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From the Editor

Time is running very short, for leading members of the U.S. Congress, Republicans as well as Democrats, to get their act together, and proceed decisively to remove the obstacle which Cheney and Bush represent to saving the United States. That is the message statesman Lyndon LaRouche delivered publicly, and privately to supporters, over the weekend of Sept. 16-18. His message amounted to a personal challenge to those in the U.S. Senate, and elsewhere, who know that LaRouche is right in his evaluation of the ongoing breakdown of the bankrupt world financial system, and of the criminal insanity of the Cheney-Bush Administration, but are too cowardly to come forward to support LaRouche's proposals, or LaRouche himself.

LaRouche's Sept. 16 webcast address, included in this issue, provides the core of what he had to say about the current strategic situation, but LaRouche did not want to leave it at that. He commissioned, on a crash basis, our *Feature* on what will appear to many a surprising historical flank: the "Permanent Revolution/Permanent War" policy of Alexander Helphand Parvus, Leon Trotsky, and Dick Cheney. You find it unbelievable that Cheney shares the view of Trotsky? Then you don't understand history—and you had better read this article now. We're not dealing with academia here; the truth about Cheney's policy and nature is a matter of the highest priority for saving the human race from imminent disaster.

With these two features as pivots for the issue, you can put the rest of the world in context. Our Economics lead amplifies LaRouche's point about the Administration's murderous and greedy oil policy, while our interview with Father Giulio Albanese gives a first-hand picture of what the bankers behind Cheney-Bush have done to Africa. Unless we get the necessary change in the U.S. Administration, this may be the future for us all.

In our international section, we continue to present the crucial strategic developments in Europe, around the German election campaign, and Ibero-America, where Argentina has now threatened to upset the Cheney-Rumsfeld destabilization by raising the need for a New Bretton Woods conference. Of course, the success of these initiatives depends crucially on the success of the paradigm-shift LaRouche is promoting in the United States.



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permanent
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Alexander
Helphand Parvus.*



(Cheney) EIRNS/Stuart Lewis

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Lyndon LaRouche, Jr. gave this webcast speech to a Washington, D.C. audience on Sept. 16.

Addressing the decrepit state of U.S. infrastructure and the poverty that were both so clearly evidenced in the aftermath of the Hurricane Katrina, LaRouche points the way to a solution, drawing on the “living history” of the United States, the one nation that can solve the world’s onrushing financial-economic crisis. “We are a ruined nation,” he states, “but we still have, in the immortal aspect of ourselves, in the memory of what we were, in the evidence of what we were, we have the keys to success, the keys to rebuilding.”

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A Comboni Missionary and journalist, Father Albanese spent many years in Uganda and Sierra Leone, then returned to Italy to create the Missionary International Service News Agency (MISNA). He is the author of the book *Tin Soldiers: The Question of Children-Soldiers (Soldatini di Piombo: La Questione dei Bambini-Soldato)*.

Cheney Revives Parvus 'Permanent War' Madness

by Jeffrey Steinberg, Allen Douglas, and Rachel Douglas

It was never a secret that the ranks of today's Washington neo-conservative war-party are filled with former first and second generation Trotskyists—personified by Irving Kristol, the former Shachtmanite Trotskyist, self-described “Godfather” of the entire neo-con apparatus, and the father of *Weekly Standard* editor William Kristol. What was ignored was the fact that both they and Vice President Dick Cheney are still fanatically committed to former Bolshevik minister of war Leon Trotsky's doctrine of “permanent revolution,” and to the kind of permanent war which Cheney has created in Iraq, and is preparing to launch, very soon, as nuclear-armed warfare against Iran, and similarly permanent warfare against Syria, in South America, and elsewhere as soon, and as often as possible. It is this doctrine, which most historians associate with the name of Josef Stalin rival Leon Trotsky and his followers, which is presently the most immediate threat of mass-murderous violence to the world as a whole.

It is also the leading active threat to the continued existence of the U.S.A. as a constitutional republic, here, at home.

That is the root of the wide-spread failure of most leading circles in the U.S. and Europe to grasp the true nature of the menace which has been unleashed as a result of Vice President Cheney's adoption of a doctrine which the Russian-born British intelligence asset Alexander Helphand, also known as “Parvus,” dictated to Leon Trotsky's effort to overthrow Russia's Tsar in the revolution of 1905. What Helphand dictated to his dupe Trotsky, in writing, personally, there at that time, is a doctrine of “permanent revolution/permanent war” which Trotsky himself defended up to the moment of his murder by a Soviet assassin, in Mexico in 1940. That is the policy actually being conducted by Cheney's alleged former Trotskyist, neo-conservative advisors today. That is the policy which has unleashed the monstrous and worsening catastrophe which Cheney's continued policies, and Cheney's lies to the U.S. Congress, have created, which is moving now to the brink of a new disaster, in the entire region of Southwest Asia today. The facts which

Dick Cheney's wars are not intended to result in victory, but rather a succession of "permanent wars"—on the model of British agent Alexander Hephand Parvus (1867-1924). Shown here are (top to bottom): war in Iraq, Afghanistan, and the Israeli-occupied Palestinian territories.



U.S. Air Force Tech. Sgt. Russell E. Cooley IV



U.S. Army/Pfc. Mike Pryor, 82nd Abn Div Public Affairs



PENGON/Anti-Apartheid Wall Campaign

more than prove all this are not only clear. The greatest threat to the U.S. today, is the failure of most leading circles here, and in Europe, to understand the vast mass of often overlooked evidence which must be understood if we are to prevent the now financial-crisis-wracked U.S. and the world from being lured, very soon, into an early catastrophe beyond the calculations of most leading circles among governments still today.

Those critics who do not understand what is really behind Cheney's murderous rages and lies, and think that the "neo-cons" have failed in Iraq, are people simply do not yet understand the real goals of Cheney's ongoing policy.

True, the George W. Bush Administration has succeeded to an alarming degree, leaving Iraq in a state of Sunni versus Shi'ite, Kurd versus Turkmen, and even Shi'ite versus Shi'ite civil war, that could go on for generations, and which threatens to soon spread to all of the neighboring states.

No competent strategists are surprised by this result of Bush Administration war-policy. What we are seeing today, is the foreseeable fiasco of Bush war policy which prompted many leading American military commanders and diplomats, like Gen. Anthony Zinni and Ambassador Chas Freeman, to vocally oppose the Cheney/neo-con Iraq adventure, long before the first American troops crossed into Iraqi territory.

The neo-Trotskyist neo-cons and their hooligans, typified

by Dick Cheney, were not out simply to establish a stable American imperial occupation, seize control over the oil fields, and blackmail rival states like China with the cutoff of petroleum, as many Bush-Cheney critics presume. Cheney's gang never intended to end, with some form of *Pax Americana*. It was intended to be the first of a succession of *permanent* wars, engulfing the entire Persian Gulf and extended Southwest and Central Asian regions in decades of chaos, fostering a domino of "failed states," and causing global economic and political mayhem, all to the benefit of a private financier oligarchy, largely centered in the City of London and its offshoots based in the Caribbean region, in such locales as the Cayman Islands.

The already ongoing civil war in Iraq, fueled every step along the way by Bush Administration policy actions, reflected the *intentions* of the most hard-core of the neo-con ideologues, a cabal centered out of the Office of the Vice President, and together with such neo-Trotskyist "think-tanks" as the American Enterprise Institute and the Hudson Institute.

Just because President George W. Bush was foolish enough to believe the kindergarten propaganda of the neo-cons about a "cakewalk" victory, a flourishing of Iraqi democracy, and the immediate free flow of Iraqi oil, does not make it true. The President, with his bizarre Promise Keeper funda-

mentalist religious dogmas, is, after all, the perfect Straussian politician, the fool duped by the scheming “philosophers” who ply him with lies, which he takes as the gospel truth, and spreads to an equally duped, mindless following.

The intent to foster permanent revolution and permanent war according to Helphand’s doctrine throughout Southwest Asia was clearly spelled out, years before the Iraq war, by a group of American neo-con “chickenhawks” in the July 1996 “A Clean Break” paper, delivered to then-Israeli Prime Minister Benjamin Netanyahu. Authors Richard Perle, Douglas Feith, David Wurmser, Meyrav Wurmser, Charles Fairbanks (surrogate and former college roommate of Paul Wolfowitz), et al. spelled out an unambiguous scheme to spread war from Iraq to Syria, Lebanon, and Iran, on to Saudi Arabia, and, ultimately, to Egypt. According to one well-informed U.S. intelligence source, the essence of the neo-cons’ “Clean Break” plan was to bust up the “Sunni Stability Belt,” centered around Saudi Arabia and Egypt, which had provided a degree of stability to the region throughout the Cold War era, and had assured the free flow of Persian Gulf oil to the world.

The sequence of premeditated steps, taken by the Bush-Cheney Administration neo-cons, in bringing occupied Iraq to the brink of chaos and destruction, cannot be credibly written off to bad judgment, greed, or naive utopianism. This starts with “Clean Break” co-author Doug Feith’s rejection of all State Department expert plans for the post-conflict occupation and reconstruction of Iraq; continues through the Wolfowitz-ordered dismantling of the entire Iraqi Army and Ba’athist infrastructure; and carries through the fostering of Shi’ite versus Sunni conflict—what Dr. Phebe Marr described at a recent Washington event as the “Lebanonization” of Iraq.

On to Damascus and Tehran

Indeed, as this issue of *EIR* goes to press, Vice President Cheney and his cohorts have escalated the next phase of their war plans against both Syria and Iran.

On Sept. 14, the *Washington Post* reported that Bush Administration chief arms control official, Dr. Robert Joseph, has been making Power Point presentations to diplomats from more than a dozen countries, claiming to prove that Iran has been secretly pursuing a nuclear weapons program, and must be confronted. The presentation, “A History of Concealment and Deception,” is reminiscent of the same kinds of briefings, conjured up by the Pentagon’s Office of Special Plans, to make the case for the preemptive war against Iraq, prior to the March 2003 U.S. and British invasion. Dr. Joseph, the Richard Perle protégé who replaced the neo-conservative acting United Nations Ambassador John Bolton, as the State Department’s chief arms control negotiator, was formerly with the Condoleezza Rice National Security Council, where he authored the infamous “sixteen words” in President George W. Bush’s January 2003 State of the Union Address, falsely accusing Saddam Hussein of seeking uranium from



EIRNS/Stuart Lewis

Vice President Cheney and his cohorts have escalated the next phase of their war plans against both Syria and Iran, even revising U.S. military doctrine to permit the preemptive use of nuclear weapons.

Africa to build nuclear bombs. That “Saddam has nukes” disinformation campaign was pivotal to bullying the U.S. Congress into acquiescing to the Iraq preemptive war.

Through a series of leaks, including a Sept. 11 *Washington Post* front-page story by Walter Pincus, it has been confirmed that Vice President Cheney and Secretary of Defense Donald Rumsfeld are promoting the integration of “mini-nukes” into the conventional arsenal of the U.S. military. As *EIR* widely exposed in July, Cheney is openly promoting a preventive nuclear strike against scores of targets inside Iran, all ostensibly secret nuclear weapons facilities and related sites. Such a U.S. or U.S.-Israeli air strike against Iran would trigger an out-of-control asymmetric war, soon engulfing the entire planet, and making the United States the number one enemy of more than 1.6 billion Muslims for generations to come. Such precedent-setting U.S. mini-nuke strikes against Iran would usher in a planetary “New Dark Age,” highlighted by \$150-200 barrels of oil.

On Sept. 14, U.S. Ambassador to Iraq Zalmay Khalilzad raced back to Washington to deliver a press conference, denouncing Syria for its continued involvement in the Iraq insurgency, vowing, on behalf of the Bush Administration, that “no option,” including military strikes, was off the table, if Syria continued to back the Iraq insurgents.

To be sure, there are legitimate complaints to be raised with the regimes in both Tehran and Damascus. But the present renewed war drive by Cheney et al. against Iran and Syria is not intended as a “diplomatic stick” aimed at facilitating a diplomatic solution. To comprehend what it is that makes Dick Cheney’s handlers tick—like the second generation Anglo-Soviet “Trust” agent George Shultz—it is necessary to dissect the actual history of the doctrine of permanent war/permanent revolution, and then, revisit the events of the past

five years of the Bush-Cheney regime from that fresh standpoint.

Permanent Imperialism

In a Sept. 14, 2005 memorandum to colleagues, Lyndon LaRouche wrote: “The use of the interchangeable terms, ‘Permanent Revolution’ and ‘Permanent War’ is merely a substitution of labels for the long-standing term ‘imperialism’ . . . ‘Permanent Revolution’ is an Anglo-Dutch Liberal’s neo-Venetian Party term, describing the character and aims of British imperialism as rooted in the reign of a financier-oligarchical system through destroying all prospective sources of patriotic challenge to empire by policies of ‘permanent regime-change’ (‘permanent revolution’) and ‘permanent warfare.’ ”

LaRouche continued, “The shift, by the Anglo-Dutch Liberals and their financier-oligarchical rivals and partners, away from emphasis on crown colonies to more or less global financier-oligarchical tyranny, is aptly reflected by a shift of emphasis to the essential predicates of imperialism (e.g., ‘permanent regime-change’ and ‘permanent warfare’) from the emphasis on the optional predicate of colonial territory. In both variants, emphasis upon colony, and emphasis on globalized financier-oligarchical power, the sovereign nation-state is the adversary which the imperialist must continually move to subvert and destroy.”

The American System Goes Global

The doctrine of “Permanent Revolution/Permanent War,” widely associated with the Bolshevik revolutionary Leon Trotsky, emerged in a very specific historical context—the late 19th- and early 20th-Century period, in which the ideas of the American System of political economy were gaining wide support among leading governments and political circles throughout Eurasia. This posed an existential threat to the British Monarchy/British East India Company-centered Anglo-Dutch empire, and to the head of that cabal, the “Prince of the Isles” Edward Albert, later Britain’s King Edward VII.

In the immediate aftermath of the defeat of the British-backed Southern secessionist insurrection known as the American Civil War (1861-65), the United States, despite the British-sponsored assassination of President Abraham Lincoln, emerged as the world’s leading industrial power. What was known as the American System of political economy, associated with U.S. Treasury Secretary Alexander Hamilton, and such later Hamiltonians as Henry Carey, John Quincy Adams, Henry Clay, E. Peshine Smith, the German Careyite Friedrich List, et al., established a system of protective tariffs, national banking, infrastructure investment, the promotion of science and technology, and other measures. The American System was universally known, at the time, to be the deadly, feared enemy of the British System of free trade, private central banking, slave labor, and global cartels.

It was the industrial might of the Federal states—based

on the Hamiltonian American System policy—that provided the margin of victory against the Confederate insurrection. Lincoln was also greatly assisted by the vital international support of his close ally, Russia’s Tsar Alexander II, who deployed the entire Russian navy to North America to deter Britain and France from entering the war on the side of the Confederacy.

In a fitting celebration of the American System, a Centennial fair was convened in Philadelphia in 1876, which aimed to spread the American System around the world. In this period, these ideas took root in the new unified German state, under Bismarck, which adopted the ideas of Friedrich List, and which established joint industrial ventures between leading American figures like Thomas Alva Edison and German industrialists Walther Rathenau and Werner von Siemens. In Russia, American and Russian engineers collaborated on the construction of the Trans-Siberian Railroad, which was modelled on the U.S. Transcontinental Railroad project, which had helped consolidate a unified continental republic, following the disasters of the Civil War. Under the leadership of Sergei Witte (see accompanying article), Russia emerged, at the end of the 19th Century, as the fastest-growing industrial nation in Eurasia. In Japan, under the Meiji Restoration, the American System was adopted, with Carey protégé E. Peshine Smith serving as a leading economic advisor to the Japanese Emperor. Similar American System ideas were adopted in the France of Gabriel Hanotaux, which launched ambitious plans to build railroads across Africa. In China, Sun Yat-sen was trained by American missionaries in the ideas of Hamilton and Carey, and a Chinese republican movement advanced detailed plans for the integration and modernization of China. Other examples of the spread of the American System abounded in South America and as far away as Australia.

The British Empire Strikes Back

In London, Prince Edward Albert, the son of Queen Victoria, who would later become King Edward VII, viewed this spread of the American System with great alarm. The British response, over the course of the next 40 years, would be to spread perpetual warfare across Eurasia, through an array of manipulations, playing one nationality off against another, assassinating key republican political leaders, fostering the growth of deeply flawed pseudo-political movements and ideologies, conducting each-against-all diplomatic maneuverings, and fomenting “regime changes,” ultimately leading to two successive World Wars. In every instance, British agents, often operating under the cover of official diplomatic postings, forged alliances with the most backward feudal and fundamentalist factions within the targeted nations—often through Freemasonic lodges and other secret societies, created phony “liberation” movements, and recruited and deployed key agents.

Thus, instead of a Eurasia, united behind American Sys-

tem republican ideas and concrete great development projects, the British manipulated the Franco-Prussian, Balkan, Sino-Japanese, and Russo-Japanese wars. The Balkan Wars of 1912-13 led, lawfully, into World War I. The “Young Turk” revolution in Turkey, secured for Britain, and an allied France, the breakup of the Ottoman Empire, and its replacement by an Anglo-French series of protectorates throughout the Near East. In the course of these efforts, British Intelligence fostered the Muslim Brotherhood as a permanent insurrectionist force within the entire Islamic world. The British Freemasonic agent who inspired the launching of the Muslim Brotherhood, Jamal ad-Deen al-Afghani, was himself a collaborator of the French Synarchists, yet another global conspiratorial apparatus that would spawn 20th-Century fascism, and would later be the model on which the current disastrous Maastricht Treaty and the European Monetary Union would be based.

In all of these efforts the British apparatus of Prince Edward Albert modelled their actions on those of the Venetian republic, which emerged as the center of the new European rentier financial oligarchic power, in the wake of the collapse of the Byzantine Empire. As the center of European power shifted from the Mediterranean northward, Venice morphed into the Dutch and later Anglo-Dutch liberal system of global financier dominance, over the course of the 15th-18th Centuries. By the time that Prince Edward Albert emerged as the heir to the legacy of Lords Shelburne and Palmerston, London had become the global center of what came to be known as the “Venetian Party.”

The Russian Revolution

The destruction of Russia was of particularly great importance to London’s oligarchs. From the time of Catherine the Great, whose League of Armed Neutrality played a pivotal role in securing the victory of Benjamin Franklin and George Washington’s American Revolution, the prospect of Russo-American collaboration posed a grave threat to the power of the British Empire. In the aftermath of the American Civil War, in which Russia, once again, was instrumental in an American victory, the spread of American System ideas into Russia was taking on alarming proportions. The great Russian scientist Dmitri Mendeleyev had attended the 1876 Philadelphia Centennial Exposition, and he was collaborating with Russian Minister Witte, in the industrialization of Russia, driven by the eastward expansion of the Trans-Siberian Railroad. American railroad engineers, who had built the Transcontinental Railroad, after serving in the Army Corps of Engineers during the Civil War, were now in Russia, working with their Russian counterparts, on the Trans-Siberian. Upon the completion of the Trans-Siberian Railroad, the first railroad locomotive to traverse the Eurasian line would be built by the Baldwin Company of Philadelphia, Pennsylvania.

Illustrative of the pro-American outlook of the leading Russian modernizers was an 1899 memo from Minister of Finance Witte to Tsar Nicholas II, in which he wrote: “The

welfare of Your Empire is based on national labor. The increase of its productivity and the discovery of new fields for Russian enterprise will always serve as the most reliable way for making the entire nation more prosperous. We have to develop mass-production industries, widely dispersed and variegated. We must give the country such industrial perfection as has been reached by the United States of America, which firmly basis its prosperity on two pillars—agriculture and industry.” The eastward development of Siberia, centered on the Trans-Siberian Rail project, was key to Witte’s concept of Russian modernization. Among other things, Witte wanted to open Siberia to colonization by Russia’s Jews, who remained in terrible ghetto conditions in the Pale of Settlements, and were subject to frequent pogroms.

The British, unfortunately, had their allies and agents inside Russia as well. Indeed, in 1881, Tsar Alexander II, the great ally of Lincoln and the liberator of the serfs, was assassinated by the terrorist Narodnaya Volya (People’s Will) group. Their plot against the Tsar was not only not blocked, but

The ‘Protocols’: An Okhrana Hoax

That infamous forgery, “The Protocols of the Elders of Zion,” which attained notoriety in Nazi propaganda during the 1930s, had its origins in the attempt by the Anglo-Dutch financial oligarchy to discredit Russia’s Count Sergei Witte in the eyes of Tsar Nicholas II, and ultimately, to overthrow the Witte coalition (see article in this section). Nicholas carried with him all the backwardness of the Russian aristocracy, including violent anti-Semitism, but had very few of the strengths manifested by his father, Alexander III, and his grandfather, Alexander II, that admirer of Abraham Lincoln, and liberator of the serfs. Suspicions of a “world Jewish conspiracy” would play well in the paranoid psyche of the Tsar and his wife, Alexandra, the superstitious, hysterical former Princess Alix of Hesse-Darmstadt, granddaughter of England’s Queen Victoria.

But the scene of the concoction was Paris, and one of the key players was the infamous Peter Ivanovich Rachkovsky, specialist in the use of *agents provocateurs* and director of the Foreign Agency of the Okhrana (secret police) in 1885-1902. Like most of the Okhrana command, Rachkovsky was part of a faction of the Russian elite that wanted, for its own reasons, to bring down the Romanov dynasty if they couldn’t control it, and collaborated with British imperial interests on that and other geopolitical projects. Among other things, British strategists welcomed

was even facilitated by the leaders of the Tsar's own security service, men who profoundly opposed the modernization of Russia, which threatened to break the power of the landed feudal oligarchy. Several of them were direct collaborators of the British Balkan Wars project in the 1870s, as well. In the aftermath of the assassination of Alexander II, this same grouping created a secret society called the Holy Brotherhood, ostensibly to do a better job of protecting the monarch. The Holy Brotherhood would spawn the Okhrana secret police agency, which would be pivotal in fomenting the events leading to the Russian Revolution.

Zubatov and 'Police Socialism'

One of the key figures who would be unleashed against Witte and the modernizers was an Anglophile police agent, Sergei Zubatov. In 1896, despite the fact that he had been earlier jailed for terrorist activities, Zubatov was appointed chief of the Russian secret police, the Okhrana, in Moscow. The Okhrana had been founded by Count N.P. Ignatiev, a

military commander of the Russian forces during the first Balkan Wars of 1875-78, which had been orchestrated from London. Ignatiev's close collaborator, V.P. Meshchersky, was Zubatov's immediate patron, securing him the Moscow post. Meshchersky was also a literary patron of Fyodor Dostoevsky, who propagandized for the Balkan wars, and of the German philosopher of nihilism, Friedrich Nietzsche. Zubatov absorbed these philosophical views into his police work.

Prior to taking the Moscow post, Zubatov had spent a dozen years conducting police infiltration of the various leftist and socialist groups that had proliferated inside Russia. He was an avid reader of British Fabian Society literature, and frequently used the writings of Sidney Webb as recruiting tools for his own "revolutionary cells."

Zubatov spelled out his plans in an 1898 memo to another Moscow police official: "While a revolutionary advocates pure socialism, he can be dealt with by means of repressive measures alone, but when he begins to exploit for his purpose

the rise of anti-Semitism in the Russian Empire, which could drive Russian Jews to emigrate to Palestine, potentially to become British puppets there.

Rachkovsky was experienced in forgeries, as was his specialist in such matters, Matvei Golovinsky, the reputed real author of the Protocols.

The anti-Semitic circles that had launched the Dreyfus case in France, helping to keep France and Germany at loggerheads, continuously spread rumors about a Jewish conspiracy, especially blaming Jewish banking circles in France and Germany. The Paris salon of Juliette Adam was a hotbed of this racist propaganda. Active in the Adam salon was one Elie de Cyon (Ilya Faddeyevich Tsion), a converted Russian Jew who had become an ardent Slavophile, and had for a time worked in Witte's Finance Ministry in St. Petersburg. Later in Paris, however, he became Witte's bitterest enemy, writing tracts about how Witte was a pawn of the Rothschilds, although Witte's Russia received only a modicum of support from their bank.

Another noted anti-Semite who attacked Witte in Paris was Edouard Drumont, who attacked Witte for his support of the gold standard and accused him of "maintaining the entire world under the yoke of the great Jews." A key player in the Dreyfus Affair, Drumont was also instrumental in bringing down the French Foreign Minister, Gabriel Hanotaux, who was Witte's main collaborator in establishing the alliance with France.

The "Protocols" are presented as the minutes of a series of meetings of a secret Jewish-Masonic group. They elaborate the method by which the Jews, through their growing financial power, will come to be the masters of the world,

and project that monarchies and Christian society will both be destroyed. The general model for the forgery was an 1860s tract by another French anti-Semite, Maurice Joly, entitled "The Dialogue in Hell between Machiavelli and Montesquieu." These texts began appearing in France in the 1890s, but not in Russia until 1902. It was rumored then that the new Tsar would appoint the obscurantist priest Sergei Nilus as his confessor. Nilus would inform Nicholas about the "Protocols" in order to provoke a final break between the Tsar and Witte.

Nilus published a full edition of the Protocols in 1905, the year in which revolution hit Russia—presaged by the Okhrana networks' 1902-03 mass strikes in Odessa, and fueled by the Russo-Japanese War that Witte's enemies had unleashed. When Witte called his friend Henrik Sliosberg, a leader of the Jewish community in St. Petersburg, to ask him about the Protocols, Sliosberg indicated to him that the publication was aimed not so much at the Jews, as at the opposition in Russia, and, especially, Witte himself. The 20th Protocol, in particular, warned that the introduction of the gold standard would be a harbinger of the destruction of the nation, a direct reference to Witte's move to strengthen the ruble.

While they had been introduced through Russian émigré circles into Germany after the 1917 Bolshevik Revolution, the Protocols received their greatest publicity in an editorial in the *Times* of London in May 1920, which spoke of the "Jewish peril." This would predate by three years the 1923 study of the "Protocols" by the Baltic German fascist ideologue Alfred Rosenberg, whose work would then become a mandatory part of the Nazi arsenal—with the most horrendous consequences.—*William Jones*

minor shortcomings of the existing lawful structure, the repressive measures alone cease to be sufficient. It becomes necessary to take the very ground from underneath his feet.”

While unions were banned in Russia, Zubatov launched his own “mutual-aid societies” which were among the only legal “mass movements” in Russia. These Zubatov unions were filled with targets of Zubatov’s police repression and brainwashing techniques. Socialist leaders were arrested, and then subjected to indoctrination, often by Zubatov himself. Workers were taught to distrust the social democrats, and to focus on purely “economic” self-interests. By 1902, Zubatov had organized scores of “police unions,” and had successfully orchestrated attacks against some of the leading Russian manufacturers of the Witte faction. Zubatov also organized a number of Zionist unions as well, even as his close Okhrana collaborator, the Paris-based Peter Rachkovsky, penned the forged “Protocols of the Elders of Zion” to instigate a new pogrom against the Russian Jews, who had been among the enthusiastic backers of Witte’s modernization efforts. Zubatov had also inaugurated his own secret assassination squads, called the Battle Organizations, which were used to eliminate government ministers and other enemies of the Holy Brotherhood/Okhrana apparatus.

In August 1902, Zubatov was transferred from Moscow to St. Petersburg, where he became chief of the Special Section of the police, under police chief Aleksei Lopukhin. A massive expansion of the agent-provocateur recruitment was launched by the duo; within a year, there were over 16,000 paid provocateurs on the police payroll, according to published accounts, based on a review of the police files, following 1917.

Among Zubatov’s leading agent-provocateurs was Father Georgi Gapon, a Russian Orthodox rabble-rouser, who organized a number of the Zubatov police unions. It was Father Gapon who led the march on the Tsar’s Winter Palace on Jan. 9, 1905, “Bloody Sunday,” which launched the first insurrection against the Russian state.

Jabotinsky and Parvus

Another of the Okhrana agent-provocateurs employed by Zubatov in the insurrections against the Russia of Witte and the American System was Vladimir Jabotinsky, later known as the founder of the Revisionist Movement in Zionism and an enthusiastic supporter of Mussolini’s Fascism. In the Spring of 1902, Jabotinsky was arrested and spent seven weeks in Okhrana custody, going through the Zubatov indoctrination. He would, according to one biographer, operate “for several years under the supervision of the police,” particularly in Odessa, which was the scene of many of Zubatov’s most successful labor insurrections against Russia’s nascent industrialization. Jabotinsky’s activities were also funded directly by Maxim Gorky, a well-documented Okhrana operative and conduit of Zubatov payouts.

Jabotinsky’s career would cross that of another of the



Alexander Helphand Parvus wrote on the eve of World War I: “The war sharpens all capitalist contradictions. A world war may therefore be concluded only by a world revolution.”

most important operatives of the Bolshevik revolutionary epoch, Alexander Israel Helphand (a.k.a. “Parvus”). Both Jabotinsky and Parvus edited publications of the British/Venetian-spawned Young Turk movement, which helped instigate London’s Balkan Wars and the overthrow of the Ottoman Empire.

Like Jabotinsky, Parvus (1867-1924) came from an Odessa family steeped in the grain trade. By 1886, Helphand/Parvus had already become involved in the Okhrana-spawned Russian socialist scene, travelling to Switzerland to participate in the Emancipation of Labor group, led by a number of documented Okhrana agents, including Lev Deutsch, and suspected Okhrana man Georgi Plekhanov. Parvus would be instrumental, during the 1890s, in shifting the focus of Russian revolutionary socialism from agrarian peasants to industrial workers—in keeping with Zubatov’s efforts to target the Russian modernizers through “class warfare” provocations. By 1900, Parvus had joined the inner circle of the Bolsheviks, using his Munich, Germany apartment to house the printing press for the group, and hosting V.I. Lenin and other leaders. According to several biographical accounts, by 1902, Parvus was receiving direct Okhrana funding through Gorky, who gave Parvus the rights to publish his works abroad.

Once “Bloody Sunday” unleashed the revolutionary destabilizations in St. Petersburg, Parvus appeared on the scene, as a leading collaborator of Leon Trotsky and other leaders of the Petersburg Soviet. Parvus and Trotsky bought a liberal newspaper, *Russkaya Gazeta*, to rival the Bolshevik publication, and soon had a circulation of 500,000. Parvus and Trotsky turned the newspaper into a radical provocateur or-

gan, much to the delight of the Okhrana, which would soon launch a police crackdown on the entire social democratic scene.

When the entire leadership of the Petersburg Soviet—including Trotsky—was rounded up and jailed in December 1905, Parvus escaped the police clutches. When he was later captured, he escaped police custody, courtesy of the Okhrana agent Lev Deutsch. Parvus next turned up, via Germany, in Constantinople, as a “journalist” covering the Young Turk rebellion against the Ottomans, a crucial prelude to the British-manipulated second Balkan War. It would be at this moment that Parvus’s ties to the leading European “Venetian Party” factions would be publicly shown.

