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From the Associate Editor

Dick Cheney's days in office are numbered, and his ouster will make possible a totally new political geometry in the United States and the world. This will be the subject of Lyndon LaRouche's Nov. 16 webcast, "The Tasks Before Us in the Post-Cheney Era" (1:00 p.m. Eastern time, at www.larouchepac.com). LaRouche has been working for this day since September 2002, when he first demanded Cheney's resignation, and all Washington knows it.

Addressing a Mexico City event by videoconference (see *Feature*), LaRouche hinted at the kind of shift that can occur once Cheney goes. "If we can get a change in the arrangement of the Bush Presidency," he said, "which makes the Bush Presidency more responsive to reality, then we can respond to this crisis with leadership from the United States, which would actually help to get the world out of the crisis as a whole."

The blogs are buzzing with the hysterical comment by Republican National Committee chairman Ken Mehlman on Nov. 9, attacking Sen. Harry Reid for describing Cheney as the center of White House corruption and policy failures. Mehlman accused Reid of having a "Lyndon LaRouche moment"! LaRouche responded by noting that the Republicans are evidently really hurting after their Nov. 9 election losses, "and many of them are fearful of my political influence. Some Republicans are terrified of my political capabilities. Especially, now, with the Democratic Party on a winning track, if they stick to what they did in the run-up to Tuesday's elections."

Our *National* section provides vital documentation on what the Senate Democratic leadership is saying—statements which are being completely blacked out of the press. We also report the welcome defeat of Arnie Schwarzenegger's referenda in California, including pre-election interviews with two state Democratic Party leaders.

In our international coverage, of particular note were the developments at the Summit of the Americas, where host Argentine President Kirchner spoke forcefully against the IMF conditionalities policy, upholding the sovereign right of his nation to development. Our reports from Europe give unique insight into what's behind the violence in France—and what must be done to save Europe from plunging into a dark age.

Susan Welsh

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Cheney Is On the Way Out!

by Jeffrey Steinberg

In a momentous development, the Democratic leadership in the United States Senate, on Nov. 8, directly targetted Vice President Dick Cheney, with what amounted to a bill of impeachment.

Following the weekly meeting of the Senate Democratic caucus on Nov. 8, Minority Leader Harry Reid (Nev.), flanked by Senators Charles Schumer (N.Y.) and Richard Durbin (Ill.), announced the release of an Open Letter to President George Bush, demanding that Bush pledge, now, that he will not issue a Presidential pardon to anyone found guilty of a crime in the Fitzgerald investigation.

The letter read, in part: "It is crucial that you make clear in advance that, if convicted, Mr. Libby will not be able to rely on his close relationship with you or Vice President Cheney to obtain the kind of extraordinarily special treatment unavailable to ordinary Americans. In addition, you should do nothing to undermine Mr. Fitzgerald's investigation or diminish accountability in your White House. A pardon in these circumstances would signal that this White House considers itself above the law."

In a psychologically damning aside, Senator Reid told reporters, "We're asking President Bush to avoid following in the footsteps of his father, who pardoned six men—some were convicted, some were indicted in the Iran-Contra scandal."

While the only person so far indicted is Cheney's ex-chief of staff Lewis Libby, Reid began the press conference dramatically, by focussing directly on Cheney: "There is a dark cloud hanging over the White House," he said. "The Vice President . . . sadly is in the middle of that storm."

"The manipulation of intelligence to sell the war in Iraq, Vice President Cheney's involved in that."

"The White House energy policy that puts big oil ahead of the American consumer, Vice President Cheney is behind that."

"Leaking classified information to discredit White House

critics, the Vice President is behind that."

"Halliburton, contracting abuse—the list goes on and it goes on. Certainly, America can do better than that."

Briefed on the Reid press conference, Lyndon LaRouche declared, "This will blow the world wide open. This is tantamount to a bill of impeachment against Cheney. Now, no one can doubt that the Vice President is targetted. The whiff of impeachment is in the air, as of today."

Closed Session

Senate Democrats have been laser-focussed on Cheney since the Oct. 28 indictment of Libby on five counts of obstruction of justice and perjury. The indictment of Libby made clear that it was Vice President Cheney, personally, who gave Libby the identity of Valerie Plame Wilson, the CIA officer and wife of Ambassador Joseph Wilson, and that both men knew that she was involved in covert work for the Agency, by her assignment to the Counterproliferation Division in the Directorate of Operations.

When the White House attempted to divert attention from Cheney with the Oct. 31 8:00 a.m. Bush press conference, announcing the nomination of Judge Samuel Alito to the U.S. Supreme Court, LaRouche immediately warned Senate Democrats not to be suckered by the typical Karl Rove ploy.

The very next day, Nov. 1, Senator Reid pulled off a masterful parliamentary stroke, by convening the Senate in a closed session, to demand that the Senate Select Committee on Intelligence (SSCI) go forward with its "phase two" investigation into how Administration policymakers subverted the intelligence process to get their Iraq war.

The action by Reid not only put the focus back on Cheney. It forced the hand of Cheney, Senate Majority Leader Bill Frist (R-Tenn.), and SSCI Chairman Pat Roberts (R-Kan.). During a heated closed-door Senate session, the Republicans, caught off guard and plagued by a simmering GOP revolt against Cheney, agreed to appoint a group of three Republican

and three Democratic members of the Senate intelligence panel, to review the status of “phase two” and set ground rules for thorough completion of the probe.

“Phase two” referred to the Senate intelligence panel’s agreement, in February 2004, to produce a detailed review of the role of the Pentagon’s Office of Special Plans, Undersecretary of Defense for Policy Doug Feith, the office of the Vice President, the Iraqi National Congress, and other neo-conservative hubs, in the manipulation of intelligence to win support for the Iraq War.

On Nov. 7, Sen. Jay Rockefeller (D-W.Va.) issued a press release spelling out his criteria for a serious “phase two” probe, warning, “First and foremost, we cannot allow the delay in proceeding with Phase II to compromise the quality of the investigation and the report. We must apply the same standards of professionalism that were used to produce the first report, which dealt exclusively with the quality and objectivity of prewar intelligence assessments.”

He elaborated: “The committee must be prepared to interview witnesses, including but not limited to individuals in the White House, the Office of the Vice President, as well as other senior policymakers. We must also have the ability to interview individuals in the Office of the Undersecretary of Defense for Policy. If the committee is denied testimony or documentation, we must be prepared to issue subpoenas.”

After two contentious days of SSCI closed-door negotiations Nov. 8-9, it appeared that Democrats had won important concessions from Chairman Roberts.

Cheney was dealt another bipartisan Senate blow, when Judiciary Committee Chairman Arlen Specter (R-Pa.) and ranking Democrat Patrick Leahy (Vt.) reached an agreement that the Alito confirmation hearings would not begin until Jan. 9, 2006. This, despite heavy White House pressure to put the confirmation on a fast track, to divert Senate attention to what promises to be a contentious ideological and partisan fight.

Cheney’s Tortured Life

The issue that has moved to the center stage of the Cheney-gate battle, however, is the Vice President’s longstanding support for the right of the United States to violate the Geneva Convention, the UN Convention Against Torture, and other U.S. and international laws, pertaining to the rights of prisoners.

Cheney, the Bush Administration’s leading advocate of the right of American interrogators to use torture of prisoners in the “war on terrorism,” has claimed that he only supports this flagrant violation of international law because of the “new situation” following the Sept. 11, 2001 terrorist attacks on New York and Washington. But *EIR* last week published an exclusive exposé, showing that Cheney covered up Cold War torture programs, and one “national security murder,” during his tenure as Deputy Chief of Staff and Chief of Staff at the Gerald Ford White House in the mid-1970s (see *EIR*, Nov. 11 or www.larouchepub.com for the full text of the exposé).

According to Capitol Hill sources, the *EIR* story hit Congress like a ton of bricks, escalating the resistance, particularly among Republicans in the Senate, to Cheney’s obsessive one-man campaign to exempt the CIA from restrictions on torture.

Cheney crossed the line with a number of Republican Senators on Nov. 1, when he used the closed-door weekly meeting of the Senate Republican Caucus to launch into a tirade against Sen. John McCain (Ariz.), for his defense appropriations bill amendment, banning torture interrogations. Cheney had been lobbying for weeks for the CIA to be exempted from the ban, and he staged an angry attack on McCain at the caucus session.

This added to an already growing rift between Cheney and a large number of Senate Republicans. Already, 46 GOP Senators had voted for the McCain Amendment, delivering a 91-9 veto-proof defeat to the White House on an issue that has taken central stage in the battle to oust Cheney.

Senate GOP sources have told *EIR* that when Cheney appointed his general counsel, David Addington, as his new chief of staff, following the resignation of Scooter Libby, this was viewed as a slap in the face to lawmakers battling to stop the torture. Addington is known as the author of the White House “torture memo” that sanctioned the brutality from the top, following the 9/11 attacks.

What’s more, just days after the *EIR* exposure of Cheney’s longstanding policy of protecting government secret torture, *The New Yorker* magazine came out with its own exposé of the Abu Ghraib prison torture, detailing the murder-by-torture of prisoner Manadel al-Jamadi. The article, by Jane Mayer, provided new details on the killing of al-Jamadi, by CIA interrogators on Nov. 4, 2003—just months after Cheney and Secretary of Defense Donald Rumsfeld had sent Army Gen. Geoffrey Miller to Abu Ghraib prison in Baghdad, to ramp up the interrogation operations, to gain more operational intelligence, at the point that the Iraqi insurgency had significantly escalated operations against the U.S. occupation forces.

LaRouche characterized Cheney’s fit at the Senate session, which was soon leaked to major news outlets, as a major blunder. LaRouche further described Cheney as a “Satanic personality,” who will now make characteristic mistakes, accelerating his own political downfall. “Cheney can’t help himself,” LaRouche explained. “His political days are numbered, and this is good for the nation and the world.”

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3:00-4:00 p.m. Eastern Time
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Senate Dems Put Cheney, White House, on Notice

Here are excerpts of the press conference by Senate Minority Leader Harry Reid (D-Nev.), Sen. Richard Durbin (D-Ill.), and Sen. Chuck Schumer (D-N.Y.), which followed a closed policy luncheon on Nov. 8, 2005.

Senator Reid: There's a dark cloud hanging over the White House. It's really a storm cloud.

The Vice President, who gets his authority from the President, sadly is in the middle of that storm.

The manipulation of intelligence to sell the war in Iraq: Vice President Cheney's involved in that.

The White House energy policy that puts big oil ahead of the American consumer: Vice President Cheney is behind that.

Leaking classified information to discredit White House critics: the Vice President is behind that.

Halliburton, contracting abuse—the list goes on and it goes on.

Certainly, America can do better than that.

Today, in a letter, we're calling on President Bush and Vice President Cheney to send a clear message to everyone at the White House: Leaking our national security secrets is a serious crime and should not be condoned.

We're asking President Bush to avoid following in the footsteps of his father, who pardoned six men—some were convicted, some were indicted in the Iran-Contra scandal.

We're demanding President Bush make a commitment to the American people that he will not pardon Scooter Libby, who was involved in this mess, nor will he pardon anyone involved in this mess.

Unless a pardon is ruled out by President Bush, the American people will certainly not learn the truth.

No one is above the law—Scooter Libby, Vice President Cheney, or President Bush. . . .

Senator Durbin: We stood before you a week ago, having made a motion for a closed session. The objective of that motion was to make sure the American people knew the truth; that we completed the investigation in the Senate Intelligence Committee so that we could learn once and for all whether any elected official, whether any member of this Administration, misused intelligence information to lead the American people to believe we had no choice but to invade Iraq.

This letter that we're sending today to the White House, making it clear that the President should not pardon Mr. Libby or anyone else involved in the leaking of classified informa-

tion, is another step to make sure the American people learn the truth.

That is the bottom line. We owe the truth not only to the people we represent, we certainly owe it to our soldiers and their families.

People with their lives on the line every single day for this country deserve to know the truth. We're going to come before the American people today, and in the future, to make certain that the truth is served.

Senator Schumer: . . . [W]e are asking that the president make a commitment that Scooter Libby not be pardoned for a very simple reason: We want to make sure that he tells the whole truth, and nothing but, with the prosecutors. We want to make sure that truth comes out.

And the letter that we have written makes one thing very clear: Being a high official in the White House should not entitle you to a get-out-of-jail-free card. Plain and simple.

The issue here is very simple. We need to get to the bottom of this. We believe that there is a whole lot more; whether that meets a criminal standard or not is up to prosecutor Fitzgerald.

. . . And we defer to what he wants to do. But in order to make sure that the truth come out, all of it, the whole truth, nothing but the truth, Scooter Libby should not be pardoned.

We are also asking that the White House tell the American people if there have been any discussions about pardon. We want a commitment that there be no pardon, but we want to know if that has been discussed with Scooter Libby or anyone else as well.

Q: Can you talk about how your calls for investigation are different from the letter that Senator Frist and Speaker Hastert sent today to . . . the chairman of the two committees.

Reid: Well, let me say this. The first I heard about this was just a few minutes ago. It's my understanding that Senator Frist and the speaker have called for a bicameral investigation as to what went on with all these secret prisons, and who leaked the information about the secret prisons, costing the American people some \$4 billion.

This is kind of interesting. I have said on many occasions, I'll say again, this government has been in existence for 216 years, and the Congress has worked very well over those years because we've had something called congressional oversight.

If there's a problem, we have the committees that are set up. We have a chairman and we have a ranking member, and they do investigations. It has not been done in this Administration, or rarely.

So I would think, if the speaker and the majority leader in the Senate are interested in this, they should join with us in getting to the bottom of what went on in bringing this country to war.

We already know that the aluminum tubes were a figment of someone's imagination. Yellowcake, secret training of terrorists by the Iraqis, secret meetings in Europe, weapons of mass destruction, was all manipulated, made up.

So I would suggest that the speaker and the majority leader

of the Senate join with us in finding out about that.

Q: Would you support this investigation into the leaks. . .

Reid: My first response would be: Why don't we have the committees of jurisdiction take a look at it? Let them do it first. This is only [a] play to the press; that's all this is.

We already have the structure set up to take a look at that. I know it was embarrassing for the President to be in South America and have to respond to questions about American torturing prisoners. And he denied it, and I hope that it's accurate.

But I'm sure that's an embarrassment to them. They're trying to change the direction of what's going on here a little bit.

Reid: [In response to an off-mike question]. That there's no torture going on? Well, that's why we have, going on right to our right here, an amendment that has been offered by Senator Levin to take a look by an independent, bipartisan commission, a blue-ribbon commission, to find out what went on, just in Iraq and around Afghanistan and a few other places, as to . . . what took place regarding torture, terrorism, this prison investigation.

The Republicans have fought us every step of the way on this. I think we need to get to the bottom of it. The American people deserve to know whether America, this country of ours which stood above all other countries has—and we hope continue, certainly, to stand above all countries as being a protector of human rights, civil rights.

I would hope that we haven't been involved in torture. But that's why we need Senator Levin's investigation to go forward.

Q: Senator, do you believe that the White House is about to make a move to pardon Scooter Libby? Do you have reason to believe that?

Reid: I know that about an hour ago, or whenever McClellan had his press briefing for the day, he refused to respond to that question. He refused to respond to the question.

I think it speaks volumes. And it would be very simple for the president to say, "I am not going to pardon Scooter Libby or anyone else connected with the mess."

Now remember, we have a moving target here. First of all, the President said anyone involved with this will no longer be in the White House. And then he changed, when he found Rove's involvement, and I assume Libby's involvement, he knew by that time. He said, "I will get rid of them when they are convicted of a crime."

We have a moving target here now.

I think it would be really good for the White House, for the country, if the President simply said, "I will not pardon anyone involved in this mess," and I used that word purposely.

Q: Mr. Leader, do you think that the President should be on record ahead of time saying who he may or may not pardon in any case? . . .

Reid: . . . When we have a special prosecutor who has already, in his estimation, discovered obstruction of justice,



EIRNS/Stuart Lewis

Sen. Harry Reid singled out Vice President Dick Cheney as being at the center of all the problems now plaguing the Administration, and called on President Bush to pledge not to pardon anyone in his Administration who may be guilty of wrongdoing.

perjury, I think certainly that he should come forward.

It's what the American public needs. We have a President who the American public simply have lost confidence in. This would help restore some of that confidence, and I think that's good for all America.

Q: Senator Reid, you said no one is above the law, not Libby, not Cheney. Do you have reason to believe the Vice President in any way violated the law?

Reid: . . . [T]he answer is no, I have no information. . . . But all I know is that anything dealing with intelligence, last five years, has gone through the funnel that's located at the desk of the Vice President.

We all know that . . . Senator Roberts hasn't moved on this for a number of reasons. But the most glaring reason is that the Vice President has not given him permission to go ahead with the investigation that he committed to. . . .

Dems to Bush: No Pardons For Convicted Officials

Here is the Nov. 8, 2005 letter to President Bush from Senate Democratic leaders Harry Reid (Nev.), Dick Durbin (Ill.), Debbie Stabenow (Mich.), and Chuck Schumer (N.Y.).

Dear Mr. President:

The indictment of I. Lewis Libby, Vice President Dick Cheney's Chief of Staff, marks the first time in 131 years that a senior White House official has been charged with a crime while still serving in the White House. The charges, while not yet proven, are extraordinarily serious and deeply disturbing.

Although it is too early to judge Mr. Libby guilty or innocent of these particular charges, it is not too early for you to

reassure the American people that you understand the enormous gravity of the allegations. To this end, we urge you to pledge that if Mr. Libby or anyone else is found guilty of a crime in connection with Patrick Fitzgerald's investigation, you will not exercise your authority to issue a Presidential pardon.

It is crucial that you make clear in advance that, if convicted, Mr. Libby will not be able to rely on his close relationship with you or Vice President Cheney to obtain the kind of extraordinarily special treatment unavailable to ordinary Americans. In addition you should do nothing to undermine Mr. Fitzgerald's investigation or diminish accountability in your White House. A pardon in these circumstances would signal that this White House considers itself above the law.

We also urge you to state publicly whether anyone in the White House, including White House Counsel Harriet Miers or Vice President Cheney, has already discussed the possibility of a pardon with Mr. Libby. Particularly given that the American people are still in the dark about what precisely transpired in the White House with respect to the CIA leak, it would be highly inappropriate if there were such discussions going on behind the scenes.

Swift public action on your part will make clear that you take seriously perjury and obstruction of justice at the highest levels of our government, and that you meant what you said about bringing honor and dignity to the White House. We eagerly await your response and hope that you will announce your intentions promptly.

Rockefeller Specifies Investigation Targets

Sen. Jay Rockefeller, a Democrat from West Virginia, issued the following press release on Nov 7.

Today, the Vice Chairman of the Senate Select Committee on Intelligence (SSCI), Senator John D. (Jay) Rockefeller IV, outlined key remaining issues that must be addressed in order to produce a thorough, prompt and credible Phase II report.

First and foremost, we cannot allow the delay in proceeding with Phase II to compromise the quality of the investigation, and the report. We must apply the same standards of professionalism that was used to produce the first report, which dealt exclusively with the quality and objectivity of prewar intelligence assessments.

The Phase II report must encompass all five aspects of Phase II that were laid out in the committee's press release on Feb. 12, 2004.

The committee must be prepared to interview witnesses, including but not limited to individuals in the White House, the Office of the Vice President, as well as other senior policy

makers. We also must have the ability to interview individuals in the Office of the Undersecretary of Defense for Policy. If the committee is denied testimony or documentation, we must be prepared to issue subpoenas.

On the issue of the use of intelligence, charts comparing public statements with what the intelligence community published does not alone tell the story. To determine whether statements were substantiated by the intelligence is going to require analysis and context. If necessary, we may need to conduct interviews and request supporting documents. And, we must understand the flow of intelligence information back and forth between policy makers and intelligence agencies.

We must undertake this responsibility seriously. The credibility of the committee is at stake.

Vice Chairman Rockefeller identified the following areas of concern that still require review by the committee:

Since the President's January 2003 State of the Union speech and Secretary Powell's February 2003 United Nations speech represent major public statements using intelligence to support the war, the committee must address issues related to them that were not examined in the July 2004 Phase I report, specifically: 1) the use of al-Libi information that the DIA had discounted; 2) new revelations on the source known as Curveball; and, 3) the Office of the Vice President's input to the CIA for Secretary Powell's United Nations speech, which the National Journal reports was withheld from the SSCI on direction of Vice President Cheney and Scooter Libby.

On the issue of the intelligence activities by the Under Secretary of Defense for Policy, the committee needs to interview Douglas Feith and other officials in his office, and demand all outstanding documents. As was agreed to by the Chairman, the committee must address press reports on the alleged intelligence-related meetings that took place overseas with officials from this office, and whether these activities were authorized and coordinated with the Intelligence Community.

On the issue of the Iraqi National Congress (INC), the committee needs to interview INC officials, including Ahmed Chalabi. The committee must also interview current and former officials at the Office of the Vice President, including Scooter Libby and John Hannah, and at the Office of the Secretary of Defense, including Douglas Feith and William Luti, which the INC, in its June 2002 letter to the Senate Appropriations Committee, claims directly received intelligence information from the INC.

On the issue of post-war findings on Iraq WMD (Kay/Duelfer Report) and links to terrorism, the committee needs to tell the story of the Iraq Survey Groups reports, including testimony of Kay and Duelfer before the SSCI, and the CIA retrospectives on these issues. The committee needs to examine recent information about al Qaeda operatives Zarqawi and al-Libi. This section cannot be cursory and should tell the complete story of how the post-war findings contrast with pre-war assessments.

Has California Terminated Arnie?

by Harley Schlanger

There is no way the public relations hacks working for Arnold Schwarzenegger can spin their way around the decisive beating given to him on Nov. 8 by the voters of California, in the special election that he had insisted must take place. The Governor, who came into office in 2003 as a by-product of a fluke recall campaign, suffered a massive political rejection, failing to win even one of his four core ballot initiatives, despite spending nearly \$70 million to con the state's voters into giving him dictatorial powers.

The thrashing has led to widespread speculation that Schwarzenegger may reconsider his plans to run for reelection in 2006. His wife, Kennedy family member Maria Shriver—who was noticeably absent during the special election campaign—has said that she wishes he would quit politics. His dreadful showing may convince the gang, centered around anti-American System fascist George Shultz, which put big money behind him, that Arnie lacks what it takes to dismantle government on behalf of speculative financial interests and corporate cartels.

A Humiliating Defeat

After months of insulting Democratic legislators, calling them “spending addicts” and “girlie men,” while trying to intimidate them into taking down the state's social safety net, Schwarzenegger took the populist/fascist route of “going to the people.” He denounced legislators as captives of “special interests”—by which he meant unions—and organized the special election so the “people”—that is, the corporate cartels—would give him the power to govern without working through a legislative process.

The goal in this, as spelled out by his chief controller, Shultz, was to slash government spending, get rid of unions, and impose further deregulation and privatization, while giving tax cuts to large corporations and the most wealthy residents of the state.

By using the “initiative” process, placing a complex issue on the special election ballot as a “yes” or “no” vote, he and his backers hoped to eliminate the checks and balances of the legislative process. Arnie expected that it would be easy to appeal to the anti-government prejudices of frustrated voters, who would give him the power to rule with no opposition or oversight from elected officials.

But the voters turned on him and his efforts to manipulate them. Each of his four core initiatives were easily defeated. Proposition 74, which attacked the teacher's union and public education, lost 55.1% to 44.9%. Prop. 75, which blamed his inability to impose deadly austerity measures on the opposition of unions, was beaten by 53.5% to 46.5%. The “Make Arnie Dictator Act,” Prop. 76, which would have enabled him to unilaterally cut the budget (this was at the heart of his agenda) was smashed, with 62.1% voting no. And his Tom DeLay-style redistricting proposal, Prop. 77, was also crushed, with 59.5% voting no.

To make sure that no one missed the intention of the voters, all eight ballot initiatives lost. The message was simple: Not only was the outcome a total rejection of Arnold, but of government by initiative.

The actual vote total against Arnold could have been much higher, had there been a more consistent and aggressive campaign by the Democratic Party. As in the 2003 recall of Democratic Gov. Gray Davis, some Democrats were passive, or sat it out completely. There were 2.26 million fewer votes cast than in the recall. The early consensus is that many “moderate” Republicans and “independents” who had voted for Schwarzenegger in 2003, stayed home, while many who opposed the special election simply did not vote.



EIRNS/Brendon Barnett

Will Arnie get the message now? Here, a pre-election roving rally in Beverly Hills features Schwarzenegger, Bush, and Cheney in costume (played by the LaRouche Youth Movement).

Key Role of LaRouche

From the day Arnold announced, in his State of the State address in January 2005, that this would be the “Year of Reform,” Lyndon LaRouche and his movement acted to defeat the man who wished to terminate representative government. In taking on the Shultz-Cheney drive to steal Social Security, LaRouche PAC produced a pamphlet which featured Arnie’s efforts—also on behalf of Shultz—to divert the California state public pension funds to private financial interests. Because of blunders by Arnie’s people, and the incredible outburst of opposition to this plan, Schwarzenegger withdrew it from the special election, although he vows to revisit it in 2006. Nearly 1 million copies of this pamphlet were distributed in the state.

In recent weeks, the efforts of LaRouche PAC and the LaRouche Youth Movement have shaped the activity of those Democrats who wished to defeat Arnie. From California Assemblyman Mervyn Dymally, who joined LaRouche at a town meeting in Beverly Hills, to the chairmen of the Democratic Party in Los Angeles and Orange Counties—Eric Bauman and Ray Cordova, who participated in the internet radio program, “The LaRouche Show,” on the weekend before the vote—the word went out, far and wide: A vote for Arnie is a vote for dictatorship.

The voters got the message. Will Arnold?

Interview: Eric Bauman and Ray Cordova

Democratic Leaders Dissect the Governor

These are excerpts from the transcript of “The LaRouche Show,” Nov. 5, broadcast on internet radio at 3 p.m. Eastern Time. Hosted by Lyndon LaRouche’s Western States spokesman Harley Schlanger, the show featured two California Democratic Party leaders discussing California Governor Schwarzenegger’s ballot initiatives: Eric Bauman, chairman of the Los Angeles County Democratic Party Central Committee, and Orange County Democratic Chairman Ray Cordova. Two LaRouche Youth Movement members, Cody Jones and Summer Shields also participated. The full program is archived at <http://www.larouchepub.com>.

Schlanger: Many of our listeners outside of California, are not too familiar with the four propositions backed by Arnold—Propositions 74, 75, 76, and 77—so can you give us a brief summary of these propositions, and why the vote

on Tuesday is so important?

Bauman: Sure, and I’m actually going to expand a little bit on the propositions beyond that.

... When Arnold’s cabal of consultants came up with the notion to have this election, now almost 18 months ago, and he was riding high at close to 70% in the polls, their notion was that they would have a special election this year, where no funding limits would apply, where they’d be able to plaster his face on TV for three months, and he would move into next year’s re-election, having spent millions of dollars pumping himself up, and pumping his face out there, and thereby neutering the Democratic Party next year.

Furthermore, they thought that they could use his popularity as a star, as a movie star, as the “Terminator,” to make substantive changes to California law, that would make this a much more Republican-leaning, Republican-type state.

The Governor’s key agenda has four parts, and it all starts with Proposition 76. Proposition 76, which the Governor has titled the “live within our means” act, is probably the most dangerous initiative that has ever been placed on the ballot in California history. That isn’t because the day it goes into effect, it wipes \$4 billion in education funding out. And it’s not because future increases in state spending would be based on a rolling average of the prior three years’ revenue increases. It lies in the fact that Proposition 76 allows the Governor to unilaterally declare a fiscal emergency in the state, and then, in short order, go into a back room, with no oversight, no public hearings, and no appeals process, and cut any part of the budget he wants, in any amount that he wants. And the legislature has virtually no ability to reverse those cuts that he makes.

Schlanger: This is one way that he could avoid any kind of discussion in the future, any kind of deliberative process.

Bauman: Absolutely. In essence, what Proposition 76 does, is create a dictatorship, and in the many, many places that I’ve spoken about this election over the last three months, I always point out that 49 other governors in America do not have this power. The President of the United States does not have this power, and I damn well don’t want to see Arnold Schwarzenegger have this power to destroy California. If you look at his vetoes to the budget, and his vetoes to legislation, you know that his heart’s not where it needs to be. You know that his priorities are different than the people of California. He’s cut and vetoed health programs, and seniors’ programs, and education funding, and public safety funding, all in favor of promoting programs that help his big business cronies, and absolutely nothing that helps the poor people of the state of California. So, that’s Proposition 76.

Now, of course, they have come up with the coy name, the “live within our means” act, and you know, one thing Republicans are very good at, is framing arguments using simple, logical-sounding rhetoric, and it makes perfect sense

to say, "Shouldn't California live within our means? If you earn \$1,000 a month, you can't spend \$2,000 a month." But it is such a misnomer. . . .

Schlanger: . . . But when you say the other governors don't have this, the President doesn't have it, he's Arnold Schwarzenegger, he's the "people's governor."

Bauman: Yes. He's Arnold Schwarzenegger. That, in my mind, makes him a B movie actor, who just happened to make a lot of money, and use a lot of steroids, but that's beside the point.

Now, the next piece of his agenda is Proposition 75. Again, they gave it a very simplistic, very common-sense

sounding title; they call it the "paycheck protection initiative." Unfortunately, for the people of California, only 50 people in the state of California get their paycheck protected by Proposition 75, and they're all political consultants who are on Arnold's payroll, who are raking in millions and millions of dollars off of this campaign.

The bottom line is, the U.S. Supreme Court in the *Beck* decision said, that unionized workers have the right to opt out of their dues being used for political purposes and, in point of fact, about 24% of California's state workers already opt out. The reason this is on here, is because when Arnie's lies became apparent, it was public sector unions, cops, and fire-fighters, teachers, and nurses, who exposed him. They went

Elections Suggest Bush's Republican Base Eroding

Significant Democratic electoral victories across the nation on Nov. 8, suggest that the collapse of credibility of the Bush-Cheney Administration has begun to demoralize its Republican base, leading to losses at the polls because Republicans stayed home. Particularly striking were Republican losses in areas which had gone heavily for President Bush just one year ago, in the national election.

The most dramatic example of such a turnaround came in the Commonwealth of Virginia, a legendary "red state," where Republican gubernatorial candidate Jerry Kilgore lost to Democrat Tim Kaine, by a margin of 52 to 46%. President Bush himself had come to Virginia on election eve to campaign for Kilgore, who knew he was in a tight race. Rather than turning the tide, the Bush appearance simply confirmed the fact that the anti-Kilgore vote would be seen as an anti-Bush vote as well.

