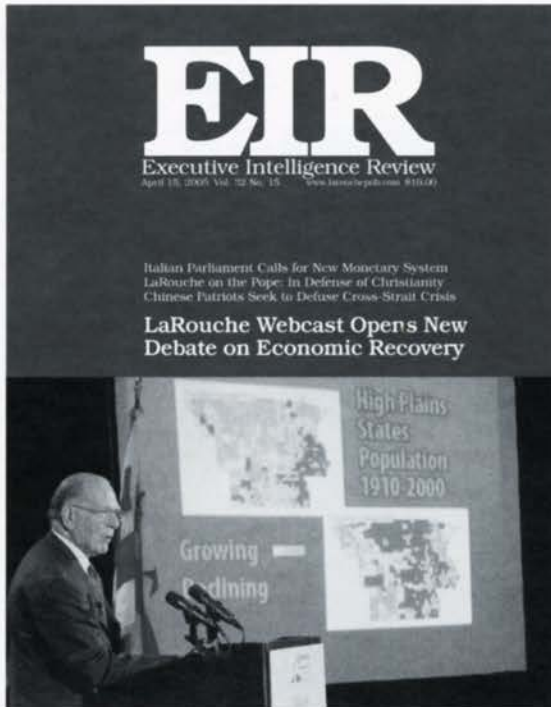
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