The Young Turks

In 1908, the Committee for Union and Progress, otherwise known as the Young Turks, carried out a military coup, overthrowing the Sultan and seizing power over the Ottoman Empire. Launching ethnic cleansing campaigns against all non-Turkic peoples, including Armenians, Greeks, and Bulgarians, the Young Turk regime played a pivotal role in provoking the 1912-13 Balkan Wars, through their brutality towards the minorities. By their own accounts, the Young Turks based their revolution on a version of Pan-Turkism that had been devised by an advisor to the Sultan in the 1860s who was, in fact, an agent of Britain’s Lord Palmerston. The Young Turks also preached a rabid anti-Russian ideology, which was inspired by Wilfred Blunt, a top British Intelligence official, whose own ideas about playing an “Islamic card” to destroy Russia predated those of Britain’s Bernard Lewis by a full century.

The actual founder of the Young Turk movement was an Italian Freemason and grain trader named Emmanuel Carasso. Jewish by birth, Carasso had been a founder of the Italian Masonic lodge in Salonika, called the Macedonia Risorta Lodge. Virtually all of the members of the Young Turk leadership were lodge members. The forerunner of the Macedonia Risorta Lodge was founded by a follower of another Palmerston agent and revolutionary provocateur, Giuseppe Mazzini.

Carasso was a leading financier of the entire Young Turk insurrection, and during the Balkan Wars, he was not only the head of Balkan intelligence operations for the Young Turks; he was in charge of all food supplies for the Ottoman Empire during World War I, a lucrative business which he shared with Parvus.

Carasso also financed a number of newspapers and other propaganda outlets for the Young Turks, among them the newspaper *The Young Turk*, which was edited by none other than Vladimir Jabotinsky. Another of Carasso’s “business” associates was Parvus, who became economics editor of another Young Turk journal, *The Turkish Homeland*. Parvus also became a partner of Carasso in the grain trade, and in the arms business, and became independently wealthy.

The Young Turk operation was headed, from London, by

Aubrey Herbert, a grandson of one of Mazzini’s controllers, who himself died while leading revolutionary mobs in Italy in 1848. Aubrey Herbert headed all British Intelligence operations in the Middle East during the period of World War I, and no less a figure than Lawrence of Arabia identified Herbert as the actual head of the Young Turk insurrection. Herbert’s career is the subject of the historical novel, *Greenmantle*, by World War I British intelligence official John Buchan.

Emmanuel Carasso’s pivotal role in the Young Turk movement and the resulting Balkan Wars of 1912-13, is of significance from one additional standpoint. Carasso was a protégé and business partner of Volpi di Misurata, the leading Venetian banker of the early 20th Century, who not only sponsored the Young Turk insurrection, but also promoted the Black Shirt takeover of Rome and went on to run the Mussolini Fascist regime from his various posts as Minister of Finance (1925-28), member of the Grand Council of Fascism, president of the Fascist Confederation of Industrialists, and, most important, as the chief public representative of a group of aristocrats around Count Piero Foscari, of the ancient Venetian dogal family.

The Venetian banker Volpi was closely allied with City of London financiers throughout. And the Young Turks, once they took power, made no secret of their London ties. In 1909 the Ottoman Navy was put under the command of a British admiral; the British Royal Family’s own banker, Ernst Cassel, established and managed the National Bank of Turkey; and British officials advised the Ministry of Finance, the Interior Ministry, and the Ministry of Justice. The Young Turks also denounced and blocked further construction of the Berlin-Baghdad Railroad.

The Parvus Saga Resumed

Parvus’s Young Turk interlude had earned him a large fortune. He had partnered with Young Turk financier and Macedonia Risorta Lodge founder Emmanuel Carasso, and had been given the contract to supply grain to the Turks during the Balkan Wars of 1912-13. According to some accounts, Parvus also got into the tightly controlled arms business, probably under the patronage of Sir Basil Zaharoff of the Vickers Arms cartel, a prominent Anglo-Venetian enterprise.

Once the Balkan Wars had started, leading directly into World War I, Parvus turned his attention back to Russia, laying plans to finance a revolution, to be led by Lenin and the Bolsheviks. Parvus set his scheme for revolution down in a March 9, 1915 memorandum to the German Foreign Ministry, vowing that the Bolsheviks would take power in Russia in 1916, and seeking financial support.

The German government was deeply split over the issue of backing a Russian Bolshevik revolution. Close advisors to the German Kaiser argued that Germany should push a separate peace with the Tsar, while a faction, centered in the General Staff and around Foreign Minister Zimmerman, pushed for a “war-to-the-death” with Russia, arguing that war

with Russia was inevitable, and it made sense to get on with it before Russia became more powerful. One of the key backers of the Parvus Plan at the German General Staff was Count Bogdan von Hutten-Czapowski, the head of the Political Section and a longtime business associate of none other than Young Turks financier, the Venetian Party Synarchist operative Giuseppe Volpi, the future controller of Mussolini.

According to his own memoirs, von Hutten-Czapowski had seen the outbreak of the Russo-Japanese War as an opportunity “to smash the Tsarist Empire,” a view shared by Parvus.

In addition to the German Foreign Ministry and the German General Staff, Parvus was also given access to an exhaustive amount of funds for his Russian “regime change” scheme from a leading German Synarchist industrialist and close associate of Hjalmar Schacht (later Hitler’s Economics Minister), Hugo Stinnes of the German coal syndicate. Stinnes granted Parvus control over the shipping and sale of German coal to Denmark, from which Parvus made millions of gold marks per month. Stinnes would become a major player in the 1920s revival of the German military industry, and would continue his business arrangements with Parvus through to the latter’s death. Stinnes, too, was tied to Volpi and the Banca Commerciale Italiana.

Crown Prince Wilhelm, an opponent of the “war now” faction, struck a vital chord when he wrote to the Russian court in early 1915 that it was “absolutely necessary to conclude a peace with Russia. . . . It is too silly that we should hack each other to pieces so that England could fish in dark waters.”

Within weeks of receipt of the Parvus memo, the German Foreign Ministry made the first payment of one million gold marks to Parvus to launch his scheme. In May 1915, Parvus met with Lenin and Karl Radek in Switzerland, and then created a string of front groups in Stockholm and Copenhagen. By February 1916, a series of strikes had begun at major shipbuilding plants, then working at breakneck speed to produce new warships for the Russian Navy. The strikes disrupted Russia’s war mobilization, but did not lead, immediately, to revolutionary regime change. Parvus spent the next year building his fortune, and, through his financial largess, his ties to the Bolshevik leadership. Parvus’s biographers, Z. Zeman and W.B. Sharlau (*Merchant of Revolution*; London: W.&J. Mackay & Co., Ltd, 1965) summarized Parvus’s outlook on the eve of the 1917 Russian Revolution: “Helphand showed that he believed that any political aim could be realized with sufficient money, that the elite of the socialist leaders could resist the lure of mammon no more than any other social group, that friendship, as much as political support, had to be bought. Such a view informed his political strategy; it was the essence of his political and human experience.”

By April 1917, Parvus had pushed the German government to grant secret safe-passage to the Bolshevik leaders back into Russia, and arrangements were soon made, through Parvus and Radek, to smuggle Lenin and 40 other leading

Bolsheviks from Switzerland, through Stockholm, back to Petrograd. Parvus remained in Stockholm, in constant communication with the International Mission of the Petrograd Bolshevik Central Committee Abroad. He remained virtually the exclusive source of funding for the revolution that was about to rapidly unfold.

On July 16-17, the Bolsheviks carried out an armed insurrection in Petrograd, which was promptly put down by the Provisional Government. The Russian intelligence services released a report, proving that the Bolshevik uprising had been funded by the German government, an act of wartime treason. Lenin and friends fled Russia. However, a month later, in August 1917, the British backed a separate military coup attempt against the Kerensky Provisional Government, and in response, Social Democrat Kerensky brought back the Bolsheviks and armed them against General Kornilov, the chief coup plotter. On Oct. 25, 1917, Lenin seized power.

Nazi-Communism and Synarchy

Within less than two months after the Bolshevik coup had installed Lenin in power in Petrograd, Parvus was setting up a new *anti-Bolshevik* infrastructure of news organs and operatives inside Soviet Russia. The ostensible cause of Parvus’s 180-degree turn was Lenin’s refusal to allow him to return to Russia, but this account is dubious. Parvus moved to Switzerland and, while he continued to provide funds to factions of the Bolsheviks, he became a public enemy of the new Russian Soviet regime, and would devote much of the remainder of his life to a concerted effort to organize Europe to crush Russia.

Parvus’s status in Switzerland was secured by his longtime colleague, Adolph Muller, the German Ambassador in Berne, and a Munich publisher. According to authors James and Suzanne Pool (*Who Financed Hitler: The Secret Funding of Hitler’s Rise to Power*; New York: Dial Press, 1978), “The one businessman on whom the Nazi Party was most dependent was not a great industrialist who contributed money to the movement, but the Munich printer, Adolph Muller. . . . He had done business with the Nazis since before the putsch. When Hitler wanted to start publishing the *Volkischer Beobachter* again after his release from prison in 1924, Muller advanced the editor’s wages and supplied the paper on credit.” The money that Hitler used to purchase the newspaper came from a White Russian and former Okhrana associate, Vasili Biskupsky.

Parvus’s “Nazi-Communist” pedigree was pure Synarchist, as was befitting an agent of Anglo-Venetian financier interests. At the close of World War I, Parvus wrote the following profile of the European situation: “There exist two possibilities only: either the unification of western Europe, or Russia’s domination. The whole game with the buffer states will end in their annexation by Russia, unless they are united with central Europe in an economic community, which would provide a counter-balance to Russia.” Under any circum-

stances, Parvus argued that the era of the nation-state system had ended in Europe.

To pursue this goal of further “regime change” all across the European continent, replacing the sovereign governments of the continent with a new European super-state, to wage war against Bolshevik Russia, Parvus joined with another Anglo-Venetian schemer, Count Richard Coudenhove-Kalergi, to push the Pan-European Union.

In this final intrigue, Parvus once again got the financial backing of the German coal magnate Hugo Stinnes, who would make a killing, courtesy of his friend Schacht, on the collapse of the German mark, during the hyperinflation of 1923, and move back into Germany to buy up scores of bankrupt industries and coal mines at a fraction of their worth. Coudenhove-Kalergi, for his part, was bankrolled by Max Warburg of the original Venetian Del Banco clan. Warburg had earlier bankrolled Parvus and Leon Trotsky, in the run-up to the Bolshevik Revolution.

Coudenhove-Kalergi argued that Pan-Europa would emerge out of the fight against Bolshevism, just as “Young Europe arose out of the struggle against the Holy Alliance, as the Holy Alliance had issued out of the struggle against Napoleon.” At the first congress of the Pan-European Union, in Vienna, four portraits adorned the wall behind the speakers’ podium: Immanuel Kant, Napoleon Bonaparte, Giuseppe Mazzini, and Friedrich Nietzsche.

In a 1932 Pan-Europa propaganda tract, Coudenhove-Kalergi out-Parvused Parvus, in restating the permanent war/permanent revolution thesis: “This eternal war,” he wrote, “can end only with the constitution of a world republic. . . . The only way left to save the peace seems to be a politic of peaceful strength, on the model of the Roman Empire, that succeeded in having the longest period of peace in the west thanks to the supremacy of his legions.”

Eight years after Parvus’s death, leading Pan-Europa proponent Hjalmar Schacht, now the German representative at the Bank for International Settlements and soon to be Hitler’s Economics Minister, announced to a major gathering of Coudenhove-Kalergi’s group in Berlin, “In three months Hitler will be in power. . . . Hitler will create PanEuropa! Only Hitler can create PanEuropa!”

Schacht and Parvus, parenthetically, had first come into contact during the Young Turk revolt at the beginning of the century. In his post-World War II autobiography, *Confessions of the Old Wizard* (Boston: Houghton Mifflin, 1956), Schacht had reminisced about his visit in 1909 to Salonika and Constantinople, arranged through his Berlin Freemasonic Lodge, during which he was hosted by the Macedonia Lodge and met with the entire Young Turk leadership.

Permanent War/Permanent Revolution Revisited

While Parvus protégé Leon Trotsky is widely credited with the authorship of the concept of “permanent revolution,”



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Leon Trotsky was Parvus’s dupe; he attributed the idea of “permanent revolution” to Parvus, his closest ally during the 1905 Revolution.

Trotsky himself attributed the idea to Parvus, his closest ally during the period of the 1905 St. Petersburg Soviet revolt. Parvus argued, as the neo-cons do today, that revolutionary social change is only possible under conditions of general warfare. Parvus, the Anglo-Venetian oligarchical intriguer, played a pivotal role in King Edward VII’s orchestration of the Eurasian wars of the early 20th Century, which led into World War I. Following the war, Parvus helped plant the seeds for the next war, promoting the same “universal fascism” embraced today by neo-con theoretician Michael Ledeen, and put into practice at the end of Parvus’s life by his sponsor Volpi’s Mussolini.

Trotsky codified the Parvus outlook, in his two famous works, *Permanent Revolution* and *Results and Prospects*. In the first of those works, Trotsky wrote, “The permanent revolution, in the sense which Marx attached to this concept, means a revolution which makes no compromise with any single form of class rule, which does not stop at the democratic stage, which goes over to socialist measures and to war against reaction from without; that is, a revolution whose every successive stage is rooted in the preceding one and which can end only in complete liquidation.”

But Parvus himself said it best. In an article in his magazine *Iskra*, on the eve of World War I and the Revolution, he boasted, “The Russo-Japanese War is the blood-red dawn of coming great events.” And in *The Class Warfare of the Proletariat* (Berlin, 1911), Parvus wrote in praise of war: “The war sharpens all capitalist contradictions. A world war may therefore be concluded only by a world revolution.”

This article was based on an exhaustive study by Allen and Rachel Douglas, “The Roots of the Trust: From Volpe to Volpi, and Beyond—The Venetian Dragomans of the Russian Empire,” an unpublished EIR manuscript, June 1987; and on published and unpublished research by Scott Thompson, Marjorie Mazel Hecht, and Joseph Brewda.

Witte's Program of Eurasian Development

by William Jones

The industrial take-off of the United States in the aftermath of the Civil War had shown to the world the superiority of the American System of political economy over the British “free-trade” model, which had long served as the straitjacket in which Anglo-Dutch finance maintained its stranglehold over the world economy. The success of the American System was most clearly manifest in the 1876 Centennial celebrations in Philadelphia, where all the achievements of U.S. industry were placed on exhibit. This helped to spur other nations to imitate this most successful model. In 1878, German Chancellor Otto von Bismarck decided to break with the “Manchester school” of free trade, then endemic in German academic circles, and practiced in Germany, by instituting a protective tariff. In this way, he returned to the policies so brilliantly utilized earlier in the century by the German-American economist Friedrich List, in bringing the independent states of Germany into a customs union, the Zollverein (1834), which provided the first major step toward German unification. The great Russian chemist Dmitri Mendeleev visited the 1876 Centennial and returned to Russia to encourage a productive tariff policy in order to promote the nascent Russian industrialization. In the Far East, Japan conducted the Meiji Revolution, unifying the nation, and, under the guidance of E. Peshine Smith, who had been sent to Japan by American economist Henry Carey for that purpose, and began to implement American System policies that would transform Japan into an industrial power. Similarly, in China, there were elements clearly aware that the imperial world of the Qing Dynasty would, one way or another, have to adapt to the new industrial paradigm. A young Sun Yat-sen was then being groomed by American missionaries in Hawaii for realizing that transition.

These various threads of transformation toward an industrialized economy on the Eurasian continent would be taken in hand by one individual, Russian Finance Minister Sergei Yulevich Witte, who would attempt to weave them together into a community of interest that might be able to withstand the attempts by the hegemonic Anglo-Dutch financial elites to sabotage that industrialization.

Witte's Grand Design

The son of a civil servant, the descendant of a Baltic German family on his father's side and a Russian mother, who was related to the prestigious Dolgoruky family, Witte stud-

ied mathematics, but quickly became interested in railroad building, then at its peak in Russia. There was a general understanding that holding the loose fabric of this vast empire together would require the sinews of the “iron horse.” The successful completion of the U.S. Transcontinental Railroad in 1869 sparked a keen interest in Russian industrial circles and led, in the 1880s, to a series of visits by Russian experts to study the technology of railroad building.

As operational chief of the Southwestern Railroad, Witte soon came to the attention of the Tsar, Alexander III. Quickly rising within the Railway Department, he became in February 1892 Minister of Ways and Communications, with prime responsibility for the construction of the Trans-Siberian Railroad. The Trans-Siberian would become the main element of the Russian railway net. Its construction would be the prime stimulant for the development of the metallurgical industry. More importantly, the Trans-Siberian would be the linchpin of Witte's grand conception of uniting the nations of the continent around a Eurasian land-bridge.

Such a “land-bridge” would effectively curtail the might of the Anglo-Dutch financial interests, with their primary spokesman and enforcer being the British King, Edward VII. British financial influence was bolstered by its monopoly of the seas. The British Navy was the strongest in the world, not be outdone by the United States until World War I. The control of the seas meant the control of trade—and the financing of trade—which was largely ocean-going. The creation of a railroad over the 5,800 miles from Moscow to Vladivostok would considerably cut the costs—and the time—of shipping goods from the Atlantic to the Pacific. Trade within the continent would then shift from sea to land, and Russia, finding itself in the middle of that route, would benefit immensely from the increase of this world trade. Two problems had to be broached if this were to succeed: The railroad had to be financed, and the diplomatic path smoothed so that this new Russian involvement in the Far East would not create a conflict with either Japan or China.



Count Sergei Witte

Financing the Land-Bridge

With his appointment as Minister of Finance in October 1892, Witte was in a position to realize his plans. Consolidating the finances of the Russian Empire and creating a “gold ruble,” the capital-starved country became a subject of prime interest for international investors. The financial capital needed for building this, the largest, railroad in the world, would have to be garnered from the international markets, but the use of the funds would be in the hands of the Finance Ministry. Witte had already seen to it that the railroads, which, until then, had been in private hands, were now made

state enterprises. Much of the matériel would be supplied by Germany, Russia's largest trading partner, although the locomotives would be purchased from the United States. The tenuous relations between France and Germany in the aftermath of the Franco-Prussian War of 1870, as a result of which Germany annexed Alsace-Lorraine, threatened to poison Witte's plans. His primary diplomatic efforts in the early 1890s were to provide a bridge between these two former enemies, and to create a bulwark of the three continental powers against any attempts by the Anglo-Dutch to upset his land-bridge project.

The diplomacy in the East was likewise complicated. Anxious to bring both China and Japan into the benefits of the new trade route, Witte proposed building the final eastern extension of the railroad not through Russian territory, but, by means of agreements with the Chinese Empire, along a shorter route to the sea through the Chinese province of Manchuria.

Although China was ruled by the tottering Qing Dynasty, there was a realization among government officials that China had to modernize. Their bitter defeat in the Sino-Japanese War of 1894 had brought that lesson home. Witte established relations with Li Hung-chang, an advisor to the Qing Empress, who had already launched a program of ship and railroad building in China. Li agreed to allow the Russians to build their railroad through Manchuria and to give them a long-term lease of the railroad, after which time it would be turned over to China. Russia, in turn, agreed to assist China in maintaining its territorial integrity against any outside interference, effectively establishing a defensive alliance.

The other power in the region which had to be integrated into the Witte program was Japan. When Japan, in accordance with the treaty ending the Russo-Japanese War, attempted to annex the Liaotung Peninsula in Manchuria, Witte succeeded in mobilizing France and Germany in threatening Japan, if they would proceed with annexation. Witte clearly saw that this would quickly lead to a dismemberment of China by the European powers and the dissolution of his plans. Faced with a superior forces, Japan backed down. At the same time, in order to smooth ruffled feelings, Witte began a diplomatic offensive to convince Japan of the benefits which would accrue to it through the expanded trade facilitated by the railroad.

But Witte was by no means the only actor on the scene. The British, aware of the mortal threat the Witte project would pose for the Anglo-Dutch financial hegemony, were already hard at work at undermining Witte's policy by fomenting war and revolution.

Edward VII was intent on encircling Germany, the major industrial power of Europe, thus realizing Bismarck's feared "nightmare of coalitions." The creation of the hostile coalitions virtually guaranteed the outbreak of war, on a far grander scale than the world had ever previously experienced. By 1904, Edward had succeeded in undercutting Witte's influence in France and established the first stage of what would

become the First World War's Triple Entente among France, Britain, and Russia, by the signing of the Anglo-French Entente.

In the Far East, the British used their influence among Japanese military and naval circles to create the first modern conflagration of the century, the Russo-Japanese War of 1904-05. The defeat of Russia in that war would pave the way for the 1905 Revolution and then the 1917 Bolshevik Revolution.

The Seeds of Revolution

Within Russia, the British had already established the forces needed for such a revolution. With the assassination of Witte's colleague and friend, Minister of Interior, D.S. Sipyagin, in 1902, V.I. Plehve, a conservative opponent of the Witte policy, was brought in to head the all-important Interior Ministry. Plehve transferred Sergei V. Zubatov—the former *Narodnaya Volya* (People's Will) terrorist who had headed the Moscow Okhrana since 1896 and was the Okhrana's master of "in-the-street" provocations—to St. Petersburg, where he would be in charge of the entire Okhrana network.

Zubatov's policy was to create a police-controlled workers' movement, ostensibly billed as a means of thwarting the development of any independent political movement among Russian workers. In effect, they were laying the groundwork for revolution. Witte, who had previously been in charge of the factory inspectorate, now taken over by Plehve, saw the threat this posed to his policy, and tried to prevent this insanity, ultimately without success. Plehve himself ended up being assassinated by one of Zubatov's agents, after he sacked Zubatov for launching the mass strike of 1903.

Witte's appeals to the young Tsar, Nicholas II, who had come to power in 1896, were to no avail, however. The British had already succeeded in undermining Witte's credibility with the new Tsar by playing on the latter's anti-Semitism. The publication of the concocted "Protocols of the Elders of Zion" in 1902 portrayed a conspiracy by "World Jewry" to take over the world by its control of international finance. Given that many of the loans that Witte had negotiated in order to finance his railroad project had been taken from Jewish banker friends in Paris and London, it was clear that he was the target of this operation. The result of the Zubatov policy was the Revolution of 1905, in which Witte again emerged, this time as Prime Minister, in a final attempt to prevent chaos and revolution from engulfing Russia. Although achieving something of a respite, the permanent war and revolution policy of the Anglo-Dutch oligarchy rolled on, until its fruition in the conflagration of World War I in 1914 and the subsequent 1917 Revolution.

In one of those ironies of history, that revolution was hijacked by a Russian intellectual with his own program, V.I. Lenin. Under new management and an entirely different garb, Russia would proceed in the general direction of the Witte industrial policy in the new Soviet state.

Revolutionary Transformation After Hurricane Katrina

Lyndon H. LaRouche, Jr. spoke in Washington, D.C., Sept. 16, 2005, at an international webcast sponsored by LaRouche PAC, and moderated by LaRouche spokeswoman Debra Hanania Freeman. Some of the graphics mentioned are not reproduced with this transcript, but can be found on the website <http://www.larouchepac.com>.

Freeman: On behalf of the LaRouche Political Action Committee, I'd like to welcome all of you to today's event. I think without question, you'll agree with me, that the nature of our gathering today will prove to be historic in nature. Because, in fact, with the rising waters of Hurricane Katrina, the final threads of credibility and legitimacy of the Bush-Cheney Administration were washed away. And in fact, it is actually in the midst of that storm surge, that Mr. LaRouche once again emerged as the key figure in the United States, who was prepared in the face of the complete paralysis and uncaring of an incompetent, insane Administration, to step to the fore, and to give direction, not only to the party whose Presidential nomination he sought, but also to give direction to our elected leaders.

Thankfully, members of the Congress responded, and in fact, acted when the Administration failed to act. Last night, all of us were witness to the Idiot-in-Chief's attempt to try to run damage-control for what he did not do, when the crisis emerged, both prior to and after its immediate manifestation. But the fact of the matter, is that his legitimacy has already been *so damaged* and so threatened, that a national address and a sympathetic glance, along with an 800 number, is not sufficient to regain the legitimacy of his office.

For the first time, people in Washington realize, that there is no way around an incompetent, insane White House. The question now, though, is what direction the nation will take, and what direction the world will take. And I think, again, we can all agree, the direction of the world will very much be determined by the direction of the United States.

There are many things that I can say. There are things that I will refer to, during the course of today's event. But, ladies and gentlemen, without any further introduction, please join me in welcoming Mr. Lyndon LaRouche.

LaRouche: Thank you. Thank you, Debra. Thank you, very much.

To start with, my function here, which is international, as you know, is to set the pace for where this nation goes: because, where this nation goes now, the world goes. There's no other part of this planet in trouble, which is capable of making certain initiatives, certain decisions, which must be made for the world. Many parts of the world would welcome what I propose the United States must do in providing leadership, but they won't start it themselves. We in the United States must start it. Because we have a Constitution, and a tradition that goes with that, which gives us a capability, that no other nation on this planet has ever achieved. We look like sour eggs right now, or something. But that's not our character. Because the character of a people is not defined by what it is at a moment. The character of a people is embodied in its living history.

Now, for example, in my family, I am personally acquainted, actively, with someone who was born more than 200 years ago. I never met this gentleman, a great-great-grandfather. But he was a dominant personality, back in the 1920s, at the dinner table of family gatherings. He was a legend; he was a leader in the civil rights struggle, coming out of the Carolinas during the early part of the last [19th] Century. He was chased out of Carolina, and had to go to Ohio, where he became a leader of the civil rights struggle there, the struggle against slavery there, and ran the Underground station north of Columbus, Ohio, of escaped slaves being shipped up to Canada to get some kind of freedom.

So this, in a sense, typifies my experience, my family experience in the United States, from the first people here—



EIRNS/Stuart Lewis

Lyndon H. LaRouche, Jr., Sept. 16: "My function here, which is international, as you know, is to set the pace for where this nation goes: because where this nation goes now, the world goes."

apart from an Algonquin Indian who was in there earlier, and is part of the ancestry; you may not note it now, but it's there—came into North America in the latter part of the 17th Century, from France into Quebec, and into Pennsylvania from England. And we have some Scottish immigrants from the 1860s—one came over as a sword-wielding dragoon, who joined the First Rhode Island Cavalry for the Civil War.

So, we have embedded in us, in our family connections, in other connections, the transmission of ideas, of our nation to us, which reaches back deep into the founding of this nation, before it became a republic, in places such as the Plymouth Brethren settlement in Plymouth, Mass., or the Massachusetts Bay Colony. We represent those from Europe, who came here with a very clear idea, about establishing a bastion for freedom, here, that was not available in Europe, with the intention of bringing the establishment of freedom here, as a force, back into Europe to reform it.

Out of that, we created the best Constitution that the world has ever seen: our Federal Constitution, our Declaration of Independence. These are standards of constitutional law which no other part of the world has ever approached! And this is an integral part of our tradition.

We are not a perfect nation. There are no perfect nations, and never will be. There are nations in the process of development. And the development is represented by those, who, in a *tradition*, a national tradition—also the tradition of European civilization in its best aspects—are in the process of trying to build forms of society which will make the human race a

better place in which to live, for our descendants, than we have today.

The common idea, which came out of Greece, actually, as far as we know, as it is expressed by Solon of Athens, on which our Constitution was modelled in a sense—the ideas of our Constitution were modelled upon the reference to Solon of Athens, the first kind of free state in all European civilization. It didn't work out too well. It failed. But then, came along the work of Plato, who represented Socrates. And in Plato's *Republic* was founded the *idea* on which this nation was founded, the idea of a republic, of a people dedicated to what we call the General Welfare: that the purpose of a nation is to provide for the General Welfare, of all of its people, and especially, even more than the living, those who come after them.

It was that sense of a republic, that sense of the immortality, the immortal purpose of a nation, which is its character. And we in the United States have been given a constitutional tradition.

Despite all the evils we've had to fight against within our republic, the best in the world, with all its present, most noticeable, imperfections.

So therefore, what I have to do, is, being an older person—older, not so much in years, because there are people who are much older, at least a few of them, and they're valuable—but, old in the sense that my thoughts go back not less than 3,000 years. And therefore, the ideas I carry within, the ideas which represent the policies on which I speak, are at least several thousand years old, and date from the ideas of European civilization, since ancient Greece: the Greece of the Pythagoreans, of Solon, and Plato. Therefore, it's from that standpoint, of recognizing that I must speak to that, to the inner Constitution within our Constitution, the intention on which this nation was founded, that we must now bring a remedy for the ills of the entire planet.

A Nation in Purgatory

We now face the worst financial crisis in all modern history. This is not a depression. The equivalent of the 1929 Depression happened in October 1987—and we've been going downhill since then. The condition of the lower 80% of our family-income brackets, has been deteriorating in the United States, and as I shall deal with this with some indications today, it's been getting worse, and worse, and worse. There are whole sections of the United States, such as the states of the Central States—Michigan, Ohio, Indiana, Illinois—which were once powerful states—western Pennsylvania—

once powerful, in terms of industrial and agricultural progress: *Been destroyed!* It's a wasteland! The entire great farm belt, the grain belt, which was a power of this nation, has been largely destroyed! It's been destroyed by the policies of government, over a period of about 40 years.

We had many mistakes we made in the post-war period. We didn't continue the Roosevelt direction fully. It became worse and worse. And after the assassination of Kennedy, and about the time we plunged into the war in Indo-China, we began to go worse. Under Nixon, we became much worse, and we've been going downhill, at an accelerating rate, ever since.

We're in a condition today, in the United States, as increasingly now in Europe, too, in which the infrastructure, and the industries on which this nation depended for its riches, have been destroyed. Now, infrastructure, for example, water systems have a life-expectancy of 30-odd to 50 years. Power systems have an immediate approximate life-expectancy of a quarter-century or more. Highway systems; railway systems, which have disappeared; and so forth—factory systems, industrial systems. More important: the skills of labor! We do not have a labor force that has the skills, even approximately the skills, of production that it had three decades ago. We have become a post-industrial nation; some call it a "services economy." It's an economy waiting to be served—at lunch!

So therefore, we are a ruined nation. But we still have, in the immortal aspect of ourselves, in the memory of what we were, in the evidence of what we were, we have the keys to success, the keys to rebuilding.

Now, very few politicians in Washington have that view. Very few so-called leaders today, have that view. We're like a nation in Purgatory, waiting to be delivered into Hell! We live. But we live in the end-phase of history, where history has come to an end, and we're living in Purgatory, in the end of history, waiting to be dropped into Hell. And that's considered popular opinion, conventional opinion, today.

But now, all these people who have been sleeping in Purgatory, the Purgatory of Baby-Boomerism in particular, are now faced with destruction. They've assumed that they could live on, in the end of history, and silently pass into death without pain. And having a sort of a comfort zone to live in, in the meantime, to live in, until they were delivered to a more ugly destination.

That's ended: There is no comfort zone! There's no safe place to which to flee. There's no hiding place. You can't shrug it off. It's *you*. It's *your* situation. It's the situation of the nation as a whole. There's no place to run; there's no place to hide: You have to get up and fight, whether you like it or not. Not because you like to fight, but because you have no alternative.