At first blush, the changes from traditional voting patterns were stunning. Kaine, an avowed liberal, even won in Virginia Beach, home of "Diamond Pat" Robertson, and generally a right-wing voter stronghold. Additionally, Kaine swept the Northern Virginia suburbs, including both Loudoun and Prince William counties, which have been Republican bastions for decades.

One leading pollster told *EIR* that LaRouchePAC's mass distributions of anti-Cheney material in the Northern Virginia area, "definitely created an anti-Bush/Cheney climate in the area. Who else gives out pamphlets called *Children of Satan*? We even talked to fundamentalists who had been convinced that Cheney was a child of Satan. Republicans and Democrats . . . voted against Kilgore and against Bush's support for him."

While the impact on local races was not great (most are actually uncontested), Democrats are pointing to the unseating of four-term "Christian-right" Delegate Richard Black from Loudoun County, as an indication that the tide is turning. Democrat David Poisson received the votes of moderate Republicans as well as Democrats, according to local officials.

Repudiations of Bush

Two other examples of radical shifts by voters against Bush stand out.

The first is the mayoral race in St. Paul, Minn., where two Democrats were vying for the seat. Incumbent Mayor Richard Kelly had publicly endorsed President Bush for President in 2004. But in this election, Democratic City Councilman Chris Coleman trounced him with 70% of the vote. Voters told exit-pollsters in no uncertain terms that they were kicking out Kelly, a long-term popular politician who had been in the state legislature as well, because of his support for Bush.

Second was the mayoral race in Parkersburg, W. Va., scene of George W. Bush's infamous press conference on Social Security, where he pointed to a filing cabinet full of Federal Government Treasury bonds, and called them "worthless IOUs." President Bush had received 62% in this area in 2004. But on election day 2005, Democrat Bob Newell defeated Republican Rick Modesitt, 63 to 37%.

Pundits nationally are going out of their way to insist that there is no "national trend" in the 2005 elections pointing to a necessary Democratic victory in 2006, citing previous patterns. It's true nothing is inevitable, but it is clear that Bush is weakened, and the next election is the Democrats' for the taking, if they follow the leadership direction being provided by Lyndon LaRouche.

—Nancy Spannaus

on television with their resources, and said, “Governor, why did you break our promise to the kids, and cut education funding? Governor, why didn’t you tell the truth? Why did you try to cut our pensions? Why did you try to hurt the widows of cops and firefighters killed in the line of duty?”

So, Proposition 75, while it’s a long-time standard piece of business that conservative Republicans have tried to enact, because it goes at the heart of Democratic funding—labor unions usually support Democratic candidates—for Arnold, it’s about “payback” to the public sector unions who’ve taken him on, and exposed him for the fraud that he is, and dropped his approval ratings from some 70%, down to 34 or 33% in the latest poll. So that’s Proposition 75. We call it “paycheck deception. . . .”

Jones: I just want to get your thoughts on, given that Lewis Libby has recently been indicted, you’ve got the flame being turned up on Dick Cheney, and the whole neo-con cabal is now on the hot seat, I wonder what have you seen as the effect this has had on California politics, both the Democratic Party, the Republicans, and just in general. . . .

Bauman: This is a very interesting question, and I had wondered, as we were in the lead-up to the indictments being issued, what impact it might have. And I think it’s done a couple of things, and we’ll see next Tuesday if I’m right.

I think it’s helped demoralize Republicans in California, because their President, George W. Bush, who was elected because he was going to restore honor to the White House—after all, he’d never be caught with a cigar and an intern in the Oval Office—has turned out to put our national security at risk, because of his nonsense, because of his lies and deceit, in taking us into a war based on falsified facts. And, furthermore, I think it’s energized Democrats, who’ve been pretty low-key about this election. Because, you know, one of the problems we face in California—across the nation, but especially in California—is that Democrats tend to be lazy voters. You know, they will turn out to vote, if Bill Clinton is on the ticket, because it’s a personality for them to rally around.

But it’s much harder to get people, and especially Democrats, to rally around a group of issues, much less to rally around saying “no” to a group of issues. There’s nothing that seems compelling. And in point of fact, for several weeks, what I was hearing when I would go out and talk to groups, is, I’d hear people say, “I’m going to show that governor, I’m going to show him that his special election is unnecessary, I’m going to say ‘no,’ I’m not going to vote in this election.” And I said to them, “By doing that, you’re voting for his election. Because if you don’t cast your vote, that makes the Republicans’ vote worth double.”

So, I think what’s happened over the last two weeks, as we’ve seen the death toll cross 2,000 in Iraq, as we saw the destruction, the implosion of the Harriet Miers’s nomination to the Supreme Court, and the results of Bush’s other crony-

ism, and as we saw the indictment of Libby, and hopefully soon of Karl Rove—I think Democrats have become energized, and realized that maybe all is not lost. That it’s worth standing up and speaking out, that we will, and can, take our state, because this is a “blue” state; this is not “red” state.

Schlanger: So, Cody, you’re seeing Republicans starting to turn on Schwarzenegger, and the Bush Administration, both of which are George Shultz projects.

Jones: Oh yes, definitely. And we tell people, Abraham Lincoln wouldn’t have supported fascism. . . .

Schlanger: . . . This is Ray Cordova, who’s a labor leader, a veteran activist. He’s the chairman of the Orange County Democratic Party, he’s someone that I know is a rough and tumble fighter, the kind we need more of. . . .

We’ve been talking with Eric Bauman earlier in the show. The last question we took up is the fight to oust Dick Cheney as Vice President, and the effect that that might have on the voters here. . . . What do you think the chances are we can get “two-fer”? Get Cheney out and defeat Arnie on Tuesday?

Cordova: Well, beginning with the latter: I have never seen a mobilization moving the way it has in this last two weeks. It started out a little slow, and once the voters start taking a look at the ballot propositions, they said, wait a minute! There’s something hidden in here. They put 73 on the ballot, which is the parental notification for a minor child—they put it on the ballot to pull their base out on the street. It’s not working with them. The mobilization we have going right now, is just unbelievable.

I was in Long Beach this morning for the first mobilization, and we pulled in over 400 good folks, who came out on a Saturday morning, didn’t mow their lawns, and they’re out walking, knocking, and talking right now. And there’s actually five mobilizations just out of Long Beach alone, and several of the union facilities that have phone banks only; but we must have out almost over 1,000 people on the street walking today. And this is happening throughout Southern California.

Schlanger: Let me ask you a question about the broader implications. . . . One of the things that Schwarzenegger keeps saying, is that the problem we have is too much government, labor gets too much money, they have too much power. We need tax cuts, to make the state more business-friendly. But . . . we’ve made the point that the real problem with the California budget, is that there’s not enough revenue, because we’ve lost industrial jobs, there’s no investment in infrastructure. Too many Democrats in the 1980s and 1990s went along with free trade and deregulation. LaRouche, as you know, has said we’ve got to return to FDR, regulation, fair trade. What are your thoughts on this?

Cordova: Well, you know, if it was *fair* trade, but it’s not fair trade. The deregulation goes way back to President Nixon,

and regretfully, some of our Democrat friends have signed on to it as well, and the major impact is the airlines. You can see what's happened with the airlines: They're going belly-up, constantly, and all the medical plans are being cast by the wayside. It's a whole master plan. And yet, this President, along with Governor Schwarzenegger too, they're trying to blame organized labor for everything.

They can blame us as much as they want. But yet, we are being outspent by multinationals, and corporations, 24:1, and they want to silence our voice, and they go out and tell the public the big lie about us using the union dues dollars—and there are a lot of union members who don't want us to spend their dollars. For those who don't want us to spend union dollars on political activities, they have the right to opt out today. Because, the U.S. Supreme Court has already ruled on that, beginning with the *Beck* decision. So, they can keep telling all the lies they want to tell, but as long as there's somebody there to point the finger at them, or tell the truth, they can only lie for so long.

But I'm vitally concerned, I'm concerned about the American dollar. That the [three] countries, China, Japan, and South Korea, if they start buying euros instead of dollars, we are belly-up in this country. . . .

Schlanger: Well, there's certainly an arrogance of power. You see the same thing with Arnie when he claims he's working for the people. We have a call-in from our conference line. . . . The question is: Is Schwarzenegger still going after the unions? Why is he going after the unions the way he does, Ray?

Cordova: There's only one, true major voice, that can muster the bodies out there and can put the dollars together to be an effective voice. Granted, we are being outspent 24:1, and it's much larger than that. If they can silence our voice, they can get away with whatever they want to get away with. Who is going to stand up to them?

And yet, the sad part, is that the American labor movement is a business. It's the only business in the world, dedicated to putting itself out of business. If we had absolute guarantees that every worker in America and the world would be treated with fairness and be treated square, you wouldn't need organized labor. So, we're in business to put ourselves out of business, but we're not going out of business until we have those absolute guarantees, iron-clad guarantees. That's the reason why Arnold wants us out of business: Because we're the only major voice standing up to him.

Shields: All right. Great. We've been leading this two-front fight against Cheney and free trade, and I was wondering what you thought the possibility of the post-Cheney era, as LaRouche is calling it, as that also being the post-free-trade era?

Cordova: Well, first things, first. I think—I have to say something about the Schiller Institute and all you good folks

out there: When we had a WTO [World Trade Organization], when we were fighting that fight, and then also, too, when we have a President of the United States, President Clinton was under attack, it was your organization that was the first on the scene and stayed there, telling the truth to the American public: I want to congratulate you guys for that. It took us Democrats a little bit longer to get on board. But, we did finally.

On the post-Cheney thing: What we have to do collectively—I'm talking the United States of America—we have to return to where we once were before, and that's to carry our banner and carry it high, but carry it with integrity. We've lost integrity, across the United States. . . . You can not have a paperless ballot, you have to have a paper trail on your ballot. And the American public is being duped today.

Schlanger: Well, Ray, I think you know we've got the LaRouche Youth Movement on the tail of Tom DeLay, as well. When we talk about a cesspool of corruption on the other side—

Cordova: You know, I have a *whole list* of his cast of characters out there, from beginning with Newt Gingrich and Tom DeLay, and *all* these guys. . . . And even Bill Frist, as well too—he is not clean. You know the man is supposed to have some ethical values, out there, being a physician and all those things, too. It just isn't happening.

And you look in the halls of Congress, there was time when I was growing up, and I had complete faith in our country and our members of the House of Representatives to do no wrong. Some of these guys over there, they just think that that's their palace and they can do whatever they want with it. Well, I've got news for them: We in organized labor and the American public, when we wake up enough of the folks out there, we're not going to make it easy for them.

But, I want to congratulate all you guys who are working out there. Now, even though we're having a special election in California, if they're able to do it in California and get away with it, it's going to happen across the United States. And this is the line in the sand, right here. We have to stop them, now.

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Democrats Challenge Morality of GOP Budget

by Carl Osgood

The afternoon of Nov. 10—just two days after thorough electoral defeats for White House economic austerity and war policies in Virginia and California—saw both Houses of Congress retreat from the entire White House package of \$50 billion budget cuts against programs for the poor, and \$70 billion tax cuts for the wealthy. For the fourth week in a row, Dennis Hastert, Roy Blunt, and their House Republican whips gave up after failing to round up and armtwist votes to pass the cuts; this, after 22 of their Republican colleagues had held a press conference to state that these cuts were opposed by Americans, and immoral in the current economic crisis. At virtually the same time, in the Senate, Finance Committee Chairman Chuck Grassley had to give up his effort to get the tax cut giveaways through his committee—let alone, through the Senate. While Sen. Olympia Snowe's opposition was widely covered, Grassley admitted it was more: "If I move one way, I lose a couple of votes; if I move another way, I lose a couple of votes"; and other Republicans like George Voinovich were publicly waiting to vote against the tax cuts in the full Senate.

Because the budget and tax cuts are linked together, not only (unfortunately for Cheney, Bush, and Hastert) in the public mind, but also in the need for a tax reconciliation bill agreed on by both Houses, this entire White House scheme, dating back to its February 2005 budget submission and Bush's State of the Union speech, may be going down.

As many Democrats emphasized, the Republicans were reading the stern lesson of the Nov. 8 elections. And behind that lesson, is the swelling anti-Cheney mobilization driven by Lyndon LaRouche, and threatening its successful conclusion.

Underlying all this is a phase shift under way in the Congress, the catalyst for which is the interventions by Lyndon LaRouche and the LaRouche Youth Movement, to demand leadership from the Democratic Party on dealing with the ongoing collapse of the global financial system. That collapse can only be dealt with by the removal from power of the war party in the Bush Administration and the Congress. So far, that effort has seen the indictment of Rep. Tom DeLay (R-Tex.), and his stepping down from the post of House Majority Leader, and the weakening of the influence of Vice President Dick Cheney over the U.S. Senate. The Nov. 8 elections also saw the Democrats take two governorships, in Virginia and

New Jersey, and the defeat Gov. Arnold Schwarzenegger's fascist initiatives in California. So far, the result has been a weakening of the dictatorial control of the Republican leadership over the House, and a realignment of the moderate Republicans with the Democrats on certain issues. What is needed next, is a positive program for economic recovery from the free trade and deregulation policies of the last forty years.

A Flagrant Combination

The Senate had moved ahead with "fiscal responsibility," on Nov. 3, voting 52-47 to pass a budget reconciliation bill that demands \$35 billion in cuts from mandatory spending programs, programs that mostly aid individuals and families from the lower 80% of income brackets in the United States. This bill was to be followed by the second one which provides \$70 billion in tax cuts, most of which, like an extension of the capital gains tax cut passed in 2001, benefit the top tier of income brackets. With skyrocketing costs for healthcare and education, and other necessities of life, and the Bush Administration's malicious failure to undertake the rebuilding of the Gulf Coast areas devastated by Hurricanes Katrina and Rita, some leading Democrats put the White House and the Congressional GOP leadership on notice that they will make an issue out of the reality of the budget.

Senate Minority Leader Harry Reid (D-Nev.) set the tone, on Nov. 3, with a speech on the floor of the Senate, identifying the immorality of the budget bill. "The budget of the United States ought to be a mirror of our nation's values," he said. "The budget should reflect what we think is important, what we care about and what we don't. In essence, a budget is a moral document." The Republican budget, however, is an immoral document, not only because it increases the Federal debt by about \$3 trillion over the next five years, but also because it increases the burden on those who can least afford it, while benefitting the few who need help the least. Reid noted that the bill increases Medicare premiums and cuts healthcare, including Medicare and Medicaid, by \$27 billion, it cuts housing programs, support to farmers and many other programs, and it uses expedited procedures, provided for in the budget law, to make those cuts.

Reid pointed out that those cuts would not be going to reduce the deficit, or prepare for an avian flu epidemic. Rather, they are going to pay for a reduction in taxes on capital gains and dividends, 53% of the benefit of which would go to those making \$1 million or more per year. "And to partially pay for these tax breaks," Reid said, "many Republicans now want to cut Medicare, cut Medicaid, cut agriculture, cut child support enforcement, cut services on which Katrina survivors should be relying, cut benefits needed by our nation's most vulnerable Americans." Reid also noted other priorities that the Senate could be taking on, such as skyrocketing fuel prices, the needs of Hurricane Katrina survivors, and finding a strategy

for success in Iraq. Each of these things, Reid said, are “more important than harming the vulnerable to provide tax breaks to special interests and multimillionaires while increasing the deficit.”

Rep. David Obey (D-Wisc.) made similar remarks, the following day, though in a slightly different context. During debate on the Fiscal 2006 Foreign Operations appropriations bill, on Nov. 4, Obey noted that in the hour it took the House to debate the rule for consideration of the bill, “you will have had several hundred children in this world die, and that is no accident. A lot of it occurs simply because of the negligence of the developed world.” He asked the House to “imagine how different the world would be if instead of spending \$250 billion on the dumbest war in American history [Iraq]. . . imagine how changed the world would be if we led the world and provided just 10% of that amount each year to see that by the end of the decade we could deliver clean drinking water to every single human being on this planet.” He noted that the GOP would never allow an increase in foreign aid funding “as long as they are gleefully cutting” Medicaid, food stamps, and other such domestic programs.

House GOP Fractures Over Budget Plan

The leverage that moderate Republicans now apparently have over the leadership was demonstrated on the evening of Nov. 9, by a group of 26 Republicans, when they forced House Speaker Dennis Hastert (R-Ill.) and Acting Majority Leader Roy Blunt (R-Mo.) to agree to remove a provision from the budget reconciliation bill that would allow oil drilling in the Alaska National Wildlife Refuge [ANWR]. They also forced the leaders to modify the food stamps provision, as well, to reduce its impact on immigrants above the age of 60. These changes, made during a House Rules Committee markup of the bill, resulted in reducing the total net effect of the budget cuts in the bill from \$53.9 billion to \$50 billion, still substantially more than the \$35 billion in the bill the Senate passed on Nov. 3. The remaining cuts include \$14.47 billion from student loans and \$11.8 billion from Medicaid, among others.

Blunt’s surrender on the Alaska drilling provision came despite weeks of pressure by Hastert on many of the same moderates, including Rep. Sherwood Boehlert (R-N.Y.), the chairman of the House Science Committee. “I told him I’m against euthanasia, because what we’re being asked to do is preside over the orderly demise of the Republican majority,” Boehlert had told the Associated Press on Nov. 7, after a meeting with Hastert. The moderates say that what happened was that they made it clear—and about 15 signed a statement to the leadership to that effect—that if the ANWR provision were included in the reconciliation bill, they would not vote for it. Rep. Charles Bass (R-N.H.), one of the moderates involved in the negotiations, told reporters on Nov. 10 that “It’s intuitive that if you want the thing to succeed, you better keep ANWR out.” That, he said, was the reason that Blunt

backed down.

Democrats argued that the leadership’s backdown on ANWR is nothing more than a temporary retreat so that the Republicans can pass a bill and go to conference with the Senate. The Senate bill includes the ANWR provision and is strongly backed by Alaska Senators Ted Stevens (R) and Lisa Murkowski (R) and Senate Energy and Natural Resources Committee chairman Pete Domenici (R-N.M.). “The question for House moderate Republicans,” Rep. Ed Markey (D-Mass.) said, “is will they vote no on the final reconciliation conference report when the Senate insists on drilling in the

Sen. Harry Reid: “The budget of the United States ought to be a mirror of our nation’s values. . . . In essence, a budget is a moral document.”

Arctic Refuge to be reinserted.” Bass and the other moderates hotly denied that Blunt’s backdown was just a temporary face-saving measure to save the bill. Though there was no guarantee that the conference report will come back without the ANWR provision in it, Rep. Wayne Gilchrist (R-Md.) said that his perception was that “if this comes back with ANWR in it, we will vote against it.”

Even with the leadership’s backdown on the Alaska drilling provision, Blunt still could not round up the 218 votes necessary to pass the bill. Many of the moderates still had concerns over the cuts in the bill themselves, as well as then turning around and giving more tax breaks to the wealthy. Secondly, prior to the Rules Committee action, a larger group of 41 Republicans, led by House Transportation Committee chairman Don Young (R-Ak.), were threatening their own revolt if the Alaska drilling provision were removed. How they will vote, now, remains to be seen. That assumes, of course, that there will even be a vote.

When, or if, the bill does go to conference, there is no guarantee that House and Senate negotiators will come to an agreement on the final package that will pass, and not just because of the ANWR provision. Aside from the differences in the amounts to be cut, the House and Senate took different approaches to making the cuts. The Senate bill includes new spending for programs that assist low income students, and for pharmaceuticals in the Medicaid program, and in other programs amounting to about \$35 billion, making the spending cuts total about \$70 billion. The Medicaid cuts amount to a net total of \$8 billion, but the bill also cuts Medicare by about \$18.6 billion by, among other things, changing the way payments to health plans are calculated.

The Agnew Precedent for Removal Of Vice President Dick Cheney

by William F. Wertz, Jr.

As rumors fly that Vice President Dick Cheney may resign following the indictment of his chief of staff Lewis Libby, and the continuing investigation of President Bush's political advisor Karl Rove in connection with the leaking of the identity of covert CIA operative Valerie Plame, it is useful to look back to the process which led to the resignation of Vice President Spiro Agnew on Oct. 10, 1973. At the time, Agnew was compelled to resign because it was necessary to remove Agnew before Nixon, so that he did not succeed Nixon.

As even Agnew wrote in his book, *Go Quietly . . . or Else*: "They would have gained nothing by kicking out Nixon only to have me come into power. . . . They had to get rid of me first."

There are two immediate differences between the Agnew-Nixon and Cheney-Bush cases.

First, Spiro Agnew was not in the President's inner circle and was therefore not implicated in the Watergate scandal. In the present case, Cheney is the controller of Bush and the person most directly implicated in Plamegate, in which the President himself is entangled.

And second, the Democrats controlled both the House and the Senate in 1973-74, whereas today the Republicans control both houses.

The fact that Agnew was not in the inner Nixon circle, merely meant that he would have to be removed through another means than Watergate. Such a means was therefore created, apparently through an anonymous tip.

In 1973, even though the Democrats controlled the Senate and House, it was the Republicans who took the lead in removing first Agnew, and then Nixon. Today, that must also be the case, even more so, given the Republican majorities. The indictment of House Majority Leader Tom Delay and the threat of further Jack Abramoff-connected indictments are necessary preconditions for such Republican action.

The final difference between the two cases has to do with the required replacement. In 1973-74, the replacements for Nixon and Agnew, Ford and Rockefeller, did not bring about a reversal of the economic and other policies launched under Nixon, most important, his abandonment of Roosevelt's Bretton Woods system. Today, faced with a financial and economic collapse, and the danger of an expanding war, if the nation is to survive, a qualitative change in policy is required, not just a change in personnel.

No Exit from Vietnam with Agnew

Today there is no possibility either of addressing the financial collapse or of extricating the United States from Iraq to prevent an extension of that war to other countries, such as Syria and Iran, without the removal of Vice President Cheney from office. Although Agnew may not have been as dangerous as Cheney, in that he was not an ideological advocate of a doctrine of pre-emptive nuclear warfare, nonetheless had Agnew succeeded Nixon as President, there was very little likelihood of extricating the United States from the Vietnam quagmire.

In his book, *Go Quietly . . . or Else*, Agnew makes it clear that he was for a policy of all-out non-nuclear saturation bombing in Indo-China. He cites favorably the saturation bombing of German cities at the end of World War II, and Harry Truman's decision to drop nuclear bombs on Japan. He attacks Secretary of State Bill Rogers as a "genuine ideological dove" with "longtime friends in the eastern liberal establishment." And he attacks the then Secretary of Defense Melvin Laird as a pragmatist, who "feared that the aggressive action needed to win the war would enrage the Congress and split the country."

Today, since Cheney is the prime mover of the Bush Administration policy of permanent war and torture, his removal from office is even more necessary than Agnew's forced resignation was in 1973. Moreover, opposition to the Cheney policy has reached the point that not only must Cheney be removed from office, but his replacement must be prepared to repudiate Cheney's policies.

The Drama Begins

Despite the landslide victory achieved by Nixon-Agnew in the Nov. 7, 1972 elections, Nixon's Presidency had been effectively doomed since the June 17, 1972 Watergate break-in. Because Agnew was not a party to Watergate, his removal from office required separate action. Therefore, on Dec. 5, 1972, less than one month after the Nixon-Agnew re-election, a grand jury was impaneled in Baltimore, Md., that would force Agnew's resignation within less than a year.

On Jan. 15, 1973, Bernard Barker, Virgilio Gonzalez, Eugenio Martinez, and Frank Sturgis pleaded guilty to conspiracy to break into the Watergate Hotel. Four days earlier, on Jan. 11, 1973, the first subpoena was issued to Lester Matz,

an Agnew associate, who among others would eventually testify against Agnew.

In his book, Agnew, who claims that he was innocent, reports that the investigation of him began with an anonymous tip to the Internal Revenue Service. Although according to the prosecution, Agnew accepted payments beginning in the early 1960s and continuing into December 1972, the crime he would be charged with was accepting payments from developers while he was Baltimore County Executive in 1967, and not reporting those payments for income tax purposes.

Agnew attributes various motives to those who prosecuted him, but the individual personalities who played a role in removing him from office were not the authors of the action. They played the parts assigned to them at the time and place they appeared on the stage. The investigation of Agnew was conducted by a bipartisan team of prosecutors in Baltimore led by U.S. Attorney George Beall. Other members of the team included Barnet Skolnik, Russell T. Baker, Jr., and Ronald Liebman. Skolnik was regarded as the old hand in the prosecutor's office.

In order to prevent Nixon, and thereby Agnew, from learning about the investigation and killing it, the FBI was never officially involved in the Agnew investigation. Moreover, the Baltimore prosecutors kept totally silent about the case until after Elliot Richardson replaced Richard Kleindienst as U.S. Attorney General on April 30, 1973.

The first attorney Agnew retained, Judd Best, was recommended by Chuck Colson, Nixon's former special counsel, who was himself indicted in the Watergate case in March 1974. While Agnew hoped that Nixon would intervene to stop the investigation, Nixon himself wanted to be on the inside of Agnew's law team in order to steer it away from himself. Later, Agnew would also retain Jay Topkis and Martin London of the law firm Paul, Weiss, Rifkind, Wharton, and Garrison.

Whatever their intentions, as we are now seeing once again in the unfolding of Cheneygate, the loyalties of these circles are primarily to their own careers. In these circles everyone betrays everyone else all the time.

As Watergate Escalates, Nixon Turns on Agnew

In June and July, the Watergate investigation began to escalate. On June 3, John Dean told Watergate investigators that he discussed the Watergate cover-up with Nixon at least



Vice President Spiro Agnew and President Nixon. Agnew was forced to resign on Oct. 10, 1973, making the way for Nixon's resignation ten months later. It was Alexander Haig who delivered the threat that convinced Agnew to step down.

35 times. On June 13, Watergate prosecutors found a memo addressed to John Ehrlichman describing detailed plans to burglarize the office of Daniel Ellsberg's psychiatrist. On July 13, Alexander Butterfield revealed that since 1971, Nixon had recorded all conversations and telephone calls in his office.

It was in this context that the removal of Agnew from office became an urgent matter. Thus, on June 12, George Beall had his first meeting with Elliot Richardson to discuss the Agnew investigation. This meeting was followed up on July 3 with a meeting with the full Baltimore prosecution team. It was during this meeting that Richardson authorized Beall to press forward, and he proposed that Agnew be confronted with the allegations against him and that his resignation be demanded.

After follow-up meetings between Richardson and the Baltimore team on July 11 and July 27, Beall informed Agnew's attorney on July 31 that he was the target of an investigation, and Richardson requested a meeting with Nixon.

Prior to meeting with Nixon, Richardson met with Nixon's attorneys, Fred Buzhardt and Leonard Garment, on Aug. 5. Both concluded that Agnew should resign. Garment, who is currently Lewis Libby's legal advisor, wrote a briefing document for Nixon's meeting with Richardson the next day, in which he recommended that Agnew resign.

After the meeting with Richardson on Aug. 6, Nixon refused to meet with Agnew. Instead, he had Al Haig, his

chief of staff, and Bryce Harlow visit Agnew on Aug. 7. It was Al Haig who first told Agnew that Nixon wanted him to resign.

By this time, Nixon was under increased pressure from the Watergate investigation. On July 23, he had refused to turn over the Presidential tape recordings to the Senate Watergate Committee or the Special Prosecutor. Fighting for his own political survival, Nixon was prepared to give up Agnew. He was already planning to fire Special Prosecutor Archibald Cox and abolish the Office of the Special Prosecutor, and by turning on Agnew he hoped that Richardson would not object.

Agnew himself was considering bringing his case to the House of Representatives for an impeachment inquiry, in order to pre-empt an indictment. On Sept. 10, Haig and Buzhardt visited Agnew once again to discourage him from doing so, and to urge him to resign instead. Agnew refused.

Agnew argued that a Vice President could not be indicted. Nixon, on the other hand, had instructed the Solicitor General, Robert Bork, to prepare an opinion for the Administration, which concluded that the President could not be indicted, but that the Vice President could. This was also the position of Richardson, who on Aug. 5 had asked Robert Dixon, the Justice Department's legal counsel, to prepare a paper on the indictability of a sitting Vice President. Dixon's paper, which was available on Aug. 6, the day Richardson met with Nixon, concluded that the President could direct his own prosecution prior to removal from office and exercise his pardon power on himself, whereas the Vice President could do neither, and hence could be indicted.

Obviously, if the Vice President can be indicted, as was the case with Agnew, then the precedent has already been established that Cheney can be indicted, or forced to resign under threat of indictment. His removal would not require an impeachment inquiry in the House, although the current weakening of the Tom Delay machine in the House would certainly deter him from trying to exercise that option, as Agnew was considering.

During September, Agnew did try to mobilize support in the House for the launching of an impeachment inquiry against himself. But this flank was closed down for Agnew by members of his own party. Melvin Laird was assigned to undermine support for Agnew's initiative within the Republican Party in Congress. Laird had told Rep. John B. Anderson, chairman of the House Republican Conference, that the case against Agnew was substantial.

Also, Elliot Richardson himself placed a call to Democratic House Speaker Carl Albert, to tell him that Agnew was going to be indicted, in order to cut off a House inquiry. Albert himself announced on Sept. 26, one day after meeting with Agnew, that it would be improper for the House to conduct an inquiry of a matter before the court. Nevertheless, Agnew would continue to organize for such an inquiry up to the day of his resignation.

Kissinger's Haig Delivers the Final Blow

On Oct. 4, Haig met with Agnew's military aide, Gen. Mike Dunn. After this visit, Agnew concluded that Nixon "had turned against me and become my mortal enemy. Haig insinuated that if I went against the President's wishes, and refused to resign, there would be no more help from the White House to prevent a jail sentence, and no assistance with the IRS." W. Clement Stone, the co-chairman of the Agnew Defense Fund, would withdraw from the Fund. He was told that his wife was involved in their joint tax return and could be found criminally liable.

Haig warned Agnew that "anything may be in the offing" and that this will "get nasty and dirty." Agnew says that he interpreted Haig's remarks as a threat on his life. "Anything could happen to me; I might have a convenient 'accident.' . . . Since the revelations have come out about the CIA's attempts to assassinate Fidel Castro and other foreign leaders, I realize even more than before that I might have been in great danger. . . . I feared for my life. If a decision had been made to eliminate me—through an automobile accident, a fake suicide, or whatever—the order would not have been traced back to the White House any more than the 'get Castro' orders were ever traced to their source."

Agnew then goes on to depict Haig, operating effectively with the support of Henry Kissinger, as "the de facto President. Haig had the power of the bureaucracy at his command, and the Washington insiders knew he was standing there behind Nixon, pulling the strings. Haig had direct connections with the CIA and the FBI and every other agency. For four years he had been Henry Kissinger's chief deputy with clear access to all the government; his power extended into any agency he chose. The very survival of the Nixon presidency was threatened."

After that, Agnew folded. On Oct. 10, he cancelled a breakfast which was scheduled for 100 Congressmen to consider a House inquiry. He arranged to submit his resignation to Secretary of State Henry Kissinger, moments before pleading no contest to the charges, so that he would not be the first Vice President in history convicted of a felony while in office.

Gerald Ford, the Republican House Minority leader, was appointed Vice President.

On Oct. 20, Nixon ordered the firing of Archibald Cox. Elliot Richardson refused, and resigned on the spot, as did Deputy Attorney General William Ruckelshaus.

From that point on, it was only a matter of time before Nixon himself was finally forced to resign. On July 27, 1974, the House Judiciary Committee passed the first of three articles of impeachment, charging obstruction of justice. On Aug. 8, Richard Nixon resigned, and Gerald Ford became President of the United States. Soon afterward, Ford appointed Nelson Rockefeller as Vice President.

The only remaining question today is: Who will be Dick Cheney's Al Haig?

Congressional Closeup by Carl Osgood

Appropriations Process Moving Along Slowly

In spite of promises by House Appropriations Committee chairman Jerry Lewis (R-Calif.) to pass all of the annual spending bills this year, without an omnibus spending bill, only four of the dozen bills have been completed and forwarded to President Bush for his signature, more than five weeks after the beginning of the new fiscal year. Most of the government has been running under a continuing resolution since Sept. 30, and that CR is set to expire on Nov. 17, with many issues remaining to be resolved.

The most contentious issue, of course, is Sen. John McCain's (R-Ariz.) anti-torture amendment, attached to the defense appropriations bill. As a result, that bill, normally one of the first to be completed, is still in negotiation between the House and the Senate. The bills that have been passed so far include the Agriculture, Homeland Security, Interior and Environment, and Legislative Branch appropriations bills. The House acted to pass the Foreign Operations appropriations bills, on Nov. 4, and is expected to clear two other conference reports soon.

Democrats Push Windfall Profits Tax on Oil

The \$100 billion in profits that the oil industry has reported over the past year has spurred calls for a windfall profits tax on the industry. Senators Byron Dorgan (D-N.D.) and Christopher Dodd (D-Conn.) introduced a bill on Nov. 1 that would impose a 50% tax on oil company profits above \$40 per barrel, unless the company invests its extra profits in developing new sources of oil, or building new oil production and distribution infrastruc-

ture. The money that the Treasury takes in on the tax would then be returned to Americans via a per-capita rebate.

Dorgan complained that, instead of drilling for more oil, oil companies are hoarding the cash, buying back stock and "drilling on Wall Street." Dorgan noted that "there's no oil in Wall Street." He said, "I wouldn't be here if all of this money were sunk back into the ground or in construction above ground to find new oil or build new refineries, but that is not what is happening."

Dorgan and Dodd were asked about Senate Budget Committee Chairman Judd Gregg's (R-N.H.) suggestion that windfall profits ought to fund the Low Income Home Energy Assistance Program (LIHEAP). Dorgan pointed out that Democrats have tried to add additional funding to LIHEAP three times in four weeks, and were shot down on procedural grounds. Dodd noted that LIHEAP is designed specifically for the poorest families, but a lot of people don't qualify for it. "So, we like the idea he's for doing something about excess profits, but let's take care of the millions of people who don't qualify for LIHEAP to benefit from this rebate."

Agreement on Patriot Act Reauthorization Is Close

Conference negotiations on a bill to reauthorize the USA Patriot Act, passed in the aftermath of the Sept. 11, 2001 terror attacks, have been moving slowly, with senior members of the House and Senate Judiciary Committees reportedly having been left out of the negotiations. As of this writing, the House still has not officially appointed conferees, and the two committee chairmen, Rep.

James Sensenbrenner (R-Wisc.) and Sen. Arlen Specter (R-Pa.), have been holding informal meetings on the bill and were said, on Nov. 8, to be close to an agreement.

The House and Senate versions differ considerably, with the House making permanent 14 of the 16 expiring provisions, while the other two—one dealing with roving wiretaps, and the other that gives the FBI authority to seize business and other records—would be extended for ten years. The Senate bill sunsets those provisions after only four years. The Senate bill also requires the government to convince a judge that a person targeted under the business records provision is connected to terrorism or espionage. It also requires, among other things, that the government notify the target of a so-called sneak-and-peak search warrant, within seven days of the search, none of which are included in the House bill.

Congressional Quarterly attributed the delay in appointing House conferees to Sensenbrenner's concern that Republican moderates might mutiny against the House leadership and support the Senate version. This possibility was underscored by a bipartisan group of Senators, on Oct. 25, led by Russel Feingold (D-Wisc.) and John E. Sununu (R-N.H.). Feingold told reporters that "whether or not the Senate version can prevail in this conference committee will make a great difference to the protection of civil liberties in this country." Sununu noted that the House had already gone on record supporting the Senate position on the business records provision and had attached an amendment to an appropriations bill regarding sneak-and-peak warrants. "So, I think if you were to ask the House of Representatives to give them an opportunity to vote on these provisions, you would see very broad support. . ."

LAROCHE WEBCAST

How the U.S. Political Fight Will Shape Mexico's Future

Here is a transcript of an international videoconference/forum, titled "The Significance for Mexico of the Situation in the United States," and sponsored by the Union of Workers of the National Autonomous University of Mexico (STUNAM), EIR, and the LaRouche Youth Movement, on Nov. 9. It features a dialogue between Lyndon LaRouche and Agustín Rodríguez Fuentes, general secretary of the STUNAM as well as a federal Congressman. The webcast was simultaneously interpreted into Spanish and English. The comments by Spanish speakers have been translated here by EIR.

Ronald Moncayo (Moderator): Good morning to the entire audience that is listening to this event in various countries. This is a webcast from Mexico City of a dialogue between the U.S. politician and economist Lyndon LaRouche and Agustín Rodríguez, the Secretary General of the STUNAM, the Trade Union of Workers of the National Autonomous University of Mexico.

This morning we have with us a member of the LaRouche Youth Movement in Mexico; also Rubén Cota, our [EIR's] representative in Mexico City; also, of course, Agustín Rodríguez of the STUNAM union. We have José Luis Gutiérrez, who is the Organizational Secretary of the STUNAM, and Alberto Pulido, who is Press Secretary of the STUNAM.

We'd like to welcome all of you, those of you who are participating here and those listening in over the web. First, we have some brief words of welcome from Mr. Pulido, on behalf of the STUNAM.

Alberto Pulido: Good morning. We want to cordially welcome you, on behalf of the Union of Workers of the National Autonomous University of Mexico, to this dialogue on the economic situation the United States is facing, and its

significance for the countries of Latin America, and the world.

Our union currently represents not only academic but administrative workers as well, who are based at one of the most important public universities in the world, which was recently placed among the top 100, in fact. So, it is important for us to be in this public institution and to be able to have a dialogue with world leaders and analysts, as is the case of Mr. LaRouche.

So, you are all welcome.

Moncayo: Thank you very much. We have Mr. LaRouche on the screen here, and this morning he is going to speak to us on "The Significance for Mexico of the Situation in the United States." After Mr. LaRouche's opening remarks, we are going to hear from Agustín Rodríguez, and then we will open up to a period of questions and answers, from the audience listening around the world, and from the various labor leaders who are gathered here in Mexico City. I would like to mention that we are also linked to a number of other meetings in other parts of the world, in particular with a meeting being held by the Peronist Trade Union Youth of the 62 Organizations in Argentina, as well as other locations here in Mexico. So, without further ado, I would like to welcome Mr. LaRouche.

Lyndon H. LaRouche, Jr.

We are facing, globally, a financial crisis which is not comparable to, say 1929, in the United States, but rather to an event which occurred in the 14th Century, in Europe, when the Norman King of England repudiated his debts to the House of Bardi. This event triggered a pending explosion in the financial system of that time, throughout Europe, and resulted in



EIRNS/Juliana Jones

LaRouche speaking to the STUNAM on Nov. 9, in an Internet webcast: "We are now facing a crisis internationally, which is comparable to the threat that Europe faced, on the eve of the New Dark Age. This is not an ordinary depression."

what's called the New Dark Age: In which half the municipalities, or the parishes of Europe, vanished, in the course of this New Dark Age, and the net population shrank by one-third or more, during that period.

We are now facing a crisis internationally, which is comparable to the threat that Europe faced, on the eve of the New Dark Age. This is not an ordinary depression.

We are in a period, in which financial institutions which dominate the world, monetary and financial institutions, are desperately using every trick in the book to try to postpone the collapse. For what purpose? One is not certain! But they're trying.

So, we have to realize that we are now in a hyperinflationary mode, especially hitting raw materials areas such as petroleum, which is not based on supply and demand, but is based entirely upon the desperation of financier circles, to find something in which to speculate, to hedge against the collapse of their financial interests. And they count on raw materials, such as metallic raw materials, and petroleum, and so forth, as the way in which to try to defend the interests of these fellows against the oncoming collapse, which they know is inevitable.

Every leading financial circle in the world, knows that a collapse of this system is now inevitable. They may not say this to the press, they may lie—you know, people do lie, don't they? Governments lie, and financial institutions lie. But we're on the edge of that kind of collapse.

Can We Stop the Crash?

Now, the collapse is not inevitable. Money is not the primary, necessary determinant of world economy. Under, for

example, let's take the case of the United States in 1933: The U.S. had collapsed into the so-called 1929 collapse. But that was not a physical collapse of the economy: What happened was, that under Hoover, and under the direction of the Federal Reserve System of that time, that Hoover collapsed the U.S. economy by one-half, by measures of austerity taken in response to the financial collapse of the stock market, and the markets in Europe, as well.

Roosevelt came into office, in March of that year—after being elected, but actually came into the Presidency: At that time, the same financiers which had orchestrated the collapse, had put Hitler into power as a dictator in Germany through setting fire to the Reichstag, which was done by Hermann Göring, was used as a pretext for making Hitler, who had been sort of a joke at that point, the actual dictator of Germany, where he remained the dictator until his death in 1945. So, the danger is of that nature: That, we're in a period where financier circles, such as those U.S. and British and other circles who backed Hitler back then in 1933, that those circles will respond to a crisis now, as they did then. Today, it's called "globalization." This is the new fascism, this is the new fascist imperialism. And the plan of these powerful circles in finance, is to do that again.

Now, the only institution that can oppose these circles is the modern sovereign nation-state. In particular, there is probably no government in the world, which is prepared to challenge these financier institutions directly—except potentially, the government of the United States, to take the same role that it did under Roosevelt, and to lead the world into a new system, hopefully without going through a war in between. To return to something like the Bretton Woods system,

as it functioned at the point of Roosevelt's death and immediately afterward: The Bretton Woods system which enabled the world to recover from the effects of the Depression, during the interval from the close of the war, until the middle of the 1960s, when, again, the United States began to do foolish things to itself, as typified by the war in Indo-China.

So, the question is: Can we stop this crash, and what is the solution for this crash? Recently, we've had some interesting developments. The problem in the United States we have today, is, while we have a Senate, which is beginning to move significantly, in the direction of resuming the Franklin Roosevelt policies of that time, that the House of Representatives is still pretty much under the influence, from the top down, of the extreme right wing, which is vulnerable; and a Presidency, in which the President of the United States is actually dominated by a Vice President who probably has more power than any Vice President in history, who actually has, in a sense, more day-to-day command over the economy than the President of the United States himself. The President is almost a puppet of this Vice President.

Get Cheney Out!

Our intention, in the United States, those of us who are fighting against this, is *to have Cheney eliminated from office*, by impelling him to resign, on the basis of proof of the crimes of his associates, such as the recent indictment of Lewis Libby, his chief of staff. And there are many more on the list to go.

If we can get a change in the arrangement of the Bush Presidency, which makes the Bush Presidency more responsive to reality, then we can respond to this crisis with leadership from the United States, which would actually help to get the world out of the crisis as a whole.

There are many people, as in Italy for example, where the campaign for a return to the Bretton Woods system has been led by leading Italian parliamentarians, and there have been votes in the parliament, successfully, for that change in policy. If the United States would adopt, again, that policy, there are governments in Europe which would join with the United States, and I think in general, you would find that most governments in the Americas, of most states of the Americas, would welcome that kind of change if it were made clear to them what it is. For example, we have the case of the recent developments in Argentina, where President Bush has praised the President of Argentina, Kirchner, for his defense of his country against the IMF. Now, what that means from the mouth of President George Bush, one doesn't know. But one would take it at face value, and say, "The President of the United States has said something very intelligent in that case in Argentina, at that conference."

The states of the Americas are in agony. Mexico is in agony, physically. Argentina is in its agony, but it knows it. Bolivia is threatened; Brazil is threatened; Venezuela is threatened in a different way; Peru is destabilized. There are



U.S. Air Force/Sue Sapp

LaRouche on Vice President Cheney: "Our intention in the United States is to have Cheney eliminated from office, by impelling him to resign, on the basis of proof of the crimes of his associates, such as the recent indictment of Lewis Libby, his chief of staff."

horrible situations in Central America, as throughout the area. The suffering is unbelievable. Therefore, I think that most political forces throughout the hemisphere, would respond favorably, to an initiative from the United States to return to the kind of policies which the United States represented in terms of monetary policy from the period of the end of the war, until the middle of the 1960s.

I know that my old friend, now deceased, José López Portillo, the President of Mexico, struggled for that, and made a heroic defense of his country, in the period from August through October of [1982], especially in his memorable address to the UN General Assembly, at the convention then, on this policy. I share that policy on Mexico, with President López Portillo, as he expressed it at that time, and would still hope that we can get back to that kind of policy again, in relations between Mexico and the United States, and also throughout the hemisphere.

But, what are the developments which are pertinent to this? First of all, we have a breaking development in the past couple of days inside the United States. The Democratic Party leaders in the Senate have called for strenuous action to correct the errors and crimes of Vice President Cheney. This was stated by the Democratic Leader in the Senate, Sen. Harry Reid, who was echoed immediately by a Senator from New York, Schumer, and echoed by Debbie Stabenow, another Senator. There was a meeting subsequently in the Senate, among the Democratic Caucus of the Senate, which, after a clarification of some of the questions that were raised, about the proposal by Senator Reid, affirmed their understanding of the policy. So, we now have the leadership of the Democratic Party in the Senate, is moving in this direction, and firmly in this direction; and there are Republican Senators who share that view. And the recent defeat suffered by the Republican Party, in the recent elections, indicates that the American



José López Portillo announces the nationalization of the Mexican banking system, Sept. 1, 1982. "I would still hope that we can get back to that kind of policy again, in relations between Mexico and the United States, and also throughout the hemisphere," LaRouche said.

people are moving away from the Bush-Cheney Presidency, in a different direction, and that the focus of hatred is against Cheney. That's where we're moving.

Reorganize the Financial System

The crisis will come on soon. Let me outline what is required: Every major banking system in Europe and the Americas, is presently bankrupt. The entire major banking system of the United States is hopelessly bankrupt. Implicitly, the Federal Reserve System is bankrupt. Similar situations exist throughout Europe. The banking system of Europe is, with a few exceptions, bankrupt. The central banking systems are bankrupt; the European Union system is bankrupt, hopelessly so—it's just a matter of when the collapse becomes official.

What has to be done, and the only thing that can be done, in this case, is to have the United States take action to put the Federal Reserve System itself into receivership by the Federal government, as putting it into bankruptcy. The purpose of that action is to keep the doors of the banks open, to prevent a chain-reaction collapse of the system of credit and finance in the United States. And to proceed from that, as Roosevelt did, with a recovery program using national credit to stimulate growth in the areas of basic economic infrastructure, and things of that sort.

If the United States does that, and if Europe joins in that, then it would be possible immediately to create a new monetary system, like the old Bretton Woods system, and to proceed with a policy of high-technology-oriented expansion of employment throughout, for example, the Americas. There is potential for getting back to the level of 1982 in Mexico, in terms of the possibilities, the opportunities. Similarly, in Brazil. Similarly in Argentina. The work will be hard, it will

take practically a generation to restore and recover, these countries from this damage. But it can be done.

And I'm convinced that if the United States will change its policy, a change in policy which is probable, if not certain, that the countries of the Americas will tend to join with the United States to that common purpose. And that countries in Europe, especially Germany, and probably Italy, too, would tend to come over very quickly, as partners. Countries in Asia, such as China, probably Japan, India, would welcome the effects of such a change.

We could, therefore, move very quickly, not into prosperity, but into stopping the collapse of the system, and beginning to move upward. The most important thing, is we would be restoring the confidence of the people of the world in their governments, and the commitment of leading governments and institutions, to provide a future for them.

Now, people can be very poor: But, if they're confident that their country is improving, that it's on an upward course, they will put up with a certain amount of suffering, on the basis of knowing that they're moving upward. Whereas, if they see the situation is hopeless, with no likelihood of change, they will tend to become desperate. And when people become desperate, politics becomes desperate. And when politics is desperate, and leadership is lacking, under conditions like those of the 14th-Century New Dark Age, then civilization as a whole can go into a Dark Age.

We have a choice. Unfortunately, the responsibility for leading in that choice, from my best estimate, is, it must come from the United States. People around the world are looking to the United States government: Will the United States government change its policy? The Senate says, "Yes." The President has said nice things. The Vice President

says, “No.” The Vice President is a criminal. We’re moving to get rid of him.

Moncayo: Thank you very much, Mr. LaRouche, for your presentation. And now, we will hear the comments of Mr. Agustín Rodríguez Fuentes, of the STUNAM. I would like to say that this is a union that has more than 30,000 members, and it is one of the most important unions of Mexico and of Ibero-America. The subject of Mr. Rodríguez’s comments—and he is also a federal deputy, by the way—is “Mexico’s Course Should Change.” We pass the microphone to Mr. Rodríguez.

Agustín Rodríguez Fuentes

It is a pleasure to greet such distinguished persons who are listening around the globe to this conference, this exchange of views, and especially, to Mr. Lyndon H. LaRouche, who with his comments, his proposals, and his initiatives, is waging a fight very similar to that which many social organizations here in Mexico are also promoting. Over there, they are calling it a change of the financial system or a new financial system in the world economic order. Here, we are encouraging discussion, analysis, debate on the economic model which, since 1985, has been imposed on Mexico, with the disastrous results that mean the impoverishment of more than 50 million Mexicans and extreme poverty for more than 20 million.

And that is something which requires more than just concern or reflection, but rather must foster the measures to generate a change in orientation of that economic policy toward Mexicans, and toward the world in general. It is clear that, worldwide, neither the businessmen nor the owners of capital who receive the most benefits from this economic model, are convinced that this kind of economic life for nations is the best.

Thus the importance of this exchange of comments and views.

Mexico’s Course Should Change

We should also bring up at this moment the distressful circumstances that were recently experienced in Argentina with the Free Trade Area of the Americas, at the IV Summit [of the Americas] that was held [in Mar del Plata, Argentina] and where, lamentably, our President of the Republic went and encouraged and defended the indefensible, the unsustainable, as if he were the voice of the Mexican people, as if we Mexicans were very convinced of this agreement which has provided no sustained benefits for the Mexican economy. At best, perhaps for a few. But for many millions of Mexicans, evidently, there have been no benefits.

It is important to keep in mind that we Mexicans who suffer the devastation wrought by these international agreements, based on an economy conceived on the basis of supply

and demand, of world economic globalization, of a market economy where, if you produce, you have, and if you don’t produce, you don’t have, that is something which we must examine very carefully.

We have put a great deal of emphasis on the point that Mexico’s course must change. We have written a great deal, as a trade union organization, about that approach. I bring here today just one aspect that I would like to discuss, and that is something which lies at the foundation of what must be corrected in Mexico.

And here we have a small difference with Mr. LaRouche. For us, in no way were the actions of President López Portillo heroic. On the contrary, his were the most blundering actions possible, because when he had the chance to develop a strong and solid economic policy of developing the domestic market, he didn’t do it. Because there was much knavery that, precisely because of these circumstances and conditions, caused capital flight from our country. And it was precisely during that period that our country experienced the worst capital flight.

And later, others arrived with a technocratic mentality that, in the end, could not resolve things either.

I would like to point out that we have stated our views over the past 11 years, in every forum where we have had the opportunity to express them. The neo-liberal model in Mexico has proven a tremendous failure. The only thing the neo-liberal model has achieved is an increase in poverty, inequality, and social polarization. If you doubt it, just look at what happened recently in Argentina, what Brazil has gone through, what Mexico is going through, and what practically every Latin American country is experiencing.

Three PRI Presidents and now a PAN President have tamely imposed the prescriptions of the World Bank and International Monetary Fund, which obey the dictates of the most powerful and arrogant country on the planet, the United States of America.

We have experienced more than two decades of crisis and mediocre levels of growth. Stagnation of per capita domestic production; increase in the foreign debt and explosion of the domestic debt; a banking system bailed out at the expense of the Mexican people and now in the hands of foreigners; miserably low capacity to create jobs; a disastrous rural life, and a structural fiscal crisis that limits the role of the state to promote growth.

The world recession and the invasion of Iraq by the United States have aggravated the domestic situation, in addition to representing an environment which is unfavorable to the economic and social expectations of our democratic transition, and a greater risk to our sovereignty.

Incompetence of the Fox Government

The Government of Change, because that is what the PAN government represented by Vicente Fox calls itself, has effectively produced a great fiasco because of its tremendous politi-

cal incompetence. Its policy is a continuation of the previous regime's. The consensus it says that it seeks, is reduced to negotiations among small groups of leaders, which don't represent society. We saw that a few days ago in Argentina.

We are moving toward institutional and consensual disorder, because of what we are facing in the cases of the reforms of the indigenous law, the airport, the submission to the "gringos" with regard to Cuba and other lamentable cases. There have been and will continue to be confrontations between the President and the Congress, and between sectors of civil society, the Executive and the Legislature.

We've been saying it for some time: The change offered by the new government has been translated into a favorable change for the organization and projects of big capital, both national and foreign. The government, which is fortunately about to end its term, has been a pro-business government, incapable of democratically transforming the authoritarian and corporatist discretionary forms of the old regime. The government is thus a sum of individuals without internal cohesion and without a political program; even worse, it lacks a vision of the process of transition. And here I would make a correction: I believe that it does have a political program, but it is not the program of nor for the Mexican people.

It has been confirmed: The Fox government is a government of the right wing, with an economic and social program of continuity with the neo-liberal orientation of the past administrations, and with democratic advances regarding the forms of management and use of public resources. That is, transparency and control, but in the midst of a great ineptitude.

It is necessary to reverse this process, and to pose a consensual and institutional political arrangement, to urge an agreement for the social and democratic reform of the state and for national development with justice and equity. We do not want to once again be mere observers of agreements among the powerful, designed to achieve goals of economic growth that only benefit the prosperity of the great deal-makers, and which marginalize the great majority of the population.

Toward a New Consensus

Therefore, we call for a great social alliance for democratic change and for national development with justice and equity.

The reform of the Federal Labor Law that the current government is promoting, is in the strictest sense a "reform," with a small "r." It is "reform lite," that is, very superficial, given that it does not include the fundamental questions of Article 123 of the Constitution,* nor is it linked to the project

of reforming the State, let alone to a program of economic changes which sets out goals regarding labor and productive affairs. In a word: It is an updated version of a wretched and regressive law. Regressive, because it was presented by the business sector back in the mid-1980s, when the old system wasn't even capable of creating the conditions for its approval. And wretched, because now, when the new government has created expectations of important change, the reform does not achieve such expected heights.

Therefore, for many, it could be limited and disappointing. In fact, if the progressive parties in the Congress are incapable of modifying such aberrations, it will be, as we have said, a counter-reform.

The way in which the building of the consensus was directed, was totally unilateral, biased toward that already existing from the old regime. Therefore, we decided to present some initiatives as social organizations. It was appropriate to establish the necessity of updating the law and, at the same time, posing the necessity as well of a long-term reform. That would be best.

There is already a national clamor for the urgent necessity of improving the quality of life of all Mexicans, through a change in the economic model that will reactivate the dynamic of the domestic market, integrate the national productive apparatus, generate a greater number of jobs, raise wages, increase the competition among businesses, and strengthen national sovereignty.

For our part, we are involved in promoting a reform of the productive model and of the labor system which, in the framework of reform of the State, although it has not yet begun, would be capable of bringing out the legal, institutional, and cultural improvement of labor.

Enough of the contractionist policy which, for the sake of maintaining macroeconomic equilibrium, has killed any productive initiative on the part of the Mexican people. We propose a change in economic policy, that will put at the very center of convergence of all economic and social policies, the promotion of jobs and defense of the living standards of the workers. All this stems from the necessary, obligatory, reactivation of the internal market.

As a result of this economy, we find an enormous deterioration of such important aspects as the countryside. Like the whole agricultural and manufacturing productive system, the entire internal market is shrunken because of the enormous economic "opening," because of the indiscriminate policy of opening our borders, which has not generated the benefits for what we have identified as the micro-economy. That is, what the worker, the Mexican, the wage-earner, receives, what he

* Article 123 of the Mexican Constitution, entitled "On Labor and Social Security," establishes that "every person has the right to a dignified and socially useful job; to that end, the creation of jobs and social arrangements for labor will be fostered, in accordance with the law." It also urges Congress to "expedite labor laws" which regulate "every labor contract," including such aspects as a "maximum workday" of eight hours and a "minimum

wage"; the "national housing fund" for workers; the formation of "trade unions, professional associations, etc.," and the right to strike; designation of "the goods which constitute family patrimony, which goods shall be inalienable"; "the Social Security Law," which covers "the protection and well-being of workers," and which grants them "the right to medical assistance and medicines" and to dignified housing; among other things.

has in his pocket for the consumption needs of his family. The macro-economy may perhaps have had positive results, but that has been on the backs of the workers and through the surrender of the most sacred interests of the Mexican people to foreign policies.

And that is something that must be corrected, that must necessarily be examined. Now that we are entering this new era, we hope—and in the United States, with the fight promoted by Mr. LaRouche and other Americans who are oriented toward this change of the financial system on a national, international, and world scale—we hope that the United States will no longer follow that war policy, by which it sustains itself only on the basis of wars, with the deterioration and harm of many nations.

So-called intervention in defense of democracy of countries does not require any state to intervene. There is no reason for the United States to be in Cuba, nor to be in Iraq, nor to be in Venezuela, nor to be anywhere intervening in defense of democracy. [applause] Countries are sovereign, and as they are sovereign, they should resolve their own problems and define their own economic course.

And that is the direction in which we must move. We are confident that the results of this kind of exchange, such as we are holding here today, will help to bring about that great social, world movement for transforming the economy, so that it no longer exploits the neediest and no longer favors only the owners of capital.

We are at your disposal if there are any questions or comments on any issue raised. Congratulations for this exchange, and we are ready to continue developing it.

Thank you very much.

Moncayo: Thank you very much, Mr. Rodríguez. We are going to begin a session of questions and answers. But I would like to ask, first, if Mr. LaRouche would like to comment now in response to this, or should we go directly to the questions and answers?

LaRouche: I could make a comment on this. We're in a situation of an international system. Now, while I defend the absolute sovereignty of the nation-state, which is being destroyed today, we have to recognize, there *is* an international system, and if we don't change the system, there will be no possibility of defending the sovereignty in any country. So therefore, we can not start from the sovereignty of individual countries and hope to build up a system. We have to crack and break the power of the present international system, as a precondition for re-establishing the principle of national sovereignty.

Take, for example, one concrete aspect, which Mexico has, of course, experienced abundantly: the free-trade effect. Now, what free trade has done, is, free trade, by lowering the prices of Mexico's exports, has destroyed the capital of Mexico. Now, capital as I refer to it is not financial capital as such, but rather the capital represented by farmers, skilled

farmers, to raise their families, and to have enough income from their production to improve agriculture. There are whole projects in development of agriculture in Mexico, which have gone *backward* from where they were, say, in 1982, not forward! The *maquiladoras* and other things, were actually methods of looting Mexico, because the income that Mexico received was insufficient to maintain the capital of the small producer, the independent industry, as opposed to the giant international cartel and its auxiliaries in Mexico.

Therefore, we have to have a protectionist system, of the type consistent with what is known as the American model: That governments must have the right to protect their industries, and to set prices. We must have, also, on the international market, however, an agreement to a protectionist system, of the type we had prior to 1971-72, under the Bretton Woods system. It was under the protectionist system, that Mexico was able to prosper somewhat in the post-war period, until the developments and change started in 1971-72 and went through 1982.

So, we need to understand, we need an international protectionist system, modelled upon the precedent of the Bretton Woods system as it existed into the middle of the 1960s, actually. Without that, nothing else is possible. This means, protectionism for standard wages, wage protection, protectionist wage standards; protectionist agricultural standards; protectionism to protect national industries, to promote local investment in industries. You look at the structure: We have lost the structure of independent industries and agriculture. They've been gobbled up by international cartels. This is a threat to our food supply, for example. By trying to standardize international foods, we have created a potentiality for diseases to wipe out whole types of crops, because we've overspecialized and oversimplified production.

So, the thing I emphasize is, we have to start—if we're going to win—we've got to fight a power struggle to change the international system. Without a change in the international system, we will not be able to maintain sovereignty, or re-establish it in any country.

Questions and Answers

Moncayo: Thank you very much, Mr. LaRouche. . . . I would now like to take questions from the audience. If you can please come forward, identify yourself, and ask your question.

The Issue of the United States

Q: Thank you. My name is Carlos Eduardo Zúñiga. Good morning. Mr. Lyndon LaRouche, in your address I heard you present the United States as the only country capable of leading the international economy, at least on the level of Latin America. But I do not entirely agree on this point, given how the United States has been discredited historically. I also



United Steelworkers of America/Mike Matejka

We have to end the free-trade effect: Mexico's maquiladoras which brutally loot the population of Mexico—and the U.S. workers.

wouldn't treat the problem of the United States only as a matter of the current Vice President who must be replaced.

I also think that if the position of President of the United States were to be occupied by a person such as yourself, I think that you could possibly face the same fate as John F. Kennedy. Isn't it true that an honest person faces greater dangers in the United States than anywhere else? I think that, perhaps, a country like Canada, which is large, might represent a better probability, because it doesn't have a history as damaged as that of the United States. What do you think about this? Thank you.