That pretty much is the actual situation of the world today. It's become worse and worse over the past two, three decades. But now, we've come to the end of the game. We are minutes, in the sense of history, minutes away from the destruction of world civilization. We're minutes away from a process that



FEMA/Jocelyn Augustino

FEMA looking for residents in the aftermath of Hurricane Katrina. "What you saw, in the effects of Katrina are two things . . . a part of the economy which is in much worse condition than it was 30, 40, years ago . . . a lot of poor people, who didn't even have the money to get out of town, who were hit by poverty that was imposed on them as a condition. But we saw, also, the poverty of government, the insanity of government, the virtually criminal negligence on the part of the President and Vice President, and their institutions."

could lead to a collapse of the world population from over 6 billion today, to about the population size of the 14th Century before. The very means of existence are being destroyed.

What you saw, in the effects of Katrina, are two things: You saw the effects of a part of the economy, which is in much worse condition than it was 30, 40 years ago. We see the effects of a lot of poor people, who didn't even have the money to get out of town, who were hit by poverty, the poverty which was imposed upon them as a condition. But we saw, also, we saw the poverty of government, the insanity of government. The virtually criminal negligence on the part of the President and Vice President, and their institutions. They were on a vacation—they should have stayed there, and left

the office to somebody else to take over.

So, we're in two kinds of crisis: We're in an economic crisis, a moral crisis, a social crisis, which have been building up over decades: decades of error, decades of negligence, decades of carelessness, decades of corruption! But we also find ourselves in a desperate situation, in which the leading institutions of the Executive branch of government are a catastrophic failure—and worse than a failure; you almost wish they weren't there. But we need those institutions, but under better management, to get us out of this mess.

And that's the situation around the world. Germany is operating below breakeven. Germany, under the present policies, hasn't a chance. My wife, who's running for Chancellor in Germany, is the best chance Germany has! Because at least she represents the ideas. And there are some people around Chancellor Schröder who recognize the importance of these kinds of ideas, and some people in parts of Europe recognize it. But Europe could not save itself on its own. It could not take on the challenge of the changes in policy which have to be made on a global scale.

The Danger of 'Permanent War'

Now, in such times of crisis as this, when the world is decaying because of bad policy and its economic effects, you come into a very dangerous time, in which Hell may break out in the form of certain kinds of wars.

Now, the principal subject, among the several I want to deal with summarily and in succession today, is, first of all, the greatest immediate danger of all: the danger of permanent war.

Now, I'd like to have you start with this by looking at the cover of the next issue of *EIR*. ["Dick Cheney: Permanent Revolution, Permanent War"]. And I'll explain what this is. And I'll explain why it's important to do that, today.

Now, one of the things I have to do today, and in the days following, is to make clear to people in the Senate and other parts of our government, in influential institutions, exactly what the problem is: The problem typified by Cheney, a Cheney, who in a sense, in his own way, is far worse and more dangerous than Adolf Hitler. And if you don't stop him now, you may have nothing worth stopping.

What the danger is, is this: In a time of crisis, when things can no longer go on the way they have been going on, you come to a point, where somebody decides to push through dictatorship. And that is exactly what the Cheney-Bush Administration (in that order), and what the British government of Tony Blair, are doing. There's an Anglo-American alliance to bring Hell on this planet.

Now, many people object to the specific things that they recognize that Cheney and Blair are doing, in their alliance—which is made through his wife, Lynne Cheney, who actually runs the family. He used to be a performing stud service in the family, and when that was over, they gave him another assignment, as Vice President. But, look—we've got the *EIR*

cover (keep it on there for a minute, because I want to get this theme thoroughly impacted). Now, we know that Cheney and Company—and Cheney's the leader of this in the government, because Bush doesn't know which end is up and which end is down—but Cheney, since he was Secretary of Defense, under Bush #1, or they call him "41," had a plan for a war. At that time, the first Bush Administration, which was advised by various people who were saner and more intelligent than George H.W. Bush, said, "Don't continue a war in Iraq. Don't try to occupy it. Get out of it! Make the agreement, and leave." Which was done.

Cheney's policy, at that time, was to continue with the war and the occupation, with the kind of thing which did happen, recently under his direction as Vice President. Some people think that was a bad idea—they *don't understand* what the idea was.

Now remember, that when Cheney was going to war, with that stooge, a President, doing the spade-work for him, he was warned by the military, that without an exit strategy, without a plan for an exit strategy, this would become a mess—with no satisfactory conclusion. Now, that warning has been borne out. Iraq is a mess. There is no solution. There will never be a stable state, under this condition, today. People would say, "But doesn't that prove that Cheney failed?" No, it does not prove that Cheney failed. Cheney did not fail. He succeeded. Because, what was his purpose? See, naive people think, that when the United States goes to war, it's going to war to win war. War means, you defeat an opponent, you readjust the country, and leave, having declared victory. Well, Bush declared victory, but he didn't have a victory, and Cheney never intended a victory! Rumsfeld never *intended* a victory in Iraq! They *intended* this to continue the way it is! They intend, now, to do the same thing with Iran. They intend to do this in North Korea. They intend to do this in other parts of the world.

Now, we've reached the point, that we no longer have a military capability for conducting wars. What we have is a military capability, for destruction. Largely from the air, by missile or aircraft. With nuclear weapons—mini-nuclear weapons, but it won't stop there.

Their plan for permanent war: Again, the cover. (Keep it on for a while.)

Historical Precedents

Now, where did this idea come from? The idea is very old. Let's take the idea as it existed in European civilization: The first case of this kind of warfare, in European civilization, was the Peloponnesian War, which destroyed the power of Greece. Greece was destroyed internally, by the Peloponnesian War. The end-game of the Peloponnesian War, was to eliminate Greece as a major factor—it was a dominant factor in the Mediterranean, at that time—in order to make way for a new empire. The empire was intended to be formed by an alliance of Macedon, with the Persian Emperor, the Achemenid Empire, and to create an empire of the entire Mediterra-

nean region, which would be divided into two parts, with a shared empire by the King of Macedon, and the Emperor of Persia. To divide, to take the Halys line and the line in the Middle East, divide the world at that point: to the East, all the way to Pacific Coast, would be one half of the empire; and to the West, from this line, such as the Halys River in Anatolia, would be the other part of the empire.

Now, that didn't work, because the Academy at Athens backed up Alexander, who hated his father (justly so), and who broke the deal, and destroyed the Persian Empire. So, for that moment, the empire was off. But then, Alexander was poisoned, he was killed by poisoning, and therefore, a certain amount of chaos went on in this period, the Ptolemy period.

But then, it came back: About 200 B.C., you had the emergence of Rome as an imperial force. It was not yet an empire. It was still called a republic, but the intention was empire. And the transition occurred to empire, through civil wars and various kinds of wars in the Mediterranean, to settle which of three powers would be the head of the empire: Would it be Egypt? Would it be the Middle East? Or, would it be Rome itself? At first, there was supposed to be a compromise between Cleopatra and Julius Caesar, but that didn't work out, because Julius got himself killed. Then the heirs of Julius Caesar began to quarrel among themselves. And there were various deals: Marc Anthony tried to marry Cleopatra again—she was apparently the trading merchandise of the day. And they got defeated, because the legal heir of Julius Caesar, who changed his name, made a deal with the forces in the Middle East, and they defeated the forces of Marc Anthony/Cleopatra, and he became, of course, the Emperor Augustus.

They had an imperial system. The imperial system decayed internally, and the Emperor Diocletian divided the Empire into two parts, an Eastern and Western division of the Empire, just as had been planned at the time of Philip of Macedon, and the Persian Empire. A two-empire system. So, you had the Empire of the West and the Empire of the East, divided in the middle of what is now Yugoslavia. That didn't work out too well.

Then you had the emergence of the medieval period, about 1000 A.D., in which the Venetian financier-oligarchy emerged as the successor to Byzantium, and made an alliance with the Norman Chivalry. And the two of them ran the world in that area, in a form which was called Crusades, which started with the Albigensian Crusade, the Norman Conquest, and a series of official Crusades, all the way until the verge of the collapse of that empire, in the 14th Century in a new Dark Age—the financial system collapsed.

But then, we had the emergence, in the Golden Renaissance, of a new kind of society: a true nation-state society, which was formed out of the Council of Florence, with the establishment of the first modern nation-state, based on the principle of the General Welfare—Louis XI's France. Now, you had a fellow at Louis XI of France's court, by the name of Richmond. He was an Englishman. And he went to En-



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The Anglo-Dutch Liberals established an empire, creating the British East India Company as its imperial battering ram. The British East India Company ensured years of permanent colonial war on the subcontinent. Here, a royal British procession in India in the 19th Century.

gland, and he overthrew the bastard, Richard III, and established England as the second modern nation-state, that is, committed to the principle of the General Welfare.

At that point, a struggle broke out between the vestiges of the old imperial interests, and a new kind of state, the modern nation-state. They tried to break it up with religious war, from 1492, with the Expulsion of the Jews—by Spain, by the Grand Inquisitor—until 1648, when religious peace was established in Europe with the treaty of 1648, the Peace of Westphalia.

In this period, however, a new imperial force came up—no longer the Habsburgs, but the Anglo-Dutch Liberals, initially the Anglo-Dutch Liberal India Companies. And they set forth to establish an empire. And through a war, which they organized on the continent of Europe, called the Seven Years' War, they became an imperial power, the British East India Company, in February 1763 at the Treaty of Paris. And this became the beginning of the British Empire, which initially was an empire of the British East India Company.

The American Challenge

Now, at that point, the oppression occurred against the American colonies. And as well, against the people of Europe.

So, an international alliance developed, among leading intellectual and moral forces inside Europe, and the forces inside North America, led by Benjamin Franklin, which resulted in the formation of this republic, with the support of most of Europe, of most of the people of Europe. But then, the French Revolution, which the British orchestrated, the unleashing of Napoleon to destroy much of Europe with his wars, created the situation which led into all kinds of Hell, for us and others, until Abraham Lincoln led in victory, against a British puppet called the Confederacy, the British slave-



Courtesy of Imperial War Museum, London

The trench warfare of World War I, was part of the British Empire's permanent warfare, to keep its financial and political grip on the world. The imperial forces, led by Britain, wanted to halt the spread of the American System into Germany, Japan, and Russia in the late 19th Century. Today's heirs of these imperial forces, are trying to push the United States into another "permanent war."

holder faction.

Then, the United States emerged as a great influential power on the planet. The ideas of the United States, the U.S. economy, spread into Germany, in 1877-78, with the Bismarck reforms which were modelled upon the U.S.; in Japan, in the same period, with the Japan reforms, which started Japan as an industrial society, as a modern society; with a development in Russia under Alexander III in particular, the development of the Trans-Siberian Railroad and the industrialization of Russia. And similar things in other parts of the world.

So, at this point, the British Empire, which had seemed to dominate the world in the period of the early 19th Century, was suddenly placed in jeopardy, not because there was an imperial power threatening them, but because the nations of Eurasia, as well as the Americas, were in revolt against empire. They were for development, agro-industrial development; for the freeing of people from conditions of serfdom and slavery and other kinds of impoverishment.

Again, the imperial forces, led by Britain, organized a war, called World War I—with the help of the assassination of a President in 1901. And so forth. It led to the second war, planned by the same people. But then, we had a President, Franklin Roosevelt, who knew what the game was, and who represented the American tradition, of his ancestors. Who led, not only in rebuilding this nation out of the Depression, where, under Hoover, the economy collapsed by one-half. But Franklin Roosevelt made us the greatest economic power the world had ever seen, from under depression conditions. And because of our existence, Hitler, who would have been success-

ful, was defeated. Without the power of the United States, and the commitment of the United States, we would have been living, saying "*Heil Hitler!*" today.

Roosevelt saved us.

Overtuning the FDR Legacy

But then, again, the *same crowd*, which had backed Hitler—including Americans, including the grandfather of the present President of the United States, Prescott Bush, who is the guy who organized the funds to save the Nazi Party from bankruptcy, in time to make Hitler dictator of Germany! This crowd, once Roosevelt was dead, began to go back to the same, old business. They couldn't do it immediately. They could do it by pieces. Most of you here, *don't know what we lived through* under Truman. Truman was the most evil President that I can think of: He did more, by intention, to destroy the United States. *He* was the one who threatened to put us into *preemptive nuclear war*! It was Truman, who stopped the peace treaty, which had been negotiated with Japan, so that we could drop the only two nuclear weapons we had as prototypes, on Hiroshima and Nagasaki. The intention was to create a nuclear arsenal and conduct a preemptive war against the Soviet Union—which was called off, only when the Soviet Union developed some nuclear weapons, and developed priority in a thermonuclear weapon.

At that point, they called the show off. They told Harry go, "go git!" "Git back home, there, Harry! Your time is over!" And we brought in Eisenhower, who kept us from going to war, during the time he was President. Otherwise, we would have been in nuclear war.

But then, Eisenhower was out of office. Kennedy did not know what the score was. His father had been on the wrong side, anyway. And therefore, they killed him—and we went through a change.

This is what we're up against, this crowd.

Now, what's the point? The financial interests, the same financial interests of the United States and Britain, and other countries, which brought Hitler and what he represented to power in Europe, during the 1920s and 1930s—these same financier interests, which, through people like George Shultz, use stooges like Cheney, are determined to get us into a special kind of war, which we should understand from the history of European experience with imperialism, beginning from the time of the Peloponnesian War. The purpose of Cheney's operation, is not to fight a war to win it against an adversary, and bring peace, by winning war. The purpose of empire, as the Roman Empire, as the British Empire, as other empires, is *to use war, as a means of government*. To kill off, by war, forces which are independent. And to get wars going on religious bases, and other bases, among peoples, and by playing people against each other, national groups against each other, national areas against each other, to rule the world, the way Rome, under the Roman legions, ruled its empire. The way that medieval Europe, under Venetian-Norman chivalry con-

trol, used *war*, like Crusades and other wars, as a means of controlling Europe, in an imperial way. That's the method used by the British Empire: *war as a method of government*.

Parvus, Trotsky, and 'Permanent Revolution'

Now, the problem we have—and I'll get back to this in this cover picture again (the cover story, shall we say?): Now, you've got three characters there. You've got in the middle, Cheney. I think you recognize the bum. With all his glory, his beauty, hmm? And you've got over on the side, on our left, Leon Trotsky. On the right, a fellow, Alexander Helphand, otherwise known as Parvus. These are the people who conveyed into Europe, in their time, a doctrine called *permanent revolution*. Which is a doctrine, which by name, is associated by the cognoscenti with Trotskyism. Trotskyists have the theory of permanent revolution.

But, this is tied to a doctrine of permanent war. Who gave Trotsky the idea of permanent revolution? Parvus. Alexander Helphand. What was Helphand? Helphand was a British agent, of Russian extraction, tied to a famous character, Colonel Zubatov, in Russia—the chief of the Okhrana, the secret police. And with Jabotinsky, Vladimir Ze'ev Jabotinsky. These were the people who set up fascism in Europe; for example, Italy, was set up as part of this crowd. And Parvus died in the 1920s, organizing what became the Nazi movement—then under the movement, under Coudenhove-Kalergi, which he was working on at the time he died of natural or unnatural causes.

During the period, he was a gun-runner, a grain trader, and so forth—everything. He was trained in Britain, recruited in Britain, and deployed as a Russian operative in British operations around the world: organizing wars, organizing weapons trade, organizing and so forth.

In 1905, he had Trotsky in tow, and took him into Petersburg, where the Okhrana chief, Zubatov, was organizing a revolution against the Tsar—from inside the Tsar's government. And he gave Trotsky a paper, which he, Parvus, had written, on permanent revolution. He left Trotsky with the paper. Trotsky got into trouble. He had left the scene, and Trotsky thereafter defended this doctrine of permanent revolution.

So, what it is, is a kind of a left-right operation, of organizing instability, riots, insurrections, so forth, various means of creating Hell. It's otherwise called "regime change"! In other words, what we did in Iraq. We go through regime change, and the place is turned into a hellhole—from which it will never recover, under the present trends. It's not intended to recover—ever. They intend to spread it to Syria, to Iran, and so forth. Permanent regime change: permanent revolution. And part of that is *permanent war*.

That's what we in the United States face, within and without.

The problem, the challenge before us, today, in the middle of what is a great depression, great suffering, great problems

among us, and in the world at large: The chief challenge is, that the government, the Executive branch of our government, is in the control of a few people, typified merely by Cheney, who are for permanent regime change, permanent revolution. And the irony of the thing, is of course, they've recruited a lot of Trotskyists, who are called neo-cons, neo-conservatives—or, chicken-hawks, because they ducked service in Vietnam, and went on to wars in other places, where other people are fighting the wars—and permanent war.

Not war to *win*, in the sense of nation-state wars. But war as a method of government, to destroy the planet, so that a handful of people, relatively speaking, control the entire planet, as an empire. These people are financier interests, of the type that are looting our government—like Halliburton and Bechtel, for example, today. This crowd. And that's what we're up against.

So our people in the Senate and elsewhere *do not yet understand this!* And their failure to understand this, to understand what we're really up against, means they do not take the appropriate response. They may take an honest response, they may do useful things—but they're going on to bigger and better things than they have faced right now, or recognized so far: They're facing something much more deadly, than they imagine. And my job is to make those facts clear to them. And we will be doing that, which is why I refer to the cover of *EIR* to document exactly what this is. And to put forth, internationally, documentation of the *nature of the danger we face*: What is the danger of *war*? What does it mean? What is the policy? Where does it come from? How is it organized? And, how do we defeat it?

If we don't understand that, we will lose. And therefore, understanding what is behind the idea of permanent revolution, and permanent warfare, is crucial to saving this nation, and saving civilization. And unfortunately, only relatively few people understand that, today.

All right, now, when you're dealing with something ugly, my view is, that you start, as did my great friend François Rabelais of France, who faced terrible conditions; and the case of *Don Quixote*, of our dear friend Miguel Cervantes: When you face a terrible situation, and Spain was a terrible place at the time; there was nothing good in Spain. There's nothing good in *Don Quixote*: Everybody is nuts, greedy and nuts. There aren't any good Spaniards in *Don Quixote*; they're all nuts. But, Miguel Cervantes used humor, great humor, as a way of trying to mobilize people in Spain to an awareness of what their problem was. To desire to rise above being either Sancho Panza—you know, belly, that's what it is—or, this crazy old knight, with a bucket on his head. To become real. To enter modern civilization.

François Rabelais faced a similar situation. He was a great thinker. He joined many religious orders. He was a power in his time. He was a great physician, among other things (which is where he got some of his vocabulary from), but he dealt—with his Pantagruel and his Gargantua—dealt with the situa-



"When people can laugh about terrible problems, then, instead of being gripped by fear and terror, they can clear their heads and think seriously about what we're going to do about this problem."

tion with humor. Because, when people can laugh, and laugh about terrible problems, to see the irony of the situation, then, instead of being gripped by fear and terror, they can clear their heads and think seriously, about what're we going to do about this problem? And put it in perspective. Not be in awe of the problem—but be the intellectual *master* of the problem. And being the intellectual master of the situation, is key to being the physical master of yourself.

So, let's look at some of these things. They're something from the [Charles] Addams cartoon series [see graphic]. This, of course, is one way of looking at what happened in Louisiana.

Next one [another Addams cartoon] Now, there's three characters you'll recognize, with George Shultz up there, in a portrait on the wall, while they're preparing a torture rack. The shoe-shopper, [Condoleezza] Rice, and the President, and his boss, Cheney.

And then the third one, Franklin Roosevelt [driving a car], and these two [Bush and Cheney about to roll a rock down the hill on top of his car].

Hurricane Katrina

All right, now. Let's start, then, by looking at the Mississippi situation, and what that involves, and the adjoining states, of course first; and then, come to the general problem of the economy as a whole. Take first, of all just a picture

of this Katrina, what that looked like on a map [weather map showing Katrina shortly before landfall]. This is what you're looking at. You recognize the area; you recognize the temperature concentration there [darker colors show the cooler, and therefore higher, cloud tops].

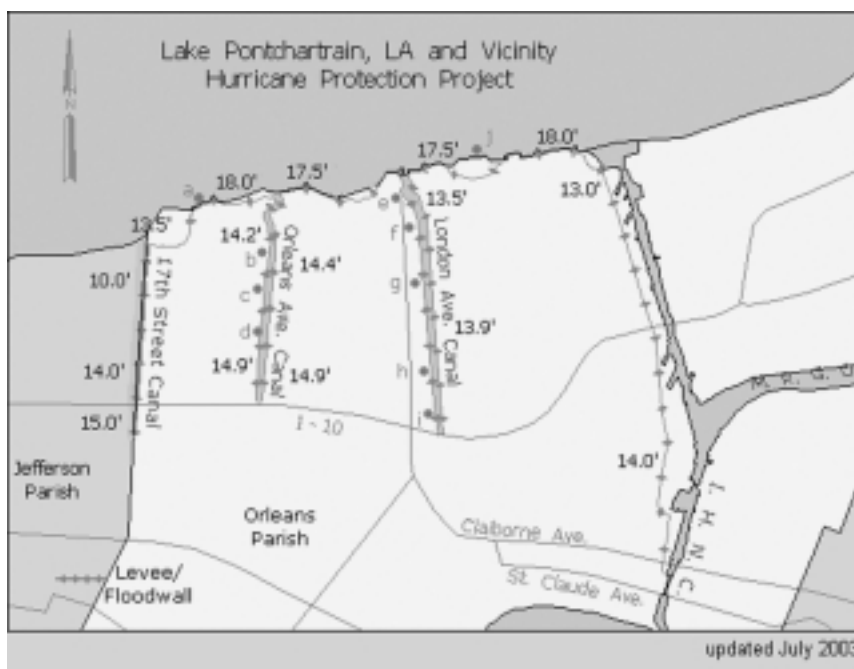
Now, let's go on to the next one, on the levee system itself. This is what the structure was. You have the Mississippi River, which is a much higher level than New Orleans itself; then Lake Pontchartrain, and you have a system, a damming system, levee system, which keeps the water out of the New Orleans area.

Next, (**Figure 1**): This indicates some of the canals, levees, which were in trouble, and were part of the problem.

But, get on to the next issue. Now, this is the area that was immediately affected by this storm. Now, let's get on to the next picture (**Figure 2**). We're looking at the Mississippi; look at the dates. We'll go through this twice, "Change in the percentile of manufacturing workers in the workforce." The red [counties] are the more dense, the blue ones, the light blue ones, the less dense. You see, there are changes going on, there are interchanges—not constantly. But you see, overall, a general collapse of the workforce in that entire area. So you're going through this entire period, since the end of the

FIGURE 1

New Orleans Flood Protection Structures—Not Upgraded



This schematic Army Corps of Engineers' 2003 map shows levee/floodwall sites in the core New Orleans area, which were part of the Corps' overall plans to upgrade storm protection structures to withstand maximum Category 5 hurricanes, not lesser Category 3. Repeated requests for funding for strengthening and heightening the levees were denied by the George W. Bush Administration. Under Katrina, the levees breached in five places.

1970s, into increasing impoverishment, intrinsic impoverishment of this area. And you see, the crucial thing you'll find, is, 1990 is a very crucial point in this whole process.

Again, we go on to the next [graphic]. Okay, now, this is service workers, where you're going from an industrial society, an agro-industrial society, to a service-worker economy, and you see what's happening here, the opposite effect: that you're getting an increase in service workers, which are low-paid, unskilled, no guarantees, "no nothing" to speak of—hamburger flippers—as opposed to productive jobs, which represent more stability, more wealth produced.

Then go on to the next graphics (**Figures 3 and 4**). All right. This combines the two, "service workers as a percentage of the total workforce" [county by county], and you see what's happening. It's spreading, weakening, character is destroyed, from 2000, especially, on. And this is what hit this area.

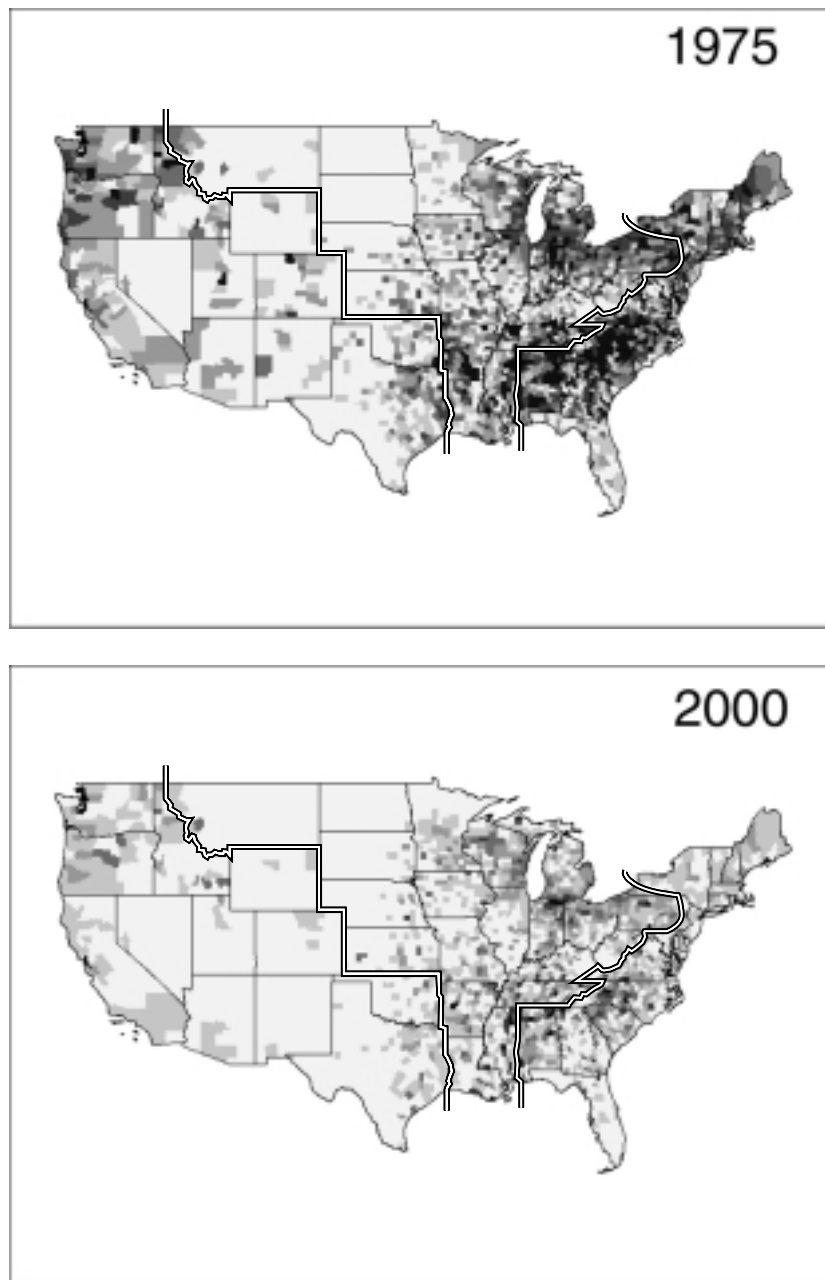
Now, look at the farmers [graphic]. Look at the farmers as a total. There's no animation here. But, this is 2002. Now look at the next one, old farmers, "65 years and older." Again: We're depending upon old farmers, who are therefore going out of business; there are not young farmers to replace them. Our food supply is in jeopardy.

Now, look at the poverty issue in this area, which was hit by this (**Figure 5**).

Now, look at the adjacent area, which is significant, the Tenn-Tom [Tennessee-Tombigbee]. Now, what this involves is this: You've got two ways down. Remember, the greatest part of our food and export supply comes from an area which is between the two mountain ranges, the Rocky Mountains and the Allegheny Mountains, and you have river systems which flow down there. These river systems are not only water systems, they're also transportation systems. The greatest amount of our exports comes down from these areas, western Pennsylvania on down on one side, and so forth on the other. They come down. They come down toward the Mississippi, the mouth of the Mississippi, into the Gulf area. And there, they are exported around

FIGURE 2

Manufacturing Decline Nationwide, 1975 and 2000, by County—Boundaries of Greater Mississippi Basin Shown* (Percent of Total Workforce Engaged in Manufacturing)



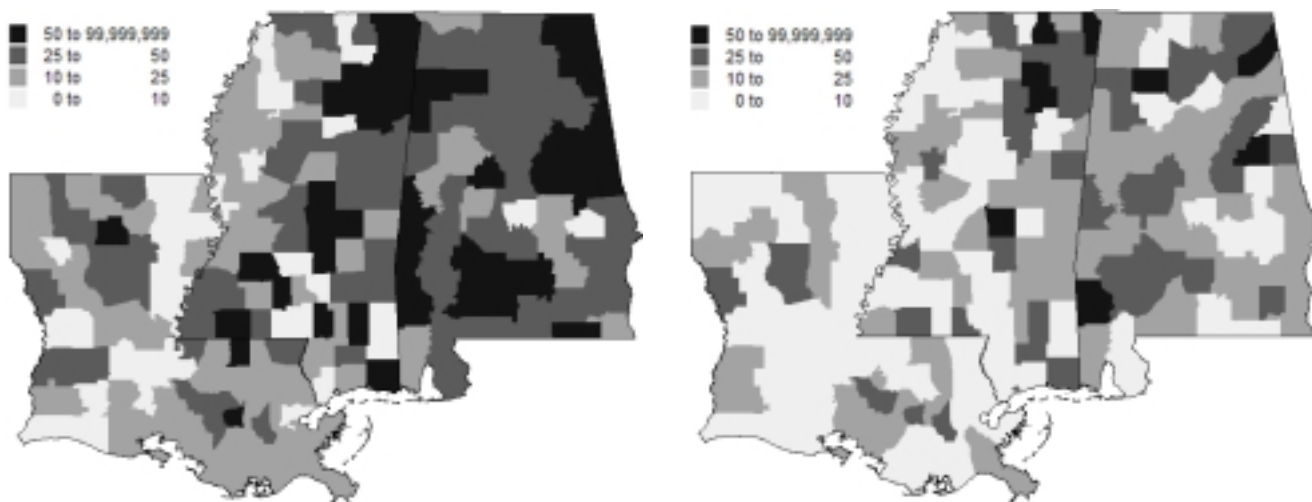
Source: Bureau of Labor Statistics. Map produced by MapInfo.
*Boundary shows 19 states in Mississippi, Ohio, Missouri Rivers basin.

The decline of U.S. manufacturing from 1975 to 2000 is evident throughout all geographic concentrations, from the Northwest aluminum center, to steel and auto in the Midwest, and high-tech fabrication in the Northeast. In the 19-state watershed basin of the Mississippi/Missouri/Ohio Rivers (outlined), which reaches world trade routes through the Gulf ports, the mass loss of manufacturing jobs is a marker of how the entire landscape of farming, regional industry, and infrastructure (rail, locks and dams, urban and rural centers) has been degraded and downscaled in the U.S. productive heartland between the Alleghenies and the High Plains.