LaRouche: It won't work. The problem is this. The problem is not states, or the United States. The problem is an international financial system. You have to understand, the world today is not run by governments, though governments have the potential of acting in concert to break this superior power. The superior power is an international financier group, which happens to be the same group which put Adolf Hitler, Mussolini, and Franco into power back during the relevant period. These are international financial operatives who control the world economy today. Their intention today, is to eliminate the nation-state in many parts of the world, and where they do not eliminate the nation-state, to make the nation-state a mere errand boy for concerts of financiers.

Now, the power that we have to face, is centered in London, not the United States. It is the international—the new Venetian system, with headquarters in London, which is the problem. If you're going to deal with any part of the world successfully, *you must break the power of that system.*

The only state which is likely to undertake that chore, is the United States. Not by itself, but by leading a concert of

nations, which *move to break that power, that imperial power*, to which we are all subject. The function of the United States—it must be its function, which is the same function that Franklin Roosevelt represented. Remember, Roosevelt's intention, at the time he died, was to eliminate imperialism, as the first chore of government. And this was to establish the true sovereignty of nations which had been colonial or semi-colonial in their status. This included the Soviet Union, it included China, it included India, it included the countries of Africa and so forth. These countries were to be *made free*. Not only free, but be assisted in their development as free states.

The United States represented that, then, as it did under President Lincoln, and under some other Presidents. We have other Presidents who represented the foreign interests of the British government, or British imperialism. The power we have been in, since 1971: Nixon represented British imperialism. Carter represented British imperialism—he wasn't a bad man himself, but his control under Brzezinski was. Reagan had some good qualities, but he was also soft in dealing with these financial agencies, and it was a terrible period. Bush "41" was terrible on this question, even though he defended Germany somewhat, against the predatory British government at the time. What we've seen in Europe, again: predatory policies. And we have had no President—Clinton was a good fellow, well-meaning fellow, but he did not take on this enemy.

What is required is to have a Presidency of the United States which *takes on this world power, and breaks it*, in order to ensure that other nations will have the freedom to develop as sovereign states. Without that commitment, as the questioner put it, you have to have a Presidency of the United

States which will make that commitment, in order to free nations to enjoy their sovereignty.

I'm committed to that. We have a movement in the Senate, and other parts of society now, to move back in that direction. The financial collapse of the world system, including the U.S. system now, has created the *opportunity*, to bring the United States to play that role which it must play. Because, *no other part of the world has the combined resources, and courage* to take on the London-centered international monetary-financial system.

Problems in National Leadership

Q: My name is Octavio Solís and I am a member of the STUNAM. We should be precise, right? Because you also spoke about the protective role of the developmentalist State, but don't forget that here in Mexico, this is known as populism. The social democratic project from Europe was introduced, but it too has defects, as seen in Mexico and above all in other countries, like Argentina with Perón. Defects of that kind of economic project are what brought us corporatism in the trade unions. Yes, it invokes the development project, but one must also remember the defects, and remember the impediments in politics, the authoritarianism, for example, in Mexico with the PRI-run State.

We must be careful not to repeat these defects, so that we don't again get that type of policy, above all in control of the workers, which concerns us as trade unionists.

On another point, I would like to think that when Mr. LaRouche speaks about the policy of López Portillo, he is referring to his foreign policy. One must distinguish between the PRI's international policy and its domestic policy. Abroad, it came off as leftist, because it belonged to the Fourth International, and also supported Allende, and Castro in Cuba. But domestically, they behaved like a right-wing party, and that is why the PRI is seen as centrist; it is not totally right but neither is it leftist.

In other words, there is a difference between foreign policy and domestic policy. In that sense, [Mexican President Vicente] Fox is more consistent, being right-wing domestically and also right-wing abroad. So one must be precise.

LaRouche: Most people, including trade unionists, do not understand the kind of problems with which I'm familiar: I have seen governments broken, and I know who breaks them. I know a good deal about how the governments of Mexico, including the PRI governments, were broken.

For example, back in the 1970s, you had an important development of an oil-for-technology transfer agreement with Japan. This was broken, under pressure from Brzezinski, who threatened Mexico, so Mexico abandoned its own national-interest policy, under pressure from Brzezinski, and from the financial interests that he represented. I've seen other programs, in Mexico and in other countries.

I met with López Portillo, in Los Pinos in the Spring, which was a time that I was dealing with opposing the attack

on the Malvinas, the Malvinas War, coming from Britain. And trying to get the United States to uphold the Rio Treaty, to kick the British out of the Western Hemisphere, because what the British were doing in war against Argentina, was a *violation* of the Rio Treaty, in which the foreign powers of Europe were prohibited from interfering in the internal affairs of the Americas. So, at that point, I met with López Portillo, and he asked me, in an hour meeting, what the United States had planned for his country—a very good question—because he knew something about me, and knew something about the United States. And I said—this was the Spring—I said, “They plan to destroy your country by September of this year.” The attack came in August.

And the policies of Mexico—I saw the López Portillo government and its successors *broken*: broken chiefly by the British interests, and by the United States government. That's how it happened.

So, the complaints against Mexico's policies, often the government policies, must go back to the source of the problem. You have a kind of imperial neo-colonialism, by international financier interests, which control governments, and often control the government of the United States. If we don't break that power, we will not have freedom for the governments.

The other side of the thing, which the questioner referred to, is, the biggest problem I have in politics internationally, is the degree to which people have become discouraged—in trade union organizations and others: discouraged that they can not do anything. They're prevented from doing anything. And what happens is, discouraged people cease to be politically active, politically effective. They don't fight the issues they should fight. They give up. They nag and they beg, for favors, from powers that they see as the powers. The important thing, is to develop a true democracy, not the false democracy that we sometimes see around the world, but a true democracy in which the individual *mind* of the average person in society is participating, through institutions in government.

And when the voice of the people, for example, in Mexico, I think of working people, as I do in the United States. Our auto industry is being destroyed! It's not just the industry that's being destroyed, it's the people who work in it; the communities that are represented by that industry, are being destroyed!

Our concern is, we must give—through government, we must give power to the people to express their voice within the institutions of government, to deal with these things. We have to understand that. We have to understand, we need strong governments, but we need governments that can defend the people, and defend themselves against overreaching foreign interests.

The Political Base of Leadership

Moncayo: Thank you very much. We have a set of questions from Argentina, which I would like to summarize.

Gisella Vanegas of the Peronist trade union youth, is in the audience there in Buenos Aires, and she asks: What are the chances that Bush will reach an agreement with Argentine President Kirchner? How is the situation in the Argentine Republic seen from abroad? And what are the similarities and differences between [former Argentine President] Gen. Juan Domingo Perón and [Venezuelan President] Hugo Chávez? Thank you.

LaRouche: On the personality of Chávez, I wouldn't say too much. Venezuela is a sovereign country, and the sovereignty of its institutions and its chief of state is something I don't like to meddle in.

In the case of Argentina, of course, I have a close relationship with Argentina going back for a long period of time, and with some of the Peronists in Argentina, as well. We've fought several fights, including the fight against what was done with the Malvinas and things like that. So, I have some feeling on that point.

What we need, at this point, is an international awareness, and I'm very happy to see that these union movements represented here, both from Argentina and in Mexico today, are playing this role. I would compare this with the situation in the United States, with some of our UAW people who are associated with Delphi and the auto industry, who are now being persecuted. Some of these trade unionists, as you probably know, as you have the same thing to some degree in Mexico and also in Argentina, are not just ordinary workers: They're very skilled people. They're machine-tool designers; they're machine-tool workers. They're the key workers in the industry, who make possible the employment of the others, through their work in developing the technologies which make the country strong.

My view is that this voice—we used to have the farmer, but the farmers are a much weaker political force these days. But these forces from the labor movement typify what is required to create the base, the popular political base of leadership, for moving governments in a new direction. And it's to the extent that the working people typify the majority of the population of a country and its national interest, that they are efficiently participating in governments, and understand what the issues of government are, and are able to intervene efficiently to steer governments, in the sense of being unignorable forces within the country. This is what is required.

U.S.-Mexican Cooperation

Moncayo: Thank you, Mr. LaRouche. We now have a question from Mexico, again. Please go ahead.

Q: Good morning. I am Esteban Verdeja Vargas, at your service. The question I have for you is: Do you think that the European and American crisis is a danger that involves Taiwan, Japan, and those kinds of governments that have practically been part of the European and U.S. economies? That is my first question. Second, given the changing situation in the United States, do you think it possible to contribute to



EIRNS/Stuart Lewis

The statue of Benito Juárez in Washington, D.C. The United States intervened to help Mexico against the Hapsburg occupation and bring Juárez back into the government.

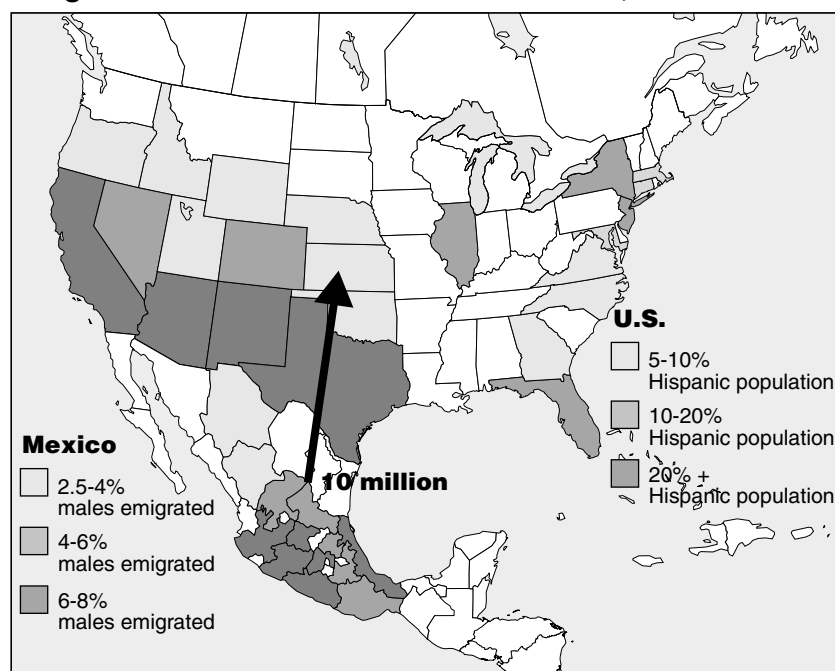
a change of course in Mexico, but with the freedom to govern ourselves and not have interventionism, so that we can recover the right to govern ourselves that every country has?

LaRouche: This question of sovereignty, and cooperation among nation-states and sovereignty of nation-states, is one which is not adequately understood in general, and should be more often discussed.

Let's take the case of the U.S. and Mexico. The U.S. and Mexico have a very special relationship, because of their contiguity and because of the history of Mexico, as such. Particularly, the case of the fight against the Hapsburg occupation. The Hapsburg occupation was part of the attack from Britain on the United States and Mexico at the same time. That's how it occurred. And getting Benito Juárez back into the government, which was done with the intervention of the United States against the Habsburgs—which was actually against the British—was crucial.

But, look at Mexico as such: There is no rail line, efficient

FIGURE 1

Emigration of Mexicans to the United States, as of 2003

Sources: INEGI (Mexico); U.S. Census Bureau; *EIR*.

rail line, between the Mexico-U.S. border, and Mexico City. Which means, that there's a weakening of the integration of Mexico, because of these policies. You have a water policy: There's abundant water in Mexico in the South, but there is not in the North. Whole areas of Mexico, which require development, development of its people, development of its communities, is not occurring. The infrastructure is not there. The development of the power resources needed is not there. Many of these things, involve common-interest projects on both sides of the border. It does not mean the United States should come into Mexico and do it, but it means there are cases in which cooperation between the two states, on long-term investments which are 25- to 50-year investments, in basic economic infrastructure and so forth, are essential.

Also, agreements for example, on the question of what about the undocumented workers in the United States? This has never been regularized. The Mexicans are not protected. They are exploited. Others are coming through Mexico into the United States—they are being exploited, as a cheap-labor force. This is destroying families in Mexico. It's destroying the culture of Mexico. Therefore, agreements among countries, on mutual issues of common interest and common projects, especially in the areas of infrastructure and protectionism, are essential.

Mexico is especially important, because it is considered throughout the Americas, that the relationship of the United

States to Mexico is the measurement of the United States' relationship toward all of South and Central America. Therefore, the voice of Mexico and Mexico City, is extremely important throughout the Americas, because people will say, "Mexico's relationship with the United States, typifies our *fate* within the hemisphere, of what the United States and its European partners are going to impose."

So this issue is crucial. And I think my experience is, there's not sufficient understanding in recent times, of the importance of this issue, of having the proper form of relations between two sovereign states, Mexico and the United States, to understand those issues: which are not really *negative* issues, but issues of urgent cooperation, such as the matter of water management, power management, general improvement, and protectionism—protectionist measures which give Mexicans the prices for their commodities, which enable their agriculture and industry to prosper.

You see a situation on the border, as you get up to the northern border of Mexico: You see poor people, who can't get employment, become "mules" carrying

drugs across the border *out of desperation*. You see what has been done to the people of Mexico, especially in the northern states, as a result of this kind of process. The United States has never taken effective action on this, in this entire period. The United States has a moral responsibility to *help* Mexico, in terms of what Mexico's actual interests are.

And Mexico has to open up its eyes, to demanding this kind of cooperation, not simply demanding relief from the negative measures, but there are *positive* measures, which, where not taken—positive measures of cooperation—result in great suffering for the people of Mexico, or at least for a large part of them.

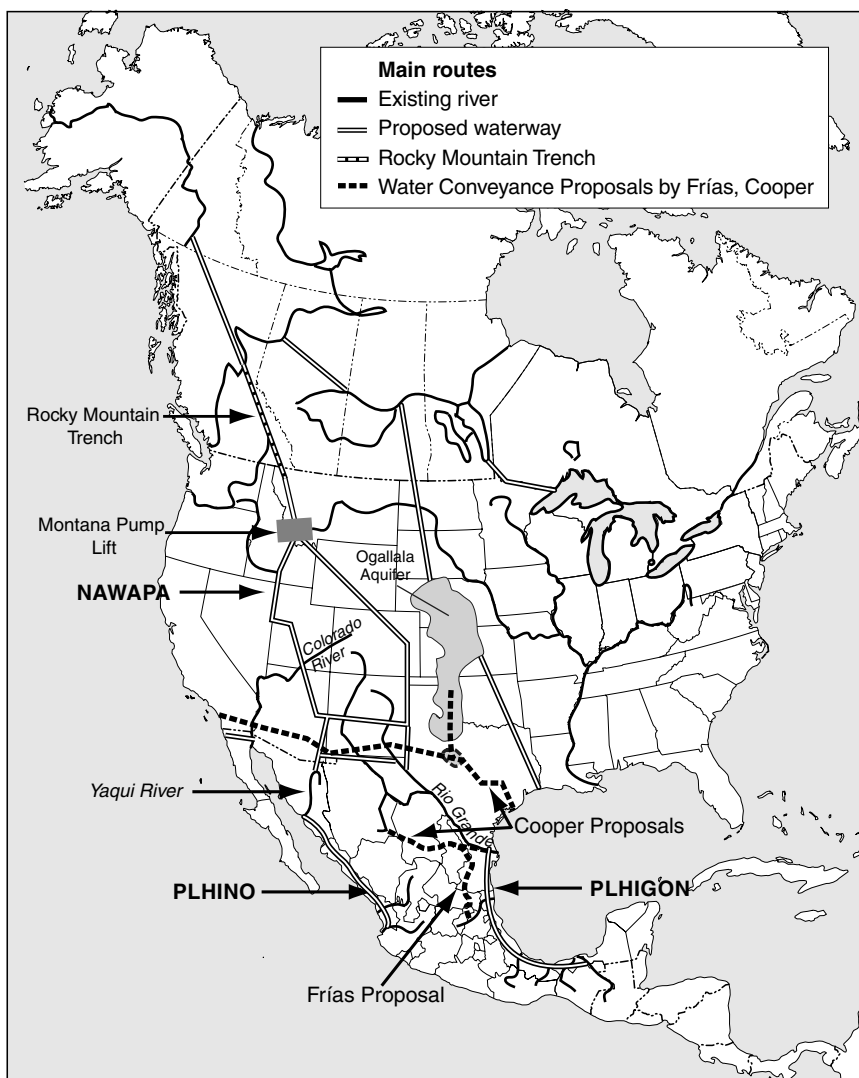
How To Deal With Mexican Resentment of the U.S.A.

Moncayo: Thank you very much. Among our distinguished audience of labor leaders from the STUNAM is Pedro Gante, the Labor Secretary of this trade union, who has a question for Mr. LaRouche.

Q: Mr. LaRouche, we greet you affectionately, and welcome this opportunity to be able to exchange views. As an expert in economics and as a great statesman from such a powerful country and neighbor of our country, Mexico, what would you recommend to the President of the United States, to your own Congress, that would bring us together and offer a more dignified, more humanitarian treatment toward our

FIGURE 2

North America: 'NAWAPA-Plus'



Source: Parsons Company, *North American Water and Power Alliance Conceptual Study*, Dec. 7, 1964; Hal Cooper; Manuel Frías Alcaraz; EIR.

brothers who find themselves forced by this neo-liberal policy to emigrate to the United States? They are treated, as you said before, inhumanely. Coming from a cultured country like the United States, with great statesmen such as yourself, we Mexicans are surprised. This treatment has already caused great resentment towards our neighbor. I think it would be a good idea for the United States to treat its neighbors in a more dignified way, so that it needn't be afraid of being invaded by terrorists. And instead of training weapons, cannons on our country, it should give us more dignified treatment, and thereby win the affection of the Mexican people, rather than the resentment which is felt today towards the United States.

Another important issue is that, aside from the human

rights issue which is implicit in the treatment of our brothers, the United States falls into a great contradiction: It has invaded countries with the argument of respect for democracy and human rights, when in practice, it demonstrates the opposite, in defense of its capitalist interests.

Also, it is well known that the army of our brothers who go to the United States, do so because of the disastrous state of affairs which exists in our countryside. The United States has been incapable of providing us with the help in technology and resources that would prevent this army from being forced to migrate to the United States, an army which has generated great wealth for the United States itself. And we won't deny that we have also benefitted from the remittances sent to us.

But, nonetheless, tell us what you would propose to the President of the United States, to be able to mitigate or remedy this resentment that we have toward our neighboring country. Thank you very much, sir.

LaRouche: Thank you. I would say—to say “what *would* I propose?” Well, let's take what I *am* proposing. And proposing to the relevant institutions, who *do* hear me, especially on the Democratic Party side, but also some other institutions. And recently, I've been fortunate, or unfortunate as you might judge it variously, in having a greatly increased influence in terms of the political decisions in the United States. Particularly, in my criticisms of the failures of the Bush-Cheney Administration, since its inauguration, and also

criticisms I had of earlier Presidencies, including the Presidency of a man with whom I'm quite friendly: Bill Clinton, the former President.

The point, what we have to do, is this—I think a concrete answer to the question is the best answer, rather than just the generalities. What is needed now, is to create a new monetary system; to put the United States into bankruptcy, by its government; to make sure the banks stay open; to cancel financial derivatives accounts—just cancel them; they're side-bets, they're not real investments; and to create new capital through state capital. That is, the United States government has under its Constitution a provision under which the currency is not independent of the government, according to our Constitu-

tion: Only the Federal government of the United States has the legitimate power to create and control the currency.

Now, the Federal Reserve System is a compromise, it's a corrupt compromise, but it still is somewhat controlled by the Federal government. If we put the United States banking system into receivership, as we would put any bankrupt institution into receivership, and arrange for its continued operation under bankrupt conditions, the following would occur: We would create trillions of dollars of new credit, long-term credit, at between 1 and 2% simple interest per year. This would be directed largely to two categories: basic economic infrastructure, such as power systems, water systems, transportation systems; and health-care systems, educational systems, things in the public interest.

And we would also, at the same time, look to our neighbors, such as Mexico, and say, "Why can't they do the same thing?" Well, their present arrangement and their banking system doesn't allow them to do that. Maybe we can help out. There are large projects in Mexico, which it's in the interest of the United States to have existing.

Remember, that in our country, in the United States, persons of Spanish-speaking descent from within the hemisphere, are the largest single minority in our country. Larger than the descendants of African descent. Therefore, we have a very important interest, a common interest, in dealing with the welfare and consciences of people in the United States, who, one, two, or three generations, or more recently, have come into the United States, as either citizens or as legal residents, or illegal residents. These people have close relations in the hemisphere, with Spanish-speaking families in other parts of the hemisphere—especially Mexico, especially northern Mexico. Therefore, our relationship between the United States and Mexico, depends upon the welfare of Mexicans *on both sides of the border*.

Now, on the southern side of the border, there are no jobs, no adequate jobs; there is no adequate development. The lack of development, the lack of jobs, the lack of economic conditions, drives Mexicans, who would rather live at home with their families, than be driven across the border to a strange country where they may be abused! And many are abused, or used as drug-hauling mules, across the border, to die in that way.

Therefore, it's in our interest, and Mexico's interest, that we have cooperation in promoting certain long-term projects in infrastructure, which would provide a means for employment of Mexicans *in* Mexico, both directly in terms of large-scale projects, and in stimulating the private sector in these regions, through employment and projects. These involve water projects—for example, the PLHINO project [see Figure 2]: Mexico has much water in the lower part of Mexico, why can't we move it up, as Mexico has planned *many* times, over many years, to move the water, along the coast, up the coast, or across the mountains, into the northern parts, the arid parts

of Mexico? To develop Mexico, to develop its agriculture, to develop new cities, new communities. Mexico City is a fine city, but it's too large, to deal with all that smog and so forth that people suffer every day there. It's necessary to disperse the population more, into new cities and new areas of development.

It's in the interest of the United States to have that. It's in the interest of the United States to have security, and U.S. security depends upon the security of Mexico. If Mexico is more secure, we are more secure. And therefore, there's no reason, under a U.S. government, properly informed, not to do what I proposed: to take these large-scale projects, which are projects of common interest, in which the governments of Mexico have in many studies developed these projects. They have just not been implemented, like the PLHINO. These projects should be fostered. The United States should sponsor the fostering of these projects, which are in both of our interests.

Fostering this cooperation between the United States and Mexico, this change in relations, will be good for all of the hemisphere: It will establish a new standard for the hemisphere. Because, if people in South America and Central America think that Mexico can trust the United States, that maybe they, too, can. And that is the basis of our security in the hemisphere. It's not on force and power, but on the basis of trust and common interest.

Moncayo: Thank you. At this point, we would ask people who want to ask questions, to please put them in writing. We now have a comment here from Mexico, and then, one from the General Labor Federation, the CGT, of Colombia. First, the question from Mexico, please.

Mexico's Economic Future

Q: Good morning, distinguished analyst and economist LaRouche, Mr. Rodríguez, and distinguished audience. My name is Atanés Reno Castro and my question is the following. We've talked a little about history, about Europe, about Venezuela, Brazil, Argentina and so forth. But what I would like to know is: What will be the course of our country, which is a country rich in natural resources and, especially, what is called black gold, or petroleum? It makes no sense that we have these natural resources, and nonetheless are submerged in an economic crisis. My question is, then, Mr. LaRouche, what is the economic formula for changing the country's path and avoiding the privatizations of Pemex and the Federal Electricity Commission?

LaRouche: Well, it's simply, if the United States' government decides that it's going to sponsor this policy, as you suggest, then it's up to the Mexico government to say it accepts that U.S. policy. If the two governments agree on that policy, nothing should stand in the way.

In the United States, you have to go with the reality of the situation, not just the abstract aspect of the situation: The



EIRNS/Uwe Parpart

A Pemex refinery at the port of Coatzacoalcas, Veracruz. Why with such rich natural resources, like petroleum, is Mexico submerged in an economic crisis, a questioner asked, and how to avoid the privatization of the national oil industry, Pemex?

reality of the situation is, the United States is bankrupt. We have to go through a massive growth program, to get out of our own bankruptcy. We have the mechanisms in our Constitutional system for doing that. We have a temperament in the Democratic Party and in the Republican Party leadership, in that direction—*now*. We have a great crisis, in getting rid of Cheney and getting the government back under control in a Constitutional way.

Therefore, under these conditions, the important thing is—like this discussion we’re having today—the important thing is, to have a discussion among the people who are sponsoring these *changes* in their respective governments. And to take a list of projects, which should be developed, and make this list of projects—remember, when we’re talking about a project, you’re talking about, for example, a power station: A power station has an economic life of 25 to 30 years, a power system. You have water systems that have a life cycle of 50 years, physical life cycle. A railroad system, similar kinds of things—you need railroad systems, and mass transit systems. These kinds of projects would stimulate, in Mexico for example, the level of growth needed to remedy many of these problems.

If we have this kind of cooperation, it will work: *We are on the road toward such cooperation—now*, by the changes that are occurring in the temper of the United States, now. As you saw in the recent elections in the United States, which are local elections—in states and so forth: These elections show, there’s a change in the mood of the public. What you see in the Senate: You see a change in the mood of the Senate. You see the impulse to have Cheney out of government! In the

sense, that getting rid of him is the first objective to restore decent government in the United States. To get out of this kind of war policy. We are undergoing a change, now, in the United States, which Mexico should be happy to see coming, and would hope that it would succeed.

If we continue in that direction, there is no doubt that, as long as my voice is still influential in certain circles of the United States, that what I say *here*, is something we will be saying from the United States. We will need a continuing dialogue, so that Mexico does not feel that it’s having something shoved down its throat, in terms of a proposal, but that it’s a voluntary plan for cooperation, which can serve as a model for relations throughout the hemisphere: If Mexico and the United States can trust each other, the hemisphere can cooperate.

Eliminate Free Trade!

Moncayo: Thank you very much, Mr. LaRouche. Obviously, these proposals to build a more humanizing relationship among sovereign states and among populations, evokes great enthusiasm. Now, I will read a question from Colombia:

“Greetings from Colombia for the STUNAM union in Mexico,” says Jaime Torres, president of the Regional Federation of Transportation Workers of the Eastern Portion of Colombia, which is part of the CGT, the General Labor Federation of Colombia. His question is the following: “Mr. LaRouche, what do you think of Colombia signing a free-trade agreement with the United States?”

LaRouche: I’m against it. I’m against it. Under free trade—Take the world as a whole, today, to see this in per-

spective: In India, which is a growing economy in terms of exports, 70% of the population is desperately poor. In the recent election, Vajpayee, the former Prime Minister of India, who was a very capable person as a Prime Minister of his country, was voted out, because of the failure of India to deal with the requirements of 70% of its own population.

You have in China, which is called the great country of the future: Well, China has grown, it has progressed. But, it still has the same *kind* of problem, not the same form, but a parallel to that in India. The great part of the population of China is very poor! Desperately poor! You look at the rest of Asia—that's not even talking about Africa—they're desperately poor. You look at the countries of the Americas: You have this desperate poverty, with whole masses of the population sinking into a swamp, a quicksand, of super-poverty, of death, of destruction, like a Dark Age.

So, the issue here, is, we have to eliminate all free trade. Because, what we do with free trade, is this: Mexico competes, how? Or, did compete, with the *maquiladoras*, until the trade went elsewhere. What happened? You shut down production in the United States, because Mexican labor is cheaper. Why is it cheaper? Because Mexican labor is not fully paid for the cost of its labor. What's the effect? *The increase of poverty in Mexico*, is a result of the *maquiladoras* program, a free-trade program.

What do we do with free trade in Central America, which was recently adopted? It's going to *ruin* an already half-destroyed region of the world! What will free trade do to Colombia? It will destroy it! Because, the income received from trade, will not be sufficient to maintain the population.

We have to have a protectionist system, under which the industries and agriculture on which the nation depends in each of these countries, the income from that must be sufficient to maintain the economy justly for the entire population.

So, we must go back to a pre-1971 policy of protectionism. Or what's called "fair trade": That countries must agree on tariff agreements and support agreements, so that each country can take its essential industries, and derive sufficient income, or margins of income, from the work of those essential industries, to pay for carrying the population, *according to a standard of the General Welfare of the people*.

So, free trade is the enemy of humanity. And it's the weapon of the usurer.

Defeat the Synarchist International

Moncayo: Thank you, Mr. LaRouche. We now have a question from a young woman in the audience here.

Q: My name is Blanca Estela Pérez. Good day to everyone. I have two questions. One is for the economist Lyndon LaRouche, and the other is for engineer Rodríguez. The first is: Mr. LaRouche, I would like to know, in 1945 we had the Bretton Woods agreements which, according to some experts and political analysts, is a system in which the dollar is consolidated as a currency of international reference, where the

United States is able to both pay its bills and to self-finance. On the other hand, this also meant setting up a system in which there is control over interest rates, and fixed parities, to prevent a system of speculation like what we have today with derivatives, which is practically destroying the economies of every nation. However, what I would like to know is, what this New Bretton Woods would mean. Isn't it a danger to the sovereignty of the nations themselves? Where would its limits be set? Or would it just be a transitory system, given international dollarization, and would it eventually permit nations to recover their hegemony and political, social and economic sovereignty?

My question for Mr. Rodríguez is: I would like to know if you, from your congressional seat, would be prepared to make a statement in the Chamber of Deputies in favor of a new economic model, whether it be what Lyndon LaRouche proposes, which is what many nations are proposing—for example, there is the proposal in Europe for just trade. How far would you be willing to go in making such a statement, on the one hand, and also in asking for an explanation of the role that President Fox played at the summit in Mar del Plata?

Those are my two questions. Thank you.

LaRouche: First of all, I'll make this as short as possible: The first question involves many complications, but I'll try to simplify the thing. In 1933, in March '33, when Roosevelt entered the office of President, after being elected earlier, at that point, Hitler came to power in Germany. Hitler had been brought to power by what was called the Synarchist International, a syndicate of bankers led by London, which had promoted Hitler, as Mussolini, and later Franco. From that point on, we were headed toward what became World War II, as a result of the movement, centered in Germany, to establish a world fascist dictatorship.

The United States was mobilized to defeat this fascist dictatorship, under Roosevelt. However, at the time that Roosevelt died, and Truman became President, Churchill, who had allied with the United States, *only* because he did not want to give up the British Empire, turned to the right and together with the new President of the United States, Truman, made a deal *and revived the Nazi International*.

Now, you know, in Mexico and in South America, as you know in the case of what happened in Chile, what happened with Pinochet, what happened with Operation Condor murder operations in Argentina and in the Southern Cone generally, you know the Nazi International still exists; and it is still sponsored by the kind of financier interests which put Hitler, Mussolini, and Franco into power, back during the 1920s and 1930s.

This thing took over, through Allen Dulles, a significant part of our intelligence apparatus. And through New York bankers and Washington, D.C. banking groups, who took over and supported the Nazi International.

This is what most of these countries have been fighting against, in defense of their liberties, and in defense of their



National Archives

Franklin D. Roosevelt (right) with Mexican President Vaila Camacho in Monterrey, Mexico, in April 1943. Roosevelt mobilized the United States to defeat Hitler and his Synarchist International promoters, with an anti-imperial policy. But as soon as Roosevelt died, the Synarchists brought back the Nazi International.

sovereignty, to the present day.

Cheney, for example, in our government, represents a continuation of the interests of the Nazi International! And the torture organization, which Cheney is defending, which was picked up by the United States and British *from* the Nazis! The torture at Abu Ghraib and Guantanamo, and other, secret locations, is a Nazi operation, promoted by the Vice President of the United States—which is one of the reasons we’re getting rid of him!

So, one has to understand this. And to understand that the problem of the post-1945 period is, that at that point, Truman could not eliminate the Roosevelt reforms, the Bretton Woods system. But, beginning with the war in Indo-China of the United States, after the assassination of Kennedy, there was a movement in a new direction, which began to hit with full force in the 1970s and 1980s in terms of South and Central America. That’s your experience. It is still there! It is represented, in the extreme, in Mexico, by political organizations in Mexico, as well as in other countries. This is the problem.

And therefore, if we go back to the Bretton Woods system, we’re going back not just to an economic system: We’re going back to the policy which Roosevelt represented at the time he died! Because, that policy, even though it was continued in the post-war period, up into the middle of the 1960s, and technically, until 1971—that policy was in the process of being sabotaged under the same international financier interests, headquartered in London, which put Hitler, Mussolini, and Franco into power earlier. That’s our problem.

We’ve now come to the point that, yes, economic conditions permit us to defeat this enemy. But this time, when we defeat him, we have to make sure he *stays defeated*. Otherwise, our freedoms are not guaranteed.

A New Economic Model Is Needed

Rodríguez: I will gladly present to the Chamber of Deputies, as a point of urgent agreement and resolution, this demand for a change of economic models. We have been doing this from our trade union organization since 1985. At that time, our trade union published a full page in the newspaper *Excelsior*, of a national manifesto, when the imposition of this economic model, in the period of Miguel de la Madrid, had barely begun. That manifesto was entitled, “Mexico’s destiny is being lost. The course must be changed.” And from that point onward, we have been working on this same thing. Already at that time, we had warned of the havoc that the neoliberal economic model was wreaking on the economy of Mexican families.

And so we will gladly present this. You are witnesses: We will present that initiative.

A few minutes ago, I just signed another resolution that we are going to present in a few days, for the recognition of the National Autonomous University of Mexico (UNAM) as being among the 100 best universities in the world, because it has a special quality: It is a university of the masses, it is a public university, and it is a university with few resources. And for it to be on a par with the universities of Paris, of Madrid, of the United States, of Canada, to be the first in Ibero-America, to be number 20 worldwide in arts and humanities, to be number 93 worldwide in science, the truth is that this is an important achievement. And that should be recognized, in order to rectify the policy of this government toward public universities. Because with a little support, Mexico’s public universities could be first-rate. We can do it, and we are going to work for that.

I believe that this is intimately connected to economics.



Augustín Rodríguez,
Secretary General of
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Here, UNAM students strike
against a tuition raise.

Because this economic model, as you know, has the market economy as its foundation. And under that model they have wanted to dismantle the UNAM, to push the public university aside, to economically strangle it. But, as Galileo Galilei said in his time, "Nonetheless, it's moving." That is to say, nonetheless, free, lay, public universities of the masses will continue to exist, since it is clear they can be a fundamental factor in the economic and social development of the country. There are examples of this. The national public educational system, from pre-school to post-graduate, is free; it is paid by the State, and gives the citizenry the opportunity to develop themselves.

I always cite the example of a country which is half ice and half productive land—which is Finland. It is in the top rankings in education, in the fight against corruption, in communication, and we could hang many more medals on a system like that. We should aspire to this. And therefore, we have to convince this government, by the force of democracy and through social mobilizations, to change its neo-liberal conception toward public universities. And, of course, from now on, we are taking on the commitment to present this as a point of urgent and obvious resolution.

Calling for a change of economic model will at least encourage discussion in the Chamber of Deputies, because this is not being discussed in the Congress. The reform of the State is not being debated, because there is no agreement among the party leaders of those who rule, or misrule, this country.

And so we have to intervene on this. This coming year is an historic opportunity for the Mexican people, to use the power of the ballot, to vote for a real and true transformation of economic policy, and social policy. And here I should clarify a point. When we, or I in my intervention, when I spoke about López Portillo's not being one of the best eras of government the country has had, I am not proposing that we

return to a protective state economy. On the contrary, we are proposing that we recover society's role in the economic and social development of the country. We don't have that now. Now, we have an economy, or a social policy, or an economic policy, or a political policy, that is defined by the leaders of the political parties. They are not defined by the centers of the social organizations.

Therefore, we are promoting something that has served as a positive experience in the development of the European economy. And that is the creation of an Economic and Social Council, that could allow the participation of marginalized social sectors: indigenous groups, civic organizations, social organizations, religious organizations, business and party organizations. With such an Economic and Social Council, we could establish an economic and social system with less marginalization, less exploitation of Mexicans, which we unfortunately do not have today. And so we are working on this.

And of course we will also present another matter, which I believe several congressmen will be doing, calling on the President of the Republic to present a report on his incompetent behavior on the international stage. This is not the first time it has happened; it has happened time and again. Unfortunately, the damage that has been done internationally will be difficult to repair, if the political postures he currently holds are maintained. It must be changed, and I believe that now there is a great opportunity to do so.

Therefore I welcome the agreement of our union's 54th General Congress that we must fully participate in next year's political process. And we will see how, with the decisive participation of the most important social organizations such as ours and many others that are developing in the democratic environment, we will be helping, with our small contribution, to foster a true transformation, genuine change, and to gener-

ate a more equitable society, with less social injustice. Because we now live in a country of great social injustices. And that is what we want to change. Greetings, and thank you.

A Community of Sovereign Nations

Moncayo: Thank you, Mr. Rodríguez. We have more questions, and also more people are joining the webcast. We have a delegation of trade unions from the educational sector of the city of Querétaro.

We have a question for Mr. LaRouche from Javier Espinoza, who is here in this audience and asks: Next year, we are going to be facing a very important process in terms of elections. There are going to be elections for a new President, a new Chamber of Deputies and for Senators. At this point in time, there are economic and programmatic discussions going on in various national political arenas. The question is: Mr. LaRouche, Mr. Rodríguez, what would you recommend to President Bush regarding a change in the international financial system? And, if in Mexico Andrés Manuel López Obrador should become President next year, with a different program from that of the PRI and PAN governments, will this be possible? Thank you.

LaRouche: Well, the answer is, what we're already proposing in the United States, which is essentially, number one: Put the international monetary system into receivership, through action by respective sovereign governments, putting the central banking systems of their country into receivership by their government. Using the government, as a mechanism of credit to launch large-scale infrastructure projects, and other stimulants, to build the economy up above actual, physical breakeven levels, and to raise the standard of living in these countries.

In the case of the United States, there are many specific projects which are already earmarked, as project-areas—in which the projects don't have to be researched, they just have to be implemented. It will be a long haul. What I envisage is a two-generation process, in which the first generation will be actually building up the infrastructure, the emphasis, and the second generation as a technological leap forward, beyond that.

This is what is needed throughout the world. It is what is needed in the hemisphere, in Mexico in particular. And of course, the thing to remember in this, is that we in the Americas—less in Canada, but more in the rest of the Americas—we have a tradition of a struggle for freedom, from countries which our people migrated from, largely out of Europe, or countries such as in Mexico, or Peru, where there are large indigenous populations already existing, who are still an integral part of the base of the population, that we have in the Americas a very special kind of common experience, despite the differences. And therefore, in our hemisphere, the objectives from one nation to the other are very similar. The kinds of projects we want are very similar.

The idea of a General Welfare principle, as defining a standard of living, which must be provided and guaranteed to



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*John Quincy Adams.
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all our people, is fairly common.

So that, while we may have differences in terms of specific national objectives, we do have a sense of common standards, in the Americas. My immediate concern, while I'm also dealing with the world situation, my immediate concern is to restore the intention of what John Quincy Adams, as Secretary of State, defined as a protection of the Americas against interference from outside forces; and this was in a United States which was not imperialist. We are not an imperialist nation. We sometimes have imperialists among us. But our national character is not imperialist. Like the British character *is* imperialist, ours is not.

So therefore, we simply have to go back to the policies of Franklin Roosevelt, as the epitome of what the United States represents historically, the tradition of Lincoln: We have the projects now in view, in the United States, and I would suggest, from what I know of the Americas, the project requirements in the Americas, that the economic policy requirements in the Americas, pretty much conform to what the United States would desire for itself. And therefore, I think, with discussion, we have no difficulty in coming to a general discussion of agreement on what the parameters are, the objectives are, of a common and separate policies over the period to come.

Rodríguez: The fact is that whatever government comes in—and we want it to arrive democratically, based on the decision of the Mexican people—that government is going to necessarily require the participation of the social sectors. The task that we must pursue is to build a workers' programmatic platform on behalf of workers, and to present it in this period prior to the election. But also, all the other sectors should be contributing their proposals, and on that basis follow it up. Because, clearly, the strength of any government program will depend not only on the definition of whoever governs, but also will depend on the definition, on the responsibility, and on the commitment of those who are governed. And that is where we have the great task of building a great social

and economic platform that will bring us to a new stage of development of our country.

Moncayo: Thank you very much. We now have a representative of the administrative personnel of the university, Mr. Bruno Luna, who would like to ask Mr. LaRouche a question.

Q: Thank you. I'm Bruno Luna, university advisor. Mr. LaRouche, it is a pleasure to hear your clear and definitive comments about what the Free Trade Area of the Americas represents. Of course, one can find its roots in the Clayton Plan, which sought to turn the countries of Latin America, in particular, into colonies and semi-colonies, one might say mere raw materials exporters, and importers of manufactured products.

My question is as follows. After the Second World War, there was the expectation that the semi-colonial and colonial countries would have a great opportunity to achieve their economic, social, political, and cultural independence. However, the reality today shows us that these expectations ran up against American imperialism, in particular, because it insisted that the Latin American countries must remain as exporters of raw materials and importers of manufactured products, in particular from the United States. It is not unknown that in the case of Mexico, a high percentage (we could say between 70-80%) of its trade is strictly with the United States, which makes it impossible to diversify our trade with European and Asian countries.

This policy of viewing the countries of Latin America exclusively as raw materials exporters, prevented the implementation of a policy of industrialization, that is, of generating industries to build heavy machinery that could radically transform conditions in the country and improve the conditions of the Mexican people. And the same holds for the countries of Latin America.

This policy of preventing industrialization not only horribly slammed the industrial sector, but also the farm sector, and we can see the results today: This country, so often described as a country of beans, of corn, of peppers, and of rice, today is importing these raw materials that were produced here. What is happening to the agricultural sector is terrible.

So, my question is, what should the strategies be, both nationally as well as internationally, of Latin America, so that these countries can reactivate their domestic markets as a fundamental and primary condition for achieving economic, political, social and cultural independence?

Policy Toward Cuba

LaRouche: Well, the policy of the United States toward Cuba—remember, all of these things, you must take into account one thing that I've mentioned here a couple of times, already today: You have to recognize the problem comes from Britain, which in 1763, established by the Treaty of Paris of February, 1763, established the British East India Company as an imperial power. This power has dominated the world,

except for a short period of time, in which the United States under President Roosevelt had created the Bretton Woods system, which was a replacement for the British System.

However, even the Bretton Woods system had the misfortune of having a President who was pro-fascist, Truman, come in. We got rid of Truman, and Eisenhower was a better President, but the economic policies were not too good, the financial policies.

Kennedy was trying to do better, and they killed him! Johnson was not a bad person, but he was terrified they were going to kill him, too. You had Nixon, who was no good. Carter who didn't understand things—people like Kissinger and Brzezinski, who were sympathetic to fascism, were running those policies. Reagan had good impulses, but his government on overall economic policy was terrible. Bush was worse. Clinton was a good President, as a person, but his economic policies were a failure. So, we've never had a very good economic policy, in terms of the United States, since Roosevelt died.

What we had in the two decades following the war, is, you had the residue of the effect—in France, for example, de Gaulle in France, with his heavy franc; you had Adenauer in Germany—good policies. You had some Italian governments which had good instincts, but they didn't have the power to implement them.

But, the problem we have, is this thing: There is a force in the world, which you know in the Americas as fascism. You had it in Mexico during the wartime period, and afterward. It went down into Chile, into other countries, the right-wing in all these countries, which was tied to London and tied to certain forces in the United States, is a fascist program. And this is what the problem has been. It's been *finance capital*, of this Venetian model, coupled with its agent, fascism, which we've had in the United States, in certain secret services and so forth. It's stupid.

Now, take the case of Cuba in that light. I don't like Fidel Castro. I know what he really is. *But:* Cuba is a nation of the hemisphere, and it has the rights to sovereignty. It has the right to participation. It can not be blockaded because we may not like its government. It's wrong. You have to be patient in history. Unless you want to become a dictatorship, you have to accept what you have to deal with. And the sovereignty of another nation is the first thing you have to consider.

That's our first problem.

Youth in the Political Process

On education: We now have a movement in the world, which I am in the center of—at my age! Here I am in my 80s (healthy in my 80s, but in my 80s), and I'm working largely with a constituency which is based on people between 18 and 25 or 26 years of age, in a movement associated with my name, which is heavy in the United States, and very influential in the United States, and has influence in other countries.

We've come into a time, when the generation of people who are now, say, between 55 and 63 years of age, have



EIRNS

A LYM street rally in Mexico City targets Dick Cheney for impeachment. "It is the young people," LaRouche stressed, "young adults especially, in our time between 18 and 25, who are the regenerators of society, and who are the foundation of the exchange of ideas, which should be the basis for government of a nation-state."

become discouraged, and they've become withdrawn somewhat from the kind of passions for progress which younger people have. We have a generation of people over 18, coming into their mid-20s, who are young: They have two generations before them, of fully active adult life. And they're asking themselves, "What kind of adult life are we *giving* them, for 50 years to come?" We're not giving them much in the way of education. The education in the United States has *degenerated*. Especially over the period since the middle of the 1960s. The quality of education has degenerated. Science has degenerated, in terms of its practice.

So, these young people whom I am working with, they want these things. They wish a future. They don't wish to live in Hell for 50 years to come. They want to raise a future, and see a generation beyond theirs, coming up and surviving. So therefore, the movement for education, to the extent it *engages* young people, and gives them the opportunity, as we try to do, the opportunity for a quality of education, of people who are going to *run* society in the coming two generations—to give them that quality: That should be a central concern.

The way it works politically, if you take the generation which is now, say, between 18 and 25 years of age—the university generation—if you give them the opportunity to express themselves in this way, and to develop, their development will inspire an older generation, which has become withdrawn, has become retired from humanity, which is running society, inspires them for one more time, to do something good for humanity, for the future of humanity.

That's where our constituency lies: It is young people, especially this 18- to 25-year group, to the extent they're motivated in that way, who represent the leadership, the emotional leadership, which can inspire the older generation to actually carry forward the policies which we're discussing

here today. Those kinds of reforms. That's where we should put it. And a university like UNAM has great potential, for fostering within itself, the absorption and mobilization of young people of that age group who are the natural future leaders of society, who should not merely lead society, but should be an active part of the political process *now*, in *energizing optimism* among an older generation which has become largely discouraged, passive, lost its fighting capacity.

What Is a Nation-State?

Moncayo: ...We have several questions from the LaRouche Youth Movement from Buenos Aires, one of which asks: "How should the role of the sovereign nation-state be understood with respect to domestic and foreign policy, on the economic, political, and social levels, give that the State is not the government, but all of society through its political action?" That's from Betiana of the Buenos Aires LYM.

LaRouche: Well, as I think people know, who know my work, that my conception of the nation-state, is the view which developed in European civilization from before the time of Aristotle. It developed around the work of the Pythagoreans, of Solon of Athens, of Thales, and people like that. And the idea of developing a nation-state, based on the development of the minds of the people in society is an old idea, but it took until the 15th Century; we had never achieved that.

Europe went through various kinds of imperialism after the fall of Athens, after the Peloponnesian War; the Babylonian model, which spread into the Roman imperial model; then we had the second Roman Empire; then we had the medieval empire of the Norman chivalry and the Venetians. And then, from 1763 on, we got the British Empire and things like

that. So, imperialism has dominated the world, despite the emergence of the modern nation-state. That is our crucial problem here.

Now, if we understand what the intention was of those like Solon of Athens, who pioneered the idea of the modern nation-state republic; if we understand what the Renaissance did, in launching society on the basis of the ancient Greek model of the nation-state; if we understand the implications of the Treaty of Westphalia in European civilization, in establishing the basis for a modern, just society; if we understand the principles of the General Welfare, which are the foundation of Christianity in its law, also the principle of the ancient Greek republic; if we understand these principles, we understand exactly how we should wish to develop society. And if we think of this as the ancients did, and you think of the Platonic Academy of Athens, and similar institutions: It is young people, young adults especially, in our time between 18 and 25, who are the regenerators of society, and who are the foundation of the exchange of ideas, which should be the basis for government of a nation-state.

A nation-state is not simply a political institution. It is an institution of *ideas*. And the people who share a common language and a common interest, who function together to make a nation function, these people must participate in the sharing of these ideas, and shaping of their destiny, according to these ideas which are in evolution among them.

But that's where we stand: I have great confidence in this project. I have great confidence in the future of the sovereign nation-state. I think we've now reached a point where the rising of the standard of living in Asia, with the hope for freeing of Africa from its oppression, we've come to a point that we are becoming a global civilization, but a global civilization of nation-states. And the time has come we can get rid of the junk, the crap, the evil, that we suffered in the past: And we can create a just society—a just society based not on consent to vote for something, but an idea of consent based on knowledge, a consent based on development of ideas, and sharing of the development of ideas within the entirety of a population.

And again, it comes back to the youth movement. I believe that if we understand these young people, 18 to 25 years of age, now, in our countries and in other parts of the world, if we draw them into understanding the great ideas of history, to understanding history, and having them decide to take a part, an increasing role, in shaping government, then the transition from our generation now in power, to that generation assuming power, will be a healthy one, and may bring forth on this planet, something we've never achieved before on a planetary basis. I think we have a great opportunity before us—if we seize it!

Concluding Remarks

Moncayo: Thank you very much, Mr. LaRouche. We continue to get questions from the audience, but we will have

to take these questions in writing and we will send them to Mr. LaRouche and to Mr. Agustín Rodríguez, so that they can reply afterwards by email. To the Peronist youth in particular: Questions and comments will be forwarded by email to Mr. LaRouche.

On behalf of *EIR*, of the LaRouche representatives in Mexico, and of the LaRouche Youth Movement, we want to extend a special thank you to Mr. Luis Alberto Salazar, who made all of the technical aspects of this webcast possible. We hope that this will be the first dialogue in an ongoing profound discussion that needs to be carried out in every economic and political arena of the country, and of the continent.

Our thanks also to Mr. Agustín Rodríguez. We would like to ask Mr. LaRouche for his final remarks, after which José Luis Gutiérrez will close the event on behalf of the STUNAM.

LaRouche: Well, I thank you very much for this occasion to be with you, and share this time with you. Obviously, the discussion here shows many areas of unclarity, that have yet to be explored and should be explored. But, at least we started the process, and I'm very happy to participate in it, and very grateful for the opportunity. I enjoyed it very much.

Gutierrez: Mr. LaRouche and the gracious audience that has been with us in various countries of this planet, interested in this first international webcast whose topic was "A Dialogue between Lyndon LaRouche and Agustín Rodríguez, secretary general of the STUNAM union." Thank you all.

I must say that this event has served two primary purposes for us, Mr. LaRouche, and all those who are listening to us. First, it is the beginning of a desire on the part of all of us who seek a country, and countries, in a more just, more equitable, more dignified world for all humanity. This first discussion, in which we have found many points of agreement and some differences, is in that sense fulfilling the beginning of this yearning for equality and justice.

In our country, in Mexico, I'd like to say that, for a trade union which is part of higher public education, we find fertile and propitious ground for this intervention, this promotion of this event. For us, it is appropriate that this trade union participates in and promotes this kind of event. We also know that, since the time of Athens, Greece, when it was said that the barbarians could not aspire to culture, to art, to science, that the truth is that by using the word "barbarians," the Athenians of the time meant "foreigners." And we know from the experience of humanity that when one considers another person a "foreigner," the first steps have been taken towards discrimination and injustice. It is clear that, to have a world of peace, harmony and brotherhood, communication is necessary. And today, we feel that, with this event, we are making our small contribution in that sense of communication.

And so, Mr. LaRouche, ladies and gentlemen, all those who have joined us for this event, the Union of Workers of the National Autonomous University of Mexico thanks you for your attention, and expresses its readiness to continue organizing events that benefit all of humanity.

SUMMIT OF THE AMERICAS

Leaders Dump Free Trade, Talk Of Changing Economic System

by Gretchen Small

Plans for a hemispheric free-trade accord died at the fourth Summit of the Americas in Argentina Nov. 4-5, buried by the refusal of the Mercosur nations (Argentina, Brazil, Paraguay, and Uruguay), plus Venezuela, to bow before the free-trade policy which is killing *all* of the nations of the Americas—the United States included.

The standoff resulting from the refusal of those nations—representing 75% of the economy of South America—to set a date for restarting failed negotiations on a Free Trade Area of the Americas (FTAA) produced what Lyndon LaRouche, the champion of anti-free-trade American System economics, called a “fascinating impasse, an excellent indecision.” The American nations stood up and said “no,” and no one said “no” to their “no,” LaRouche commented.

A final declaration from the summit was cobbled together, but only after the heads of state finally agreed, in a nine-hour ad hoc meeting after the summit had officially concluded, to issue a statement stating both conflicting positions: those for locking in FTAA negotiations, and those arguing that conditions do not now exist for those negotiations to begin.

The failure to agree among the nations of the Americas sent a stunning message around the world: The post-Cheney era has begun. Making sure people understood the strategic context in which they were taking such decisions, members of the LaRouche Youth Movement in Argentina ensured that everyone who came through the summit’s international press center—journalists and dignitaries alike—received copies of LaRouche’s most recent call for Cheney to “Get Out!”

Kirchner, Bush, and the IMF

Argentine President Néstor Kirchner opened the summit itself with a speech which, Chilean President Ricardo Lagos

commented afterwards, said “what many were thinking but didn’t dare say.” After declaring that the “neo-liberal” policies of free-market rule and the shrinking state are responsible for creating mass misery, unemployment, poverty, and the collapse of governments across the Americas, Kirchner called for a change in the international financial system:

“There is today a clear international consensus regarding the need to reform and modernize those agencies that emerged from Bretton Woods,” he said. The International Monetary Fund and World Bank must play the role for which they were originally created, that of helping countries grow, and stop being “the agent of private interests.”

Kirchner, who in October elections won a strengthened mandate from the Argentine people for his policy of standing up to the IMF, made clear that he is prepared to shake the very foundations of the IMF, to defend his people. The IMF lent a bankrupt Argentina \$9 billion in loans before the 2001 default, knowing full well that default was inevitable, but now that Argentina is rebuilding its economy, the IMF refuses to help, Kirchner pointed out. Kirchner issued a none-too-subtle threat: Should the IMF continue to insist that before it rolls over those bad loans, Argentina reimpose the very conditionalities which led to its collapse, then Argentina simply won’t repay the IMF. According to press accounts, Kirchner told President George Bush in their private discussion that Argentina might leave the IMF altogether, in that case.

An Argentine default on the \$9 billion the IMF lent in the run-up to the 2001 collapse, could drive the IMF itself into bankruptcy.

While Bush and Kirchner said their discussions when the two men met alone were “candid”—a diplomatic way of saying they had their differences—and sharp disagreements were

Bush in Argentina

In his comments during a joint press conference with Argentine President Néstor Kirchner on Nov. 4, President George W. Bush included the following statements:

This is my first trip to Argentina. I hope it is not my last trip. However, this is not our first meeting; this is our third meeting. And every time we have met, I have come away impressed by your candor, your passion for the people of this beautiful land.

And as we discussed the first time we met till now, the economy has changed in quite dramatic fashions, thanks to the wise decisions you have made. And so, congratulations for dealing with a difficult circumstance, and making decisions that have improved the lives of your people.

Needless to say, the President was quite firm in his belief that the IMF ought to have a different attitude toward Argentina. He has been an outspoken person for reform. I listened very carefully to his point of view.

I was pleased that the United States was helpful during the early part of his term with the IMF. And I suggested that his record is such now that he can take his case to the IMF with a much stronger hand.

And so I appreciated the conversation there. And I appreciate your candor.

reported during the general talks, in his press conference after meeting with Kirchner, President Bush expressly praised the one President in the Americas who has stood up to the IMF in the past decade. Praising Kirchner's "passion" for his people, Bush stated: Argentina's "economy has changed in quite dramatic fashion thanks to the wise decisions you have made. And so congratulations for dealing with a difficult circumstance, and making decisions that have improved the lives of your people." (See box.)

One of Brazil's leading dailies, *Folha de São Paulo*, immediately took note of Bush's surprising comment, headlining its coverage, "Bush Praises Argentine President's Attitude in the Face of the IMF." That's quite a message for Brazil, the largest debtor in the region, which, despite having greater economic strength than Argentina, has yet stand up to the IMF to defend its people, as Kirchner has.

U.S. Must Help Change System

Much attention was given in the press to Venezuelan President Hugo Chávez' grandstanding at the "counter-summit" demonstrations he led in the streets, but few reported Bush's

praise for Kirchner, nor the content of Kirchner's forceful address to his fellow heads of state. Argentina—whose financial system, government, and living standards imploded in December 2001, when the country defaulted on its foreign debt—stands as "tragic proof" that the policies of the 1990s do not work, he said. This is not an ideological question; "the events themselves show that the market alone does not reduce the level of poverty."

The IMF, other international bodies, and the United States, which imposed these policies, must accept their share of responsibility for the results, he said.

Kirchner pressed for policies which focussed on growing the economies, so jobs can be created. "We must ensure that the *state* moves in where the market flees and abandons. Without effectively dealing with poverty and exclusion and providing employment, there will be no well-being. The lack of well-being among our populations is the root of greater instability. Governability will be at risk should we not create employment," he said.

The Presidents of the region must begin to speak up. He called upon the United States, in particular, as the world's leading power, to exercise "responsible leadership" in the hemisphere, and reject policies that cause "misery, poverty, and democratic instability."

Documentation

Argentina's Kirchner: Our Priority Is Development

This is Argentine President Néstor Kirchner's speech at the Opening Session of the IV Summit of the Americas, Nov. 4, Mar del Plata, Argentina. It was translated by EIR and sub-heads have been added.

Distinguished Messrs. Presidents and their wives; Messrs. Vice Presidents, and special envoys; Messrs. representatives of international agencies; national, provincial and municipal authorities, ladies and gentlemen:

We extend to you our warmest welcome to this beautiful city of Mar del Plata, in the hope that these working sessions may bear fruit in the taking of one more step along the road of the Summit of the Americas process.

If there is one central issue on the agenda of this collective building process, which seeks to review the history of the last decade in the Americas, to produce results that will foster the well-being of our people, it must be the theme of this IV Summit, in which the Presidents and representatives of these several countries must stop speaking softly and raise their voices to arrive at the points of agreement and resolution our

hemisphere needs. The creation of employment to deal with poverty and strengthen democratic governability, confronts us with the central problem faced by our developing nations. We must build a consensus on the importance of preserving and strengthening the community of democracies as related to the conviction of fiercely defending full human rights, maintaining peace and fighting international crime, drug-trafficking and money-laundering.

Achieving a consensus on the fight against terrorism deserves special mention. Argentina considers all acts of terrorism to be criminal and unjustifiable. There is no racial, religious, ideological or any other reason that justifies the killing of innocent civilians. We Argentines have a deep sense of solidarity with the world's victims of terrorism and with their families. We were victims in the cases of the Israeli Embassy (1992) and the AMIA (Jewish Social Welfare Agency bombing 1994) and we are committed to permanently assisting in the search for the truth and the fight against terrorism.

War on Poverty

We must build consensus to end atavistic poverty, defeat indigence and exclusion, prevent the widening of the social gap, destruction of the environment, recurring crises; the need to defend education as a decisive factor for individual and social progress, facilitate access to knowledge, promote economic growth with fairness, create jobs to deal with poverty and strengthen democratic governability.

The subject which brings us together here forces us to acknowledge the need for, and presence of, new paradigms. The creation of decent employment, and how to do that in the best and most efficient manner, is at the heart of the debate over how to best achieve sustainable development to guarantee the well-being of our populations, linked to the attributes of freedom, justice, security and protection. Job creation isn't just a fundamental vehicle for achieving social integration, but can become the real key to ensuring governability.

In seeking consensus to advance in the design of the new policies the situation demands, we cannot omit the discussion on whether those [policies] should reflect a single prescription claiming to be universal and valid for all time, all countries and all places. The narrow view put forward by what came to be known as the "Washington Consensus," today offers empirical evidence of the failure of these theories. Our continent in general, and our country in particular, offers tragic proof of the failure of the "trickle-down" theory.

Naturally, criticism of that model doesn't mean we don't accept responsibility on the local level—the responsibility of Argentine leaders. As a country, we take responsibility for having adopted these policies; but we demand that those international agencies, which by imposing them contributed, encouraged and favored the growth of that debt, also accept their portion of the responsibility.

The devastating consequences which structural adjustment policies and foreign indebtedness signify for the full exercise of human rights—of economic, social and cultural

rights in particular—are felt and tragically define the map of Latin American instability. This is not a matter of ideology—not even of politics—but of facts and results.

The facts indicate that the market alone can't reduce poverty levels. The facts also prove that one percentage point of a country's growth, where great inequality exists, reduces poverty to a far lesser extent than one where income distribution is more equitable.

The results of the policies we criticize are reflected in the Argentine crisis of 2001 and in the fall of various democratic governments in the region, some of them still suffering from a worrisome institutional instability. It is, therefore, our regional experience and not the theories of the multilateral organizations' bureaucracies, which proves the advisability of letting each country choose the best route to development with social inclusion, within a framework of rationality. The rationality of which we speak should then be verified in economically and socially quantifiable results.