FIGURE 3

Manufacturing Employment Decline, by County, 1975 and 2000

(Percent of Total Workforce Engaged in Manufacturing: Louisiana, Mississippi, Alabama)



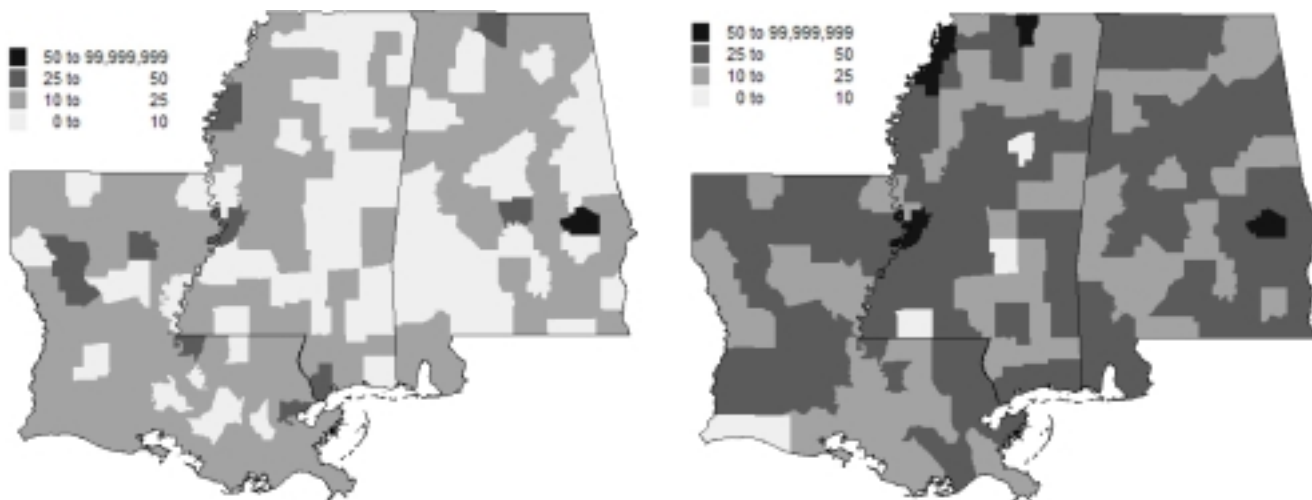
Source: EIR 2005, Map by MapInfo.

The marked decline in percent of the workforce in manufacturing, reflects the mass shutdown of industries of all types formerly in the three-state region—principally textiles, agriculture processing (cane sugar, canneries, cotton milling, meat-packing), pulp and paper, and many others. The “Sunbelt process” of siting new factories here in order to pay relatively low, non-unionized wages, in no way altered the dramatic pattern of regional de-industrialization (e.g., Sunbelt auto plants locating in Alabama—Mercedes Benz, 1997; Honda, 2001; Hyundai, 2005; in Mississippi—Nissan, 2003; in Louisiana—GM, 1978).

FIGURE 4

Service Employment Increase, by County, 1975 and 2000

(Percent of Total Workforce Engaged in Services Jobs: Louisiana, Mississippi, Alabama)



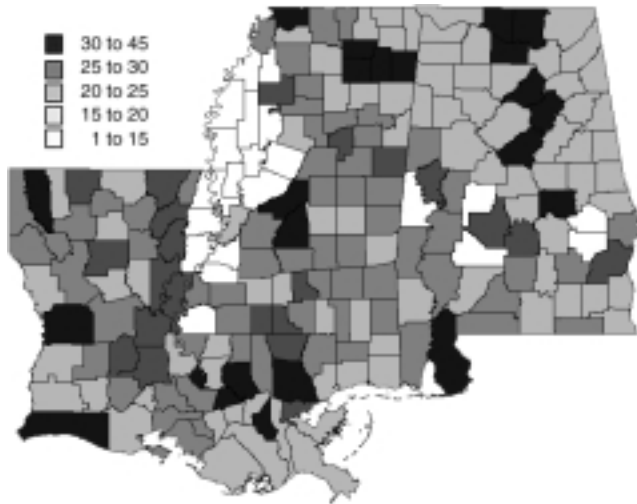
Source: EIR 2005, Map by MapInfo.

Service jobs of all kinds, with low wage rates, came to dominate what employment existed in these three states by 2000. In the so-called “hospitality” sector, casino work led the way, as these states were among the first nationally to legalize riverboat gambling. These states’ average individual weekly wages and salaries have been about 85% of the national average (including industrial and services combined). Of 12 million citizens in the three states, 3.6 million are black; nationwide, the median income of black households is below 70% of the national median.

FIGURE 5

Hurricane Katrina Hit Three of Nation's Poorest States

(Official Poverty Rate, Non-Institutional Population, Percent: Louisiana, Mississippi, Alabama)



Source: EIR 2005, Map by MapInfo.

In terms of how far their populations are below the U.S. median income, the storm-hit states of Mississippi (2.9 million people) ranks worst in the nation (30% below U.S. median income); Louisiana (4.5 million) ranks second-worst (22%); and Alabama (4.6 million), fifth-worst (18%). According to the U.S. "official" (much under-represented) poverty rate, 20 counties in the three states have 30-45% of their people in poverty. Dozens of other counties are very poor. Only ten counties have poverty rates less than 15%. Thus, the vulnerability to harm from disaster was very high among those already lacking good health, transportation, living conditions and decent jobs.

the world. And then, of course, you have some transport goes up the river in reverse, but more comes down.

So this area, the whole area, has been in a process of economic collapse, from western Pennsylvania—the whole area, Michigan, Ohio, Indiana, Illinois, Minnesota, the grain states in general, and so forth. They're in a process of collapse, and *have been* in a process of collapse, over a period of more than 30 years. It's actually industrial collapse. Whole communities have vanished, or virtually vanished. It's like East Germany, in a sense, in that area.

All of this involves these rivers, which are main arteries of transport. Now, go back to this Tenn-Tom thing [graphic]. Now, what's the significance here? We created, some years ago, we used a river system which cut into the Tennessee Valley area, system; you see places like Florence, Decatur, Clarksfield, this is the Tennessee Valley area. We created a link to the Tennessee-Tombigbee River, which would be a parallel to the Mississippi, as an additional way of transport down to the Gulf. And we lost economy in this area, so that



Courtesy of Lowndes County Port Authority

The Lowndes County Port on the Tennessee Tombigbee. "We created, some years ago . . . a link to the Tennessee-Tombigbee River, which would be a parallel to the Mississippi, as an additional way of transport down to the Gulf. And we lost economy in this area, so that at the time this route was completed, we had lost the purpose for the route, in the sense, we'd lost the agriculture, we'd lost the industry and so forth, which would have been served by this."

at the time this route was built, was completed, we had lost the purpose for the route, in the sense that we'd lost the agriculture, we'd lost the industry and so forth, which would have been served by this.

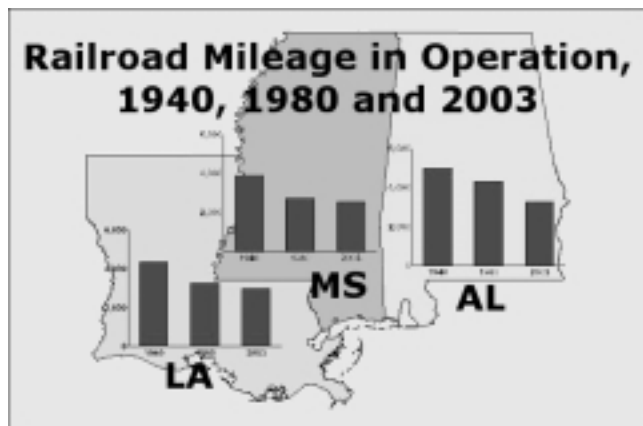
You get up there around Cairo [Illinois], you come into a jam-up, where the system there, the management of the river system, is breaking down now. This is a log-jam. Even if you had the product to ship, you would have troubles, because this system is old and needs repair.

All right now, then look at the New Orleans port from this standpoint [graphic]. What this just simply shows, is that this port was key to our relations to the world. You take this area of the United States, the interior, between the Rocky Mountains and from western Pennsylvania, the Alleghenies, down: the flow along these river systems for our exports. This was the internal central *power* of the United States. And that is what's being destroyed.

Now, look at the railroad system [graphic]. This is clear—you can get more of this, we've got copies that you can access. But this just indicates, this is the network we're dealing with in rails. This, also, is collapsing! Look at New England! In terms of freight, there's nothing. It used to be the prime driver of the nation in terms of technology. Nothing!

Look at the Railroad Mileage in Operation (**Figure 6**). Look at this area, down around the Mississippi. The collapse! The collapse of not only water transport, the collapse of rail transport, which are the two primary transports. We have trucks running all over the highways—which is not efficient. It's very expensive, and it's not efficient. Rail and water transport are the most efficient, cheapest way per ton-mile. And certain kinds of freight go better by water, because their aging

FIGURE 6



factor per ton is not as crucial. High premium value product, you tend to ship it by higher speed modes. But lower value per ton product, you prefer water or rail.

Now, let's look at the financial system, and let's start with general derivatives view [graphic of "Derivatives vs. GDP vs. Debt"]. This, again, is an animation, with a time-scale in the upper left-hand corner. You see what's happening to the ratio of debt to gross product. Now, derivatives come in, especially after '87—this is Greenspan. And the derivatives are taking over. Ready to eat up everybody else. Hmm?

Now, look at the U.S. commercial bank situation (**Figure 7**). That's your reserves, hmm? Bank capital, the loans and leases, that's the business of the bank; total assets; now, look here—derivatives. That's the nature of our financial crisis: *This*.

That's self-explanatory at this point.

And now, more or less to conclude, we'll get to the next. Let's look at the Federal derivatives [graphic "From Bank to Casino"]. Yes—Greenspan, or "Greenspin" [as derivatives bubble grows]. Remorseless.

And one final touch, which some of you will appreciate [see photo]. The motto is, "Fish stinks from the head." You may recognize the characters.

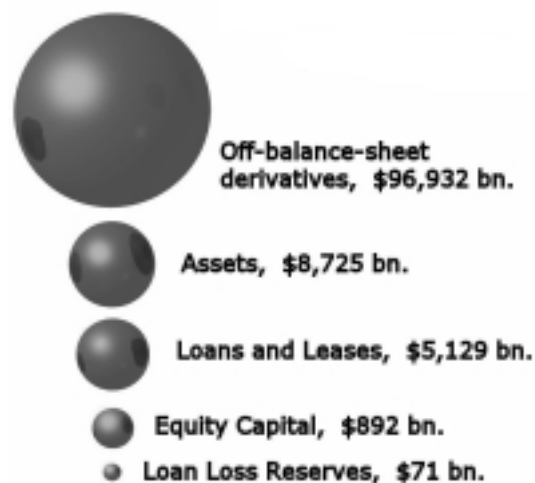
The Financial Cancer Is Growing

Now, to return to the strategic question that all this involves. People say, "Is this a depression?" You know, there are some people who are really idiots. You tell them there's a depression going on, and they say, "Yeah, but how's the market doing today?" "Yeah, the markets doing fine, look at those derivatives." What you're seeing as market expansion, is entirely financial derivatives. Now, financial derivatives are the equivalent to an economy, of cancer to a human being. "I'm better than ever. The doctor says the cancer is growing!" That's what it is.

But what this also means, is that the ratio of financial

FIGURE 7

U.S. Commercial Banks, June 30, 2005



obligations outstanding, is so great, there is no possibility of an ordinary solution in bankruptcy court. Take, for example, right now: Let's take the case of the airlines. What we have, for example, in the oil price scandal: probably \$40 out of the going toward \$80, now, of oil, is pure swindle. It's speculation, and it's run on behalf of the financial interests in the South, which concentrated the oil traffic in the Gulf area, to be near to George Bush, and the Carlyle Group. So, the United States economic operations, in respect to petroleum, have been concentrated to the advantage of the Bush family and related interests. That's where the speculation is.

There was no shortage of petroleum! There was a superabundance of petroleum! The ports were *clogged* with petroleum. There is no oil shortage! And producing more oil from the reserves, is not going to solve the oil price crisis: It's purely speculative! It's speculators out manipulating the market, to rip people off at the pump, by more than \$40 a barrel.

What is this being done for? For two reasons: First of all, because George Bush's friends love to steal. For example, it didn't occur to them what they could do, in the case of New Orleans, for example, until they discovered how to steal! And the way to steal, is to send Halliburton in there. Which is what they're doing. The same Halliburton, the same Bechtel crowd which pulled the swindle in Iraq! They fire the military engineers, fire the capabilities that we used to have, to deal with these situations; you bring in a private company, which boondoggles. Charges all prices, off record, unregulated. The Congress is not allowed to have hearings, which actually get into who's doing what for whom, in terms of these areas.

They do the same thing with the oil price scandal: Someone says, "Let's regulate it. This is out of control, this is not

justified by supply and demand or any such consideration.” Schröder, the Chancellor of Germany, said in Gleneagles, “Let’s regulate it.” Who turned it down? The British and the United States. Why? To steal! What were they doing? Well, they were not just stealing: You recall the derivatives crisis which hit in the Spring. You will find that a lot of hedge funds went belly-up, as a result of that struggle. The whole system is ready to blow. So, bailing out their system, the hedge-fund system, is crucial for the people who run the system. How are they going to bail the system out? They’re going to have to steal. *Well, \$40 a barrel rip-off, off the top of the price, on oil, is a very good rip-off*, for people who desperately need profit to keep from going bankrupt.

Look at the effect of this; look at airline industry: We’ve got two new, major airlines are going bankrupt. The entire pension system of the United States is now in jeopardy, because these two airlines are about to dump their pension responsibilities—which they had not been maintaining—to dump them on the Federal government! Now, this dilutes the ability of the Federal government to maintain the pension guarantee system. But, why do we have the problem? *Because*: Some people decided to rip-off the airline industry. The danger is, if Northwest and Delta and a few others go, what have we got? *We no longer have a way of transporting people from coast to coast, inside the United States!*

You want a national security problem? We’re on the edge of that, right now.

So, the other side of this, is, we’re in a crisis. There’s no possible way of getting out of this by normal management methods. There’s only one way this can work: The Federal government has to put the whole shebang into bankruptcy. It has to put the Federal Reserve System into bankruptcy, which is a way of putting the banking system into receivership. Then the Federal government must act, to prevent the banks from closing their doors. To make sure they continue their normal business, because that affects the life of communities—it affects industry, everything. We must have a flow of credit. We must have financial security of a type which is needed to maintain communities and industries.

Defend the General Welfare!

We must also act in terms of defending the General Welfare. We need airlines! We’re going to have to put the thing into government receivership, and reorganize the system, recognizing it has been torn down by speculation. By looting! We’ve got to put the thing back. We’ve got to rebuild the rail transport system. We’ve got to have a rational relationship between high-speed rail transport, and air transport. We’ve got to do a lot of things in this direction.

We’ve got to go into a large investment, Roosevelt-style, but larger, into re-creating industries that are lost! But the problem in trying to re-create industries that are lost, is that we don’t have the skilled labor force *we have lost!*—through

government and related policies—over the period since the 1970s, especially 1977. Under Carter, which is really under Brzezinski, we went into deregulation. We used to have a policy in the United States, even in the post-Roosevelt period, initially—a “fair trade” policy.

A fair trade policy meant, that you would arrange all the mechanisms of government, tariff regulations, all kinds of regulations, in order to ensure that if somebody is doing something, in the private sector, which is useful to the United States, useful to the people of the United States, we want them to stay in business. We don’t want to go around the world, trying to find some cheap labor to replace them! We want to keep the farms, the industries, and so forth, *here*. We want our basic economic infrastructure solid.

So, therefore, what we do, is, we set up a system of tariffs, and similar kinds of devices, to ensure that an honest industry, which is producing an honest product, is going to have the fair costs of its production *paid*. By setting the prices at that level. And it’s going to be able to get credit, to be able to meet those obligations of production and so forth. To improve itself, to be more productive and so forth.

So, we had a protectionist policy, which is called a “fair trade” policy! We wanted to have, not big corporations gobbling people up, not stockholders who are fleeing from one corporate stock to the other every day! But, people who are committed in the long term to building an industry *in a community!* Within a state! People who are building for the future. We wanted private entrepreneurs, closely held companies, people who were production oriented: The machine-tool end of the thing, especially. This was our strength. This was the strength that Roosevelt used to make us the greatest economic power the world had ever seen, as we entered into World War II.

We have to do it again. *We can* do it, again!

But, we have to recognize that that’s the problem! We have to recognize that the switch to a service economy was a piece of clinical insanity! We have to recognize that free trade is a piece of clinical insanity! We have to recognize that globalization is imperialism. We have to say, “These things come to an end!”

We have a primary obligation, which I don’t think the nominee for Chief Justice understands. I don’t think he *wishes* to understand it. (I want to know who his cosmetician is! If you’ve seen him on television, you’d say, “Who’s pasting him up every day?”)

The Constitution of the United States *is*, in his terms, *political!* It *is* in his terms, *ideological!* Patriotism in the United States *is* ideological! It *is* political! The politics of the United States, the existence of a republic, is *a commitment to the General Welfare*. General Welfare means, “living people and their descendants.” The defense of them. The promotion of the improvement of our territory. The promotion of our industries, of our agriculture: I want to be able to get apples!

I don't want to get Australian strawberries! I want American strawberries! Nothing wrong with Australian strawberries—we should get some of them. But we should also grow our own!

Now, these ideas that I just listed, are ideas which were the standard belief of people coming out of World War II, after the Roosevelt experience and the preceding Hoover experience. We *had* Coolidge and Hoover! We didn't need it again! We thought Coolidge and Hoover were bad—we hadn't seen Bush! Hmm?

So, the point is, we have to realize, that we're at a point where the existence of the system of the nation-state, the sovereign nation-state, internationally, is in jeopardy. Our own state is in jeopardy. But because we were summoned to war, to defeat Hitler—many of us didn't understand what it was all about, but we defended the country, and we fought. We didn't fight well. We weren't well trained, we weren't military people. We had a few people in the military, called "USA—Useless Sons Accommodated." People who couldn't get jobs, would go into the military. Nobody wanted to use them for anything, they kept them around to have the numbers in there.

The best military went into the WPA [Works Progress Administration], under [Harry] Hopkins. Not as WPA workers, but as people who set up the program of economic development, of turning useless workers into useful workers; and who set up the industrial program, which made us the greatest economic power on this planet. About 100 military people, typified by [General] Lucius Clay, went in under Harry Hopkins on that program, and built this nation. We've got to do it again! The same kind of thing again. It's going to be hard work, but we can do it! And if we are future-oriented, if we are not people who are depending upon what we can get today, and if we know our life is limited, and we're not going to be here forever—we're going to go on: We're concerned about what we leave behind. And, therefore, we're concerned about what we leave to our children and grandchildren, and those generations.

We have a Baby-Boomer generation, which is now getting into 60 and beyond, and they're about to go—one way or the other, I think. I've not much hope for them, their survival capability, their intellectual survival capability—not much commitment to life. There's more commitment to enjoying Purgatory as sort of a comfort zone.

But we have, coming up now, a generation which has entered adulthood, which is now considered 18 to 22, 25, as entering adulthood—and the future belongs to them. Not right away. It'll take a little time before they're ready to take over the industries and similar kinds of positions. But it won't have to take *too* much time. And therefore, our future depends upon them. And getting the old folks, those who are about 60 years of age, who are considered—I'm considered—the antiques of society, today, to do their job, and to be mustered to find



Courtesy of Eisenhower Library

Gen. Lucius D. Clay with President Eisenhower in 1955. "The best military went into the WPA [Works Progress Administration], under [Harry] Hopkins . . . as people who set up the program of economic development, of turning useless workers into useful workers; and setting up the industrial program, which made us the greatest economic power on this planet. About 100 military people, typified by Lucius Clay, went in under Hopkins on that program, and built this nation. We've got to do it again!"

their souls again, and do their job to rebuild this nation, which they have done so much to destroy by their ideology, by their service economy ideology. And to give the future, which many of us will not see—to give the future, a future. To give our people, the young people who are now entering their twenties, a future, and to give their children a future. And, we should take pleasure in doing that.

'Think of the Future'

Many people came from various parts of Europe into the United States. They came from poor parts of Europe, because they found an opportunity here, not a rich opportunity, but an opportunity to seek an opportunity. They came into our country, as poor immigrants, mostly; became farmers and workers and so forth, and they worked hard. They worked hard to give something to their children, a better life than they had had, an education. In about two or three generations, they became sort of a solid part of the regular population of the United States as a whole. They built a future. They had the confidence and courage to come here, to build a future. They found here the opportunity—not an easy one—but an opportunity, nonetheless, to build a future. And they worked to build a future! They worked, and they suffered, and they sacrificed, for the sake of their children: especially to get their children education, and things of that type, to get things that they needed for the next generation. And as they grew older, they took delight in their grandchildren, and said, "It's been

worth it all.” That is the American Dream. That is what we represent.

We now come to a time, a difficult time, a hard time. We don’t have many of the things we need to rebuild this country. We’re going to have to work hard to rebuild it. But, if we have our morality with us, we’re going to think of the future.

I’m not going to have much of a future—oh, 10 years, or maybe 20 years, if Amelia [93-year-old civil rights leader Amelia Boynton Robinson] lets me. *But*: I’m thinking ahead: I’ve got 3,000 years, approximately, of history in me already, and I’ll think ahead about a hundred. And I’m counting on what’s going to happen in the next hundred years. And that turning the corner, from going down, where we are now, to going up! And I have to try to get, with my limited powers and influence in the world, to get some other people—who are a little bit younger than I am—to take up the challenge, and to recognize what the danger is. And to recognize, that they’re our soldiers.

Thank you.

Dialogue With LaRouche

Freeman: Thank you, Lyn. . . . The first question comes from a national political operative, who has a fairly large stake in what is going on right now, in the Gulf area, and the Delta in general. And he wanted to ask you, very specifically, a question, since he’s also responsible for advising many Democratic members of the Congress.

He says: “Lyn, there are a lot of people, now, who are arguing that Katrina may very well have closed the case, on the failure of the whole post-industrial globalization culture. The fact is, though, that right now, we are not the same nation that we were when John F. Kennedy mobilized us to put a man on the Moon. On the one hand, there isn’t a single member of the Senate who’s stupid enough not to attach his name to Mary Landrieu’s Operation Pelican legislation.”

(This is, for people who don’t know, this is one *big* piece of legislation, that was authored by Mary Landrieu, who’s the Democratic Senator from the state of Louisiana, and by Senator David Vitter, who’s the freshman Republican from that state. This is a bill that actually seeks to put the reconstruction effort in one big package, so as to not hold it up. And it actually provides funding of about \$183 billion. By the time that bill actually reaches the Senate floor, it will be co-sponsored by, I think, every single member of the Senate—with the exception of the acting president of the Senate, Mr. Cheney, who has not been invited to attach his name to it.

But, what the question is, is—he says:)

“There isn’t a single member of the Senate who’s stupid enough not to attach his name to this legislation. But the problem that we face is that right now, money and good intentions simply are not going to be enough. We made a commitment here, but the question is, how do we honor it? Again, we

aren’t the same nation we were, when Kennedy mobilized us: So, how do we proceed? Do we legislate it? Do we just appoint people to do it? It still is not clear to me, how to take on a task of this magnitude.”

LaRouche: Well, the problem is, we don’t have a President. We have something occupying the place where a President should be, when he’s not on vacation.

Therefore, you have an institution which we’re depending upon, now, for much of the leadership. We have certain committees in the House, which have capabilities, and which are very important politically, in the picture, in many other ways. But the hard core of the decisions that have to be made, is in the Legislative branch of government, which is the opposite number, the primary opposite number, to the President: And that is, the U.S. Senate.

Now, so far, we have a situation, in which the Democratic leadership of the Senate, is by and large pretty much together, on the right side of the angels.

We have, on the Republican side, a growing number of Republicans, who wonder what’s happened to the Republican Party. They come in all shades and colors, so to speak. But they are patriots, generally, in a certain deep-down sense, particularly when challenged on things which get their gump-tion up, on defending the nation.

So, we have in effect a potential bipartisan coalition, of overwhelming potential, in the Senate. And you’ve got a former boxer as the leader of the Democrats [Harry Reid of Nevada], which does help him to understand how to deal with certain issues—that is—he’s got the instinct. He doesn’t go out punching people up, but he does have the instinct of how to think, if you’re in the ring.

The problem for the Republicans—by and large, there are several problems here to consider: The problem with the Republicans is, this means a break with the party, in a sense. Or, not a break—it means they’ve got to decide to break the party free from the grip of Bush-Cheney. Now, that’s a tough fight for them, with an election year coming up. They’re being asked to do to Bush and Cheney, what they did to Nixon. And that’s the jam-up for them. It doesn’t mean they’re not capable of doing that. It means that they’re not coming up to speed fast enough so that we worry, “Will they be willing to act fast enough to prevent a war in Iran? A war against Iran?”

Because if they don’t, we now go into a new dimension, that I referred to, of permanent war. Permanent revolution/permanent war. That’s the danger.

So therefore, the issue here, is to get—in the long term, if we’re left alone, with a bipartisan coalition forming in the Senate, certain aspects of government could move in the right direction. The problem we have now, is, will that come fast enough? Right now, it is not coming fast enough.

There are a couple of issues, where it is coming up fast enough. The Mary Landrieu motion has got a lot of wet legs to it. But they’re going to do everything possible to sabotage it, because, from the standpoint of Dick Cheney, reporting to



EIRNS/Stuart Lewis

"We have to give the future a future." Here, LaRouche Youth Movement members at the Sept. 16 webcast.

his boss, George Shultz, Halliburton needs the money. And you're not going to get any benefit, for the people of Louisiana, to speak of, if Halliburton gets in there. You want to look at what they did in Iraq, to get a pretty good idea, what they're going to do. So, that's one of the problems.

But, to come back to the other problem: The Senate is not an efficient institution to replace the Presidency. It's the relative institution in the Legislative branch to *control* the Presidency, on everything except money, which is the responsibility, essentially, of the House of Representatives. But they are not up to it. Because, they are not *institutionally* up to it.

Thinking Like a President

Now, what I'm trying to do, in understanding this thing, in understanding the Senators—as I think I do understand them—is, to provide myself, not to pretend to be President, but to provide them, and to provide people abroad as well, a sense that there is someone who thinks like a President, acting in the United States. And right now, it's a vacuum. Nobody else but me, is thinking like a President, at least, not like a President required for this time of crisis. Therefore, my function is to fill that void.

Now, the enemies I have, who are largely in the financial sector—whose reputations were made in their support for Hitler, back in the early 1930s—don't like me. Wall Street finance hates my guts. And many politicians, including leading Democrats, are afraid of Wall Street. Therefore, when my name comes up, you want to see people's eyeballs go into spin! Even people who agree with what I'm saying—saying

about meeting with me, "W-h-a-t are you suggesting?!" "You're suggesting we commit mass suicide, on a Wall Street account?"

So, therefore, despite the fact that this situation exists, I'm acting as a President should. I had hoped that the former President [Clinton] would play that role, but recently he's been reluctant to do so. He's trying to play a somewhat different role.

So, what I've done today, for example, in raising this question of permanent war; what I did in raising the question of the neo-cons; what I did in raising the question of these crazy "Children of Satan": I'm doing this, because these ideas have to get *out*, and they have to get out as if from a President of the United States who is providing a focal point of leadership.

I'm saying things, which many people in the Senate and elsewhere agree with. But they're not prepared to do it!

They'll say, "It's not time"; "It doesn't

work that way"—but I'm saying, "The clock is running out!" Someone has to say, "The clock is running out!" You can't set the agenda and the time scale based on your comfort zone! You've got to operate on the basis of—you've got to think like a commander in war! Because we're *in* war! We're in the war I described. We're in *permanent* warfare! Permanent revolution! Permanent regime change!

The United States is faced with destruction! We're faced with the choice of being an empire, under the people who own Cheney, like George Shultz's bosses, or being a republic! We have to make that decision *soon*. Are we going to? If we tolerate, if we try to accommodate, to Cheney, if we try to "deal" with George Bush, if we try to concede to those sentiments! If we try to concede to Wall Street—we're lost! We no longer have a nation. We're like the people who said, "Hitler is going to go away"—until Göring set fire to the Reichstag, and then he became a permanent dictator.

That's the situation we're in. And you have to think like a commander in warfare, to lead this nation now: Not to fight war, *but to prevent it!*

And nobody's prepared to do it! You know what my political circumstances are. But I have to do it! Because there's nobody else, who so far has stepped forward to do that!

And that, my questioner knows. And he knows what the answer is. He knows what my answer is. And if he wants to save this country, and I know he does, *he knows what he's got to do*.

[For more questions and answers, see www.larouchepub.com.]

Cheney's Wars and the Great Energy Price Heist of 2005

by Richard Freeman

Financier-dominated synarchist forces behind Dick Cheney are seizing upon Hurricane Katrina, to manufacture a non-existent oil shortage, and ratchet up the price of oil through \$70 per barrel, in the direction of \$125 per barrel. This giant swindle is looting populations and transferring the loot to the swelling profits of the oil cartel companies and the banks, using such theft to attempt to postpone the implosion of the bankrupt financial system. Some \$30 to \$40 of the nearly \$70 charged per barrel of petroleum represents pure speculative loot.

An American intelligence official told *EIR* on Sept. 6, that soon after Hurricane Katrina struck, the Bush-Cheney Administration was told by Saudi Arabia, Kuwait, and other oil-producing countries that they had spare refinery capacity. Saudi Arabia and Kuwait offered to deliver gasoline and other refined petroleum products to the United States, to offset the temporary shutdown of some Louisiana and U.S. Gulf state refineries, and thereby drive down prices. The source said that the Cheney-led White House turned down the offers, knowing that they could disrupt the oil cartel's mechanism for price gouging. Instead, between Aug. 29, the day that Katrina made landfall, and Sept. 9, Cheney's friends in the cartel rigged gasoline prices, sending them soaring by 50%. Profits poured into the oil companies.

On Sept. 10, a Washington-based Mideast specialist further filled out the picture. He reported that on the eve of Katrina, the world was awash in crude petroleum. He confirmed that Saudi Arabia and Kuwait have significant spare refinery capacity, and massive reserves of refined petroleum products. These countries refuse to disclose the total amount of their reserves of refined petroleum, but they have been building up their stockpiles for the past 15 years, so they are quite substantial. He asserted that, were Saudi Arabia to load four supertankers with refined petroleum products and deliver

them to the United States in special sales, the price of oil would fall 40%.

Dick Cheney ruled out accepting these offers.

The synarchist financiers that run Cheney are searching for loot everywhere: They have put on the agenda the privatization of Japan's Postal Savings system, in the Sept. 11 election victory of Japan's Prime Minister Junichiro Koizumi, who campaigned on behalf of privatization (see article in *International*). The nearly \$4 trillion of the Japanese people's savings held in the Postal Savings system, would be moved to the world's largest banks. The same urgency to push back the general collapse of the world's monetary-financial system, has accelerated the Cheney crowd's insane push to attack and bomb Iran. Iran could spoil the oil rip-off, through its independent channels of petroleum exports—long-term state-to-state oil contracts—and its very existence, producing 3.5 million barrels of oil per day. With the threatened “mini-nuke” bombing of Iranian sites, shoot the oil price to \$100, \$125, \$150 per barrel?

Cheney's Oil Swindle threatens to detonate chaotic breakdown in most of the economies of the world. But the scheme cannot work to save the bankrupt world financial system. In written testimony submitted to Senate Energy and Natural Resources Committee hearings Sept. 6 on the oil price spike, Lyndon LaRouche outlined steps to crush this bubble: Re-regulate the energy sector, including returning to long-term state-to-state oil contracts at non-speculative prices; and move, forced-march, to a development-centered New Bretton Woods system (see *EIR*, Sept. 9).