A New Development Strategy

A new development strategy must be aimed at obtaining resources that derive from the daily effort and labor of our citizens. We must create, produce, export goods and services, scientific and technological innovation and cultural creations.

From the blind and exclusive faith in the market and the recommended or imposed goal of reducing or minimizing the role of governments, eliminating the State and ultimately degrading politics, we must move to a new strategy of developing sustainable growth, with fairness, institutional quality, and the exercise of citizen representation, control and participation.

Equality is essential. It promotes growth and efficiency through political and social sustainability, allowing for a better use of human resources which translates into economic viability. The creation of dignified employment is fundamental to achieving equality.

In our country, through a shared effort, but without any help from the International Monetary Fund, we have made important progress in this fight for equality—reducing our debt with multilateral agencies in net terms by more than \$14.9 billion and successfully restructuring our debt, thus emerging from default.

During my term in office, poverty has declined from 57.5% to 37.7%; 5.6 million people have emerged from poverty and 5.3 million are no longer indigent. Between the first half of 2003 and the first half of 2005, 33.5% of households classified as poor ceased to be so. That's one out of every two.

The percentage of the population living in conditions of indigence dropped from 27.5% to 12.6%; between June of 2003 and August of 2005, the general wage level grew by 28.74%, to 16.49% above the growth of the basic monthly market basket. . . .

The unemployment rate dropped such that 32% of the unemployed and 20% of the underemployed left that category. The numbers have improved to such a degree that in



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Presidents Bush and Kirchner on Nov. 4 in Mar del Plata, Argentina. Bush's praise for Kirchner's stand in defiance of the IMF drew the surprised attention of the regional press. Kirchner also reportedly told the American President privately that if the IMF insists on imposing austerity conditionalities, Argentina might leave it altogether.

the most recent monthly calculation, unemployment stands at 10.3% after having been at 24%. Real employment has increased, allowing welfare unemployment programs to decline. . . . Jobs providing social security coverage [on the books—ed.] have increased more rapidly than the employment level. . . .

For the first time in years, inequality has declined to the degree that the highest income quintile dropped in favor of the lower income quintiles, by 2.1%. I repeat, that with enormous effort Argentina is again on the road to development and has achieved an important and sustained growth of its economy. At the same time, as we've seen, it has significantly reduced rates of unemployment, poverty and indigence.

Argentina's Achievement

After the crisis, the indicators demonstrate sustained economic growth, a surplus in fiscal and external accounts for the third year in a row, as well as a healthy growth of foreign reserves. Argentina grew by 8.8% in 2003; by 9% in 2004 and in the first half of 2005, exceeded 9%.

Our consolidated primary surplus stands at 5% of Gross Domestic Product (GDP), and our reserves have grown from less than \$10 billion to more than \$26 billion. Exports have a real possibility of reaching \$40 billion this year, with an estimated 15% increase that is producing steady growth of the trade surplus. Since coming out of default, Argentina offers a solid opportunity for productive investment. Enrollment at the primary school level and the number of students beginning first grade stands above 91.5% and 86.9% respectively. The illiterate population is under 3%, and the literacy rate for women is at 97.4%.

The relaunching of technical education and greater invest-

ment in education, which grew from 2% of GDP to 4%—our goal is to get it to 6% before 2010—together with the debate on a new educational model, offers us real possibilities of building a better future.

The infant mortality rate has dropped significantly, going from 16.8 per thousand to the current 12 per thousand. With strong investment in public health, housing and infrastructure, we can improve that even more.

In these numbers there is no magic or miracles. They represent an enormous effort. We consider that this improvement contributes to the stability of South America. It is the result of having built on the pillars of work, production, consumption and export in the framework of healthy macroeconomic equilibrium. Unfortunately, in this process of recovery, expansion and transformation, we had no help from the International Monetary Fund, which *did* support and finance in the order of \$9 billion, the regime of convertibility [one-to-one dollar/peso parity—ed.], fiscal deficit and indebtedness, until just weeks before the [2001] collapse. Interestingly, that figure is just about equivalent to the total debt my country owes that institution.

Perverse IMF Policy

In summary: in an exercise which, without exaggeration, can be called perverse, [the IMF] provided a continuous flow of funds not only to those who didn't pay, but who kept spending and maintaining a chronic fiscal deficit. What is denied Argentina today aren't funds or new loans, which we haven't asked for, and which we obviously don't intend to do. It's something much worse. We are being denied refinancing unless we accept specific conditionalities which are none other than the same policies that led us to default!

For the Argentina which was speeding toward the abyss, there was help and fresh funds. But for the Argentina which alone and with great effort is recovering, there is no refinancing. This is a situation about which [Colombian writer Gabriel] García Márquez could no doubt write a few paragraphs of his “magical realism.”

As if this weren't enough, as in so many other developing nations, we continue to be affected both by this archaic view of the debt, as well as by an unjust system of international trade. In the latter, the developed nations' subsidies and protective tariffs continue to prevent us from growing fully using our own resources. It's as if they intended the ten plagues of Egypt to wipe us out.

At this point, I have to warn that in analyzing the world trade system, with its agricultural subsidies and tariff barriers, we have to take into account the asymmetries and different levels of development. Equality is a valuable and necessary concept, but only applicable to those who are equal. Equal treatment for different countries, equal treatment among the powerful and weak nations, equal treatment among highly-developed economies and emerging economies is not only a lie. It turns out to be a mortal trap—a trap that first captures and then hurts the weakest, but then later, in one way or another, ends up also affecting the most powerful.

There is today a clear international consensus regarding the need to reform and modernize those agencies that emerged from Bretton Woods, as well as to introduce improvements in the functioning of the financial system for a globalized economy. This is not capriciousness. It is simply accepting the new world reality.

Regrettably, in terms of the specifics of reform, the discussion appears to have focussed more on the issue of representation and voting rights rather than on matters of substance.

The view of officials towards emerging countries appears to be directed primarily at only improving the early warning system regarding crises, evaluating how to resolve them and finding the financing to prevent them. It is our wish that the International Monetary Fund and the World Bank carry out the counter-cyclical role for which they were created, avoid the system of contradictory conditionalities, increase the degree of transparency of their operations, reduce the costs of their operations and improve their lending capacity.

It's not bad for them to actively cooperate with the private financial sector or other sectors of the economy, but they must studiously avoid being held hostage to, or agents of, private interests.

Were these matters to be approached correctly, the discussion on representation would make sense. Otherwise, the attempt at supposed reinvention will require greater effort than the benefits it generates.

In terms of the financial system as a whole, there should be greater justice in dealing with the foreign debt, instead of feigning fair treatment for those in different situations. [This means] privileging savings above speculation, and depositor

participation above the operatives of large conglomerates, who often possess privileged information.

It demands privileging retail investors, the original creditors of the debt issued, those of the pre-crisis era. In any case, we cannot reward those who became creditors in the post-crisis phase [e.g., vulture funds—ed.].

We've said that we don't recommend that anyone “default” on their debt if they can avoid it. We now state that we intend to meet our obligations to those who participated in our process of [debt] restructuring whom we consider today to be our priority for payment.

The International Monetary Fund can't demand conditionalities which are self-contradictory and opposed to our potential for growth, or demand the repayment of funds which at the height of our crisis [2001-02—ed.] financed a program condemned to immediate failure.

Our ability to pay must be measured on the basis of commitments contracted in the restructuring of our debt, and of our ability to grow. Were we to [negatively] affect our growth, we would affect our ability to pay, and in that we shall respect our priorities and take recourse to those remedies which the system makes available.

We hope that the International Monetary Fund will know how to listen and, above all, understand. It's a matter of negotiating with sincerity and in good faith.

For the development we seek, our membership in the Mercosur [Common Market of the South] as the regional market for same, and in the nascent South American Community, is primary. We have assumed extraordinary commitments that we shall only be in conditions to face with reasonable possibilities of success, through the coordination of our positions and actions.

Integration for Mutual Benefit

That is why we continue to think that not just any kind of integration will be of use to us. Simply signing an agreement doesn't provide the easy or direct route to prosperity. A plausible integration is one that recognizes diversity and allows for mutual benefit. An agreement can't lead to prosperity if it's only a one-way street. An agreement can't be the result of imposition based on relative positions of strength. On the contrary, as demonstrated elsewhere—look at the example of the European Union—trade integration agreements must consider safeguards and compensation for those who suffer relative backwardness, so that the agreement doesn't reinforce their backwardness. This is not only an acceptable structure, but the only fundamentally viable one.

Integration will be possible to the degree that it addresses those existing asymmetries and if the negotiations satisfy the fundamental interests of each country, particularly as regards unfettered access to markets.

The problem of development of emerging economies, in the framework of fairness, cannot be approached from the standpoint of the developed nations, as if this were a matter

of showing beneficence to those who have less.

As far as our continent is concerned, as I told the President of the United States today, I continue to believe that for reasons of its leadership in the region, the United States has an unavoidable and inescapable responsibility to help establish the definitive and final position on this framework of asymmetries which has brought so much instability to the region.

I believe that its role as the world's only superpower is inescapable. This is not a value judgment, but reality. We believe that the responsible exercise of that leadership must necessarily conclude that the policies that were applied not only provoked misery and poverty—in sum, a great social tragedy. They also added regional institutional instability which led to the fall of democratically elected governments in the midst of violent popular reactions, an instability still affecting our brother nations.

Worse, we can't ignore the facts that show a growing and worrisome disaffection for the democratic system among the inhabitants of different parts of our region, as a result of the lack of a dignified quality of life. So, on this road we have arrived at a paradox: in the name of democracy we have less democracy.

The more developed countries must associate themselves with the sustainable growth strategies of the less developed countries, in the understanding that it is in their interest to help the world become more stable, secure and peaceful.

My country considers democracy to be a universal value, which is not the patrimony of any country or region. My government directs its efforts toward improving its quality, strengthening the rule of law and ensuring the impartiality and independence of the judiciary, as well as enforcing international treaties in the area of human rights which are part of our constitution.

Role of the State

We know that the market organizes economically, but fails to articulate in social terms. We must ensure that the State moves in where the market abandons and flees. It is the state that should act as the great equalizer of social inequality, in a permanent labor of inclusion, creating opportunities to strengthen the possibility of access to education, health and housing, and promoting social progress based on the effort and labor of each individual.

In the center of our regional political reality is change, and the creation of decent employment occupies a central place in that change. And on that point, the other inseparable term in the equation takes on special relevance—the role of investment and companies. This is a role that must be played with a sense of social responsibility.

It is lawful that profitability be the primary consideration in any business undertaking, but it must also seek the balance which contributes to feeding the economy's virtuous circle.

Without effectively addressing poverty and exclusion and providing employment, there will be no well-being. The ab-

sence of well-being among our populations is the cause of greater instability. Should we fail to create employment, governability will be at risk.

We are not just theorizing here. We invite you to observe Argentina's suffering and its achievements. We invite you to examine the very harsh experience we've lived through. We invite you to see the gradual recovery of our self-esteem, the strengthening of our institutions, and the fundamental task of creating decent jobs with equality and social inclusion as our compass.

We must demand that globalization work for everyone

The narrow view put forward by what came to be known as the "Washington Consensus," today offers empirical evidence of the failure of these theories. Our continent in general, and our country in particular, offers tragic proof of the failure of the "trickle-down" theory.

and not just for a few. That's why we insist that in regional economic integration and political multilateralism, we shall find the keys to the future in which the world will be a safer place.

We hope that these working sessions serve to better represent our nations, and that the Presidents find all the courage which the moment and times demand; that we have the strength to present our relative truth and that we also have the ability to listen to each other, and to find in each other's relative truth that which can be embodied in the building of the new era that we seek. But we must speak clearly. We have to say what we think.

Our poor and excluded, our countries, our democracies, can no longer tolerate our speaking softly. It is essential that we speak with great respect and in a loud voice, to build a system which once again includes us all in the framework of equality, and gives us back the hope and the possibility of obviously building a different world and a region that will be equal to the circumstances. I know that this is what our Presidents seek and desire.

And so I am deeply grateful for your presence at this Summit, and I thank you profoundly for your active participation. From Argentina, with absolute humility and responsibility, we have sought to make clear our own relative view of the period in which we are destined to live. Thank you very much.

Fight for National Rail Development Escalates

by Mary Jane Freeman

In a fit of flight-forward arrogance on Nov. 9, the Bush-appointed Amtrak board of directors fired David Gunn, its president, for his opposition to George W. Bush's "kill Amtrak" plans. This desperate move came only six days after the Senate voted 93-6 on Nov. 3, to fully fund Amtrak and set a new U.S. agenda for passenger rail. That vote did exactly what Lyndon LaRouche had called for in July: Pass the Lott-Lautenberg rail plan with a "veto-proof majority."

Sen. Charles Schumer (D-N.Y.), denounced Gunn's firing, charging that it will "decapitate" Amtrak and deliver a "crushing blow" to its future. Amtrak board chairman David Laney said the dismissal was needed to "intensify the pace and scope of reforms, . . . aggressively tackle [Amtrak's] financial, management and operational challenges," and "bring fundamental change to Amtrak"—all sophist euphemisms for *privatizing* the railroad.

Dismantling and privatizing Amtrak—the explicit intention of Bush and Transportation Secretary Norman Mineta since they proposed a zero-funds FY 2006 budget—was opposed by many, including Gunn. "The goal is to destroy Amtrak," he charged in August, after both the Senate and House passed bills to fund Amtrak, but the White House threatened to veto. As Gunn continued to lobby for full funding, he remarked that because he was "outspoken," he expected to be "replaced by a political person." In late September, when the same board secretly voted to create a private consortium to take over running Amtrak's Northeast Corridor rail network, Gunn opposed them.

Senate Rejects Bush, Says Nation Needs Rail

The Nov. 3 Senate vote was on what was known as the Lott-Lautenberg amendment, S. 2360, to the Deficit Reduction Omnibus Reconciliation Act of 2005, S. 1932 (which itself passed, 52-47). It incorporated bill S. 1516, called the Passenger Rail Investment and Improvement Act of 2005, a bipartisan initiative, introduced in July by Senators Trent Lott (R-Miss.) and Frank Lautenberg (D-N.J.). That bill had passed the relevant committees and was awaiting a full Senate debate and vote, when the two Senators filed it as an amendment to the deficit bill.

"This is an important step to securing long-term funding for our nation's passenger rail system. [Thanks] to the 93 members of the Senate who voted in favor of this important

legislation. They have shown that there is wide bipartisan support for Amtrak, and stood up against the Bush Administration, which is determined to bankrupt the carrier," said Don Hahs, national president of the Teamsters-affiliated Brotherhood of Locomotive Engineers and Trainmen.

Key provisions of the Lott-Lautenberg amendment S. 2360, include: 1) six-year funding of Amtrak's operations and investment in its infrastructure, 2) restructuring of Amtrak's debt by the U.S. Treasury, and 3) setting up an 80/20 Federal/State grant program for states' passenger rail capital projects. The six-year funding, at \$1.9 billion a year, would increase Amtrak's capital subsidy, as its operating subsidy would shrink by 40%. The Federal/State grants, at \$13 billion over ten years, would "develop a long-range national rail plan that is consistent with approved State rail plans and the rail needs of the Nation, . . . in order to promote an integrated, cohesive, efficient, and optimized national rail system." In July, when the bill was first introduced, LaRouche called it "model legislation" which could get "a reindustrialization policy" going for the nation. On the Federal/State component he said, "This helps the states deal with their fiscal problems with infrastructure. . . ." Aware of a Bush/Mineta veto threat, LaRouche added, "We can't let it die just because the President is brain-dead."

The rail plan judos the Bush/Cheney "kill Amtrak" plan by setting a new policy for development of a national passenger rail network, including high-speed train service.

The Amtrak board's problem with David Gunn was twofold. First, he saw through the Bush/Mineta agenda. "The policy wonks and politicians have a very different vision. Zero funding, bankruptcy, and break it up," Gunn said after he was fired. Second, since 2002 when Gunn took charge, operating with austere budgets, he imposed budgetary discipline which began to reduce Amtrak's financial losses. This, in turn, gave him the ability to begin long overdue capital improvements in basic infrastructure. One smaller project, for example, was an upgrade of the 104-mile rail corridor from Philadelphia to Harrisburg. The \$145.5 million project used advanced techniques and materials, replacing wooden with concrete ties, installing continuously welded track, multiple switches, and new communications. A public-private partnership between Amtrak, the state of Pennsylvania, and Norfolk Southern Corp., was created to secure the funding. The route connects some of the state's fast-growing areas to Amtrak's Northeast Corridor.

The unleashing of a rail development plan like the Lott-Lautenberg initiative, intersects the necessity to halt the threatened shutdown of the nation's machine-tool-centered auto industry in the wake of the Delphi bankruptcy and General Motors financial losses. Retooling the auto sector, as during World War II, must be done today to build components for the nation's infrastructure, including a national rail network. It is now up to the House of Representatives to adopt Lott-Lautenberg "with a veto-proof majority."

Book Review

The World Is Made of Nations, Not Markets

by Nancy Spannaus

The World Is Flat: A Brief History of the Twenty-First Century

by Thomas L. Friedman

New York City: Farrar, Straus and Giroux, 2005
488 pages, hardbound, \$27.50

It is to the shame of the United States “educated” political class, that this book has been on the best-seller list, including in Washington, D.C., for more than half a year. For what *The World Is Flat* represents, is a glorification of the process of globalization which is destroying not only the world as a whole, but the United States as an industrial power, at the very point when this process is about to create an unstoppable catastrophe. But Friedman, like a typical Baby Boomer, is so dazzled by the age of computer technology, that he apparently could care less about the expanding misery of conditions of life worldwide, which results from the failure of the physical economy.

I can almost hear him say: “Physical economy? What’s that?” He obviously doesn’t have a clue.

For indeed, in Friedman’s world, and that of the educated Baby Boomer professional today, the reality of physical economy, which is organized through the political instrumentality of nation-states, has been replaced by the “flat earth” of markets, where individuals all fend for themselves in a global marketplace. This is Adam Smith’s world, made up of atomized, competing individuals, all of whom are being forced to come up with schemes for producing services cheaper and cheaper. And if they don’t have the wherewithal to enter this marketplace? Tough luck.

American System economists, such as Henry C. Carey and Friedrich List, debunked this view of the world *explicitly* more than 150 years ago, when they were fighting against the British ideology of free trade. Economies are not simple collections of individuals carrying out their own business; they are organized by nation-states, which make the rules, provide (or fail to provide) the infrastructure, and determine the social and political environment in which economic activ-

ity will take place. Depending upon the nature of the government, these rules will vary, in terms of their effect upon the general welfare, and the principles upon which they are based. But there is no such thing as free trade.

Thus the important policy debate is not “levelling the playing field,” as Friedman constantly insists, but in setting the objectives for which the “game”—i.e., the operation of the society as a whole—is being played. In a rational society, as was intended by the American System of political economy, the touchstone of economic policy was to increase the productive power of labor in the society as a whole, through investment in infrastructure, education, science, and technology, for the benefit of the general welfare of the *entire* population. Such an objective today would automatically turn one’s attention not to information processing, but to building the power plants, rail networks, housing, agricultural capacity, and educational facilities which will lift whole nations out of poverty, and put them on the road to a better life. Millions of people are starving, and dying of disease, daily because they don’t have clean water, irrigation to grow food, refrigeration for medicine or food, electricity so that hospitals can function. And what does Friedman want them to have? Computers!

Friedman’s Thesis

Friedman devotes nearly half of his book to reviewing personal encounters with particularly Indian entrepreneurs who have “made it” in the high-tech world, through methods he calls “flatteners.” These range from free computer software, to outsourcing, to insourcing, and in-forming, and other methods which have made a wide range of industries “global.” He argues that these have created “a global, Web-enabled playing field that allows for multiple forms of collaboration—the sharing of knowledge and work—in real time, without regard to geography, distance, or, in the near future, even language,” and that this is an unstoppable process to which we must adapt.

What this “reality” means, Friedman says, is that countries have to turn out more and more “knowledge jobs,” rather than the “limited” physical production jobs. In a particularly lurid example, he puts it like this: “If you are a knowledge worker making and selling some kind of idea-based product—consulting or financial services or music or software or marketing or design or new drugs—the bigger the market is, the more people there are out there to whom you can sell your product. And the bigger the market, the more new specialties and niches it will create. If you come up with the next Windows or Viagra, you can potentially sell one to everyone in the world. So idea-based workers do well in globalization, and fortunately American as a whole has more idea-driven workers than any country in the world” (p. 230).

What an outrageous idea, in this world so devoid of essential physical products to keep people alive! Instead of pointing citizens toward a mission of producing to bring people out of poverty, through providing power, clean water, or transport,

Friedman idealizes the opportunity to produce a “vanity” drug!

It actually gets worse. When Friedman turns to the question of the role of government in all of this, it’s all about government enabling people to become “more employable,” i.e., to go out and compete in the “flattened” Earth. Noting that it might help for national leaders to provide a “mission,” the modern-day equivalent of the LBJ’s war on poverty, or JFK’s Moon-shot, Friedman puts forward “a crash program for alternative energy and conservation to make America energy-independent in ten years” (p. 283). This goal, he claims, would help win the “war on terror” by taking away oil revenues from Arab states, help solve “global warming,” and make Americans scientists and engineers.

All Friedman’s assumptions motivating this mission are wrong. Terrorism does not depend on oil revenues; fossil fuel energy production has not caused global warming; and going to conservation and solar or wind power, takes our science *backwards*, not forwards to solving the power-production problems of the world. What we need is a renaissance of nuclear power, moving forward to nuclear fusion power—and that’s going to require training rigorous scientists and engineers, and a whole lot of construction, all over the world.

Behind all the web-spinning, including Friedman’s schemes for portable health care and pensions, one cannot escape the strong smell of Baby Boomer distaste for physical work, and the people who do it. Yet, if we don’t begin to base our economy once more on building the physical economy, starting with power, water, health, and transport infrastructure, we are indeed headed toward doom.

The World’s Majority

Finally, three quarters of the way through the book, Friedman gets around to talking about the majority of mankind, the 4-5 billion people who are living in the nations euphemistically called the “developing countries.” (He gives it about 30 pages.) His solution to their poverty? Open up to free trade and sell yourselves cheap: the World Bank/IMF program of “reform.”

The model he puts forward is China, where, of course, there is a small percentage of the population which is now enjoying the riches that can currently (but not for long) be made in the high-tech computer world.

Once again, Friedman is showing his utter ignorance about physical economy, not to mention about the fragility of the financial system. The “success story” of China is intensely vulnerable on both counts, since it has pursued the “high end” of the globalized economy and sold its cheap labor *at the expense of investing in the necessary physical infrastructure for the majority of its population*. Not that China has not carried out some very important high-profile, necessary projects, such as the Three Gorges Dam and the Shanghai maglev. But for the most part, the peasantry is being left in the dirt, without the electricity, clean water, and transport they need. One marker for this starvation of necessary infrastructure



shows in the growth of disease, both the avian flu and AIDS, both of which threaten to overwhelm Chinese society in the near future, without a significant change in the economic and financial system.

An equally devastating vulnerability of the Chinese “model,” which Friedman pays no attention to, is the bankrupt financial system itself. Should the bankrupt banks finally collapse, as becomes more likely day by day, this very lucrative trade that China is doing would also collapse. The nation would be thrown back on its own resources and production—and most likely, into a situation of panic, social upheaval, and collapse.

Geopolitics

As a journalist, who has often specialized on writing about the Middle East, Thomas Friedman cannot pass up the opportunity to devote a section of this book to “geopolitics.” Here is where he discusses what he sees as the blocks to countries joining the “flat world”: specifically disease, lack of political power, frustration, and a shortage of natural resources.

But what has created these “problems,” or prevented their solution? Friedman does not address this, but it is the failure of the world’s nation-states to devise a financial and economic system which will permit and encourage investment in what will improve the conditions of life for all mankind, and their submission instead to a de facto world financial dictatorship through private bankers and the International Monetary Fund. The Bretton Woods system devised by Franklin Delano Roo-

sevelt, which was intended to create the basis for an end to colonialism, and its rampant poverty, has been subverted, and turned into an international system of looting, including through “modern” forms of high-tech globalization. As nations orient in that direction, they leave the bulk of their populations in destitution.

For example, take India. Indian entrepreneurs represent a large section of the individual cases of success which Friedman deals with in this book, and promotes for emulation. But, eventually, Friedman lets loose with a shocking fact: The Indian high-tech sector accounts for a grand total of 0.2% of employment in India! (p. 383) Clearly, something *different* must be done.

That’s not the way Friedman sees it. He rails against the idea of stopping globalization, and calls for simply expanding the process to include more people.

But Friedman doesn’t want to expand *consumption* or *production* too much. This becomes clear when he attacks China’s huge appetite for oil, which he sees as a geopolitical threat. He could have said they should turn to nuclear energy to power their improvement in living standards, but instead he insists that they must *conserve* energy. That would be genocidal.

Nations, Not Markets

While seeking to appear non-ideological and “realistic” in this book, Friedman is in fact neither. He is following in the footsteps of the British free-traders of the 19th Century, who were deliberately out to destroy the nation-state, so that the private merchant bankers who actually controlled the Empire could rake in all the loot they required. As if to prove the point, he introduces his 12th chapter with this quote from British politician Richard Cobden: “Free Trade is God’s diplomacy. There is no other certain way of uniting people in the bonds of peace.” This Richard Cobden was the head of the London-based Cobden Clubs, who operated on behalf of the leading bankers and economists of the Empire in the 1850s and ’60s, and fought tooth and nail against Abraham Lincoln’s policy of industrialization through measures including the protective tariff.

Of course, the peace Cobden was talking about was the *Pax Britannica*—imperial suppression. That indeed is what the paradigm of today’s globalized economy is all about. The ability of national governments to advance their populations, protect their industry and agriculture, and develop their productive powers, is to be *eliminated* under today’s globalization, in the name of “open markets” and “levelling the playing field.” The control of credit is kept in the purview of the private bankers, who will put the pieces back together to their benefit, when the huge pyramid of global debt which now passes for prosperity, comes tumbling down. “Empowerment” is to be embodied in a personal computer, individual by individual, in the struggle for survival.

It won’t work. Not if we want the world to survive. The world is not made up of individuals and markets, but of na-

tions that aspire to fulfill the needs of their people, to mobilize their resources to solve common problems, to provide a better future for their posterity. Economic improvement will come through influencing government policy on behalf of protecting the worker, protecting vital industries, and promoting the big projects required to improve nature and productivity. Friedman says our biggest danger is an “excess of protectionism.” Wrong! Our greatest danger is that we have allowed the globalizers to neuter the nation-state, so that it *can’t* protect our people.

Friedman, of course, wrote this book before the United States was hit by Hurricane Katrina, and the imminent threat of a global pandemic from avian flu—two events which have brought back to the fore, the necessity for a strong, active government role in providing for the general welfare. For many, who had “gone along” with a 30-year process of globalization against our industry and infrastructure, these events were a “wake-up” call, bringing them back to the ideas of FDR, and the need for state-sponsored projects.

Computers couldn’t save people from Hurricane Katrina, and they won’t save us from avian flu. We need *physical production*, physical infrastructure, crash programs for developing flu vaccines and building hospitals—all functions that can only be undertaken by governments. Each nation must have its own capabilities of defending and feeding itself. The globalized economy should go the way of the “flat Earth society,” *before* mankind goes over the cliff.

DO YOU KNOW

- that the American Revolution was fought *against* British “free trade” economics?
- that Washington and Franklin championed Big Government?
- that the Founding Fathers promoted partnership between private industry and central government?

READ

The Political Economy of the American Revolution

edited by
Nancy Spannaus and
Christopher White

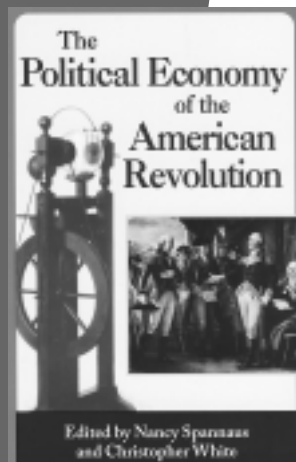
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Business Briefs

Transportation

British Consider Building Maglev

British Network Rail is considering building maglev trains for a new high-speed link between London and the north, Network Rail chief executive John Armin said on Nov. 4. Also under evaluation are turbo-powered diesel engines, now being tested in Canada, and conventional high-speed electric trains as are now used in France and Germany.

According to Britain's Secretary of State for Transport, Alistair Darling, the new high-speed link could be built in ten years. The north-south train eventually would be connected to the Channel Tunnel.

Hurricane Katrina

Louisiana Faces 'Great Depression' Default Rate

Louisiana is facing "Great Depression" rates of default, a field hearing in New Orleans of the U.S. Senate Commerce, Science, and Transportation Committee on Nov. 7, was told by Mike Olivier, who is the head of the Louisiana Department of Economic Development. Olivier told the panel, "If the lack of access to capital continues, we are facing the largest default rate for private and public entities—including local governments—since the Great Depression."

The harsh economic reality in Louisiana—a \$1 billion revenue deficit, and a \$3.7 billion bill from the Federal Emergency Management Agency (FEMA) for the state's share of costs, add up to nearly a quarter of the state's whole budget—was presented to the hearing by spokesmen from the fishing industry, small businesses, and the ports, all decimated by the storms.

Louisiana is asking for \$10 billion in business grants and \$30 billion in tax-exempt "hurricane recovery bonds" similar to the \$8 billion "Liberty bonds" issued to New Yorkers after Sept. 11, 2001. Mississippi is asking for \$15 billion in such bonds.

Meanwhile, President Bush told New Orleans that he won't help it turn on most

of its electricity until Spring 2006. Federal financial aid to Entergy Corp., which suffered extensive damage during Hurricanes Katrina and Rita, and had to file for bankruptcy as a result, is not included in the President's measly \$17 billion storm recovery proposal.

On Nov. 5, Entergy CEO Dan Packer told a New Orleans town meeting that Entergy has restored electric service to only 24% of its pre-storm levels in New Orleans. He had communicated with President Bush, who told him, "We're going to take care of you guys. I think for sure we have a shot in the Spring."

European Union

Fight Rages Over European Central Bank

The German financial daily *Handelsblatt* on Nov. 9 reported on growing opposition to the policies of the European Central Bank, with a front-page picture of the Frankfurt headquarters of the ECB, superimposed on a historical drawing of angry mobs. The title: "EU Finance Ministers Attack ECB."

For the first time since the euro was introduced, there is open confrontation between national finance ministers and the ECB, the paper reported, giving statements by several ministers, including Germany's Hans Eichel, who say the ECB must not raise interest rates.

The ECB is planning to refuse to accept the sovereign credit of EU member countries with falling credit ratings, as collateral. It will accept only those bonds with A- rating, as collateral in its financial market activities. This could deal a humiliating blow to governments.

Louisiana

Governor's Budget Cuts Hit Public Schools

Hurricane disasters and being stiffed by Bush budget-cutters led Louisiana Gov. Kathleen Blanco to announce budget cuts

and call for privatization of New Orleans public schools. On Nov. 5, without consulting legislative leaders, she announced a package of \$431 million in spending cuts which, if adopted, will hit health-care services and state colleges the hardest. Blanco's cuts, added to an earlier \$70 million spending freeze imposed soon after the hurricanes hit, would go to offset the state's projected \$1 billion deficit by \$501 million. Health-care services are slated for a \$222 million cut that will cost more in lost Federal matching funds, while public colleges, already facing a \$54 million loss in tuition and fees because of displaced students, are to be cut by \$71.4 million.

On Nov. 6, as the legislature began a special session to debate what to do for the state's ravaged economy, infrastructure, and population, opposition to Blanco's unilateral move surfaced from her fellow Democrats. State Rep. Cedric Richmond, chair of the Legislative Black Caucus, said education and health care should not be cut. "The caucus will not allow this administration to balance the state's budget on the backs of poor people." State Sen. Charles Jones pointed out that Blanco's plan was narrowly focused on south Louisiana and fails to address his district. "I can't justify not addressing the abject poverty in northeast Louisiana while I attempt to repair the problems [there]."

Demonstrating her financial desperation, Blanco also mooted privatization of public schools. "We will use innovative thinking," she said, and "look to the charter school model. . . . Now is the time for us to turn those schools around."

Electricity

Northeast Utilities Returns to Regulation

Northeast Utilities has announced that it will sell off the remaining unregulated "competitive" units, such as marketing and energy services, and return "to its roots as a regulated utility," the *Hartford Courant* of Connecticut reported on Nov. 8.

In the third quarter, Northeast's business units lost \$129.6 million. Part of the loss was from "market-based" long-term contracts to

supply energy, negotiated before speculators tripled the price of natural gas and petroleum. Unlike regulated utilities, which can apply to state commissions to get rate adjustments when the price of fuel goes sky high, under the long-term contracts, Northeast's unregulated units must provide energy at a fixed price to customers, no matter how much their own cost increases.

Meanwhile in Texas, where deregulation reins supreme, TXU consumers have seen their electric bills zoom up 84% since deregulation in January 2002. Although fuel costs have increased for all utilities with gas-fired generating capacity, municipally owned utilities in Texas have had rate increases less than half that of TXU. "People do not just want choice; they want reliable service at a reasonable cost," said a municipal attorney quoted by the *Fort Worth Star-Telegram* on Nov. 8.

Agriculture

Transport Breakdown Hits Record Corn Crop

This year's U.S. corn crop, at an estimated 10.9 billion bushels or more, is second only to last year's record 11.8 billion bushels. Nevertheless that bounty, along with the large overhang from last year's record crop, soaring energy costs, two Gulf Coast hurricanes that disrupted transportation, and a drought that distorted prices, have combined to depress corn prices and sharply increase U.S. Department of Agriculture subsidy costs, the *New York Times* reported on Nov. 9.

Some 60% of corn and soybean exports go through the Port of New Orleans, and damage to that port, combined with a shortage of barges (barge rates have tripled in some places), have disrupted the water transportation system. Higher costs for gasoline and diesel fuel have led railways and trucking firms to increase their rates to haul crops, sometimes by four to six times the normal rates. The rail system, in particular, was already strained coming into the harvest season, as grain merchants struggle to find available rail cars.

In Iowa, some grain elevators simply

shut down when they got too full, and more than 19% of Iowa's harvest is sitting on the ground. Giant corn piles have become commonplace in Iowa and Illinois. One notable pile, in Ralston, Iowa, is more than 60 feet high and contains 2.7 million bushels.

Central Banking

Brazilian Economist Slams Bank Policy

Brazilian economist Carlos Lessa charged that the Brazilian central bank is preparing the way to shut down Brazil's National Economic and Social Development Bank (BNDES), in a desperate attempt to lock in neo-liberal free-trade policies, no matter what government comes to office in 2006, *Folha de São Paulo* reported on Nov. 6-7.

BNDES, which Lessa headed for the first three years of the Lula Administration, is the second largest development bank in the world, and is the leading source of funds for both domestic development and regional infrastructure projects. It is also the only financial institution left in Brazil which issues long-term credit, at lower interest rates.

Lessa responded after *Folha de São Paulo* leaked on Nov. 6 that the central bank has been auditing BNDES, and came up with a list of supposed "irregularities" and violations of monetary regulations which the bank has committed. In particular, the central bank claims BNDES's malfeasance comes from not using regular market criteria to calculate risk-spreads for its loans, as if it were not a development bank with a specific mission.

Lessa laced into central bank head Henrique Meirelles, calling him "an anti-Brazil knight," who believes that "everything relevant to the Nation is a mortal sin, and should be eliminated. . . . This group—[Treasury Minister Antonio] Dr. Palocci, Dr. Meirelles, the Brazilian Federation of Banks men, the capital market, the world of the so-called market—are very worried about the Presidential succession. They want to set the rules now, which would make a change in economic policy impossible."

EIR ran an interview with Lessa in our issue of April 29, 2005.

Briefly

CORPORATE PENSION plans in the United States are underfunded by billions, including Exxon Mobil, IBM, and DuPont, the *New York Post* reported on Nov. 7. Ford and GM's unfunded obligations in both pensions and health benefits total almost \$150 billion. If you expand the list to the S&P 500, "the black hole" doubles.

EL PASO CORP., a large natural gas producer and owner of the largest regulated natural gas pipeline network in the United States, announced on Nov. 7 that it had sustained a \$321 million loss for the third quarter. The company had benefitted from sharply rising natural gas prices, but it bet wrong on energy derivatives and sustained a \$390 million loss on its derivatives trading.

PERSONAL bankruptcies shot up to a record high in England and Wales in the third quarter, according to figures released Nov. 4. There were 17,562 personal insolvency cases, up 46% on a year ago.

THE TOP THREE iron ore exporters—CVRD, Rio Tinto, and BHP Billiton—which together control over 70% of the world's iron ore exports, are seeking price hikes of 10-20% for 2006, on top of 70% hikes this year. Mittal Steel, the world's largest steel producer, says it is 60% sufficient in iron ore and is 40% sufficient in coking coal, and is expanding its ore business. China now buys more iron ore than any other country.

THE CITY OF LONDON Financial Services Authority is working with the New York Fed to set up a "pincer movement" on hedge funds, FSA Chairman Sir Callum McCarthy told the House of Commons Treasury Select Committee on Nov. 8. They are reportedly trying to crack down on hedge funds' delays in confirming trades, and their "lax" disclosure of contract transfers. The credit risk derivatives market is under particular scrutiny.

Central Bankers Declare War on European Nations

by Helga Zepp-LaRouche

Mrs. Zepp-LaRouche is chairwoman of the Civil Rights Movement Solidarity (BüSo) party in Germany. She issued the following statement on Nov. 11, under the title "When Children Set Cars on Fire: The Euro and Violence in France—The ECB Declares War on Member Nations." It has been translated from German by EIR, and subheads have been added.

If French Interior Minister Nicolas Sarkozy had a plan to deliberately detonate a highly explosive situation, then he certainly was successful. His insulting the largely immigrant population of the suburbs, originally from the Maghreb and sub-Saharan Africa, as "scum" and "hooligans," was an unthinkable provocation, and has contributed decisively to the escalation of violence. But the explosion of these riots—as well as the refugee crisis in Ceuta and Melilla—are only symptoms of the fact that the current political order is no longer in control.

The most shocking aspect of the wave of violence, which has raged for more than 14 days in almost all of France, is the tender age of the rioters: For example, half of the 30 youth arrested one night in Marseilles were between 10 and 13 years old. In another case, of 150 arrested, 70 were between 10 and 18 years of age; and 80 were between 18 and 20 years old. The reason for the rioting is pure desperation, as unemployment among these youth, who carry French passports and belong to the third or even fourth generation of immigrants, is four times as high as the average. Massive cuts in all social programs and the elimination of social workers' jobs, has sent the youth the brutal message: You are all alone and have to fend for yourselves; we are sorry, but we have no future planned for you.

The conflict has been brewing for years. The economic gap between these immigrant youth and native French youth has been widening. The tendency toward violence grows, as does the consumption of violent videos; in 2003 alone, 28,000

autos were burned. A rap culture has developed among the youth. Rapper Rohff, for example, sings, "Another day in the suburb, nothing to do, as always," and other lyrics go, "So many lost lives. . . ."

The European media commentators, like oracles, pose the question of whether we are to expect similar explosions of violence in other European nations. In an attempt to calm things down, the special situation of France after the Algerian War is noted. Yet, despite this wishful thinking, if a number of hedge funds collapse, as the head of the Swiss National Bank Hildebrandt and others have warned may happen, then the French developments will be merely a foretaste of a threatening dark age.

For there is a connection between the riots and the "No" vote in the French referendum on the European Constitution on May 29, followed by the same in the Netherlands. Both expressed a deep dissatisfaction with the currently dominant economic and financial policies. The absurdity of the situation is appropriately captured in the fact that the International Monetary Fund praises France for having obediently implemented the IMF's demanded social reforms, which naturally have fanned the flames of violence. At the same time, IMF Managing Director Rodrigo de Rato says that Europe has two serious economic problems: its high indebtedness in state budgets and the prospect of huge social revolt.

The Euro: A Disaster for Germany

But it is not only the IMF that is guilty in this situation; the euro is as well. The supporters of the euro deny any link between the introduction of the euro, and inflation and social crises in the member states. But this does not mean much. The discrepancy in thinking between the political establishment and the general population could hardly be greater. Trust in politics and democracy has reached a low point; the attitude of many, fed up with politics, in the recent months, has turned

into real contempt, which indeed carries with it the potential for future state crises.

The euro has turned out to be a boomerang for France. It was former President François Mitterrand who had a decisive role in blackmailing Helmut Kohl, then German Chancellor: France would accept German reunification only if Germany agreed to early currency union. Kohl reports on this in his memoirs. And the long-term collaborator of Mitterrand, Jacques Attali, reports in his new book, *C'était Mitterrand* (It Was Mitterrand), that Mitterrand had threatened West German Foreign Minister Hans-Dietrich Genscher in November 1989, that he would organize a new Triple Entente, of France, Britain, and Russia, for war against Germany, if Germany refused early currency union, and refused to give up the D-mark.

It has become an open secret in the meantime, among the European elites, that the whole euro concept had the aim of hindering a special role for a reunified Germany in the economic development of eastern Europe; and of weakening the German economy, of replacing a hard currency with a softer one, and altogether to force the German economy into a structure, in which it would have to achieve an invisible, but real, subsidizing of the less developed, so-called "catch-up" countries. Through the euro structure, Germany was to be "hemmed in."

By giving up the D-mark, Germany relinquished the advantages for an industrial power, of a stable currency. The same currency insecurity suddenly came about in the whole euro zone; the "big players" invested in low-wage countries, and in part, small and medium industries also felt they were pressed by competition to do the same, even though it made excessive demands on their flexibility. As a result, 40,000 of them a year went bankrupt. The economic imbalance increased, and Germany, viewed as the milk cow for Europe, has now reached the limits of its ability to give milk.

During the time of the D-mark, there were only revaluations, no devaluations, and whoever invested in D-mark holdings could only make capital profits, not losses. Each revaluation meant an increase in real income for the working population, as well as for retired people. Revaluations of the D-mark were "social dividend distribution for the German people," as former Finance Minister Karl Schiller put it in his time. In those days, the thinking of politicians was completely different: "Social security for everyone," was post-war West German Chancellor Konrad Adenauer's slogan at the beginning of the 1960s; and it was to prevent a relapse into barbarism. When unemployment in 1967 suddenly rose to 400,000, this was considered intolerable, and led to the 1967 "Stability and Growth Law," which was the joint legacy of [Ludwig] Erhardt and Schiller, that actually required state investment programs to overcome unemployment.

Today, unemployment in Germany has reached officially 5 million, and in reality, 10 million. The illusion that the "European process" could somehow be a protective shield against the negative effects of globalization, has in the mean-



EIRNS/Wolfgang Lillge

Helga Zepp-LaRouche calls for Germany to resume its national currency, the deutschemark, and for France and Germany to join in rebuilding the continent, ravaged by globalization.

time collapsed, except among the the most hard-baked rural idiots. And the euro has not made Europe stronger and more unified, but rather has led to a real test in every single country.

France and Germany Must Stick Together

Germany has been bled dry and can no longer pay. This is something that Chancellor Gerhard Schröder said in his last interview with the weekly *Die Zeit*, and in his speech at the most recent European Union summit in London. But the euro has also had dire consequences for other so-called core countries of the EU, in that it has aggravated crises, and led to increasingly large holes in federal and social budgets. In Germany, people who through no fault of their own have become unemployed, are being thrown into poverty and degradation, which is an outrageous injustice. In France, these budget gaps have meant elimination of social programs in the suburbs, and now the automobiles are burning, as are buses and schools in these poor neighborhoods.

For France, the question that must be faced, is: Is France prepared to distance itself from the destructive policy of Mitterrand, which means, to support Germany's recovering its sovereignty with its own currency, and thereby becoming able to do something for its own salvation, in the form of state credit creation? If not, the French government will perform harikari, as it clings to a policy which will lead to the sinking of Germany, and, due to the interrelation of the French and German economies, also to the collapse of France. If all parties in France agree only to squashing the riots through repression, without dealing with the root of the problem by creating 6 million new productive jobs, as demanded by French Presidential candidate Jacques Cheminade, then it is only a matter of time before the next wave of violence explodes.

Liberté, Egalité, And 'Trash'?

by Samuel Dixon

They are against the state because the state doesn't want them. They have been treated in their own country as if they are nothing in this world. If anyone doubted that my generation, roughly aged between 18 and 25, is the "no-future generation," take a long hard look at France today. There is no equal education system. Even if you have a degree, there's no guarantee of a job. For some 15 years there have been major outbreaks of rioting around Paris and other cities at a rate of about one a year—often sparked, as now, by rumors surrounding the deaths of local youths at the hands of the police. The yearly average of cars being burnt across the country has been 20,000, but in 2003 it went up to 28,000. Seeing the violence that began in late October, and has lasted for two weeks, as of this writing, some have called this the "dead-for-nothing movement," but it truly is the desperation of those who have been left out, abandoned, and have nothing to live for.

The tensions, punctuated by the nighttime conflagrations of automobiles and anything else that comes into the path of the rampage, have run high in the low-rent suburbs that surround Paris, where 50% of the population is under the age of 25. The rampages that were originally focussed in the poorer suburbs around Paris, have spread since Oct. 27, for the first time, to other parts of the country, such as Dijon, Marseille, and Normandy, and inside the capital itself. The unrest is the worst the country has experienced since the student revolts in 1968.

On Nov. 8, the French government invoked a 50-year-old law dating from the start of the war in Algeria, to authorize the imposition of curfews in areas affected by the rioting. Law number 55-385 of April 3, 1955, permits the cabinet to declare a state of emergency within fixed areas, where state authorities can then ban the movement of people and vehicles at certain times.

The riots today are certainly being whipped up by political opportunists, but the real culprit is the post-war period of globalization, which is creating downtrodden areas while bringing about poverty, dumbed-down education, and joblessness. Clichy-sous-Bois, northeast of Paris, where the riots began, suffers from unemployment rates over twice the unofficial national average of 20%. The riots ostensibly were triggered by the accidental electrocution of two youths, aged 15 and 17, who had scaled an electrical relay station's walls to escape a police identity check in the street. However, tensions were created over the entire of the post-colonial period of France, when immigrant workers were brought here to rebuild

and upgrade the infrastructure. They were promised single-family homes, but were forgotten in housing-project holding-pens.

The riots exploded in the charged environment of flagrant insults by Nicolas Sarkozy de Naguy-Bosca, the Interior Minister whose Presidential ambitions are larger than himself, who declared a "war without mercy" on the suburb's populations. "I've said they have to be cleaned—we're going to make them as clean as a whistle," he told the regional police chiefs whom he commands. And days before the riots, during a highly publicized provocation in Argenteuil, a suburb northwest of the capital, Sarkozy was pelted with stones and bottles as he outlined a new plan to "take out the trash"—meaning people—from the neighborhood. This escalation of disrespectful behavior by neo-conservative Sarkozy is directly catering to the extreme-right voters (who usually vote for the fascist Jean-Marie Le Pen out of fear), to shore his up right-wing populist base for the 2007 Presidential campaign. Sarkozy has flaunted his ties to the neo-conservatives in the United States, with his own version of the "ownership society," free trade, and religious fundamentalism with a French twist. Rioting is an old tactic used by the extreme right wing to shore up its influence. In the city of Strasbourg, where up to 2,000 cars are burnt every year, the most in France, including 500 on Christmas Day, informed sources report that Le Pen's National Front party, part of a larger international synarchist grouping, has in the past paid individuals to do that, thereby creating the conditions to scare the population into voting for their brand of xenophobia.

Speaking on French television Nov. 3 in an attempt to hype Cheney-style anti-terror hysteria, the pint-sized Sarkozy said the violence was being orchestrated by unknown organizers. "What we have been witnessing . . . has nothing spontaneous about it. It was perfectly organized. We are trying to find out by who and how," he said, implying connections between terrorism, Islam, and all varieties of criminal networks across the country. Rebuffing any criticism, Sarkozy rejected accusations that his insults had fuelled the rioters' anger: Ranting on national television describing suburban youth as delinquent *racaille* (trash, rabble), and saying that unemployment-ridden areas need to be "cleaned with a power-hose," had, of course, nothing to do with the escalation of violence, he claimed.

In an interview Nov. 2, Sarkozy defended his tough policies by saying that some poor suburbs had come under "the rule of gangs, of drugs, of traffickers," and that his measures had brought down crime by 8% per year. "The feeling of exclusion, illegal immigration, and the high level of unemployment create considerable problems," he said, asserting that "firmness, but also justice" was needed. Social justice, however, to the Thrasymachian Nicolas is the *société des propriétaires*, the society of the privileged few who have "worked hard, by the sweat of their brow" to grab power, and who make justice "nothing other than the advantage of the stronger," as the brutish Thrasymachus said in Plato's *Republic*.



A LaRouche Youth Movement demonstration in Paris earlier this year shows former Economics Minister Nicolas Sarkozy zealously cutting the budget. Sarkozy, now Interior Minister, is referring to those blamed for the unrest as “trash,” and is advocating “war without mercy” against them.

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lic. The economic austerity measures which he implemented during his stint as Economics Minister in 2004, have helped to break down the French economy, and are within the policies of other European central banks, controlled by financiers who have, step by step, taken away the sovereignty of the European nations. The public deficit, which he claimed to want to diminish by cutting the State’s budget, happens to also be of his own doing: When he was Budget Minister in the former Balladur government, the deficit deepened.

On the other hand, one should not make the mistake of putting him at the center of everything, for he is merely a puppet, brought out in a time of economic and social disintegration by a global synarchist oligarchy which is eager to prevent any Franklin Roosevelt-type reorganization. Could France, now left prey to the impish ranting of the a Newt Gingrich-type conservative revolutionary, fall into the trap of the French Revolution for a second time, fleeing from Jacobin mobs only to turn itself to a new “little Napoleon,” to bring law and order?

This bombast of the financial oligarchs’ local *nain de jardin* (garden dwarf), isn’t new, but it would be too easy to blame Sarkozy and overlook the process of looting, or primitive accumulation, that is the anti-human logic of free trade.

Permanent Immigrant Status

At the forefront of social tensions is the difficult integration of the socially castaway second- and third-generation children of immigrants from France’s former African colonies. Much of this section of the population inhabits large suburban public housing projects, commonly termed *les*

banlieues (suburbs), built in the 1960s and 1970s, which form ghetto areas with 20-45% unemployment, dilapidation, and unrest around the country’s main cities. But among young men between 15 and 25, the unemployment rate is 36%—and even higher if only young Arab men are counted. The average yearly income here is 10,500 euros, compared to a national average of 17,180 euros. Your chances of finding a job are slim to none, once it is noticed that you live in a “sensitive area,” or more generally, if your last name is Ozcan, Dadzi, or Sharaf. The shame that the third- and in some cases fourth-generation French citizens are still referred to as “immigrants,” or the politically correct label of the “socially excluded,” weighs on the dignity of the nation which prides itself on *Liberté, Egalité, Fraternité*.

Having much more social and economic difficulty than the average youth of French origin, the rate of failure in schools among these youth is very high, many dropping out of school at age 14 and 15. In these conditions, and having nothing but the present TV culture of violence to nourish themselves, the dehumanization of some of the more active elements in these riots is very high, leading to this outburst of desperate and gratuitous violence. The youth are not only burning the belongings of their own community—gymnasiums, public schools, public transportation, and their own and the neighbors cars—but are also committing “Clockwork Orange”-style violence against totally innocent elderly and handicapped people. Thus, a handicapped lady riding in a public bus, and the driver of that bus, were sprayed with gasoline before being set on fire. In another area, a retired man of 61 and his friend were viciously beaten up, gratuitously, resulting in the death of one of them. A couple of years ago,



EIRNS/Yves Palmier

Lyndon LaRouche (left), shown here with Jacques Cheminade at a Jan. 12, 2005 EIR seminar in Berlin, has criticized the French government for aping the economic and social policies of the Bush Administration. Cheminade, in his 1995 French Presidential campaign, had called for developing the low-rent suburbs, where much of the current unrest has taken place.

in the same downtown district where the riots started, petty criminal elements had made it a habit of terrorizing the elderly by beating them during broad daylight.

France's 5 million Muslims also have clashed with France's institutional religion of secularism. In September 2004, a law prohibiting the wearing of the Islamic head-scarf (*hijab*) in schools (along with all "conspicuous" religious insignia) was introduced, adding a lot of fuel to the fire. The combined issues of the alienated children of immigrant ancestry and an increase of provocations from the right-wingers against the Muslim community, represent the major challenge for social integration that calls for an overthrow of the whole formal social system in France, and of the international economic system which underpins it. No one in the official leadership today has the courage or compassion to carry out the necessary fight. However, outside the establishment, leadership is being provided by a man who has long been a close friend and collaborator of Lyndon LaRouche, Jacques Cheminade.

The Hamstrung Government

This outbreak of violence has put the new Prime Minister, Dominique de Villepin, in an extricable situation. Very close to President Jacques Chirac, and thus a virulent factional enemy of Interior Minister Nicolas Sarkozy, nothing would please him more than the resignation of his own minister, which many had been calling for in the period which preceded the outbreak of violence. The weekly *Canard Enchaîné* on Nov. 9 reported statements by Jean Louis Debré, president of the National Assembly and a very close ally of both Chirac and de Villepin, summing up the sentiments of the Chirac

crowd: "If Chirac could kick him out, he would kick him out. But one cannot fire the Interior Minister in the midst of chaos." The explosion of violence gave to extreme right-wingers, such as Le Pen and de Villiers, a great opportunity to come to the fore, calling for the Army to be deployed, to respond with real bullets! The Sarkozy-connected UMP deputies are also pressuring for stringent law-and-order measures which would only make things worse.

In an attempt to end the chaos, de Villepin has been trying to out-maneuver his Interior Minister, and to re-establish order with a different approach, wielding both law and order measures, as well as basic economic assistance. Refusing to mobilize the Army, he instead invoked a law dating back to 1955, which gives the right to county and town administrators to impose a curfew after midnight if they deem it necessary. Article 1 reads: "A state of emergency can be declared on all or part of the metropolitan territory, Algeria, and the overseas departments . . . in the case of immediate danger resulting from serious breaches of public order." Under Article 5, state-appointed governors can "forbid the movement of people and vehicles in places and times fixed by decree." The same article permits the county and town administrators to keep out of the zones "any person seeking to obstruct, in any manner whatsoever, the action of the public powers." Article 6 authorizes the Interior Minister to issue house-arrest warrants for people "whose activity is dangerous for public safety and order." Under Article 8, the authorities can "order the temporary closure" of theaters, cinemas, bars, and "meeting places of all kinds." "Meetings likely to provoke or fuel disorder" can also be banned. Article 11 allows the authorities to "order house searches at any time of day or night" and to "control the press and publications of all kinds as well as radio broadcasts, cinema projections, and theatrical shows."

While the rioting has to be stopped, and these measures are being accepted by practically all parties as a lesser evil, on condition that they are temporary, the invoking of this particular law which was used to quell revolts during the Algerian War, at the time when Algeria was a French colony, sends to these youth, many of whom are children of Algerian families, a very bad message: After 50 years, France intends to treat them exactly as it did their grandparents.

The would-be Gaullist, de Villepin, by not proposing the necessary economic solutions, has thus not shown himself to be acting at the required level which this great moment of crisis demands. Rather than taking the opportunity of this grave moment to propose a total change in the economic system which has led to this impoverishment of the nation, the same system which was rejected by the electors on May 29 when the proposed European Constitutional Treaty was voted down, de Villepin has announced yet another series of social assistance handouts for the poor. This includes 20,000 new minimum-wage jobs to be created in those areas, and the companies which create jobs in those risk areas will get fiscal benefits. Six thousand jobs of school assistants will be created

Change People's Lives

by Jacques Cheminade

The following statement was issued on Nov. 8, 2005, by Jacques Cheminade, 1995 candidate for the Presidency of France, and head of Solidarity and Progress, the political party of the LaRouche movement in France. In his 1995 Presidential campaign, he called for development of the immigrant suburbs.

"Inasmuch as ye have done it unto one of the least of these my brethren, ye have done it unto me." These are the words which come to mind after the 11th night of violence in our suburbs. Today's France is a country which creates or tolerates the conditions for this violence. It no longer insures equality of opportunity to each Frenchman and foreigner settled in its national territory, nor does it offer a culture of life and human dignity to all. Starting from there, all provocations become possible: A handful of provocateurs is sufficient to inflame the powder keg.

Let's look back a bit: In 1995, candidate Chirac promised to reduce the social breach, and adopting a diagnosis formulated by Emmanuel Todd in a note to the Saint Simon Foundation, stated indignantly: "When too many youths see nothing ahead but unemployment and useless workshops at the end of uncertain studies, they end up by revolting." What has happened since? Chirac and the left allowed

the Republican pact to be ripped apart, and Mr. Todd prefers to sit in an office rather than to become a hero.

Why this paralysis? Are Mr. Chirac and the left, so hypocritical and spineless? It has not been stated enough that Mr. Chirac's destiny was sealed, in 1995, when he capitulated on another subject: Denouncing the "financial AIDS" at the Halifax Summit, he didn't fight for a new, more just, economic monetary order, and permitted injustice to continue. On his side, Mr. Fabius served the European plan of Mr. Mitterrand, which with Maastricht, Amsterdam, the Stability Pact, the European Central Bank, and the euro, destroyed Europe as a project and a hope.

So? So, the only possibility of re-establishing justice for the humiliated and the offended, for the French and the foreigners who live in the suburbs, in front of the courts of justice, the prisons and the immigrant communities, is to eliminate social austerity worldwide. Four or five books have just been published, denouncing a financial capital which is destroying itself. Mr. Patrick Artus, chief economist of France's public savings and loans bank, the CDC, gave a brilliant interview to Uncle Bernard in *Charlie Hebdo*, on this issue, but nobody is proposing anything. They are like doctors who would tell their patients: You have a cancer, but go back home and watch TV.

On the contrary, we will defend a program of creation of 6 million jobs with a New Bretton Woods, a Eurasian Land-Bridge, and a culture of life. It is the very foundation of our society which we must change, in order to pick up the fight where our predecessors left it.

by 2006-07 to improve the youths' chances to succeed in school. One hundred million euros will be extended to all social work associations present in those areas, which had been forced to close down due to the austerity cuts imposed in recent years. Finally, the proximity police, formerly deployed in those areas for security purposes, but also to help in solving difficult social problems in the communities, will be re-established. Their credits had been cut back by 40% by Sarkozy, who stated that he favored a "harder style" police force in those areas.

President Chirac, since the violence erupted on Oct. 27, has made only one public appearance, calling for the "re-establishment of security and order." This President has preferred to let his close ally, Prime Minister de Villepin, take the field, earning him criticism that he is politically "absent" during the country's time of need. When Chirac was elected in 1995, he promised to attack "financial AIDS" (lifted from Jacques Cheminade's attack on the "financial cancer" during his own campaign for President) and to heal the social divide. After being re-elected in 2002, the promise was to provide security. Failing to give direction for so many years has taken

its toll on the society, and France has found out that globalization has made France, and the world, one big *banlieue*.

While the opposition Socialists remain divided internally, and have no alternative long-term program for France, they criticize, without offering a solution, leaving France leaderless, and caught up in the blame game.

A society whose young adults are desperate is a doomed society. Lyndon LaRouche has launched an international youth movement precisely because our generation, refusing the legacy of the 68ers, can be the catalyst for the creation of solidarity between generations, to build a bridge into the future. This is why there is a need for a new leadership of youth in France dedicated, as the French statesman Jean Jaurès said, that "every human individual has the right to complete development. He has therefore the right to demand of humanity all that can second his effort. He has the right to work, to produce, to create, without any category of men submitting his work to usury or under a yoke." Around Jacques Cheminade, who is running for President in 2007, an emerging political force—the LaRouche Youth Movement—is acting to create such a paradigm shift.

In Memoriam

K.R. Narayanan: A Strong Friend

by Ramtanu Maitra

On Nov. 9, former Indian President Kocheril Raman Narayanan breathed his last in New Delhi, after ailing for weeks. His last resting place will be in New Delhi alongside two other late Presidents of India, by the River Yamuna.

KRN, as K.R. Narayanan was known to many of his friends and relatives, was in many ways an extraordinary individual. Born in a very poor family in a small village in the southwestern state of Kerala, and a member of the Dalit community—the untouchables in the Hindu society—KRN was made of steel.

Because of his academic excellence, mixed with his toughness covered by an ever-present smile, he was hand-picked by India's first Prime Minister, Jawaharlal Nehru, who drafted him into the Foreign Office. In the late-1960s he was brought back to academia when Mrs. Indira Gandhi, then the Premier of India, appointed him vice-chancellor of the prestigious Jawaharlal Nehru University.