No Free Market

Over the past 30 months, the price of crude and refined oil products has been unflinchingly driven upwards. In *Economics 101*, one is told that the price of everything is set by

“free-market forces.” But in fact, this price is set by a top-down controlled process from the moment the oil gets out of the ground; the final determination of the price is enforced by the speculative world derivatives market. As a visibly moved Sen. Byron Dorgan (D-N.D.) told the same Sept. 6 Senate hearings, “There is no free market.”

Indispensable to the process’s workings, is the British House of Windsor-pivoted oil cartel’s control of all the critical aspects of the industry, *as a single integrated system*: 1) in the United States, the oil production system (aside from the imports); 2) in the oil refinery network; 3) in the oil distribution network; and 4) internationally, the oil derivatives market.

Table 1 documents that just the top five oil companies—Royal Dutch Shell, ExxonMobil, BP, Chevron-Texaco, and ConocoPhillips—by dominating half or more of each of these markets, control domestic production, refinery capacity, and the supply and price of gasoline charged to retail gas stations. The head of the Society of Independent Gasoline Marketers of America, William Shipley III, testified to the Senate hearing that the oil companies tell the gas station managers what to charge. Since 1976, this cartel has shut down part of U.S. refining capacity to create a shortage. Further, merely since 2001, these five oil companies have gouged more than \$175 billion in profits.

Determining the Oil Price

This oil cartel, in alliance with the City of London-Wall Street’s biggest banks, has the final say on price. They dominate the two institutions where the world oil price is set: the London-based International Petroleum Exchange (IPE), and the New York Mercantile Exchange (NYMEX). The way this works, is that the trading companies that trade oil derivatives, push up the world oil price, through long positions and other manipulations, called “updrafting the market.” The futures market determines the real world price. Most European oil contracts are based on the marker price of Brent Crude, which in turn is determined by the IPE. Speculators purchase futures contracts on the IPE and NYMEX exchanges; each single contract is a bet on 1,000 barrels of oil. More than 100 million of these oil derivatives contracts were traded on these exchanges in 2004, representing 100 billion barrels of oil. On the IPE, there are 570 derivatives contracts on Brent crude oil—“paper barrels of oil”—traded each year, for each physical barrel of oil produced in the North Sea.

Consider the IPE, which was created in 1980: Today, it is run by a Knight of the British Empire and former Royal Dutch/Shell official, Sir Robert Reid, and has a board which includes Lord Fraser of Carmyllie, representatives of Goldman Sachs,

TABLE 1

Top Five Companies, 2003

	Domestic Oil Production Market Share	Domestic Oil Refinery Capacity Market Share	Domestic Retail Gasoline Market Share
BP	12.7%	9.0%	12.7%
Chevron-Texaco	9.8%	6.4%	8.3%
ConocoPhillips	7.4%	13.0%	13.0%
ExxonMobil	10.6%	10.8%	13.7%
Royal Dutch Shell	7.2%	8.3%	14.0%
Total Top 5	47.7%	47.5%	61.8%

Sources: Public Citizen; U.S. Department of Energy, Energy Information Administration; EIR.

TABLE 2

NYMEX Forward Oil Prices

Date	Gasoline (per gallon)	Crude Petroleum (per barrel)
Aug. 28, 2003	\$1.05	\$31.50
Aug. 27, 2004	\$1.18	\$43.18
Aug. 26, 2005	\$1.93	\$66.13
Sept. 9, 2005	\$1.96	\$64.08

Sources: U.S. Department of Energy, Energy Information Administration; NYMEX.

Morgan Stanley, BNP Paribas, Crédit Lyonnais, and French oil giant Total. Its parent holding company includes the Chicago Board of Trade’s Richard Sandor (a former banker with Banque Indosuez and Drexel Burnham Lambert), and Jean-Marc Forneri, a banker who was a partner at Demachy Worms & Cie., the infamous synarchist Banque Worms. The biggest oil derivatives traders which run IPE trading include Barclays Capital, Bear Stearns International, J.P. Morgan Securities, Deutsche Futures London, BP Oil International, and Shell International Trading—the key components of the British oligarchy’s world oil cartel.

Table 2 shows that for two full years before Katrina hit on Aug. 29, speculation drove up the price of gasoline by 83%, and crude oil by more than double. After Katrina hit, they drove it higher. The oil cartel used the NYMEX and IPE price *as a floor*, and drove the wholesale price above that, and the retail price even higher, with gas prices at \$3.25 per gallon at the pump.

Sabotage of Refinery Capacity

Caught with both hands in the cookie jar, the oil cartel has turned to a Big Lie: shouting, as the American Petroleum Institute (API) has done, that there is insufficient refinery capacity, and that API’s member firms are too broke to build new capacity. The truth is just the opposite.

In 1981, according to the Department of Energy, the U.S. had 324 refineries, with a refining capacity of 17.99 million barrels per day (bpd). In January 2005, after a massive campaign of shutdown, it had only 148 refineries with a capacity of 17.12 million bpd. The last time a new major refinery was built in the lower 48 states was in 1976, in Louisiana. In a June 2004 investigative report, "Campaign of Inaction: the Federal Trade Commission's Refusal to Protect Consumers from Consolidation, Cutbacks and Manipulation in America's Oil and Gasoline Markets," Sen. Ron Wyden (D-Ore.) showed that as a result of the record merger and acquisition binge in the refinery industry, 922,465 barrels per day of refinery capacity were taken out of production since 1995. Production would have tumbled further, but for increased efficiencies in refining conversion and thus output at some refineries.

Thus, the oil cartel is precisely acting the child who, after killing both parents, throws himself on the mercy of the court as an orphan.

API President Red Cavaney stated on Sept. 2 that the refinery industry could not afford to build new capacity, because it has earned "only" a 6% rate of return annually during the past 20 years. The last few years, many refinery companies have earned double-digit returns. But even taking the API argument at face value: Key U.S. electrical utilities earned a 3-6% rate of return during the period of 1950 through the end of the 1970s, but never failed to expand capacity. Moreover, last year, ExxonMobil made \$25.3 billion in profits, the highest level of any industrial company in history. Couldn't it afford to build a new refinery, which costs \$2.5 billion, rather than increasing dividends to reward shareholders' value?

Finally, there is the refinery capacity of Saudi and other Middle eastern countries, a portion of whose output was offered to the United States. According to the U.S. Department of Energy, Saudi Arabia possesses 1.75 million bpd of its own refining capacity; one oil industry newsletter stated that Saudi Arabia has another 720,000 bpd of in-country refinery capacity in joint ventures with other oil companies. Total refinery capacity on Saudi soil would be 2.47 million bpd. As a result, Saudi Arabia exports 1.15 million bpd of refined petroleum products; Kuwait exports 622,000 bpd; the U.A.E. exports 502,000 bpd. Part of these countries' refined product stockpiles—official and unreported—could be shipped on Very Large Long-Range Vessels, 500-750,000 barrel supertankers. Cheney said, "No."

Winter of Discontent

The scale of the Cheney-instigated oil hyperinflation is unprecedented. The Houston-headquartered Industrialinfo.com reported Sept. 14 that when, on Sept. 5, the price of gasoline was trading on the futures exchanges at \$2.41 per gallon, this was equivalent to a \$101.20 per 42-gallon barrel of gasoline. The prices of other refined products, such as jet

fuel, home heating oil, followed the upward path. (Industrialinfo.com also reported record refinery profit margins, contrary to the claims of the oil cartel).

Economies cannot process those increases and survive. For example, the airline industry is recording tens of billions of dollars of losses. In 2004, Continental Airlines paid \$1.6 billion for jet fuel, but anticipates that it will have to spend \$2.9 billion in 2005. American farmers are reporting that they are paying more for diesel fuel alone than they can make from the products they produce.

The Energy Information Administration (EIA) of the U.S. Department of Energy estimated on Sept. 14 that total U.S. spending on power and energy fuels will be over \$1 trillion for 2005, a 24% increase from 2004.

This will be a Winter of discontent as households cannot afford to heat their homes. The EIA forecast that, even assuming complete restoration of all Gulf energy infrastructure by Dec. 1, the natural gas retail price this Winter will average \$16.65 per 1,000 cu ft (more than triple the price of the Winter of 2002-03); heating oil in the Northeast will cost \$2.52/gallon, double the price of 2002-03. Mark Wolfe, the head of National Energy Assistance Directors Association, noted on Sept. 14, "A few years ago, you could heat a home for \$500. Now it takes \$1,500." Moreover, two Florida-based electric utilities which use a gas for electric power, Florida Power and Light and Progress Energy, have just applied for rate increases of 15% and 11%, threatening a national electric-rate spike.

The activity of Democrats and some Republicans to tackle Cheney's oil spike swindle, reflects the paradigm-shift following Katrina's destruction. The Senate on Sept. 15 unanimously passed the measure of Senators Mark Pryor (D-Ark.) and Pete Domenici (R-N.M.), requiring the Federal Trade Commission immediately to investigate gasoline price gouging, and report back in 30 days. North Dakota Senator Dorgan proposed a windfall profits tax for oil prices above \$40 (see *EIR*, Sept. 16).

Only by re-regulating and *reversing* the paradigm-shift of 35 years ago, which led to energy and industrial deregulation throughout the country, can the root problem be solved. That must be done within the context of solving the world monetary disintegration, which gives the impetus for Cheney's oil hoax and attendant wild behavior.

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Book Review

There Is No Such Thing As 'Enlightened Globalization'

by Nancy Spannaus

The End of Poverty: Economic Possibilities for Our Time

by Jeffrey D. Sachs

New York City: The Penguin Press, 2005
397 pages, hardcover, \$27.95

The heads of state from 180 nations met in New York City the week of Sept. 12 to discuss the contents of this book, written by world renowned economist Jeffrey Sachs, who serves as a personal advisor to UN Secretary General Kofi Annan on his Millennium Project. It is unlikely that very many among this gathering will actually harbor hope that the goals of reducing "extreme" poverty by 2015 which are outlined in Sachs's book, and the Millennium Goals Project which has been ongoing for the last five years, will actually be achieved. But the fraudulent thinking that is put forward in both, must be exposed.

I was drawn to this book before I realized how Sachs had reprofiled himself, and reached such a level of prominence among developing sector nations. I attended a lecture Sachs gave on the book to a Columbia University Alumni Association gathering in Washington, D.C. soon after the book's release, and was surprised to see him essentially reborn as a social worker! There were very useful, and surprising, elements of Sachs's discussion of African poverty that evening, especially his attack on the idea that Africans are so impoverished because of corruption, or laziness. It was obvious that the young professor had had his conscience shocked through his visits to the AIDS-ravaged hell-holes of Sub-Saharan Africa, and that he wanted to do something about it. But it was also clear that Sachs's solutions were no more beneficial than putting a bandaid on a full-blown hemorrhage. And when I asked about the *systemic* problems of the International Monetary Fund (IMF) system, which have impoverished these countries, and the need to use an FDR state-credit approach, he danced around the question.

Having read the Professor's book, I now understand why.

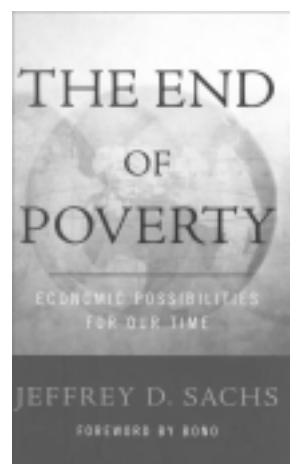
Yes, Sachs opposes the most obscene "excesses" of IMF Structural Adjustment Programs, and debt collection, and even recognizes the need for the building of some infrastructure for poor nations. But he buys fully (by name) into the Adam Smith "free-trade" fraud of "development." That means that he does not really understand the basis for the massive leap in industrial development over the past 200 years, and thus comes up with proposals which both ignore the ongoing death of the free-trade system, and, most importantly, call for the application of more of the disease!

He says the solution is "enlightened globalization." There is no such thing! Globalization is feudalism, and its result will be devastating to the human race. The alternative, represented by the American System of political economy, must now be adopted on an international scale, or the mass death of the 14th Century will be repeated, or worse, globally.

Fraud #1: The Basis for Prosperity

Early on in the book, Sachs professes to explain historically how the world entered into the recent 200-year period of relative prosperity, defined as the increase in overall life expectancy, as well as the relatively meaningless idea of "incomes." He accurately defines this as a result of the application of the scientific breakthroughs made from the Italian Renaissance period, but then immediately betrays his ideological bias: The spread of these breakthroughs worldwide, he says, comes through the British, notably Newton and Adam Smith!

This is either a deliberate lie, or a reflection of ignorance. What was effective about the British "industrial revolution" came from the intervention of the circles associated with the American Benjamin Franklin, and the German Gottfried



Wilhelm Leibniz, and it was the *American System* principle which resulted in the rapid advance of industrial progress worldwide, particularly after the Union won the American Civil War. Against this American System principle, the British imperial system fought tooth and nail, and has, in the post-war period, finally taken huge strides toward wiping it out altogether.

The only accurate way to see the last 200 years, which Sachs describes as a period of growing prosperity in which some nations (over one-fifth of the world's population) get "left behind," is as a conflict between the British imperial system on the one side, with the American system of republican progress on the other. In fact, the dominance of the British imperial system (known today as globalization) is now bringing the world financial system to the point of total economic and financial breakdown. It is only by dumping the globalized system, and replacing it with one based on the American System principles which underlay FDR's Bretton Woods System, that *any* nation is going to be able to survive the immediate period ahead.

But, to read Sachs's account, you would think that the industrialized nations of the North were doing just fine, and all they had to do is to share some of their surplus. Does he not know that they and their financial systems are bankrupt? Does he not see the collapse of productive industry and infrastructure? Does he not see that the only "growth industries" since the 1970s have been in the areas of drugs and financial speculation?

But to admit this reality, Sachs would have to admit that rampant globalization has not been a success, but a failure as a *system!* And that the impetus for economic progress had to come from somewhere else.

Fraud #2: Sachs's Track Record

The second part of the book is comprised of Sachs's reflections on his own history as an economic consultant, before he went through a transformation to being concerned with the fate of the very poor. Sachs reviews, in a somewhat self-critical and definitely defensive manner, his role in dealing with the financial crises in Bolivia (1985), Poland (1989), Russia (1990), China, and India.

The most glaring problem with all of Sachs's case studies is his omission of one critical fact: All of these nations are *worse off*, and in some cases dramatically so, as a result of his advice. That advice mainly focussed on stabilizing currencies, at the expense of production, and opening up the nations to looting, called *free trade*, by the elimination of price-controls, tariffs, and the like. As a result of Sachs's advice, most of these governments moved toward eliminating productive jobs, and throwing the displaced population upon the mercies of the "informal" economy of anything from selling trinkets, to dope production.

EIR is intimately familiar with the three major examples



WHO

Jeffrey Sachs, despite his new profile as a "friend of the Third World," remains a dyed-in-the-wool proponent of Adam Smith's British imperial free-trade dogmas.

of Sachs's consulting work: Bolivia, Poland, and Russia. In all of these cases, the LaRouche movement was on the scene proposing alternative policies based on strengthening the powers of the nation-state to protect the general welfare of its population, the direct antithesis of the shock therapy, free-trade approach.

Let's start with Bolivia, which is the case which built Sachs's reputation as an economic wunderkind.¹ When Sachs arrived in 1991, Bolivia was in the midst of hyperinflation. Sachs's measures did the following:

First, the Bolivian financial system was effectively "dollarized," the peso devalued and all sovereign power of internal credit generation was abandoned, placing the country at the mercy of the dollar (and the U.S. Federal Reserve Board).

Second, the government budget deficit was dramatically reduced. This was done by eliminating subsidies so that, for example, fuel prices increased tenfold; carrying out mass layoffs in state enterprises; and cutting government investment.

Third, trade liberalization was instituted: Import tariffs were eliminated, ending any protection of local industry.

And *fourth*, Sachs worked out a deal for Bolivia with the IMF and the country's creditor banks, under which these institutions agreed to a total suspension of all debt-service payments for a number of years, in exchange for the adoption of the full Sachs package of measures.

Sachs's measures did, as he claims, "cure" the hyperinflation. However, they also did a lot more. They led to a continued collapse in per-capita GNP, and a dramatic cut in domestic investment. But not everything collapsed. In fact, in the five years after Sachs's program took effect, the output of the coca crop grew by almost 125%. Bolivia became the premier

1. See Dennis Small, "How the Economy of Bolivia Became Addicted to Cocaine," *EIR*, Jan. 10, 1992.

coca producer in the Americas, as displaced workers rushed to support themselves with the lucrative cash crop.

The stories of Sachs's consultancies in Poland and Russia are more complicated, but the end result is precisely the same. In both cases, Sachs proposed a sudden deregulation of prices, and free trade, tied to currency stabilization, and privatization of state industries. The results were devastating for living standards, and production. In Russia, leading economist Sergei Glazyev called it "Genocide!"²

Yet, Sachs doesn't seem to acknowledge the reality of this result. He measures his "success" in monetarist terms, simply ignoring the fact that it has led to the looting of productive plant and workforce, to the point of effectively threatening the survival of the nations involved.

Fraud #3: Globalization Is the Solution

There is one humorous and telling anecdote which Sachs provides about his prescriptions to his client nations. He was in India in 1994, seeking to convince the country to further open up to outside financial interests, in part by giving lectures to the university elite. While giving a lecture at one of the leading institutes, he reports, he couldn't help noticing the intense skepticism which was evident on the faces of his audience. Suddenly, it came to him in a flash that the people he was lecturing about privatization and trade liberalization were people very aware of the experience of being ruled by a *private company*, the British East India Company, for more than a century. It was going to be very hard work convincing them that they should go down this path again, he thought to himself.

Yet, this moment of self-consciousness is followed up in Sachs's account by total sophistry. Oh, Sachs attacks the East India Company rulers all right, and rejects the idea that the British were "civilizing" the natives through their brutal rule, including the notorious policy of failing to act to prevent devastating famines. But he proceeds to argue that "liberalization" of trade and the economy is precisely what India needs, and that the champion of this road to progress is none other than the apologist for the free-trade system the East India Company exemplified, Adam Smith.

In the final part of the book, Sachs provides a very detailed picture of the horrors of Sub-Saharan Africa, whose suffering he attributes to a myriad of causes: bad geography; poverty itself; the fiscal trap; cultural barriers; demographic problems; lack of innovation; governance failures; and geopolitics. These countries need a "jump-start," he argues, because they can't overcome their physical and economic problems without it. His "solution" is the massive increase of foreign aid, most of which is to be administered by funding projects village by village: health clinics, mosquito netting against ma-



WFP/W. Othman

Sachs's discussion of Africa's horrific poverty includes some useful elements, but his "solutions" would only make the problems worse. Here, a scene in Malawi.

laria, roads to impassable areas, and the like.

But, what Sachs fails to admit is that these very problems have been *caused* by the advance of the globalization process, which has deliberately undermined national governments; refused to fund vital major, modern infrastructure projects in the transport, water, and power areas; and subjected all nations to the laws of the market, rather than protecting and nurturing their own populations by producing for their own needs. And, if globalization is not reversed, there will be no way out of extinction for most of these nations.

There is no denying the reality that the nations of Sub-Saharan Africa have actually gotten *poorer* over the past 25 years. What caused that? In fact, the process began with a policy decision, taken in Anglo-American financial circles of which Henry Kissinger is a party, that the international financial establishment would *not* provide the funds for industrialization of the continent, but rather would act to ensure that Africa's riches, its raw materials, were preserved for the use of the major Western nations, and at the prices which they wanted to pay. The codification of this policy appeared in NSSM 200, a National Security Study memorandum written

2. Sergei Glazyev, *Genocide* (October 1993-August 1998): Russia and the New World Order, (Executive Intelligence Review, 1999).

in 1974 under the personal direction of National Security Advisor Kissinger. NSSM 200 argued that the population growth of certain key countries had to be kept in check (a euphemism), in order to ensure the “strategic interest” of the United States in getting unfettered access to their raw materials. Among these countries were three major African nations: Nigeria, Egypt, and Ethiopia.³

There is no geographical or cultural or other block to development in Africa that could not have been overcome in the very same way that it was overcome in the United States, and nations which followed it. What was needed was sovereign control over one’s credit system, imports of advanced technologies required, investment in one’s population, and the extensive development of public infrastructure, the indispensable ingredient for increased productivity of an economy. It took concerted efforts from *outside* Africa to make sure this process did not occur. There were coups, assassinations, credit cutoffs, tribal wars, you name it, all instigated by imperial corporate interests which wanted to ensure that there was no hindrance to their control of the raw materials they wanted.

In fact, the only way that the hideous results of this process

in Africa—genocide—are going to be overcome, is to replace this financial and economic looting system, with a new financial system, this time devoted to international cooperation for economic development, among sovereign nation-states. Major water and power projects are going to have to be funded to supply the needs of the populations. Disease is not going to be defeated without aerial spraying, electrification, draining of swamps. The very same process that was carried out in the Tennessee Valley Authority (TVA) project by Franklin Delano Roosevelt, is going to have to be carried out in Africa.

To do this, however, will require a new arrangement among the advanced sector nations, which, having faced the reality of the bankruptcy of the system, and having rejected the policies of looting poor peoples to death in order to keep it alive, establish a New Bretton Woods System based on a long-term commitment to reindustrialization and growth. The reorganization, and dumping, of the massive financial debt now crippling the world system, is a prerequisite for reversing the current *global* decline in mankind’s ability to survive, and starting an industrial renaissance, whose spinoffs can save not only Africa, but all the poor people of the world.

There is no “enlightened globalization,” the goal Sachs asserts he wants to reach. Unless we shift to a nation-state-based, industrialization perspective, such as LaRouche has put forward, the horrors of Africa will overtake us globally, putting us into a New Dark Age.

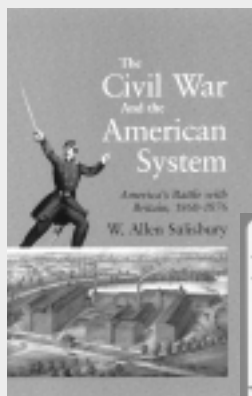
3. “The Genocidal Roots of Bush’s ‘New World Order,’ ” *EIR Special Report*, May 1992.

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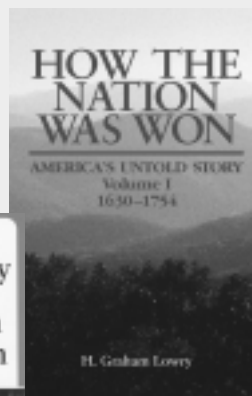
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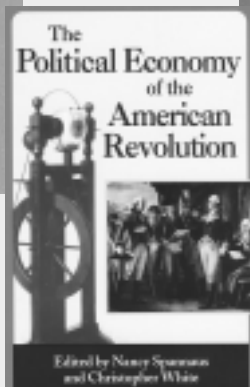
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UAW Rallies Against Bush Energy Prices

On Aug. 31, in St. Louis and other cities in the Midwest, the United Auto Workers held protest rallies against soaring energy prices. On Sept. 9, Glenn Kage, Legislative Chairman, UAW Local 136, in Trenton, Missouri, was interviewed about the UAW actions, by Marcia Merry Baker.



EIR: You just held a demonstration in St. Louis, focusing on the wild energy prices, as well as other things?

Kage: Well, it was mainly about the energy prices being out of control in St. Louis. We're with United Auto Workers, and we staged a protest at the Thomas Eagleton Building in downtown St. Louis, Aug. 31—a protest to let Sen. Jim Talent know that we're tired of the high fuel prices and the price gouging that we believe is going on by big oil companies.

EIR: And you had a big turnout?

Kage: Yes ma'am, we had 350-400 people—in that vicinity. And another thing we were protesting, is the President's wanting to privatize Social Security.

EIR: Right. And there are a lot of other cuts. When you mentioned privatizing Social Security, it kind of fits in with wanting to cut Medicaid, not provide for veterans' care, and so on.

Kage: Yes, without a doubt. This President ran as a "compassionate conservative," and he has not lived up to his billing. And it's been horrible for organized labor. It's been horrible for the country. And we want them to know that we're tired of it, and that we're not going to take it any more.

EIR: Everyone is interested in St. Louis as well, because you're up river from the New Orleans disaster area. You're right in the middle of the great Mississippi Basin. The Army Corps of Engineers has not had what it needs for the locks, dams, levees, and all the water management.

Kage: No, ma'am. And you can see it, up and down the river.

I'll say one thing: In 1993, we had recording-breaking floods, throughout the Mississippi Valley. Missouri was struck especially hard, as was Illinois. And the Federal Emergency Management protection under the watch of Bill Clinton, was there and did their job, and we were able to actually save towns. And they knew it was coming—the flood waters, they knew it was rising, just like we knew the hurricane was coming.

And Bill Clinton didn't hide, and say, "Well, we didn't know the water was going to get over the levees." Bill Clinton had the FEMA out here—they were out here in force. And they made it as successful as you possibly could make it, when you battle Mother Nature, protecting the Mississippi Valley towns.

EIR: St. Louis was also a gateway to the West, in the past, for railroads. This is another area where the Administration proposed zero funding for Amtrak this year, and right now, of course, we could be using the railroads with so much of the waterways hurt, down in the Gulf ports. What do you see about that in your area?

Kage: Well, I think you're exactly right. Not only the fact with what's happened down in the South with the flooding and the hurricane, but also, when it comes to the high fuel prices: Bi-State, which is the St. Louis area bus company—and also we have our own Metro-Link, which is a rail system throughout the St. Louis area—those have all been affected by the President's budget cuts, and every one of those is a mass commute form of transportation. They enable a lot of people to travel. It cuts way down on consumption of fuel—that's one thing that would actually be helping the Midwest, and also keep the fuel prices down.

But—I think it's actually a very good time, if you're a big oil man, [like] this President that we have right now.

EIR: And, are you planning more actions, or was this something done during Congress's recess, when you knew they'd be there?

Kage: Well, actually it's both. We did do a petition drive—we've turned in thousands of signatures. It was a multi-city demonstration that was organized by the United Auto Workers. In St. Louis we had help with Pro-Vote, which is Progressive Voters of Missouri, as far as organizing the rally. And we had a petition drive in St. Louis; they did one in Kansas City—I don't have any numbers on how many signatures we collected, but the petition drive was to wake them up, and ask for them to investigate and invest in alternative fuels, alternative sources of fuel.

It was also to ask them to reinstate the price gouging tax that was on there in the '70s, when Jimmy Carter was the President. And that would prevent them—ExxonMobil made \$25 billion in 2004—that's \$25 *billion*. And they're making money hand over fist! Their profits this year are 44% up from last year, and last year broke every record

imaginable. They're making money hand over fist, at the expense of middle-class Americans.

And, as bad as it is for us, imagine the people that are out there that don't have collective bargaining, like unions do. You know, the buses, the school districts are having to narrow their bus routes, creating hazardous situations where our children are having to walk further and further to catch the bus. You know, that's dangerous! That's creating more dangers for our kids. Is this what we want? Is this what we voted for, when Bush became President? I don't think so.

EIR: You're located in a big part of the farm belt of the continent, and these prices already escalated, well before the Katrina disaster for the farmers, for natural gas, propane, diesel, and everything else. Through the UAW or otherwise, do you have any special reading on that?

Kage: Honestly, I don't have a special reading on that, but I don't see how it can be any easier for the farmers versus anyone else. It costs them more to plant their crops, when they have to plow their fields; it costs them more to seed their fields; it costs them more to fertilize it; it costs them more to bring the crops in. Eventually, all those additional costs are going to bring a trickle-down effect, and it's going to increase the price that we're paying at the grocery store for everything from our bread and eggs, to our milk and cheese.

EIR: Otherwise, in terms of the auto workers, you represent the heart of the machine-tool capability of our country, especially in the General Motors, Ford, Chrysler, and all the auto plants, that currently are at stake, as far as our capability, the skills and the machinery that we could be deploying for rebuilding now after Katrina. But also, for building nuclear plants, and upgrading the locks and dams.

You have several auto plants in Missouri: Do you represent any one of those and the workers there?

Kage: I'm a legislative chairman for UAW Local 136 in Trenton, Mo. We build the Dodge Ram pickup trucks. St. Louis has four different auto-manufacturing plants, not counting the seat factories and other various associated factories, related to the auto industry. But we build the Chevrolet vans, the big vans; we build the Ford Explorers; Dodge mini-vans, and then the Dodge trucks, in St. Louis.

EIR: That's a tremendous capability there, for vehicle assembly, but it could also be more widely applied. You know, back here, they're talking, if you think in terms of a Marshall Plan, or a new "Mississippi Valley Authority" like the old TVA, or what Mr. Lyndon LaRouche has been calling for, a "Super-TVA" approach to rebuilding things. Would you say, from your experience there, you have a lot of skills that, if we diversify things and added a lot more production, Missouri could be part of this?

Kage: Oh, sure! Missouri's been the heartland of manufacturing for many years, and along with manufacturing has

come industrial construction, commercial construction. We have the capability and the technologies in Missouri, like many other states would have; plus we have a workforce in Missouri that's willing to get out and do the work.

You know, they keep talking about having to bring in immigrants, illegal immigrants, or immigrants under work visas, because they say that Americans won't do the work that the immigrants will do. Well, when you're paying a guy \$50-75,000 to do a job, but you can bring somebody in to do it for \$20,000, you can't expect that guy to take that kind of a cut in pay. So, yeah, we'll do the work, but we can't do it for the poverty wages that these big corporations would like us to do it for.

Would we be interested welcoming Mr. LaRouche's plan for a Super-Tennessee Valley Authority, like what they had in the past? You bet we would! There'd be nothing better than to see us rebuild the infrastructure of the United States, whether it's the pipelines from Canada, or the electric grid, or anything that—the highway systems! Our highway systems are crumbling, right underneath our tires. So, would we welcome that? Absolutely!

EIR: St. Louis, I know from the Army Corps of Engineers has been an engineering center, for training at the high end, of designers and civil engineers. And you would have a lot of training capabilities, too, right? If you could have the kind of civil works, a youth corps or something, the UAW would probably be key in training and giving people skills, too, if we were really going on a mass mobilization. Is that something that could be done?

Kage: I think it's something that could be done. I don't know if the UAW is perfectly situated to do that. But there are other organized labor organizations around the St. Louis area that are in a position to help out with something like that.

Our base is manufacturing: that is the core base of the United Auto Workers. But when you talk about manufacturing, let's not forget that manufacturing—currently through outsourcing, and these unfair trade practices that have been pushed on us for so many years—manufacturing in the United States is at the lowest level than at any time since 1960. And it continues to drop every year. As our trade deficit goes up, manufacturing goes down. We're taking the brunt of the trade deficit. And that hurts everybody, because manufacturing is the backbone—the financial backbone of this country comes from manufacturing.

EIR: Absolutely. Well, I think this says a great deal. Do you want to add anything more?

Kage: One thing I would like to add, and this is to all the people in New Orleans: Stay strong, do everything that you can. You may not have got the help from the Bush Administration that you would have liked, but we're all Americans, and if you need places in Missouri, we've got 'em: Come on up.

Business Briefs

United Nations

Worldwide, the Poor Are Getting Poorer

A September 2005 five-year progress report issued by the United Nations on its Millennium Development Goals, makes it clear, that if current global trends persist, many of the poorest countries will not be able to meet most of the adopted goals. In September 2000, the United Nations General Assembly adopted the United Nations Millennium Declaration, which decided upon eight Millennium Development Goals, ranging from halving extreme poverty, to halting the spread of HIV/AIDS and other diseases, and providing universal primary education—all by the target date of 2015.

One of the stated goals is to eradicate extreme poverty and hunger which is a daily reality for more than 1 billion people, who subsist on less than \$1 a day. The report shows, that while there is a slight decline in extreme poverty in Asia (mainly because of developments in China and India), the worst-affected regions, the very poor in sub-Saharan Africa and Southern Asia, are getting poorer, and the number of hungry people has increased by tens of millions. Almost half the children in Southern Asia are underweight, and in sub-Saharan Africa the number of underweight children increased from 29 million to 37 million between 1990 and 2003.

Poverty and the spread of diseases are closely connected. So it comes as no surprise when the UN report states, that AIDS, tuberculosis, and malaria are concentrated in the poorest countries. In sub-Saharan Africa, 7 out of 100 adults are living with HIV. In some southern African nations, more than 25% of the adult population are HIV-positive. In sub-Saharan Africa, 57% of the infected people are women, and AIDS is robbing children of their parents in record numbers. In 2003, there were more than 4 million children in sub-Saharan Africa alone, who had lost both parents to AIDS, and 12 million who had lost one or both of their parents.

The same pattern holds for malaria: 90% of the 1 million malaria deaths each year occur in sub-Saharan Africa, where 2,000 chil-

dren die every day of this disease. As for access to safe drinking water and sanitation, in sub-Saharan Africa, 42% of the population does not have access to such basics, and the report states that if present trends continue, close to 2.4 billion people worldwide will be without improved sanitation in 2015. To end the grim picture: Eight out of ten children not in school live in sub-Saharan Africa or Southern Asia.

This map of genocide will worsen, unless there is the kind of profound change as outlined by Lyndon LaRouche, toward a New Bretton Woods financial-monetary system.

U.S. Bankruptcies

Northwest and Delta Pensions in Jeopardy

The bankruptcies of Northwest and Delta airlines could dump another \$11.2 billion on the Pension Benefit Guaranty Corporation, according to estimates released Sept. 15. The PBGC estimated that Delta's pensions are underfunded by \$10.6 billion, of which the PBGC would be responsible for \$8.4 billion, and that Northwest's are underfunded by \$5.7 billion, of which the PBGC would have to cover \$2.8 billion—for a total \$11.2 billion loss for the already overwhelmed PBGC.

In response to the Chapter 11 filings, PBGC Executive Director Brad Belt issued a press release, warning, "Northwest Airlines and Delta Airlines are required to make minimum pension contributions under ERISA and the Internal Revenue Code. . . . [N]othing in the bankruptcy code requires companies to skip their pension funding payments."

At the end of its 2004 fiscal year, the PBGC's deficit had doubled to \$23.3 billion. So far, in 2005, bankruptcy judges have allowed United and U.S. Airways to dump their pensions on the PBGC, for a combined total of \$8.5 billion. If the Bankruptcy Court allows Delta and Northwest to dump their pensions, it would increase the PBGC deficit to more than \$43 billion.

Nuclear Hydrogen

General Atomics, South Korea Sign Agreement

General Atomics of San Diego, the Korea Atomic Energy Research Institute, and the Doosan Heavy Industries & Construction Co. announced a joint research and development program Sept. 12 for the large-scale production of hydrogen using nuclear energy. Meeting in San Diego, the three parties outlined plans to establish a Nuclear Hydrogen Joint Development Center located in Daejeon and San Diego, which will cooperate in the development of the high-temperature gas-cooled nuclear reactor and its use for the production of hydrogen. South Korea's Ministry of Science and Technology stated, "The new project is part of an ongoing effort by the Republic of Korea under a multinational effort to build a fourth-generation nuclear power system that makes use of the very high temperature gas-cooled reactor."

General Atomics' reactor design, the GT-MHR, is one of the proposals under consideration by the U.S. Department of Energy for construction at the Idaho National Laboratory. A prototype GT-MHR which will burn weapons grade plutonium is under development in Russia.

U.S. Health Cost

Quarter of Income Goes to Health Insurance

As of July 2005, the average American family of four paid \$10,880 a year in premiums for health insurance, according to a Kaiser Foundation report. This is one-fourth of the median household income for 2004, and more than an annual minimum-wage income. The cost of premiums rose 9.2% in the year between July 2004 and July 2005. The portion of U.S. employers providing some health insurance fell from 63% to 60% in the same period, as a result of many small businesses being unable to continue insuring their workforce.

German Election Campaign: Neo-Cons Under Attack

by Rainer Apel

Prior to Germany's national elections on Sept. 18, the LaRouche movement's party here, the Civil Rights Movement Solidarity (BüSo), had achieved quite an impact. In a preliminary review of the election campaign, Helga Zepp-LaRouche, candidate for Chancellor of the BüSo party, said on Sept. 13: "It is my view that this campaign is the best we ever had. We have addressed all the crucial subjects, like the question of the D-mark, the sovereignty over our own currency, unemployment, the war and peace issue, the new financial architecture, the Eurasian Land-Bridge. And I think that also what is very clear, is a growing recognition factor of the BüSo. And I think we have really reached a very important and crucial point in this campaign, because, although it's not yet the breakthrough we obviously all are hoping to reach, it is a solid campaign, and I think we have accomplished quite a bit."

The growing recognition factor for the BüSo is, as Zepp-LaRouche added, due especially to the fact that, unlike the other parties, the BüSo always picks up on strategic developments in the United States and elsewhere in the world, instantly—and often, several weeks earlier than the establishment parties, which tend to run on auto pilot, with campaign issues that have lost all relevance, in the meantime.

Zepp-LaRouche also pointed out that because of delayed voting in the Dresden-I district, the final result of the elections will not be sealed on Sept. 18, but only on Oct. 2, when the last votes have come in, in Dresden. The two crucial weeks in between can still make a

big difference, because of the way that voters perceive the turbulent international situation. The two extra weeks of campaigning will also influence votes in the rest of Germany, especially among the undecided voters, who know that things may certainly change between Sept. 18 and Oct. 2, and therefore many of them voted as if they too, were to vote on Oct. 2. Voting in Dresden-I (District 160) had to be delayed after the sudden death, Sept. 7, of the German National Party



EIRNS/Karsten Werner

"It is only our program for a state investment program, which could move Germany forward, and could achieve productive, full employment once again," stated BüSo Chancellor candidate Helga Zepp-LaRouche in her last election leaflet. Shown here are LaRouche Youth Movement members campaigning for the BüSo in Leipzig.



EIRNS/Karsten Werner

After Zepp-LaRouche slammed the neo-cons over their non-response to the Katrina disaster, incumbent Chancellor Gerhard Schröder picked up on the issue saying during a Sept. 4 debate with neo-con Christian Democratic challenger Angela Merkel, that hurricane Katrina proved that a strong, active state is indispensable for the protection of the citizens. Here Schröder is addressing an election rally.

(NPD) candidate there. A new candidate had to be elected by the NPD, new ballots had to be printed for the 260,000 voters of that district, and mail-in voters had to be notified of the changes.

A few thousand votes less for the opposition Christian Democratic Union (CDU) in Dresden can shift the total balance, as happened in the last national elections in September 2002, when an advantage of only 6,000 votes nationally over the CDU, gave Chancellor Schröder's Social Democratic Party (SPD) an extra seat in the parliament, and, as a result, the mandate to form the new government. And a few thousand votes more for the Bündnis candidate in that Dresden district, Katarzyna Kruczkowski, will make an even bigger difference.

"The Bündnis vote total, resulting from this campaign, will be a clear signal to Germany and the rest of the world, that there is a faction willing to go for a New Bretton Woods," Zepp-LaRouche said on Sept. 13. "And hopefully, if there is to be a decisive change coming from the United States, we need that signal to be very, very loud and clear, so that, no matter who the next government is, this policy will influence the situation."

Bündnis Issues 'Election Appeal'

On Sept. 9, Zepp-LaRouche had issued her latest "Election Appeal" to the German voters, noting, in the headline of her statement, that neo-con Christian Democratic candidate for Chancellor Angela "Merkel's hope [was] lost in the New Orleans flood." Zepp-LaRouche said: "The identity of Germany is at stake. Are we a social state, as anchored in Article 20 of the Basic Law, or will we allow this social state to be shattered with a 'sledge hammer,' as Merkel's nominee for finance minister, Mr. Paul Kirchhof, has threatened to do?

Will the incoming government be committed to the General Welfare, or will we permit an 'elbow-dictatorship' to determine from above, who is permitted to be rich, and who must be poor and die early? Will we once again be a nation of poets and thinkers, or do we believe in the world of appearance, as dictated to us by the controlled media?

"The Bündnis vote will be judged as an indicator of the national policies of Germany. For it is only our program for a state investment program, which could move Germany forward, and could achieve productive, full employment once again. . . . And since it is absolutely apparent that Federal Chancellor Schröder looks very closely at internal developments in the U.S.A., to gauge how much maneuvering room he has for his policies, the developments in the American Senate, under the leadership of Senator Harry Reid and others,

are a decisive factor for Schröder. And everyone in the Democratic Party knows that it is LaRouche who revived the party after Nov. 2, 2004, and has led it back to the tradition of FDR. And therefore the votes for the Bündnis are much, much more important than perhaps most people assume. For it is only the collaboration of FDR-oriented forces in the U.S.A., and in Germany and Europe, which can overcome the crisis."

The Role of the State

An important, strategic accomplishment of the Bündnis campaign is that it catalyzed an intense debate in Germany about the consequences of the Katrina hurricane disaster, and about the quality of political leadership, in particular. There has been a nationwide circulation of Zepp-LaRouche's Sept. 2 campaign statement (see last week's *EIR*) warning voters that a Merkel-led neo-con government would unleash disasters in Germany similar to those the neo-cons of the Bush Administration have unleashed in the United States. One of the immediate effects of that statement's circulation was that Schröder took up the Katrina issue in his Sept. 4 television debate with Merkel, saying that the U.S. disaster proved that a strong, active state is indispensable for the protection of the citizens and their property. Merkel's weak state model would fail, in such crisis situations, Schröder warned voters. From that point on, the necessity of government response to a crisis, provoked by Katrina, was a leading item of Schröder's campaign, and had an increasing effect on undecided voters, who realized that Merkel was indeed a bad choice.

As soon as Merkel had announced that Paul Kirchhof would be her finance minister, the Bündnis had insisted that putting him at the forefront of the Merkel campaign was a

head-on assault on the principle of the Common Good, and charged that this nomination was a big political scandal. Kirchhof proposed replacing the income tax with a flat tax, which would place a disproportionately higher tax burden on the lower income segment of the population, while benefitting the speculators. Anticipating a Merkel victory, money has been pouring into Germany since the election was called. Hedge funds now hold about a quarter of German company shares, according to Lehman Brothers Holdings, Inc.

Over the past four weeks, Kirchhof has become the most-rejected figure in Germany, and when Schröder attacked him harshly in the Sept. 4, “debate duel” with Merkel, on national television, Merkel’s ratings dropped by 7% in three days, whereas Schröder’s improved by 6%. Following that, a growing number of prominent politicians of Merkel’s CDU, notably the three state governors of Hesse, Lower Saxony, and Baden-Württemberg, called the Kirchhof nomination a “strategic mistake.” And from an executive meeting in Munich of the Christian Social Union (the autonomous Bavarian state section of the Christian Democrats), it was leaked to the press that there had been proposals to dump Kirchhof on the spot, to help Merkel regain 3% of her lost support, in hopes of enabling the CDU-CSU and their preferred coalition partner, the anti-state Free Democrats, to gain an otherwise impossible absolute majority of votes by the last minute of the election. This CSU proposal was evidence of panic and despair, in the face of Merkel’s insistence on keeping Kirchhof in her shadow government. And this panic and despair grew, because the election campaign was not to be over by Sept. 18, because of the two-week delay of voting in the Dresden district.

The BüSo vows to break out of its “small party” status in the delayed Oct. 2 Dresden election, and campaign for its Dresden-I direct candidate Katarzyna Kruczkowski to win the district against the “major” parties. The LaRouche Youth of Germany will be there, to form a strong intervention force of more than 50 activists, to help Kruczkowski defeat the other six candidates.

Because of the very high recognition which the BüSo has built, especially in Saxony and its state capital Dresden, it will be possible to gain the 25% of the vote Kruczkowski needs to get elected to the national parliament. As the candidates of the three “major” parties (the CDU, SPD, and PDS-Left Parties) have been projected to have 20-30% each, every other serious new competitor will automatically and drastically reduce their share. The candidate that succeeds getting 20% or more in this changed campaign constellation, will be the winner, and the BüSo is off to a good start: In the elections for state parliament in Saxony in September 2004, BüSo direct candidates received up to 5% in some districts, and since then, public recognition has increased. Evidence of that increased recognition has led to a continuous, and in most cases, positive coverage of the BüSo’s activities and statements, in the press of Saxony.

Israel Can’t Walk Away From Gaza War Crimes

by Dean Andromidas

The last Israeli troops left the Gaza Strip on Sept. 12, completing Israeli Prime Minister Ariel Sharon’s evacuation of all Israeli settlements and troops. Sharon announced his unilateral “disengagement plan” from Gaza almost two years ago, and true to his word, the withdrawal has been totally unilateral.

Not only was there a minimal amount of Israeli coordination with the Palestinian National Authority, but no agreements have been signed on important outstanding questions, such as the opening of the Gaza Airport and seaport, which have been closed for the last five years. Israel still controls the border crossings, the air space, and sea coast.

Palestinian President Abu Mazan charged bluntly, “The Gaza Strip is one large prison, and the army’s departure does not change the situation.”

The Egyptian border crossing is the most insane of the arrangements imposed by Israel. Israel has unilaterally closed the crossing at Rafah, a divided city, half of which lies in Egypt and the other half in Gaza. Israel has moved the official crossing point to Karem Shalom, which is on Israeli territory, near where Egypt, Israel, and the Gaza Strip come together.

As soon as the Israelis departed, Palestinians crossed freely into Egypt where they were able to be reunited with family members, in many cases for the first time in ten years. They were also able to buy food and commodities which have been in short supply because of the Israeli siege. Sharon’s government expressed indignation at the failure of Egyptian border guards to fire upon the Palestinians, as Israeli troops would have done.

Warrants vs. Israeli Generals

Meanwhile, retired Israeli Maj. Gen. Doron Almog temporarily cooled his heels at London’s Heathrow Airport on Sept. 11, waiting for an immediate return flight to Israel to avoid an arrest warrant issued by a British court the day before, charging him with war crimes. Almog had been tipped off about the warrant while en route to London earlier that day, and therefore did not officially enter the United Kingdom, in order to avoid being arrested.

Almog, who recently retired from the Israeli Defense Forces, was the former commander of the Southern Command and was therefore responsible for the Gaza Strip. He is accused of war crimes under the Fourth Geneva Convention

of 1949 for ordering the destruction of 59 Palestinian homes in Rafah. He is also under investigation for the killing of Noha Shukri al-Makadma, who was in her ninth month of pregnancy at the time of her death on March 3, 2003, as well as Mohammad Abed al-Rahman al-Madhoun in the northern Gaza Strip on Dec. 30, 2001. Furthermore he is being investigated for mass murder for his involvement in the bombing of the Daraj neighborhood in Gaza on July 22, 2002, which killed Hamas leader Salah Shehadeh and 14 other Palestinians, mostly children.

The British court ordered the arrest at the request of the law firm Hickman and Rose, which represents the Palestinian Center for Human Rights (PCHR) in Gaza, responsible for documenting the cases. The case was brought before a British court because the British judicial system recognizes universal jurisdiction for war crimes and crimes against humanity which, under the Fourth Geneva Convention, are violations of international law recognized by the signatories to that convention. Both the United Kingdom and Israel have signed those conventions.

Sharon may think he can politically profit by a “unilateral” withdrawal from Gaza without giving the Palestinians a viable state, but he cannot unilaterally repudiate the war crimes and the crimes against humanity conducted by Israel during its occupation, an occupation universally recognized as illegal under international law. These war crimes can only be repudiated through a bilateral agreement with a legally constituted Palestinian state. It should be an agreement modeled on the Treaty of Westphalia, which ended the Thirty Years War in Europe in 1648. Under that famous treaty, all belligerents agreed to end the war and repudiate all war crimes in return for an agreement where the former enemies would commit themselves to work for one another’s welfare and happiness. But Sharon is not interested.

This One Got Away; Will Others?

Daniel Machover, senior partner at Hickman and Rose, who has dual British and Israeli citizenship, said that his clients, and the firm, “were deeply sorry that Almog slipped away from the British justice system, but the fact that he feels that he cannot stand up to it, is at least significant in showing that there is no immunity for war criminals in Britain.”

Both Machover, and his Palestinian clients, demanded that a criminal investigation be launched to discover, and then prosecute whoever leaked the order for Almog’s arrest to Israeli Ambassador to London, Zvi Hefetz.

No sooner had Almog escaped arrest from the Anti-Terrorist and War Crimes Unit of Britain’s Metropolitan Police, than it was revealed that Chief of Staff of the Israeli Defense Force, Lt. Gen. Dan Halutz, and his predecessor, Lt. Gen. Moshe Ya’alon, face possible arrest for war crimes pertaining to their alleged involvement in the above-mentioned operation, in which a one-ton bomb was deployed to kill Hamas leader Salah Shehadeh in July 2002.



This complaint was also filed by the Hickman and Rose law firm on behalf of the PCHR. In addition, it now has been announced that the Israeli organization Yesh Gvul joined the complaint, and has offered evidence to support the case. This organization has had a petition before the Israeli Supreme Court calling for the investigation of the Shehadeh bombing, but the court has yet to take action. It is because of this failure that Yesh Gvul has taken the case to Great Britain.

“The High Court of Justice is the law enforcement train’s last station before it leaves the borders of the Country,” attorneys Avigdor Feldman and Michael Sfard wrote in the petition.

Yesh Gvul is an Israeli peace organization which supports Israeli soldiers who refuse to serve in the occupied territories.

The tragedy of Sharon’s unilateralism not that Israeli military officers will have to spend their vacations in Israel. Egypt has built a new railroad line that goes directly up to Rafah, and is only waiting for a peace agreement to extend that line up through Gaza and into Israel, where it could connect up to the Israeli ports and eventually up to Lebanon, Syria, Turkey, and Europe. The old tracks from the Ottoman Empire period still exist through Gaza. But the opportunity to connect Israel with Africa and Europe, to enjoy the tremendous long-term economic and political benefits, is not important to Sharon and his backers.

Argentina, Brazil Take Steps To Halt Bankers' Wars and Looting of S. America

by Dennis Small

Speaking in the name of the 19 Ibero-American nations that make up the Rio Group, Argentine Foreign Minister Rafael Bielsa called for a New Bretton Woods conference of international heads of state, in his address to the United Nations General Assembly's special session on "Financing for Development," held in New York City on Sept. 14.

The countries of the Rio Group "raise the necessity of reforming the international financial architecture, [which is] anachronistic and inefficient," Bielsa said, because the international system "places concrete obstacles in the way of building the necessary favorable economic environment" for development, job creation, and ending hunger.

"Of course, this is not only the opinion of the Rio Group," Bielsa added. "There are many experts, specialized groups, and leaders throughout the world who are promoting a new call for an international conference of Heads of State, similar to the 1944 Bretton Woods conference, to rebuild a more just global monetary and financial architecture which eliminates financial bubbles and concentrates on supporting the real economy."

With Bielsa's speech—which was personally approved by President Néstor Kirchner—the Argentine government has joined the growing chorus of voices internationally, including that of the Italian Parliament, which are echoing the call for a New Bretton Woods issued by American statesman Lyndon LaRouche. The Kirchner government thus took a substantive step beyond its useful earlier—and ongoing—sharp criticism of the International Monetary Fund (IMF), and the international financial speculators, for their role in destroying Third World nations' efforts to develop. The Argentine government has now made a substantial *positive proposal for a solution* to the global financial crisis, which will have immediate international repercussions.

The Rio Group's statements are typically coordinated by a troika of nations, representing the current chairman pro-tem, the past chair, and the upcoming chair of the group. In this case, Argentina is the current chairman, Guyana will be the chairman in 2006, and the 2004 chair was held by Brazil. This means that the Bielsa speech was in all likelihood approved by the Lula government of Brazil—the regional economic and political powerhouse, without which no Ibero-American motion toward a New Bretton Woods can prosper.

Cheney's Paraguay Caper

The Bielsa speech also throws a monkey-wrench into the efforts of U.S. Vice President Dick Cheney and Defense Secretary Donald Rumsfeld, operating on behalf of the very financial interests which the Argentine government has denounced, to unleash permanent warfare and chaos in South America.

Since the beginning of September, alarmed government officials and diplomats from a number of South American nations have demanded of LaRouche: Will the Brazilian government and national institutions not act to stop the ongoing operation of Cheney and Rumsfeld? Brazil is the only country in the region powerful enough to do anything about it, the distraught officials reported; if they don't act, we are in no position to resist.

The operation being referred to is the ongoing 18-month-long set of U.S.-Paraguay joint military maneuvers, which are designed to establish a permanent U.S. military base in Mariscal Estigarribia, Paraguay, in the heart of South America. That operation was sealed at a highly unusual Washington meeting on June 10, between Cheney and Paraguayan Vice President Luis Castiglioni, which was followed by a provocative Aug. 16 trip to Paraguay by Rumsfeld. A complementary feature of the operation is that U.S. troops deployed in Paraguay have been granted immunity by the Paraguayan Congress, which effectively annuls a crucial feature of that country's sovereignty.

In its Sept. 2 edition, *EIR* exposed the fact that the British-run intelligence operations—the Worldwide Fund for Nature (WWF) and the Moonie cult of Rev. Sun Myung Moon—are an integral part of this operation run by international oligarchical financier interests, in which Cheney and Rumsfeld are simply the "toughs" being deployed as enforcers.

LaRouche responded to the South American pleas, with the following public comment:

"I am concerned about the lack of courage shown in certain quarters in Brazil, especially in the wake of the conveniently timed corruption scandals against President Lula. Brazil has to wake up to reality. It has to understand the importance of the defense of its sovereignty, and that of its neighbors, against the Moonie and British-run invasion, or the whole continent—including Brazil—is going to go down the tubes."

The Smell of Permanent War

In his exchanges with South American friends and contacts, LaRouche has insisted that the Cheney-Rumsfeld Paraguay caper is *not* principally targetted at Bolivia's natural gas reserves, nor terrorist capabilities in the Triple Border area of Paraguay-Brazil-Argentina, nor even Brazil's Amazon wealth per se. Rather, it is designed to unleash a state of *permanent war* in the region, to destroy the nation-state as such—and then all the rest will follow, in their imperial “reasoning.”

Certain layers in South America are beginning to get a smell of what LaRouche is talking about, and act on it.

In Brazil, Foreign Minister Celso Amorim, who had previously issued only cautious remarks that a U.S. military base in Paraguay was “unnecessary,” on Sept. 13 turned up the pressure on Paraguay significantly.

In an interview with the leading Argentine daily *Clarín*, Amorim responded to Paraguay's announcement a week earlier that they were seeking a bilateral free-trade accord with the United States because economic relations with its partners in the Common Market of the South, or Mercosur—Brazil, Argentina, and Uruguay—had become an “obstacle” to Paraguay. That free-trade gambit was also reportedly put in place directly by Cheney and Rumsfeld, in their meetings with the neo-con Vice President of Paraguay, Castiglioni.

Amorim uncorked in the *Clarín* interview: “When economic accords are signed, a choice has been made, and in this case Paraguay must understand that the choice is between Mercosur and other potential partners. A go-it-alone trade accord is not compatible with the other partners of the [Mercosur] bloc.”

Amorim's scarcely veiled threat hit the Paraguayan government like a bucket of cold water. After all, Brazil is Paraguay's single largest trading partner, with 27% of the total, followed by Mercosur member Argentina, with 17% of the total. Paraguayan-U.S. trade is only 6% of their total trade. So Paraguayan authorities now have to seriously consider whether or not it makes any sense to follow Vice President Castiglioni into his *ménage-à-trois* with Cheney and Rumsfeld. Initial reports indicate that Paraguayan authorities have begun to back off from that idea rapidly.

In Argentina, the Kirchner Presidency has leaked reports that it is “carefully watching” developments in Paraguay; that it is unalterably opposed to the granting of any kind of immunity to foreign troops; and that it does not want to see “these types of agreements move forward in the region,” according to *Clarín*.

There is also intense interest in LaRouche's global and regional analysis among Argentine Congressmen, who—as of this writing—were planning to participate in LaRouche's Sept. 16 webcast from a meeting room of the Congressional Annex building in Buenos Aires. Also noteworthy is that an Aug. 26 *EIR* article entitled “Cheney's Paraguay Caper Is

Intended to Produce ‘A Splendid Little War’ in South America” was published by the Internet news publication *IAR Noticias*, and is being picked up and further circulated from that site. On Sept. 13, *IAR Noticias* also ran Lyndon LaRouche's Aug. 31 statement, “Our ‘Tsunami’ Was Called Katrina!” on their website.

Summit of the Americas

As necessary and useful as these defensive skirmishes by South American patriots are, they will not win the war. That requires taking on the disintegrating global financial system—which is what is behind the Synarchist bankers' drive to unleash permanent war—and supporting Lyndon LaRouche's efforts to bring a New Bretton Woods system into existence.

That is what the Bielsa speech at the United Nations has just signalled. In the weeks ahead, attention will turn to the early November Summit of the Americas, to be held in Mar del Plata, Argentina, attended by the hemisphere's 34 heads of state, including George Bush. The Argentine government of Kirchner, as the host of the summit, has insisted that a central agenda item must be how to build “a new financial architecture,” a demand which has provoked the undisguised rage of the Bush State Department.

Kirchner himself has continued to issue calls for a “new architecture,” as well as attack the International Monetary Fund. For example, in his speech to the United Nations on Sept. 14, Kirchner stated: “The predominance of the ideological component in the policies of the international credit agencies is also worrisome. The orthodox focus given to the issue of debt, [is] a focus which has shown its flaws and inefficiency, and which has worsened conditions of poverty in the developing world.”

The role of Brazil will be decisive at the Summit of the Americas, as it is for any effort to stop Cheney's Paraguay caper. Since his inauguration in 2003, Brazilian President Lula has steadfastly refused to put any daylight between his government and the policies of the IMF, foolishly believing that Brazil will fare better if it doesn't rock the boat. But over the recent months, Lula's pragmatism has gotten even worse, as his government has been shaken to its roots by corruption scandals, scandals which almost surely mean that Lula will not run for reelection, and may even lead to his fall from office in the next weeks and months.

But as experienced Brazil-watchers know, it is always best to expect surprises from Brazil, often when they are least expected. It is frequently what you *don't see* that is actually shaping decisions. Moreover, LaRouche's challenge stands, and will be heard in that country:

“Brazil has to wake up to reality. It has to understand the importance of the defense of its sovereignty, and that of its neighbors, against the Moonie and British-run invasion, or the whole continent—including Brazil—is going to go down the tubes.”

Ukraine's Orange Revolution Is Eating Its Own Children

by Rachel Douglas and Roman Bessonov

Less than a year after a regime-change project known as the Orange Revolution succeeded in Ukraine, the political forces that supported it within the country are in disarray. The turmoil comes as no surprise, given how the power shift at the end of 2004 hinged on synthetic political constructs, packaged and sold (with a great deal of foreign support) to an economically savaged nation.¹

Weeks of in-fighting in the Kiev government and Ukrainian business circles exploded into a full-fledged government crisis during the first eight days of September. Several leaders of the Orange movement, which got Victor Yushchenko elected President by forcing a re-run of the election during the October-December 2004 crisis, jumped ship in the first days of the month, accusing Yushchenko of failure to crack down on Security and Defense Council Chief Peter Poroshenko for corruption. Those who quit included Yushchenko's own chief of staff, Alexander Zinchenko, followed on Sept. 7 by Vice Premier Mykola Tomenko, who said, "I don't want to bear common responsibility for people who have created a corrupt system."

On Sept. 8, Poroshenko resigned. Then Yushchenko fired the entire Cabinet of Prime Minister Yulia Tymoshenko. The following day, Tymoshenko—a former energy official, and firebrand and icon of last year's upsurge, known as the "Iron Lady with a Braid" after her Ukrainian peasant hairstyle—denounced the President for betraying the ideals of the Orange Revolution, and said she would lead a separate slate in the March 2006 parliamentary elections.

Behind the lofty sentiments expressed by Tomenko, is a seething battle involving the economic interests of candy magnate Poroshenko, fights over Tymoshenko's project for the de-privatization and subsequent re-privatization of Ukraine's steel industry, and other economic brawls, many of them involving Russian corporations. There were reports that Yushchenko was pushed over the brink towards firing Tymoshenko, whose business dealings were the subject of an exposé in the *Financial Times* of London at the start of this Summer, by the surfacing of cell phone conversation transcripts that revealed the Prime Minister talking like a thug and referring to the Ukrainian population as "biomass."

Yushchenko appointed as acting premier Yuri Yekha-

nurov, an economist who served as his deputy when Yushchenko headed the government in 1999-2002, then worked closely with him on the Presidential campaign last year. Most recently, he was governor of the Dnipropetrovsk industrial region. Yekhanurov supports Ukraine's remaining in the Single Economic Space, established by Russia and some other former Soviet countries. Asked about the Ukraine events during his Sept. 8 press conference in Germany, Russian President Vladimir Putin said he had been in touch with President Yushchenko by phone, and urged against overly dramatizing the situation.

Geopolitical Designs Upset

As leaders of the Orange and the Rose Revolutions, trumpeted throughout the world as democratic success stories, Yushchenko and President Michael Saakashvili of Georgia moved quickly into joint action as would-be leaders of a new group of countries in the Central Europe to Caspian area. In March 2005 they signed a Declaration on Development of Strategic Partnership Relations, a document providing for coordinating their efforts to join NATO and the European Union, and to regulate so-called "frozen conflicts" in the region, including ones where Russia has been the chief regional power involved. They vowed to upgrade GUUAM (a grouping in which the other three members were Uzbekistan, Azerbaijan, and Moldova). Supporters of geopolitically isolating Russia hailed the Declaration as a counterpole against Russian influence in the region.

By Summer 2005, however, the rainbow revolutionaries' diplomatic agenda was more and more visibly snarled by their political problems at home, not to mention quarrels in the region. Our correspondent Roman Bessonov filed this report at the end of July:

"On July 26, Ukraine's President Victor Yushchenko was expected to arrive in Georgia for a four-day vacation. In order to meet his friend and fellow knight of democracy, Georgia's charismatic leader Michael Saakashvili prepared to return from his own vacation in that most advanced postmodernist state of continental Europe, the Netherlands.

"After the Rose Revolution, Saakashvili demonstratively moved out of the luxurious Presidential palace of his disgraced predecessor. But that was a long time ago, almost two years. Now, the two friends were going to relax in the former premises of the Romanov tsars, near the state resort of

1. See *EIR* articles "Flattened by IMF, Ukraine in Geopolitical Crosshairs," Dec. 10, 2004, and "Ukraine: A Postmodernist Revolution," Feb. 11, 2005.



NATO Photo

Ukrainian President Viktor Yushchenko fired his Prime Minister and the rest of the Cabinet, in a factional brawl over large-scale economic interests and corruption.



OSCEBOBO/Srdjan Zivulovic

Ukrainian Prime Minister Yulia Tymoshenko, the “Iron Lady with a Braid,” was sacked, and now denounces President Yushchenko for betraying the “Orange Revolution” she had helped him instigate.

Borjomi. Yushchenko’s own Presidential palace—much larger than his predecessor’s and requiring the demolition of a large apartment building—was still under construction. This was one area in which the two romantic friends could understand each other. Indeed, political and social life in their two countries had lately acquired a lot of features in common.

“Take street traffic. War on corruption having been declared, the fabulously corrupt road police services were declared the first victims, like the sparrows in China during a certain period of Mao Zedong’s rule. In Georgia, the traffic cops were replaced by mobile squads of armed motorcyclists, who were supposed to provide road security at the same time. They were especially useful in the process of democratic expropriation targeted against selected local businessmen, who could not escape too far from their mansions without surrendering large sums to the new road force.

“A year later, a similar idea came to Yushchenko, though his country is far larger, and his personal paramilitary guard weaker. On July 18, Ukrainians were bewildered by the news that their traffic police no longer existed. The move portended more trouble for ordinary car-owners than for the traffic cops themselves, most of whom—since their salaries were no more than \$150 a month—had second jobs on the side; now some of them might feel there was an incentive to regroup into gangs with good professional skills at extortion. According to Ukrainian media, the idea to eliminate the road police came to Yushchenko after his neighbor complained about his rights being violated by policemen in their desperate search for additional income.

“Even before the elimination of the road police, drivers had begun to avoid certain dangerous roads in downtown Kiev: Lutheran Street, for example, which is famous as the address of a posh restaurant called Decadence. This romantic spot was favored by a young man, owner of perhaps the only BMW-M6 auto in town. The young fellow, Andriy Victorovich Yushchenko, would zoom through the city’s historic district to meet his date and dine at the upscale Decadence

establishment, before the eyes of an embarrassed public, so recently charmed by the romantic speeches of the young man’s father—President Yushchenko.

“The free mass media did its job, even managing to find out where the younger Yushchenko’s car was acquired for a reported sum in the vicinity of \$130,000 (which would be more than double his father’s annual salary). Apparently it was not Paris or Zuerich, but a provincial Czech town called Usti nad Labem, known in post-Comecon times as a ‘capital of brothels.’

“The same nasty journalists managed to penetrate a spa where the Orange President, along with the ‘Iron Prime Minister with a Braid,’ was dining with top figures from Russia’s most oligarchical monopolies, Gazprom and Lukoil, under the patronage of the Russian Ambassador to Ukraine, former Gazprom director and ex-Premier Victor Chernomyrdin. At a press conference on July 25, a nervous Yushchenko defended his son’s spending as being within the range of the young man’s salary, said the BMW was a rental car, and accused the journalists who had written about these matters of being ‘hit men,’ who ‘did not work for the freedom of speech a single day.’ Since the publication in question was *Ukrainska Pravda*, a website founded by Heorhiy Gongadze (whose murder helped bring down the previous regime) and consistently backing Yushchenko, the President was hit with huge protests from the media and apologized several days later.”

Pioneers at Artek

After two weeks of delay while Yushchenko dealt with the firestorm around his son’s escapades and the greater tumult that was beginning to build up within his government, the Borjomi meeting did come off on Aug. 12. Yushchenko and Saakashvili issued a new call, this time for a Community of Democratic Choice in the entire Baltic-Black Sea-Caspian area. A week later, they met again at a former famous Soviet Young Pioneer’s camp called Artek, on the Crimean Peninsula, where they were joined by the Presidents of Lithuania and Poland—the latter being in the midst of a heated series of diplomatic incidents with Russia. If this was supposed to be a script for expansion of the Rose-Orange “ring around

Russia,” however, not even Yushchenko and Saakashvili themselves were following it.

Bessonov reported in August on the sequence of meetings:

“As an alternative to Kazan Commonwealth of Independent States (CIS) summit, the place and the timing of the Aug. 18-19 Crimea meeting were perfectly chosen. The framework was supposed to expand beyond the earlier anti-Russian bloc of GUUAM (Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova), into a new confederation emerging in bright, multi-colored clothes. Kiev would be the centerpiece of a buffer confederation of East European and Central Asian countries, supposed to separate Russia from almost all of its potential allies in Eurasia. An enlarged GUUAM would be developed in tandem with stepped-up political pressure on Belarus and colored revolutions in all the former Soviet republics of Central Asia.

“In the view of some Russian analysts, people in the United States wanted to include EU member Poland and EU candidate Romania in the expanded GUUAM, thus shaking the entire European Community. The pretext would be the strategic role each of them plays in fuel export routes, although rising tensions around the ex-Soviet military arsenals in the Transdnister region of Moldova made it clear that the real agenda had to do with other considerations, including various high-stakes black market operations.

“If it is true that some strategic planners were thinking along such lines, they were exhibiting no greater imagination than those who first raised the so-called Black Sea-to-Baltic corridor, back when George W. Bush’s father was President. In the original project, the axis of the *cordon sanitaire* around Russia was supposed to follow the route of a planned trans-East-European pipeline, from Ukraine’s port of Odessa on the Black Sea via Belarus to ports in Lithuania and Latvia. In the new version, the Odessa-Brody (western Ukraine) pipeline was supposed to deliver oil, collected from the whole Caspian Basin, across the Polish border to Plock and then northward to Gdansk.

“One problem with the renewed project is that Polish President Kwasniewski may have already paid too much, especially in terms of his personal reputation, for his country’s membership in the EU, to accept the idea of being downgraded to the role of a vassal of Kiev. This reluctance could also be explained from a historical standpoint, involving centuries of Poland’s division between European powers, which traditionally used the Poles, with their civic and religious passion, as a geopolitical instrument. In addition, the Polish government has been less than optimistic about constructing the continuation of the Odessa-Brody pipeline, since market calculations had shown that fuel, delivered by this route, would be more expensive than oil arriving through the old Soviet Druzhba pipeline from Russia. The role of a transit country would make sense only under profitable conditions.

“The March 2005 activation of the renewed Black Sea-to-Baltic campaign coincided with negotiations between Russia

and Bulgaria over the Burgas-Alexandroupolis oil pipeline project, from Bulgaria’s Black Sea port to the Greek city on the Aegean Sea, which makes it possible to bypass the Bosphorus in delivering Russian oil to the world market. Meanwhile, some Russian oil was flowing through the already constructed part of the contemplated Black Sea-to-Baltic strategic pipeline route, but in the reverse direction: from the Siberia-Europe ‘Druzhba’ pipeline via Brody and southward to Odessa.

“Ironically, the reversal option was proposed by the Russian oil company TNK, which has merged with British Petroleum—the same British Petroleum that once promoted the Black Sea-to-Baltic project in Kiev and had been the major financier and potentially the major operator of the Baku-Ceyhan pipeline. For purposes of geopolitical manipulation, the Baku-Ceyhan project served, for many years, even more efficiently than Odessa-Brody. Both were exploited not only as real designs, but as geopolitical derivatives of a certain sort, lining the pockets of a few interested persons with income from warfare (as in Chechnya), and the brains of Azerbaijani, Georgian, and Ukrainian politicians with romantic ambitions for energy independence. This game could have gone on for a long time, but the surge of global oil prices, finally, made the Baku-Ceyhan project profitable enough to actually physically implement.

“Before the Caspian oil could reach the Mediterranean, the Ukrainians also physically built the Odessa-Brody pipeline, but they discovered that the amount of oil available in Odessa was insufficient to run it. It was easy to calculate that as soon as Baku-Ceyhan came on line, the sources for filling the pipeline in Odessa would be completely miserable. The reversal option, when the Russian side proposed it, was quickly accepted by the Ukrainian government last year, before the Orange Revolution.

“Yushchenko did try to get things going back in the Black Sea-to-Baltic direction. In the Spring of 2005 he raced around Europe and Eurasia, appearing first at EU headquarters, then in Kazakhstan, then Poland, Romania, and finally, Moldova, where all the bosses of the newly established buffer zone were supposed to assemble. The event was scheduled for April 22 and, on the eve, it was already clear that the great GUUAM expansion design was going to fail. The framework was reduced to the list of leaders of the dysfunctional GUUAM, minus Uzbekistan. Hopes in various quarters in the West for Yushchenko to step in as intermediary in Moldova, kicking Russia out of the Transdnister, also flopped, as the Ukrainian President offered little beyond a list of formal democratic conditions and did not address the crucial matter of weapons smuggling.

“By the time of a new attempt at the expanded GUUAM project, which is what the Artek meeting was supposed to be, emerging tensions between the EU and its would-be new member, Turkey, as well as the potential Kurdish insurgency along the Baku-Ceyhan route, motivated a number of European companies to participate in a hastily prepared tender for



NATO Photo

Georgian President Michael Saakashvili (shown here) and Yushchenko met Russian President Putin in August, and made clear that they do not intend to break with the CIS at this time.

a feasibility study on the Brody-Plock-Gdansk pipeline route, i.e., an outlet for Odessa-Brody to the Baltic Sea. The results of the tender were published on August 8. Only after that did Yushchenko met with Saakashvili, and then Kwasniewski and Lithuania's Valdis Adamkus (a U.S. citizen) joined them in Crimea.

"The leaders of Moldova and Azerbaijan did not show up. The result was miserable. The four leaders had to admit that GUUAM is gone. But, according to Sigmund Freud, if you want to cure a neurosis, you have to replace it with something else. The replacement is the vague Yushchenko-Saakashvili Community of Democratic Choice project.

"There seems to be no place for Moldova, for the simple reason that after the misunderstanding around Transnistria, Chisinau [Moldova's capital] does not want to deal with Kiev.

"And, on the very day of the Crimea meeting, Romania filed suit against Ukraine at the International Court in the Hague, over a border issue outstanding since the end of World War II. The sensitive issue was raised by the newly elected president Trajan Basescu, who won under the same Orange banners as Yushchenko, using the same anti-socialist slogans, delivering the same promises to bring his country into the paradise of the European Union earlier than his opponents would. Now Basescu needed to replace the fading 'EU' carrot with something else, and that 'something else' was not only the disputed rock off the mouth of the Danube River, but also the offshore oil deposits that Basescu would like to carry to the EU as an entry gift. But a revision of post-war borders off the mouth of the Danube could escalate into larger territorial problems between Greece and Turkey, with devastating effects not only for the existing and virtual oil transport routes, but for the integrity of basic international institutions.

"In an ironical commentary on the gathering of the four best democratic pioneers at Artek, Vladimir Zharikhin, dep-

uty director of the Moscow Institute of CIS Studies, reminded that, strictly speaking, the major speakers and responsible organizers, Georgia and Ukraine, cannot boast of great achievements in the democratic process. 'Other countries, wishing to implement such achievements, should think first.' "

Not long after the inauspicious Crimean get-together, Yushchenko and Saakashvili both turned up to meet President Putin at the Aug. 26 CIS summit in Kazan, Russia, where they made clear that neither Ukraine nor Georgia intends to break with the CIS at this time. Yushchenko quickly slapped down Ukraine's Economics Minister, Serhiy Teryokhin, when the latter told journalists on Aug. 19 that Kiev was planning to withdraw from the Single Economic Space (with Russia, Belarus, and Kazakhstan) and revert to bilateral-only economic relations with Russia. On Aug. 22, Yushchenko reaffirmed that Ukraine will continue to take part in the Single Economic Space, and he took part in its summit meeting, held on the heels of the CIS summit in Kazan.

Economic Wars

"Excesses of freedom of expression," Bessonov reports, "have been in evidence in more sectors than traffic management in Ukraine and Georgia. Take the sphere of sports, particularly wrestling. Though the post-revolutionary achievements of Ukrainian and Georgian sportsmen were not as significant as, say, the success of rock musicians (in part due to political pressures on the owners of major Ukrainian soccer teams), physical training skills have noticeably developed in some areas, such as legislative work.

"In mid-June, a group of leftist members of Parliament (the Supreme Rada), finding no other way to block laws that would clear the way for Ukraine's entry into the WTO, displayed tremendous wrestling talent inside the chambers of the Supreme Rada, combined with hooting devices and musical instruments. In this process, the strongest opposition deputy managed to destroy seven microphones, thereby inflicting over 2,200 euros of damages upon the state, since post-Orange Ukraine had started on the pathway to membership in civilized Europe as a truly democratic state, by purchasing new parliamentary microphones in Austria.

"The urgency of advancing the WTO membership procedure, for which purpose Parliamentary Assembly of the Council of Europe (PACE) chairman René van den Linden was invited to Kiev, had two motivating factors. The first was the desire to join the WTO before Russia does. The second was an article in the *Financial Times* of London called 'Orange Revolution Loses a Little Lustre,' which evidently upset Prime Minister Tymoshenko by calling her a 'poacher' and including reports of her own business connections. Tymoshenko furiously attacked the speaker of the parliament, Vladimir Lytvyn, for sabotaging the WTO membership bid.

"(Meanwhile in Tbilisi, the central streets were blocked with crowds of people, protesting against the arrest of two popular sports stars. The two wrestlers were accused of extort-

ing money from a Greek investor, but the mood of the street, so much trained against the bureaucracy earlier, was on the side of the two wrestlers, while some members of Parliament were set to use the issue for their own political purposes. A physical fight ensued inside democratic Georgia's Parliament, too.)

"Ukrainian President Yushchenko's bad mood was noted by reporters who attended the summer party congress of his Our Ukraine movement. It appeared to originate with his loudest political promise, which has turned out to be the largest lie. Shortly after his inauguration, Ukraine's leader, encouraged by a personal meeting with George W. Bush, announced the fabulous 'energy independence of Ukraine' as his highest goal. He seemed to believe sincerely that the whole of Eurasia, with its kilometers of pipelines and billions of fuel consumers, revolves around Ukraine. As an alternative to the agreements, reached with Russia by his predecessors, he tried to arrange a chain of fuel extraction, transit and consumption without Russia in the picture.

"Even as the pipeline projects failed to fall into place so easily, Tymoshenko's tactics vis a vis Russian fuel suppliers threatened to backfire. She threatened the Russian owners of certain Ukrainian refineries with re-privatization, while simultaneously demanding that they reduce prices on the fuel they sell to Ukraine. During the first half of 2005, deliveries of Russian oil to Ukrainian refineries plunged by over 22%.

"The situation with natural gas is even worse. In May, Russia's gas traders charged that 7.8 billion cubic meters of gas, transported via Ukraine to European consumers, had disappeared in transit. The response from Kiev sounded strange: At first, the version was completely denied, then it was admitted that the gas existed, but could not be gotten out of its storage place. The romantic Ukrainian leadership was forced to seek mercy and understanding from the Russian side, with assistance from the veteran Chernomyrdin, and simultaneously, to guarantee the property rights for Russia's largest oil producer, Lukoil.

"Increasingly troubled by an annual inflation rate that the government acknowledges is 6.7% and Western financial institutions estimate as over 15%, Tymoshenko tried to introduce state regulation of retail prices, only to encounter a furious attack from Ukraine's Western patrons. U.S. Ambassador John Herbst and liberal economics guru Anders Aslund, in chorus, denounced the new Ukrainian leaders.

"While the government chased after 'energy independence,' the criminalized shadow sector of the economy, taking advantage of legal and political disorder, has increased its pressure on the population, while foreign players exploit every opportunity to acquire its industry, with its low-paid but skilled labor force, on the cheap. Now, almost on an instinctive level, a part of the Kiev elite is realizing that the Western community, at least in its present post-industrial shape, is able to guarantee neither Ukraine's economic prosperity nor the security of its statehood."

Myanmar and Afghanistan

Which Is Really The 'Failed State'?

by Mike Billington

Figures 1 and 2, both derived from the official U.S. Department of State International Narcotics Control Strategy Report of March 2005, demonstrate an ironic truth regarding the failure of U.S. foreign policy. The occupied nation of Afghanistan, client state of the Bush-Cheney Administration since 2002, has become the world's leading producer of opium, while Myanmar, denounced as a "failed state" and a "rogue nation" by that same Bush-Cheney team, has gone from being the world's largest producer, to the virtual elimination of opium production altogether, for the first time since the British turned their colony of Burma, as it was then called, into a drug plantation in the 19th Century.

Although some sensible minds within the U.S. institutional leadership would like to improve U.S. relations with Myanmar, acknowledging the significant progress of the past 15 years, official U.S. policy continues to treat Myanmar as a pariah, with brutal sanctions and constant (if largely unsuccessful) efforts to isolate Myanmar diplomatically.

In Afghanistan, it was "convenient" for the Bush-Cheney Administration to support the regional drug-lords, whose private armies could be bribed to retain at least the appearance of allegiance to the puppet government in Kabul, in exchange for a free hand in expanding their drug operations. Although the Taliban and al-Qaeda financed themselves to a great extent through taxing the Afghan drug trade, they had nonetheless cracked down on opium production dramatically in the year preceding the U.S. invasion in 2002 (see graphs). From 73% of world production in 2000, the Afghan opium crop fell to only 6% in 2001.

Now, however, under U.S. direction, opium production in Afghanistan has skyrocketed, surpassing even the previous record crops from the 1990s. A full 92% of world production now comes from "liberated" Afghanistan. And yet, while most of the country is openly governed by drug-lords, the country is heralded as a model of "democracy," with barely a mention of the millions of lives ruined by the deadly poppy which accounts for nearly one-half of the Afghan economy.

Myanmar's Drug Wars

The story in Myanmar is exactly the opposite. Beginning in the late 1980s, after a young officer corps replaced the moribund, 26-year regime of Ne Win, Myanmar moved to

FIGURE 1

Opium Production, Myanmar and Afghanistan

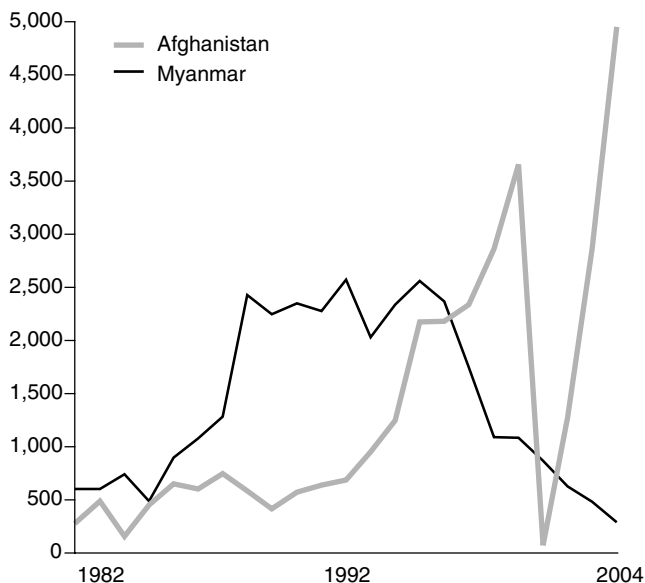
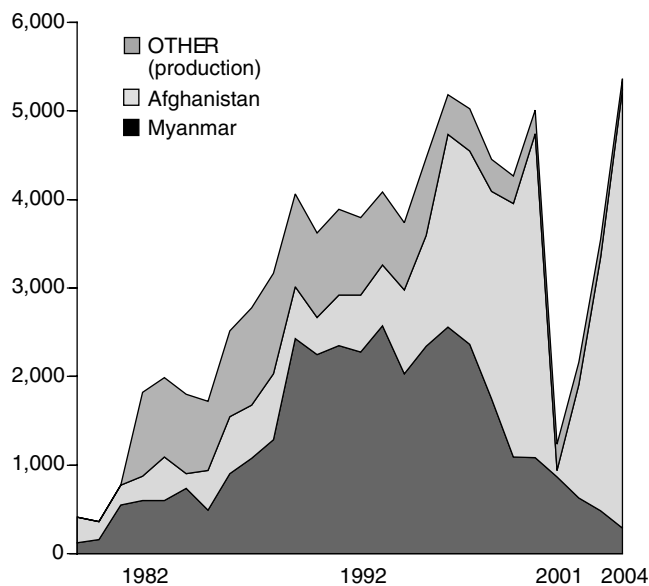


FIGURE 2

Opium Production, World Total

(Tons)



re-open relations with its neighbors (after the self-imposed isolation of the Ne Win era), and to defeat or pacify the many ethnic war-lords who controlled the mountainous border regions of Myanmar, the heart of the “Golden Triangle.”

As the armed conflicts between the national army and the ethnic drug armies have been almost entirely successfully eliminated, establishing peace and national unity for the first time since the British invasions of the 19th Century, the opportunity arose, also for the first time, to end the scourge of drugs—another British legacy. The British-orchestrated Constitution which was forced upon the nation in exchange for independence in 1948, included the right of each ethnic entity to declare independence from the central government in Yangon—an intentional prescription for disunity and continual conflict. As independence negotiations were proceeding in London under nationalist leader Aung San, the British Conservative Party’s wartime governor of Burma, Reginald Dorman-Smith, set up an organization called “Friends of the Burma Hill People,” to foster such perpetual conflict—and assure the continued “free trade” in opium through the regions not under the control of the central government.

There are several modern-day “Reginald Dorman-Smiths” who have obstructed every effort by the Myanmar government to defeat or pacify the ethnic drug-lords. These include especially George Shultz and George Soros, who are not coincidentally two of the leading promoters of legalizing drugs internationally, including even the heroin extracted from opium. George Shultz, who personally put together the first George W. Bush Administration from his neo-conserva-

tive network, was a leading light in the International Republican Institute (IRI), a U.S. government-funded institution which conducts political subversion against Myanmar (among other nations) under the guise of promoting “democracy.” As to mega-speculator George Soros, who finances Burmanet, The Burma Project, and numerous other organizations promoting regime change in Myanmar, he is the primary financial sponsor of every state referendum in the United States to legalize drugs. The fact that this Wall Street “drug lobby” is leading the campaign to overthrow the Myanmar regime is not accidental.

In 1995, the Yangon government negotiated the surrender of Khun Sa, and the pacification of his Shan United Army, the largest insurgent army and drug operation in Myanmar. Government troops moved into Shan State in force, breaking the back of the drug structure. Khun Sa revealed several of his foreign contacts, including U.S. intelligence operatives Theodore Shackley (the deputy director of CIA covert operations under then-CIA director George H.W. Bush) and Richard Armitage, a former Defense Department official.

As numerous other drug-lords were defeated, or surrendered to the central government, serious anti-drug forces in the West took notice, and called upon the United States to change its policy and support Myanmar’s anti-drug campaign. The National Narcotics Intelligence Consumer’s Committee (NNICC), an interagency committee in the United States representing the Drug Enforcement Administration (DEA) and other law enforcement agencies, released its report for 1996 praising the pacification of Khun Sa’s drug army and the



dramatic increase in drug seizures within Myanmar, identifying the combined efforts of the United States, Thailand, and Myanmar against the drug traffickers. Gen. Barry McCaffrey (ret.), appointed by President Bill Clinton as the U.S. “drug czar,” endorsed the report.

In June 1997, Myanmar was inducted into the Association of Southeast Asian Nations (ASEAN), a critical move in the anti-drug war, since it effectively denied the Soros-Shultz networks a free hand in running operations against Myanmar from across the Thai border. The drug lobby was furious. Soros, who financed several of the subversive organizations on the Thai side of the border, repeatedly warned the Thai government that Thailand would be held responsible for Myanmar’s entry into ASEAN. The following month, July 1997, the Thai currency, the baht, was broken by a speculative assault led by hedge funds under Soros’s control, and the devastating Asian financial crisis followed.

Nonetheless, Myanmar’s progress in the drug war contin-

ued. In February 1999, the International Criminal Police Organization (Interpol) held its International Heroin Conference in Yangon, despite howls of opposition from Washington and London, whose representatives boycotted the meeting. Interpol’s Secretary General Raymond Kendall, in his address to the conference, said: “It is high time the international community became acquainted with the excellent work that is being carried out in Myanmar against the illicit production and trafficking of heroin.”

Myanmar announced at the Interpol conference a 15-year plan for the total eradication of opium. It is now in the second five-year segment of that plan, and, as the graphs make clear, it is proceeding on schedule. Myanmar has established strong ties with China, India, and Thailand, its immediate neighbors, as well as Southeast Asia generally. All of these relationships include strong cooperation in combating drugs. Russia, which is the ungrateful recipient of most of the heroin coming out of the American client state of Afghanistan, is about to sign a new Myanmar-Russia Narcotic Drugs Control Agreement.

Change U.S. Policy

There are indications that some elements of the U.S. institutional leadership want to correct Washington’s distorted policy toward Myanmar. But this will not occur as long as the “perpetual warfare” policy promoted by Dick Cheney prevails. To the neo-conservatives, the drug money is essential to prop up the bankrupt international financial system; the drugs are contributing to subverting the social fabric of society within Russia and other nations viewed as potential enemies; and, geo-strategically, Myanmar represents a crossroads between India, China, and Southeast Asia, which is best kept in a state of chaos, to prevent cooperation for regional development that might threaten U.S. hegemony.

It is therefore not surprising that, despite the government’s official evidence as shown in Figures 1 and 2, the President’s annual report to Congress on major drug-producing countries singled out Myanmar as having “failed demonstrably during the previous 12 months, to adhere to their obligations under international counter-narcotics agreements to take the measures set forth in U.S. law.” Truth is not among the Administration’s criteria.

American foreign policy is increasingly identified with war, subversion, and drugs. In Myanmar, U.S. policy is defined solely by the relationship with one person, Aung San Suu Kyi, the British-educated and -trained daughter of Aung San, the leading figure in winning independence from the British Empire. Aung San Suu Kyi demands the elimination of the military role in government—the very institution which has very nearly, after years of conflict, freed the nation from the last vestiges of British imperial control and united the fragile nation. To remove the military now would immediately turn the nation back to the drug-lords, which would please George Shultz, George Soros, and Dick Cheney, but should be recognized as an abomination by any sane human being. A change in U.S. policy is long overdue.

Wall Street Wins Japanese Election

by Kathy Wolfe

Japanese Prime Minister Junichiro Koizumi won a landslide election on Sept. 11, a referendum on his plan to privatize Japan's Postal Savings System, the world's largest bank, with almost \$4 trillion of the Japanese people's \$14 trillion in savings. But once privatized, the cash would flow out of Japan and onto Wall Street, where Citibank, Goldman, Sachs, and Lazard wait to take their cut.

It's no secret that this is a scam. The *Wall Street Journal* on Aug. 26 reported that "Citigroup estimates a change in ownership would drain \$1.375 trillion out of Japanese government and corporate bonds," where postal funds are now safely invested, and send it overseas for higher rates. There, bankrupts like the U.S. government and GM offer higher return rates—due to much higher risk.

U.S. Federal Reserve Chairman Alan Greenspan and President Bush have already announced sales trips to Tokyo for Oct. 16 and Nov. 16, respectively, each in his way desperate for cash to cover blunders in the New York hedge fund and GM bankruptcies, Iraq, Washington, and New Orleans. Greenspan, as guest of the Bank of Japan, will meet Gov. Toshihiko Fukui on Oct. 17 and make a speech to Keidanren and other top business groups on Oct. 18.

Asahi News, Japan's largest daily, detailed the scenario—too late—in a Sept. 14 op-ed, "Where Will Postal Funds Finally End Up?" Koizumi's reform, seen from the United States, "must appear to offer extra opportunities to finance the mushrooming U.S. budget and external deficits" which "has ballooned the U.S. current account deficit to a nearly \$800 billion annual rate. Koizumi has already generously acquired more than \$400 billion of U.S. treasury bonds" in the last three years.

But Japan's citizens could lose their life savings, *Asahi* warns, in a dollar collapse—although the hedge funds may profit: "What is potentially problematic, is that investments into foreign countries, even if hedged, would be exposed to changes in exchange rates that could seriously undermine the value of money invested abroad. Japanese voters could be forced to ponder . . . why they supported Koizumi's pet project."

Indeed, the only ones in the dark are Japan's voters. Koizumi, given rock star billing by Japan's controlled media, lied that his plan is a "reform" to liberate the economy and taxpayers from paternalistic bureaucrats. He never said a word about sending the cash overseas.

No Economic Policy, No Democracy

The opposition Democratic Party of Japan (DPJ) played along, giving voters no economic policy alternative—just as Al Gore and the Wall Street wing of the Democratic Party threw the 2000 U.S. election to George Bush. Japan's Democrats could have made headlines by warning voters: "Don't do it, or you'll end up like all the greedy Americans who lost their savings and pensions, gambling on the dot-com stock bubble." But they didn't say a word.

Since over 70% of Japanese are against the war in Iraq, Japan's Democrats could also have made headlines warning of Dick Cheney's threat to nuclear bomb Iran soon, of which they were fully informed by *EIR*. "Nukes" are the dirtiest word in Japan. Exposing Cheney's Iran scheme could have sunk Koizumi, who is known as a Bush follower. But the DPJ never mentioned Iran, Iraq, Koizumi's destruction of relations with China (Japan's largest trade partner), or any global issue. Could it be because billionaire speculator George Soros funds the DPJ, as well as certain U.S. Democrats close to Al Gore?

The fact is that there is no democracy without an economic policy similar to Franklin D. Roosevelt's "New Deal," one which can produce enough industrial output for the population to survive. In Japan's case, there may be too much infrastructure jammed into its islands already, but the world has plenty of infrastructure programs to build.

Economic vision and political leadership are required, to inform the public of what it needs to know, not to tell the public what is popular. But it seems that Japan's Democrats have learned nothing from the failures of U.S. Democrats, or even those closer by, for example, in South Korea.

Korea's Troubles

South Korea's "democratic movement" under President Roh Moo-hyun has had the same spectacular failure for the same reasons. In April 2004 elections Roh's new Uri Party went suddenly from a few seats, to a 152-seat majority in the National Assembly, upsetting 50 years of Cold Warrior control. *EIR* warned Korean democrats that candlelight demonstrations would not be enough; there must be a full industrial policy including a "New Deal" to upgrade infrastructure from South to North under the "New Silk Road" plan.

But Korean democrats refused to study economics, making empty speeches only about "reform" in the abstract—leaving economic policy to Wall Street and its friends in Seoul. As a result, South Korea's economy is now a shambles, and Roh's party lost most of its seats again in recent elections, back almost to where it began.

In Japan similarly, the DPJ, just a few years old, had climbed to 177 seats in the Diet's 480-seat Lower House and had a chance to take power. But due to their failure to campaign, they instead lost 44 seats, down to 113, and Chairman Katsuya Okada resigned in disgrace. Koizumi's Liberal Democratic Party (LDP) gained 47 seats to win a 296-seat majority in the Lower House, and now controls the Diet.

Exposé of Child-Soldiers Cries Out: The World Owes Justice To Africa!

Father Giulio Albanese is a Comboni Missionary and journalist. Born in Rome in 1959, he studied theology in Uganda and then joined the religious order of Msgr. Daniele Comboni, who created a missionary organization in the 19th Century which used the Gospel to fight against colonialism, slavery, and racism, particularly in Africa. Pope John Paul II initiated a procedure for the canonization of Monsignor Comboni.



Father Albanese, after years of missionary work in Uganda and Sierra Leone, returned to Rome with the ambitious task to “give a voice to those who have none,” and in 1997, he created Missionary International Service News Agency (MISNA), an international press agency of the Catholic missionary congregations, which publishes a daily bulletin in English, French, and Italian. He collaborates now with several papers and magazines, including the Italian Catholic daily Avvenire and the weekly Vita.

Father Albanese has been a strong supporter of Lyndon and Helga LaRouche’s New Bretton Woods campaign, and recently signed the appeal issued by Helga Zepp-LaRouche for an Ad Hoc Committee for a New Bretton Woods.

*All his life he has been a very courageous and outspoken fighter for justice for Africa. In May 2005, Father Albanese released a book-length exposé, *Tin Soldiers: The Question of Children-Soldiers* (Soldatini di Piombo: La Questione dei Bambini-Soldato) (Milan: Giangiacomi Feltrinelli Editore), in which he names the names of the local and international persons responsible for the neo-colonialist “forgotten wars” of Africa, in which 300,000 children-soldiers are forced to fight and die for the “warlords,” and the raw materials multinationals. In the book, Father Giulio presents in detail the cases of Uganda and Sierra Leone, where he has had personal experience, and he exposes, for example, the criminal role played in Sierra Leone by international mercenary organizations, such as the Britain’s Executive Outcomes and Sandline International, in a war fought for control of the diamond mines.*

Father Giulio Albanese gave this interview to Paolo Raimondi in Fiuggi, at the end of July.

EIR: You just published a book entitled *Tin Soldiers* devoted to the question of child-soldiers. In this book, you present a harsh and well-documented exposé of the fact that children are used in many conflicts in the world, particularly in Africa. Tell our readers more about this.

Albanese: The most disconcerting fact is that children are used as instruments of war. However, this does not happen only because of the existence of rebel groups; there are also regular, government armies that use minors. The continent that has suffered the most in recent years, has certainly been Africa, which is the theater of the so-called “forgotten wars.” In my book, I mention this problem in general terms, and then I analyze two situations which I would call crucial case studies: Sierra Leone and Uganda, which are two extreme cases. Fortunately, in Sierra Leone, the war ended about four years ago, thanks in particular to the contribution made by civil society, by the Inter-Religious Council. There, the situation is not as serious as it still is in northern Uganda.

The war in northern Uganda exploded at the end of the 1980s and continues today. It is a guerrilla war that was initially launched by Alice Lakwena and then continued by Joseph Kony, leader of the Lord’s Resistance Army, which has kidnapped 25,000 children in about 15 years, mostly in the Acholi territories.

What is the difference between the scenario in Sierra Leone and the one in Uganda? In Sierra Leone, we now have the problem of how to reintegrate the former soldiers into society. Through NGOs, a number of projects have been supported and financed, with the crucial involvement of missionary organizations. But the problem is that the time needed for reintegration is very, very long. In addition, until last year, Sierra Leone was the poorest country in the world, according to UN Development Program reports. There is very high unemployment, and many of these children end up on the streets: The boys survive with little jobs and petty theft, and the girls usually end up in prostitution rings. This situation should be seen as an appeal to the conscience of the international community, because children represent the hope for the future of Africa.

In Uganda, the war continues, even though many children have recently decided to abandon their weapons and turn themselves in to the authorities, hoping to benefit from the privileges offered by the amnesty laws. There are some significant differences between Sierra Leone and Uganda: In the former, the children were forced to fight under the influence of drugs, while in northern Uganda, which I confirmed from personal testimony collected among the rebels, the children find the strength to fight under conditions of collective hypnosis. This is shocking, because it is real brainwashing.

People may ask why these wars are fought and why the children are used? For three reasons, essentially. First, because the adults do not want to fight the war. These guerrilla groups are created above all, in relation to certain interests linked to the exploitation of raw materials, often in strip mines. These warlords do not find support among the people, and thus they kidnap the children to recruit them: They enter the villages, kill the adults, and take the children with them. The second reason is because the children do not cost anything, you don't have to pay them. And third, there is a logistical reason: The children are obedient, and can be easily managed.

The truth is that the problem of child-soldiers cannot be seen as an independent issue. Often, when we talk about the problems of Africa, we deal with these hot issues like AIDS, child-soldiers, hunger, and famine, as individual problems, and we forget that they are the result of lack of justice, which is the common denominator in most African countries: Lack of justice. And I'm not only referring to the lack of justice internally, but also externally. When I intervene in meetings and conferences, I always repeat that Africa does not demand charity, or alms; Africa demands justice. Because these forgotten wars, which are not newsworthy, are very, very brutal. In northern Uganda, 25,000 children have been kidnapped; in the Democratic Republic of Congo, 3.5 or 4 million people have been killed since 1998. But nobody reports this because there are many interests linked to high finance involved—which is important to emphasize—interests which use these warlords as errand-boys for their interests.

I always find it shocking that when peace agreements are reached, the moment is always considered an opportunity to divvy up power among warlords, bandits, criminals, and assassins, who deserve to be brought in front of some international court. But suddenly they become Presidents, Vice-Presidents, or ministers of some government. This is what happened in Sudan, where a peace agreement was signed in Nairobi between the North and the South. The Sudan treaty is just a division of power between two warlords: one more or less regular, Omar Hassan al-Bashir, who became President of Sudan by a coup d'état and remains in his position; and the second is John Garang, who as the leader of the rebel formation SPLA was responsible for crimes, including persecution and other things. Let us not forget how many of his collaborators Garang physically eliminated.



United Nations

This boy "soldier" was captured in the fighting that took place in Sierra Leone. The phenomenon of children-soldiers is widespread in multinational finance-fomented "raw materials wars," because they are more inexpensive and docile than adult fighters, pointed out Father Giulio Albanese, a Comboni Missionary, who has served in both Sierra Leone and Uganda, as well as other African nations.

We always tend to divide these situations between the good and the bad, with a Manichean logic—the winners on one side, and the losers on the other side. But when there is a peace agreement, since the reasoning is always the same, we simply see power being divided up. The people are the real losers, being totally excluded.

If there have been peace agreements in Sierra Leone and Sudan, or in the Democratic Republic of Congo, it is also thanks to the role of civil society in these countries, and how civil society promoted awareness of the situation.

Unfortunately, at the moment peace agreements are signed, civil society is always ignored and set aside. I am referring to associations, groups, and churches, that are the only groups really on the side of the people. Looking at the

future of Africa, I always repeat that the only hope is represented by civil society, which is an area in which new African leaders should be molded, because African leaders are demanding better training and education. These are the African leaders who are not concerned about their piggy banks, but about the *res publica*, the common good, and the well-being of their people.

This is already difficult in Europe; one can imagine how difficult it is in Africa, where states represent something relatively new. These states are quite new compared to European states. Africa is very young, and we have to respect the time needed for growth and maturation. We, in the West, reason based on the teachings of the god Chronos, the god of the hands on the clock. Space and time in Africa are different from what they are for us. At the same time, we cannot forget that Africa is part of a global chain, in globalization, and also has to deal with other continents and powers.

The question of child-soldiers is symptomatic of the malady in which Africa lives. So we should ask ourselves: How can we deal with it? There are clearly a number of urgent initiatives, like relaunching international cooperation, including projects for the reintegration of these former fighters. We should invest more energy in the formation of civil society organizations that have the task of helping these children. In addition to child-soldiers, we have to remember that many other minors are living in the same conditions, such as street children in large African cities.

Much more should be done, not with a paternalistic logic, but in response to the demand for justice present throughout the African continent. There is a more general argument which represents the *conditio sine qua non*: Africa is really in a situation of great suffering, above all at the economic level. I was looking at the GDP data for Sub-Saharan Africa: When somebody says that there was 5% growth this year in Africa, I can only laugh, because if you look at the actual amounts involved, this gigantic region only reaches \$350 billion, of which \$116 billion comes from South Africa alone. So that means that Sub-Saharan Africa has a GDP equal to half of Spain's, and without South Africa, equal to the GDP of Portugal.

Here you can understand the major contradictions, because Africa is very rich in resources, like niobium, rutile, diamonds, gold, tin, silver, and whatnot. Then we must ask: Why, with all these resources existing on the surface of the land, does the continent live in such a state of decay and poverty? Because, contrary to the stories many people tell, I believe that neo-colonial policies have dominated in recent years. The President-owners have been put there, not for the interests of the people, but rather to serve foreign interests, that have no stake in the life and future of those countries. I am speaking of the fact that many of these Presidents have been champions and servants of foreign interests, linked above all to the interests of major international finance. People should know this, as it should be clear that the war in Sierra

Leone was fought for the control of the diamond mines and trade.

When people realized that business could not be managed that way any more, there was a peace treaty. Both the rebels and the government were responsible for the situation. The same is true in other situations. Recently, much has been said about the so-called Blair Plan for Africa: Certainly, there are some interesting things in the report, prepared by some experts, including some significant ideas and data, but the fundamental problem is related to its realization.

[British Prime Minister Tony] Blair spoke of the problem of debt, saying the debt should be cancelled. Okay, but the question is how? And how practicable is Gordon Brown's plan? For example, many people forget that Africa has debt not only with international organizations such as the IMF, the World Bank, or the African Development Bank, but also in large part with private banks and institutions. This is the real problem, because these institutions dictate conditions and usurious interest.

Blair says we should relaunch governance, but we want governance with solidarity, not a simple business agreement among African governments, multinationals, and banks. This governance must be based on solidarity, not simply as corporate governance; civil society has a special role to play in protecting the interests of the people.

Blair also said that Africa needs investments: In the past, many investments have been made in Africa, but in Africa the word "investment" is a synonym for selling-off. We are looking at a fire sale of this continent's immense resources. Everything is sold so cheaply, that soon Africans will not own their air and water.

We definitely need to relaunch international cooperation. In the past there was a commitment to contribute 0.7% of GDP for cooperation and development, a commitment which so far has only been respected by the Scandinavian states. We have also to change the "rules of the game," the mechanism of globalization. For example, as long as there are restrictions and tariffs against African products, European markets will be totally closed to them. For example, Jacques Chirac's boycott against African products—this is very curious, because we know how significant French interests in Africa are.

Often people look for scapegoats, and say the guilt lies with the French, Americans, or English. I believe that there is a complex mix of factors and responsibility. Since 1993, since the killing of the first democratically elected President of Burundi, Melchior Ndadaye, the Great Lakes region has been in turmoil. In 1994, we had the famous genocide, then the power of Laurent Desiré Kabila, later killed and replaced by his son (or probably his adopted son), Joseph Kabila. Here, French influence has certainly been undermined, and now this region is in what the malicious, anti-Clinton people call a "Pax Americana."

Africa is a battleground between different powers for the control of immense raw materials. Currently, there is also a

new element of this clash, which is the control over African oil reserves. Take Sudan: The peace agreement was not signed because the people were demanding it, but because of the interests related to the oil industry, which has always represented the long-standing issue. The reason for the war was always oil. No matter what people say, the peace agreement is really a corporate agreement.

EIR: You are very familiar with the war in the Great Lakes region, and I would like you to develop in detail the strategy certain Western interests have carried forward in this area. Tell us more about the role played by Uganda's President Yoweri Museveni, for example. We should explain this more for our readers, and also those who follow events in Africa, because these events are usually presented as ethnic clashes.

Albanese: This is the tragedy: Unfortunately, the ethnic question is exploited. For example, the war and genocide in Rwanda was presented as an ethnic war between Hutus and Tutsis, but in reality the whole thing was completely planned out ahead of time. Concerning Rwanda, there were specific party orders which included shooting down the Presidential airplane and killing of Rwandan President Juvénal Habyarimana [and Burundi President Cyprien Ntaryamira—ed.], because the French interests in that region had to be undermined. Rwanda and Burundi were and remain a crossroads of everything.

Look back at the question of oil, because the business of “black gold” is shaping all events in Africa. Recently, a large quantity of oil was found in the Gulf of Guinea, from Guinea Bissau to Angola. This oil is not only abundant, but also of precious quality; technically, it is called light oil, with low sulfur content, used by the big oil multinationals to produce the so-called ecological, or “green” gasoline. Last July, a committee of the U.S. Congress produced a study which says that by 2015-20, about 20-25% of the American oil imports will come from this African region. For a number of reasons: It is closer to the United States, and it doesn't have the sort of tensions the Middle East region has, at least for the moment. The big risk is that the Middle East will be transplanted into Africa, and the problems of the Middle East tomorrow will be on the front pages—but in black, as an African “Middle East.”

Unfortunately the rivalries in Africa are as clear as the light of day: On one side, there are the interests of American, French, and British oil companies, and on the other side there are the Chinese interests. We know that China is looking quite



SLENA

One of the poorest countries in the world, Sierra Leone, in western Africa, is one of two extreme cases analyzed by Father Albanese in his book. This picture, taken in 1999, is one of many scenes of devastation in Freetown, the capital.

eagerly at African wealth. We saw it in the case of Sudan, where at the end of the 1990s, the Chinese sent about 100,000 soldiers and former prisoners to control certain oil fields. We know that most of them returned home after they served their sentence. China plays a key role in Sudan, above all in the state-controlled oil consortium, because they are the de facto majority shareholder. China is doing business everywhere and has significant interests in African oil resources. China is, after the United States, the second largest importer of oil in the world, with the only difference being that its population is five times as large.

The big threat is that this conflict, this dualism between Western and Chinese interests, will be paid for by the poor people, as usual. I am worried, because many scenarios can be exploited to create this type of conflict: Nigeria, with the Muslim North and the Christian-animist South. Or the Ivory Coast: Here we know that there is a very unstable political situation and the country is split into two parts, despite the Marcoussis agreement—the Christian-animist South is controlled by the government, while the Muslim North is in the hands of the rebels. It is usually said that the Ivory Coast is the world's leading producer of cacao. This is true, but right off its coast, there is a lot of oil, and the first oil platform was recently built there.

There is a threat that this contrast between Western and Chinese interests will produce political instability. To tell the truth, this is already happening in the Middle East region: I see what is going on in Iraq and Palestine as a “Magenot Line.” There are Chinese interests on one side, and Western ones on the other. We should also remember that if anybody has been

on the side of the Iranian government, it has been China, as it was China that supported the fundamentalist policy of the Sudanese government. I say that we should be careful: In certain aspects of Islamic fundamentalism and other strange deals and combinations, China is also a factor. I fear that this scenario will end up playing out in Africa—or that this is already happening. And I fear the dramatic consequences.

EIR: You spent many years in Uganda and you are very familiar with the situation there. In this strategy of war, the Great Lakes war, and others, Museveni has played a key role.

Albanese: When Museveni took power, we were in the middle of the Cold War. It is no secret that he took power with the support of Swedish Prime Minister Olof Palme, then leader of the non-aligned countries, who, ironically, died a few months after Museveni took power in Uganda, in 1986. I was in Kampala in January 1986. Palme was assassinated in February.

At that time, Museveni presented himself as a Marxist-Leninist, he spoke about African socialism, and he wanted to force everyone, missionaries included, to go through training in his political school. The metamorphosis that took place with the fall of the Berlin Wall is quite curious. Museveni was a “red” leader in the true sense of the word, no less than someone like Haile Mariam Mengistu, the pro-Soviet “emperor” of Ethiopia, for example. In these years of transformation, Museveni has become Mr. Coca-Cola, becoming one of the most trustworthy leaders for American diplomacy in the Great Lakes region.

According to the information collected by civil society and the missionary world, Museveni played a strategic role in more than just the genocide in Rwanda starting in 1994, because if the Rwandan Patriotic Front was able to organize taking power in Kigali, it is because Museveni gave his full support for the operation from behind the scenes. We also know that his expansionist aims went further and beyond the areas of the Congo: First, by supporting the policy of Laurent Desiré Kabila, and later, because of disagreements, launching a war against him. We know that Ugandan forces occupied Congo militarily, as far as Kisangani and beyond. This was an element of great instability because it crushed the demands for justice of the people of Congo, who were fed up with the oligarchy of Mobutu Sese Moko.

Through a series of Constitutional reforms, Museveni is transforming his country into a sort of monarchy, because the reality is that he intends to remain President for life. It is curious: He said he took power on behalf of the people and would resign in five, and later ten, years. But he is still the President-owner of the country, transforming Uganda into a country without democracy. His referendum on the multi-party system is simply window-dressing. He controls everything with the support of an army that has been transformed into an army of a Praetorian Guard, that is, the personal guard of the President.

The West’s responsibilities for this situation are as clear as day. The United States has a role, because it has used this gentleman for the policy of a “Pax Americana,” but the [British] Foreign Office also bears a great deal of responsibility. London has always protected Museveni, as he caused disasters in the northern regions of Uganda. Museveni could have easily won the war which has been going on here since the end of the 1980s—he has the most powerful army in the entire region. How is it possible that he cannot defeat a “bunch of rebels,” like the ones led by Kony [of the Lord’s Resistance Army]? These rebels are 2,000-3,000 people at the most. Yes, they have kidnapped 25,000 children since the end of the 1980s, but many of them have died or escaped. The rebels are no more than 2,000-3,000 in number, so how is it possible that Museveni has not succeeded in defeating them? Because the situation of instability in northern Uganda plays into his interests. The populations of northern Uganda have always been hostile to Museveni’s policy. If there were peace in northern Uganda, this would not help Museveni and his Roman Empire policy of “divide and conquer.” So, the war is useful in order to keep the northern populations under control.

We also have to note that the war in northern Uganda cannot be explained only by Museveni’s interests. The government of Khartoum has supported, to this day, the Lord’s Resistance Army. This war can be seen as an extension of the conflict in Sudan. The Sudanese People’s Liberation Army (SPLA) was supported by Kampala, and the Lord’s Resistance Army was supported by Khartoum. Now, that there is a peace treaty in Sudan, the war in northern Uganda also should have stopped. However, the truth is that Kony continues to spread terror, especially in the Acholi regions, and many people still live in the refugee camps. Museveni says that he has defeated the enemy, but the truth is that Kony is still there.

Museveni has an oligarchical tendency. He has been more effective than others in establishing an internal balance based on terror, and also convincing Western leaders that he is a democrat, while de facto satisfying their economic and financial requests. He has closely followed the dictates of international financial centers. Unfortunately, there are too many Musevenis in Africa. I believe that the only path we should follow is the growth and formation of civil society. Some people consider this a risk of being too utopian.

EIR: Yes, the future of Africa is very much linked to profound political and cultural changes that must take place in the West. If we cannot produce profound changes in the West, then the financial and economic powers you mentioned before will be always there to impose their policies everywhere, including in Africa.

Albanese: Absolutely.

EIR: I am speaking of control over raw materials, and the effects of the extension of financial globalization, which will

continue to view Africa as an area of looting and wars.

Albanese: It is sad to see that the so-called debt cancellation (for 18 countries, 14 of them in Africa) has been proposed for those countries—we shouldn't forget—that have carefully implemented the "structural adjustment policies" demanded by the IMF over the years. These policies have hit Africa dramatically, especially in the fields of education and health. These countries have not been able to pay their debt for several years, but the amount of debt cancellation is only a small part of the debt of other African nations—and again, we must remember that Africa's real debt is not the debt to international institutions such as the IMF, but the debt with private banks. This is the Damocles Sword over Africa's head. I fully agree with what you said: If significant structural changes do not take place in the North of the world, then Africa will continue to suffer.

EIR: As you know, Lyndon LaRouche and his movement have been waging a major campaign calling for a New Bretton Woods and a new just economic order.

Albanese: This is in the interest of African countries. No matter what people say, I am convinced of this: Africa has suffered the most, and continues to suffer the most, because the world economic and financial system is in a state of bankruptcy. It is in intensive care, where something is being done, somehow, to keep this big elephant breathing. But the world economy is on the verge of collapse. In this process, Africa is penalized the most. As a missionary, I believe there is an absolute need to "re-evangelize" the world economy: I fully agree with the idea of a New Bretton Woods.

I believe that globalization has produced real disasters, because it has provoked speculative mechanisms that at a certain point, boomerang. You throw them, but then they come back to hit you in the head. We see it in the economy of the North of the world as well. Many Italian companies have collapsed because of this financial globalization without any regulation. I believe that we need regulation for Africa and for the entire world economy: I am one of the people who does not believe that this evil globalization was born at Rambouillet in 1975, with Ford, Giscard and others. I believe that globalization began with Nixon and his decision to destroy the dollar-gold parity on Aug. 15, 1971. Deregulation began there.

This economy without rules produces disasters everywhere. Surely the poor people suffer the most, because every time there is an increase in oil prices, the Africans are the first to pay for it, and they pay more than everybody else. The price of bread and basic goods skyrocket. Oil means transport. All the speculative machinations on the stock exchanges are paid for by the Africans first of all, because they live in extreme conditions.

It is time to go from words to deeds; I recall an old slogan, which was fashionable during the Ethiopian famine in the 1980s: "If hunger could be fed with words, no one in the world

would still be hungry." We have pronounced many, many—too many—words, but we move like turtles. . . .

EIR: We have spoken of many conflicts, of the forgotten wars in Africa. Since a real campaign for a Clash of Civilizations and preventive war has been launched, not as an academic discussion among professors, the way some people prefer to treat it, but as a truly operational campaign, we are in the midst of an escalation of wars which is creating an out-of-control situation in the world, to say the least. I would like to know your thoughts on this.

Albanese: I am very quick to say that the Islamic world is complex, and we Westerners are often not able to decipher it. There certainly is a form of fundamentalism, a hard-line characteristic in the DNA of the Islamic world. I have spoken about this often with experts on Islam, such as Father Scatolin, who teaches at the Pontifical Institute for Islamic Studies in Rome. But I cannot help saying that the military policy of the West plays into the hands of the terrorists. The war option is simply a response to the provocations carried out by extremist Salafite movements which have been very strong in the Islamic world for some time now, thanks also to the money of the Wahhabi Saudi royal family.

I have never been able to understand how the United States can maintain excellent relations with this royal family, which is the cradle of fundamentalism. I understand that there are oil interests, but doesn't the United States also understand that these people are financing very destructive television networks? It is true that there is a great aversion towards the West in the Islamic community, even though the extremist Salafites are a minority. Why? Because this Islamic world is bombarded, day and night, by state and private television networks that foment fundamentalism. The West is responsible for having used a strategy of bombs to fight the fundamentalists, the violent extremists, and the promoters of holy war.

I recall a great Iranian thinker, Ali Shariati, who was killed by the Shah's secret police in the 1970s, who said that today Islam is between its 13th and 14th Centuries. Where was Europe at that time? The Renaissance had not started yet. We cannot expect Islam to skip over these steps that Europe went through. The solution was to allow Islamic civil society to grow, to become the driver for growth and development, to allow a non-traumatic, nonconfrontational encounter with modernity.

The truth is that the Western world has done nothing to support this process—the only thing it has done is arm the terrorist movements! Remember that if we have monsters like the Taliban or Osama bin Laden, or even Saddam Hussein, it is because we created them. At one point these gentlemen were useful for our geopolitical interests. Then, when they rebelled and became unmanageable, they were turned into enemies.

I continue to think that international leaders do not really

know what to do regarding Islam. There are also many contradictions inside the United States that I can't understand: Why, for example, was a President like Bill Clinton forced to almost go through a process of impeachment—a very harsh investigation by state authorities—because he lied about an affair, and at the same time we have President George W. Bush and his staff, who stated that there were weapons of mass destruction in Iraq, and then nothing happened when we found it was a lie?

The far-reaching consequences of the Iraqi crisis were clearly foreseen by Pope John Paul II in his appeals for peace. He said: Gentlemen, it is not a question of taking Baghdad. It is a question of respecting international law. As then Vatican Foreign Minister Msgr. Jean-Louis Tauran—today a Cardinal—said, “*Acta sunt servanda.*” Wars cannot simply be carried out because big powers decide to do so. The Iraqi question had to be resolved through international institutions. If the situation is out of control today, it is because there are specific responsibilities for what happened. The problem was not simply one of removing Saddam, but also foreseeing the consequences of such an operation. And it wasn't limited to so-called smart bombs: these were bombs that killed normal, innocent people, and not Saddam Hussein.

EIR: Our publication circulates among international politi-

cal circles, and the U.S. Congress in particular. Do you have a specific message, request, or appeal to make to the American Congress?

Albanese: I have a very deep admiration for the American people, who have given us bright examples throughout their history. Martin Luther King comes to mind, a man who championed the defense of civil and human rights and the democratic tradition. The United States must set a good example, and reason according to the logic of real, good globalization, that is, to understand that we live in a global village.

The destiny of the United States is shared by the countries of the South of the world and vice versa. There is a relation of reciprocity. I understand that sometimes as a missionary, when I say such things, there is a risk of being misunderstood. People tell me: You think in terms of the evangelical concepts of love and agapē. I tell them to also think in terms of the interests of the economy, of the market, and the fact that the policies of speculation wielded against the South have increased the numbers of the destitute. If we continue to increase the number of poor in both the South and North of the world—because a recession is hitting the North of the world—this will inevitably damage the market. I believe that we need a policy of solidarity towards the South, which is also in the interest of the market, because if the numbers of destitute increase exponentially, who will buy our products? I think that enlightened politicians in the United States and other parts of the world should provide an answer to this problem.

And we should have the courage to put aside all ideologies. In Europe, we have a scenario divided between Communist-leaning Catholics and pro-American Catholics. We do not have to split things into good and bad, but rather to take on responsibility. Many mistakes have been made in recent years, on all sides. I do not believe that the United States should be criminalized for what is happening in the world today. There are shared responsibilities—France and Britain, for example, have a lot of responsibility for the situation in Africa. China, which is moving surreptitiously, is also responsible. We should supersede the Manichean logic of the Good Empire versus the Evil Empire.

In the Gospel, Jesus tells us that the wheat and the weeds grow together, mixed with one another in the same field. It is the same in the heart of every man. We should go beyond the logic of the Old Testament, which is reductive compared with the message of the New Testament. The New Testament integrates the Old Testament as the history of salvation in light of the Gospel's teaching of love. I am surprised to see how this thinking is promoted by certain Christian sects in the United States. These people are not Christians, but Old Testamentarians who have nothing to do with Christianity. The message of the Old Testament has to be revised from a Christian standpoint, with the concept of love, which is not the law of retaliation. It is also a question of common sense.

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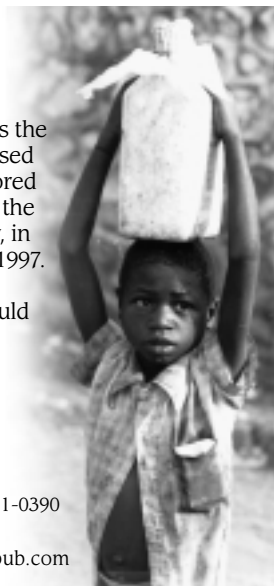
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International Intelligence

Mexico's President Draws Odd Lesson from Katrina

In a speech Sept. 12, Mexico's President Vixcente Fox announced that Hurricane Katrina shows the need to privatize the nation's oil and gas. The "lack of deep reforms in [Mexico's] energy sector" has made Mexico vulnerable to shortages and price hikes, he said, and therefore he will send Congress two proposed Constitutional reforms: to expand private investment in the exploration and exploitation of natural gas fields not associated with oil, and to permit private investment in oil pipeline and storage infrastructure. He called these reforms necessary for securing "sovereignty."

The details of his proposed Constitutional reforms have yet to be made public. Congress has refused to pass all his other proposed energy reforms. To gain some political capital for his unpopular privatization proposal, Fox also announced that the government will limit price increases on domestic consumption of oil, gas, and electricity.

Adding to the Quixote-like insanity of Fox's speech, was his announcement that Mexico began work on building the first large "wind farm" in Mexico, the \$110 million-plus "La Venta II" project, and he called upon Congress to vote up his request for funds for another would-be project to reap the winds, "La Venta III."

Iran's President Appeals To UN Charter

Speaking at the United Nations General Assembly in New York Sept. 14, Iranian President Mahmoud Ahmadinejad made an appeal to the UN Charter, in an effective parry to the intense U.S. push to bring the Iranian nuclear program before the UN Security Council. In a measured speech, Ahmadinejad outlined six principles that should guide the work of the United Nations: A promotion of spirituality and compassion for humanity based on the principles of monotheism, a rejection of unilateralism, a refusal to license

"preemptive measures," a representation for Islamic countries and possibly for Africa on the Security Council, and free access by foreign delegates and heads of state to UN headquarters. "Acceptance of unilateralism is exactly the negation of the United Nations and its *raison d'être*," he said.

He continued: "Unilateralism, production and use of weapons of mass destruction, intimidations, resort to the threat of the use of force, and imposition of destructive wars on peoples for the sake of security and prosperity of a few powers have indeed redoubled the historic responsibility of the United Nations to resolutely endeavor to institutionalize justice in all aspects of global interactions in the interest of human tranquility."

Ahmadinejad lambasted the discussion of "pre-emptive measures" as "essentially based on gauging intentions rather than objective facts," and said they were "in fact a modern manifestation of interventionist and war-mongering tendencies of the past." He ended with the words of a famous Iranian poet from the 13th Century: "All human beings are members of one frame./ Since all, at first, from the same essence came./ When time afflicts a limb with pain./ The other limbs cannot at rest remain."

Zepp-LaRouche Race Featured in Qatar Daily

Dr. Ahmed Al-Kedidi, former Tunisian diplomat and current professor at the University of Doha in Qatar, wrote an op-ed in the Dubai daily *Al-Bayan* on Sept. 14, featuring the campaign for Chancellor in Germany of Helga Zepp-LaRouche. Al-Kedidi quotes from *EIR* on the status of the economy and currency in the euro-zone, and he describes how "structural adjustments" dictated by the European Monetary Union, had led to the routing of the social state, especially in Germany.

Noting that one of the candidates for the post of Chancellor, "Helga Zepp-LaRouche, with whom I have a very old friendship, is focussing her campaign on the return to the D-Mark," he quotes Zepp-LaRouche's

statement declaring her candidacy: "In her declaration, Helga stated that the imposed euro is unconstitutional and that the Maas-tricht accord has taken Germany back to the pre-unification era. . . . The worst is yet to come, when ten more nations join the euro." Helga charges that the major financiers and multinational corporations are the only ones to benefit from the euro, by moving capital freely back and forth, and preying on collapsing medium-size and small industries, and raking in massive profits from speculation. This lady concludes by saying that 'Germany won't be able to have a sovereign policy without a sovereign currency.'"

Blair Proclaims End Of National Sovereignty

British Prime Minister Tony Blair proclaimed the end of national sovereignty in his speech on Sept. 14 to the UN summit. Blair, who had in a speech in March 2004 unilaterally declared the end of the 1648 Treaty of Westphalia which ended Europe's Thirty Years' War, said at the UN: "For the first time at this summit, we are agreed that states do not have the right to do what they will within their own borders, but that we, in the name of humanity, have a common duty to protect people where their own governments will not."

Blair insisted, "The UN must come of age. It must become the visible and credible expression of the globalization of politics." Blair has been making a world tour attacking "extremism," which is replacing "terrorism" as the enemy image. He blamed "failed states" for the problems of terrorism, weapons of mass destruction, environmental destruction, and everything else.

He also presented his "anti-terror" resolution to the UN. While it was signed by the Security Council, it was not supported by the General Assembly. Anti-terror nations must, according to the resolution, take "action against those who incite, preach or teach this extremism, wherever they are, in which-ever country."