Later, he became ambassador to a number of countries, most important of which were his ambassadorships to China and the United States. It was in the 1970s, when Mrs. Gandhi, having decided to start a rapprochement with Beijing, sent KRN as India's envoy to China. KRN, married to Usha Narayanan, a Burmese by birth who speaks Mandarin fluently, and has written books about China, was much liked in Beijing. In fact, KRN paved the way for the later thawing of relations between India and China. On the 50th anniversary of China's adoption of Panchsheel as the principle on which its foreign policy is based, KRN was the invited keynote speaker in Beijing. Panchsheel refers to the Five Principles of Peaceful Co-existence, first formally enunciated between India and China in 1954.

In 1980, after Mrs. Gandhi came back to power after a three-year hiatus, she sent KRN to Washington as India's envoy. Her objective was to re-build the bridge that had existed earlier between India and the United States, and which was so assiduously destroyed in the 1970s by Kissinger and company. KRN's role, along with others, led to the Reagan-Gandhi meeting at Cancun, Mexico in 1981, and subsequent development of relations between the two countries.

It was in Washington that KRN came in contact with Lyndon H. LaRouche, and came to respect him. Following Mrs. Gandhi's assassination on Oct. 31, 1984, when Mr. and



Office of the President of India

Indian President Shri Kocheril Raman Narayanan with Lyndon LaRouche in New Delhi, Dec. 5, 2001.

Mrs. LaRouche went to pay their homage to the fallen Indian leader, Ambassador Narayanan treated them with the full honors of a foreign dignitary. The relationship lasted throughout the next two decades. When Mr. and Mrs. LaRouche visited India in late 2001, President Narayanan saw them at the official residence of the President of India.

In 1984, upon his return from Washington, Rajiv Gandhi, then Premier of India, urged him to join the Congress Party and contest elections. He won his parliamentary seat from Kerala in all three elections (1985, 1989, and 1991) that he contested. In 1985, he joined the Rajiv Gandhi Cabinet as the Planning Minister. He served between 1986-89 as Ministers of Foreign Affairs, and Science and Technology.

KRN was elected Vice President of India and served in that position from August 1992 to July 1997. In 1997, he was sworn in as President; his term came to an end in 2002.

He made clear that he would remain a “working President” and not a figurehead. His tenure as President was at a crucial juncture of modern Indian political history, when the political scene witnessed a paradigm shift. The one-party dominance by the Congress Party came to an end, and there was a rise of the Bharatiya Janata Party, identified widely as a right-wing Hindu chauvinist party, at the local, state, and national level.

To the relief of all, during those difficult days, President K.R. Narayanan never failed in his duty and never bowed to pressure from internal and external pressure. And, to the joy of all around him, he never stopped smiling.

Germany: A Government That Will Not Govern

by Rainer Apel

The new Grand Coalition government is expected to take office in late November, shortly after the designated Chancellor, Angela Merkel, is sworn in on Nov. 22. The week before that, the three parties that form the coalition—the Christian Democrats (CDU), the Christian Social Union (CSU), and the Social Democrats (SPD)—are expected to give the go-ahead for the government at special party conventions, barring unforeseen developments. The coalition, with a more than two-thirds majority in the national parliament, will, however, be stable only on paper, because frictions are being exacerbated in all three coalition parties, while they ignore the reality of the global economic depression.

On Oct. 31, a combination of primarily single-issue opposition currents in the party were roped into a vote against Kajo Wasserhövel, the candidate backed by SPD party chairman Franz Müntefering for the post of party general manager. At a special session of the SPD party executive, only 14 voted for Wasserhövel, whereas 23 voted for Andrea Nahles, a “left” ecologist. As a result, the pro-growth Müntefering, who had denounced economy-ruining speculators as locusts during the parliamentary election, announced he would not run for re-election as party chairman, at the party convention in mid-November, and added that he might not become labor minister and Vice Chancellor in the Grand Coalition government, either.

The reshuffle of party positions that resulted from this anti-Müntefering coup showed how much the party is in disarray, as well as not having a party program for industrial growth to begin to deal with the economic crisis the country is facing. Party members instead got tied up in succession debates, precisely at the time that the SPD should have intervened in the coalition talks with the CDU and CSU, to get an investment- and job-creation program off the ground, as one of the first major initiatives of the Grand Coalition. Germany’s prior Grand Coalition government, in February 1967, had taken such a step. The SPD’s internal problems are benefiting those in the party who, like the designated finance minister Peer Steinbrück, were insisting on making budget-cutting the priority of the new government.

On the same day as the coup against Müntefering, CSU party chairman Edmund Stoiber announced that he would not become economics minister in the new government, a decision which dealt another blow to the Grand Coalition project. Since then, Stoiber has been under attack from inner-party rivals to also step down from his posts as CSU party

chairman, and even as State Governor of Bavaria, the party’s base. A senior CSU politician told this author that a bigger problem than the Stoiber issue, was that the party leadership so far has avoided any serious effort to look into the reasons for the enormous number of votes that the CSU lost in Bavaria, its stronghold, in the Sept. 18 parliamentary election, in which it dropped from 58 to 49%. The CSU was punished by the voters even more for its budget-cutting orientation, than its sister party, the CDU, which lost 7% of the vote. If the CSU fails to revive its social security policy reputation, it would be voted out of the Bavarian government, despite several decades of uninterrupted rule, according to the CSU politician. He added that the instability virus of the CSU would soon also infect the CDU, which is faced with the same problems.

The Worsening Economic Crisis

The primary problem, which the established parties of Germany are ignoring, is the global depression. The Grand Coalition, which in six weeks of coalition talks has not found time to discuss the labor market situation, will begin its work in late November with a big list of new budget cuts that are supposed to compensate for decreasing tax revenues in the range of 35 billion euros, by the end of 2006. A spokesman for the labor union of the transport workers, Transnet, told this author that the obsession of the Grand Coalition with budget cuts was at the expense of labor interests, and added that the government should give up the idea of privatizing the state-controlled railway, and return to its chief responsibilities for preserving the common good, such as the functioning of a modern, efficient mass transport system.

Moreover, a public sector investment program should be launched on a national scale, and here, the proposal by the metal workers that the Maastricht budgeting rules of the European Union that ban state investment programs must be changed, is being supported also by the transport workers. The metal workers have called for annual state investment programs in public infrastructure, in the range of 40 billion euros. The service sector union has also called for a similar program.

But organized labor does not expect much out of the SPD, the traditional interlocutor with labor. “In the SPD, generally,” an official at the economics department of the DGB, the national labor federation, told this author, “there is almost nobody to talk to. People there are accustomed to working at small construction sites, they are not prepared to deal with any bigger problems.” Even without major new disruptions on the global financial markets, the economic situation of Germany will worsen this coming winter, and unemployment will increase. The German labor movement is hesitant to undertake a nationwide mobilization for a change of government policy, because it could play into the hands of the new, disruptive Linkspartei, a leftwing-synarchist split-off from the SPD that got into the new parliament with 8.4% of the vote.

Howard Pushes Fascist 'Anti-Terror' Laws

Prime Minister Howard's new laws would make Hitler blush, but the PM has hitched his wagon to a dead mule: Dick Cheney.

Australians awoke on Nov. 8 to find that 400 state and federal police had staged the biggest "anti-terror" raid in Australian history, arresting 17 in Sydney and Melbourne. Despite the presumed highly sensitive nature of the operation, Prime Minister John Howard ensured that all media were present for the pre-dawn raids. And, despite police claims that they had prevented a "catastrophic" attack, no supporting evidence to that effect was presented.

This was only Howard's latest stunt in his plans to turn Australia into a full-fledged police state before the world's financial system blows to bits. His Anti-Terrorism Act of 2005, provides for, along with accompanying legislation:

- Vague, catch-all definitions of "terror" and "terrorists." No evidence is required that the "terrorists" are planning a specific attack, only that they might be "considering" one.

- Sedition laws with seven-year sentences for "exciting disaffection against the Government" or "promoting feelings of ill-will and hostility."

- Police powers to imprison anyone for 14 days or to confine them to home detention for up to one year with no charge, and to "shoot to kill" in making such arrests, as British police did around the subway bombings in July.

- Family members or journalists who disclose such imprisonment or detention may be sentenced to 5-7 years, and those detained or their lawyers may not see the evidence upon which such confinement is based.

- Conversations between lawyers and their defendants may be taped, a procedure outlawed even at Guantanamo Bay.

- The use of unchallengeable video or other evidence from abroad, opening the door to that gained by torture.

- New "stop, question, and search" laws modeled on Britain's notorious laws in Northern Ireland.

- The use of the Army to carry out civilian policing for the first time in Australia's history, under even the "potential" of a terrorist attack. An earlier Howard law gave the Army the right to "shoot to kill" civilians.

Australians presumably breathed a sigh of relief when Foreign Minister Alexander Downer proclaimed, "There won't be soldiers patrolling the streets shooting at people under normal circumstances."

The history of this latest bill speaks its fascist intent. Howard had planned to ram it through his Liberal/National party coalition-controlled Parliament with a mere week of hearings, with no prior warning. However, one state premier, Jon Stanhope, posted the bill on his website in mid-October, and refused Howard's enraged demands to take it down, and a nationwide furor erupted. Even so, the Anti-Terrorism Act will clearly pass within weeks.

Howard has been a puppet of the Synarchy and its Mont Pelerin Society throughout his career. He has lined Australia up with every neo-con policy pushed by U.S. Vice President Dick Cheney and British Prime Minis-

ter Tony Blair, most notably as one of the "Three Musketeers" of the disastrous Iraq War. He signed onto Cheney's fraudulent WMD claims—which Howard's own intelligence services had refuted—and concocted his latest "anti-terror" bill only after meeting Blair on the subject in London on July 21.

One of Howard's more notorious cases of lying to ram through "security" legislation came in 2001. With draconian anti-immigrant legislation pending, he dramatically claimed that "illegal immigrants" trying to reach Australia in rickety boats were throwing their children overboard, so as to force Australian ships to rescue them as a back-door entrance to Australia. That legislation was rammed through before the truth emerged: No child had been thrown overboard, and the government knew it. Those immigrants who did make it to Australia have been kept in concentration camps under murderous conditions.

In the same week that he introduced his fascist anti-terror bill, Howard also introduced the most wide-ranging "industrial relations reform" since Australia was federated in 1901. The bill gives businesses the power to sack employees at will, and effectively crushes unions.

While the civil liberties lobby and even some of the media were wringing their hands over the new fascist bill, Lyndon LaRouche's associates in the LaRouche Youth Movement (LYM) and the Citizens Electoral Council distributed 500,000 copies of their *New Citizen* newspaper, headlined, "LaRouche: 'Dump Cheney Now!'" with its second lead, "World Financial System Explodes, 'Little Hitler' Howard Goes for Fascism." Cheney is now going down. And, to paraphrase from Shelley's "Ode to the West Wind," "When Cheney goes, can Howard be far behind?"

International Intelligence

IMF, World Bank Make Grab for Sudan's Oil

Lt. Gen. Salva Kiir Mayardit, First Vice President of Sudan, who is also President of the government of Southern Sudan, revealed the key features of the peace deal, which revolve around control of Sudan's oil revenues, in Washington, D.C., on Nov. 4. He had met with senior officials in the Bush Administration, and officials from the International Monetary Fund (IMF) and World Bank, according to the *New Federalist*. Kiir, who replaced John Garang after his death earlier this year, departed from his written statement, to indicate some significant features of the peace deal.

Sudan's oil production is at 350,000 bpd and is expected to increase to 500,000 bpd. For oil produced in the South, which is three-quarters of total oil production for Sudan, a benchmark price was established in consultation with the IMF; originally it was \$30 per barrel and then revised to \$45 per barrel as a result of inflated oil prices. Oil revenues above the benchmark price are put into an Oil Stabilization account supervised by the IMF/WB. Two percent of the revenues below the benchmark price go to the oil-producing states in the South, and the remaining 98% is divided equally, with the National Unity Government of the North getting 49% for its 15 states, and 49% going to the Government of Southern Sudan for its 10 states. The World Bank is to provide transparency for oil revenues.

The World Bank will also control the South's money, to manage its reconstruction. The prime motivation for recent pressure by the industrialized nations, led by the Bush Administration, to force a settlement ending almost a quarter-century of war in Sudan, was to give the banks a way to get their hands on Sudan's growing oil wealth at inflated oil prices. Sudan's foreign debt is \$26 billion, and with "peace" in Sudan, the oil revenues can be used to pay this debt, and at the same time the IMF/WB can "supervise" the banking of the oil revenues themselves.

This deal is still apparently not enough. The First Vice President was informed, dur-

ing his trip to the United States, that sanctions against Sudan would continue.

Rabin Called Messianic Settlers 'a Cancer'

On the tenth anniversary of the murder of former Prime Minister Yitzhak Rabin, the Israeli daily *Ha'aretz* on Nov. 4 published some quotes from Rabin's denunciation of the messianic Gush Emunim settlers.

In 1975 Rabin publicly stated, "The Gush Emunim movement is a cancer in the body of Israeli democracy. Its members are not pioneers, they are extorters."

Again, in his autobiography, *Pikus she-rut* (Service Notebook), published in Hebrew in 1979, Rabin wrote, "Against their basic outlook, which is contrary to Israel's democratic basis, it was necessary to pursue a struggle of ideas that reveals the true significance of the Gush positions and its modes of action. . . . In the name of the Jewish religion, ostensibly, the Gush Emunim people have come to self-disgrace and a low point in Judaism that every sane Jew cannot but condemn in disgust. Few are the cases in Jewish history when a wild bunch like this takes upon itself a mandate in the name of heaven . . . , all in a loathsome guise of love of the land of Israel, and invades the streets crudely to impose fear and terror. . . . I was ashamed for ourselves that we are able to fall so low. . . ."

The rabbis of Gush Emunim, including Israel Lau and Avraham Shapira, led the campaign of incitement against Rabin just prior to his assassination on Nov. 4, 1995.

Ha'aretz writes that Rabin was unique among even Labor Party leaders in denouncing Gush Emunim. In 1975, when Rabin was Prime Minister, he wanted to evacuate a group of Gush Emunim which had illegally occupied Sebastia in the northern West Bank. No one in his government supported his decision, including Shimon Peres of the Labor Party, who at the time went so far as to celebrate Hanukkah with them. Although the settlers were allowed to stay at the time, Rabin for the next two years refused to allow Gush Emunim to establish additional settle-

ments in the occupied territories.

Again in 1994, Rabin wanted to remove the settlement in Hebron after the Baruch Goldstein massacre of Muslim worshippers. He was again discouraged by his colleagues in the Labor Party, including Peres. *Ha'aretz* points out that at the time, Ariel Sharon was leading a campaign of incitement against Rabin, and comments that one of the reasons Sharon had the "courage" to evacuate the Gaza settlements this year, was that "Sharon did not have Sharon in the opposition. Rabin did not have this privilege."

India's Foreign Minister, Natwar Singh, Forced Out

After almost ten days of tensions in New Delhi, India's Prime Minister Manmohan Singh called in his Foreign Minister Natwar Singh and asked him give up his post on Nov. 6. Natwar Singh, close to the late Indira Gandhi, and a strong advocate of the Non-Aligned Movement (NAM), however, will remain in the Manmohan Cabinet as a minister without portfolio. For the time being, the Foreign Ministry will be headed by Prime Minister himself.

The crisis that led to Natwar Singh's resignation, seen as a victory for the pro-U.S. faction, has its origin at the United Nations, where the Volcker Committee produced a report on the illegalities involved in the oil-for-food program for Iraq, when it was under sanctions in the 1990s. The report claims that Natwar Singh, convener of the Congress Party's foreign affairs cell, and his son, Jagat Singh, allegedly benefitted from Iraqi crude oil allocated to the Congress Party.

Since an investigation of the charges was under way, Premier Manmohan Singh and a number of Congress Party leaders demanded that Natwar Singh resign. More than the Iraq War, the growing conflict between Iran and the United States has polarized the UPA leadership. Prime Minister Manmohan Singh and a number of his Cabinet ministers are keen not to react to the U.S. hostilities towards Iran, and to prioritize India's burgeoning arms and security relations with the United States.

Thorium: The Preferred Nuclear Fuel of the Future

*Nuclear engineer Ramtanu Maitra shows, from the case study of India, how the development of thorium fuel cycles will enhance the efficiency and economy of nuclear power plants.**

Thorium is an abundant element in nature with multiple advantages as a nuclear fuel for future reactors of all types. Thorium ore, or monazite, exists in vast amounts in the dark beach sand of India, Australia, and Brazil. It is also found in large amounts in Norway, the United States, Canada, and South Africa. Thorium-based fuel cycles have been studied for about 30 years, but on a much smaller scale than uranium or uranium/plutonium cycles. Germany, India, Japan, Russia, the United Kingdom, and the United States have conducted research and development, including irradiating thorium fuel in test reactors to high burn-ups. Several reactors have used thorium-based fuel, as discussed below.

India is by far the nation most committed to study and use of thorium fuel; no other country has done as much neutron physics work on thorium as have Indian nuclear scientists. The positive results obtained in this neutron physics work have motivated the Indian nuclear engineers to use thorium-based fuels in their current plans for the more advanced reactors that are now under construction.

India decided on a three-stage nuclear program back in the 1950s, when its nuclear power generation program was set up. In the first stage, natural uranium (U-238) was used in pressurized heavy water reactors (PHWRs), of which there are now 12. In the second stage, the plutonium extracted from the spent fuel of the PHWRs was scheduled to be used to run fast breeder reactors. The fast breeders would burn a 70%

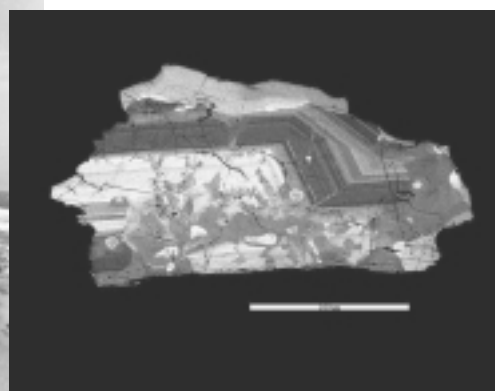
mixed oxide (MOX) fuel to breed fissile uranium-233 (U-233) in a thorium-232 (Th-232) blanket around the core. In the final stage, the fast breeders would use Th-232 and produce U-233 for use in new reactors. One main advantage of using a combination of thorium and uranium is related to the proliferation question: There is a significant reduction in the plutonium content of the spent fuel, compared with what comes out of a conventional uranium-fueled reactor. Just how much less plutonium is made? The answer depends on exactly how the uranium and thorium are combined. For example, uranium and thorium can be mixed homogeneously within each fuel rod, and in this case the amount of plutonium produced is roughly halved. But mixing them uniformly is not the only way to combine the two elements, and the mix determines the plutonium production.

Indian Initiatives

To a certain extent, India has completed the first stage of its nuclear program, putting on line a dozen nuclear power plants so far, with a few more plants now in the construction process. The second stage is as yet realized only by a small experimental fast breeder reactor (13 megawatts), at Kalpakkam. Meanwhile, the Indian authorities have approved the Department of Atomic Energy's proposal to set up a 500-MW prototype of the next-generation fast breeder nuclear power reactor at Kalpakkam, thereby setting the stage for the commercial exploitation of thorium as a fuel source.

India's commitment to switch over to thorium stems, in

*Reprinted from *21st Century Science & Technology*, Fall 2005.



USGS

India has a plentiful supply of thorium in the rare earth monazite, found in its beach sands. Here workers transport sand to the Rare Earth Processing Plant at Alwaye. Inset is a backscattered electron image of a monazite crystal. Pure thorium is silver in color, but it becomes gray and then black as it oxidizes.

Information Service of India

part, from its large indigenous thorium supply. India's estimated thorium reserves are 290,000 tons, second only to Australia. But the nation's pursuit of thorium, which helps bring it independence from overseas uranium sources, came about for a reason that has nothing to do with its balance of trade.

India is a nonsignatory of the Nuclear Non-Proliferation Treaty (NPT). Hence, India foresaw that it would be constrained in the long term by the provisions laid down by the commercial uranium suppliers, which would jeopardize India's nuclear power generation program. The 44-member nuclear suppliers group requires that purchasers sign the NPT, and thereby allow enough oversight to ensure that the fuel (or the plutonium spawned from it) is not used for making nuclear weapons.

India began the construction on the facility for reactor physics of the Advanced Heavy Water Reactor (AHWR) last year. The AHWR will use thorium, the "fuel of the future," to generate 300 megawatts of electricity, up from its original design output of 235 megawatts. The reactor will have a lifetime of 100 years, and is scheduled to be built on the campus of India's main nuclear research and development center, the Bhabha Atomic Research Center (BARC) at Trombay.

The construction of the AHWR will mark the beginning of the third phase of India's nuclear electricity-generation program. The fuel for the AHWR will be a hybrid core, partly thorium/uranium-233, and partly thorium-plutonium. The reactor will be a technology demonstrator for thorium utilization. According to B. Bhattacharjee, Director of the Bhabha Atomic Research Center, "At the international level, the AHWR has been selected for a case study at the IAEA [International Atomic Energy Agency] for acceptance as per international standards for next-generation reactors."

Abundance of Thorium

Although India's embrace of thorium as its future nuclear fuel is based mostly on necessity, the thorium fuel cycle itself has many attractive features. To begin with, thorium is much more abundant in nature than uranium. Soil commonly contains an average of around 6 parts per million (ppm) of thorium, three times as much as uranium.

Thorium occurs in several minerals, the most common being the rare earth thorium-phosphate mineral, monazite, which usually contains from 3 to 9%, and sometimes up to 12% thorium oxide. In India, the monazite is found in its southern beach sands.

TABLE 1

World Thorium Resources

(economically extractable)

Country	Reserves (tons)
Australia	300,000
India	290,000
Norway	170,000
USA	160,000
Canada	100,000
South Africa	35,000
Brazil	16,000
Other countries	95,000
World total	1,200,000

Source: U.S. Geological Survey, Mineral Commodity Summaries, January 1999.



The Bhabha Atomic Research Center (BARC) in Trombay, India. Thorium fuel cycles have been intensively studied here, and the design phase of the thorium-fueled Advanced Heavy Water Reactor is under way. At an August meeting in Brussels on emerging reactor designs, two BARC scientists unveiled their design for an Advanced Thorium Breeder reactor (ATBR) that can produce 600 MW of electricity for two years, with no refueling.

Information Service of India

Th-232 decays very slowly (its half-life is about three times the age of the Earth). Most other thorium isotopes are short-lived and thus much more radioactive than Th-232, but of negligible quantity.

In addition to thorium's abundance, all of the mined thorium is potentially usable in a reactor, compared with only 0.7% of natural uranium. In other words, thorium has some 40 times the amount of energy per unit mass that could be made available, compared with uranium.

From the technological angle, one reason that thorium is preferred over enriched uranium is that the breeding of U-233 from thorium is more efficient than the breeding of plutonium from U-238. This is so because the thorium fuel creates fewer non-fissile isotopes. Fuel-cycle designers can take advantage of this efficiency to decrease the amount of spent fuel per unit of energy generated, which reduces the amount of waste to be disposed of.

There are some other benefits. For example, thorium oxide, the form of thorium used for nuclear power, is a highly stable compound—more so than the uranium dioxide that is usually employed in today's conventional nuclear fuel. Also, the thermal conductivity of thorium oxide is 10 to 15% higher than that of uranium dioxide, making it easier for heat to flow out of the fuel rods used inside a reactor.

In addition, the melting point of thorium oxide is about 500 degrees Celsius *higher* than that of uranium dioxide, which gives the reactor an additional safety margin, if there is a temporary loss of coolant.

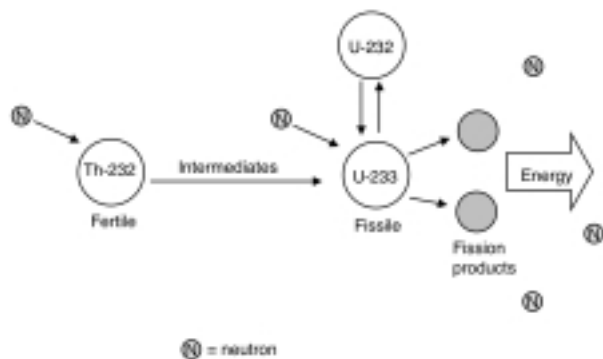
The one challenge in using thorium as a fuel is that it requires neutrons to start off its fission process. These neutrons can be provided by the conventional fissioning of uranium or plutonium fuel mixed into the thorium, or by a particle accelerator. Most of the past thorium research has involved combining thorium with conventional nuclear fuels to provide the neutrons to trigger the fission process.

The approach undergoing the most investigation now is a combination that keeps a uranium-rich "seed" in the core, separate from a thorium-rich "blanket." The chief proponent of this concept was the late Alvin Radkowsky, a nuclear pioneer who, under the direction of Admiral Hyman Rickover, helped to launch America's Nuclear Navy during the 1950s, when he was chief scientist of the U.S. Naval Reactors Program. Radkowsky, who died in 2002 at age 86, headed up the design team that built the first U.S. civilian nuclear reactor at Shippingport, Pennsylvania, and made significant contributions to the commercial nuclear industry during the 1960s and 1970s.

Although thorium is not fissile like U-235, Th-232 absorbs slow neutrons to produce U-233, which is fissile. In other words, Th-232 is fertile, like U-238. The Th-232 absorbs a neutron to become Th-233, which decays to protactinium-233 (Pa-233) and then to fissionable U-233. When the irradiated fuel is unloaded from the reactor, the U-233 can be separated from the thorium, and then used as fuel in another nuclear reactor. Uranium-233 is superior to the conventional nuclear fuels, U-235 and Pu-239, because it has a higher neu-

FIGURE 1

Simplified Diagram of the Thorium Fuel Cycle



The neutron trigger to start the thorium cycle can come from the fissioning of conventional nuclear fuels (uranium or plutonium) or an accelerator. When neutrons hit the fertile thorium-232 it decays to the fissile U-233 plus fission fragments (lighter elements) and more neutrons. (Not shown is the short-lived intermediate stage of protactinium-233.)

tron yield per neutron absorbed. This means that once it is activated by neutrons from fissile U-235 or Pu-239, thorium's breeding cycle is more efficient than that using U-238 and plutonium.

The Russian-U.S. Program

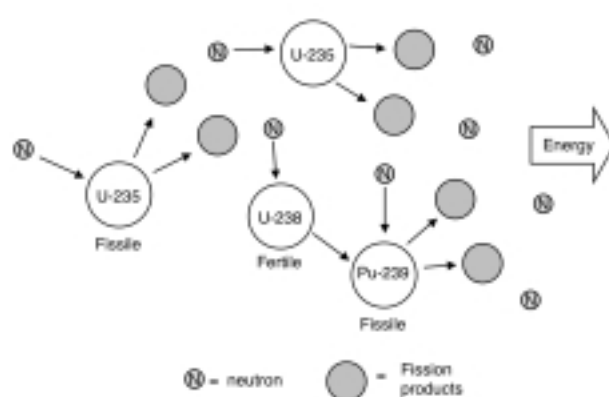
Since the early 1990s, Russia has had a program based at Moscow's Kurchatov Institute to develop a thorium-uranium fuel. The Russian program involves the U.S. company Thorium Power, Inc. (founded by Radkowsky), which has U.S. government and private funding to design fuel for the conventional Russian VVER-1000 reactors. Unlike the usual nuclear fuel, which uses enriched uranium oxide, the new fuel assembly design has the plutonium in the center as the "seed," in a demountable arrangement, with the thorium and uranium around it as a "blanket."

A normal VVER-1000 fuel assembly has 331 fuel rods, each of 9-millimeter diameter, forming a hexagonal assembly 235-mm wide. The center portion of each assembly is 155-mm across and holds the seed material, consisting of metallic plutonium-zirconium alloy (about 10% of the alloy is plutonium, of which more than 90% is the isotope Pu-239) in the form of 108 twisted three-section rods, which are 12.75-mm wide, with cladding of zirconium alloy.

The blanket consists of uranium-thorium oxide fuel pellets (in a ratio of uranium to thorium of 1:9, with the uranium enriched up to almost 20%) in 228 cladding tubes of zirconium alloy, 8.4-mm diameter. These pellets are in four layers around the center portion. The blanket material achieves 100 gigawatt-days burn-up. Together as one fuel assembly, the

FIGURE 2

Simplified Diagram of the Uranium Fuel Cycle



In the conventional uranium fuel cycle, the fuel mix contains fissionable U-235 and fertile U-238. A few fast neutrons are released into the reactor core (for example, from a beryllium source), and when a neutron hits a U-235 nucleus, it splits apart, producing two fission fragments (lighter elements) and two or three new neutrons. Once the fission process is initiated, it can continue by itself in a chain reaction, as the neutrons from each fissioned uranium nucleus trigger new fissions in nearby nuclei. Some of the U-238, when hit by a neutron, decays to plutonium-239, which is also fissionable.

seed and blanket have the same geometry as a normal VVER-1000 fuel assembly. As reported by Grae et al. (see note 4), thorium fuel burns 75% of the originally loaded weapons-grade plutonium, compared with a 31% burn for mixed oxide (MOX) fuel, which is made of a mixture of uranium and plutonium. But unlike MOX, thorium fuel does not produce more plutonium and has cost advantages over MOX. Grae et al. conclude:

"Thorium fuel offers a promising means to dispose of excess weapons-grade plutonium in Russian VVER-1000 reactors. Using the thorium fuel technology, plutonium can be disposed of up to three times as fast as MOX at a significantly lower cost. Spent thorium fuel would be more proliferation-resistant than spent MOX fuel. . . . [The thorium fuel technology] will not require significant and costly reactor modifications. Thorium fuel also offers additional benefits in terms of reduced weight and volume of spent fuel and therefore lower disposal costs."

Four Decades of R&D

Concepts for advanced reactors based on thorium fuel cycles include:

Light Water Reactors. Fuels based on plutonium oxide (PuO_2), thorium oxide (ThO_2), and/or uranium oxide (UO_2) particles are arranged in fuel rods.

High-Temperature Gas-cooled Reactors (HTGR). These

are of two kinds: the pebble bed and the prismatic fuel design.

The Pebble Bed Modular Reactor (PBMR) originated in Germany, and is now being developed in South Africa and in China. It can potentially use thorium in its fuel pebbles.

The Gas Turbine-Modular Helium Reactor (GT-MHR) was developed in the United States by General Atomics using a prismatic fuel. The use of helium as a coolant at high temperature, and the relatively small power output per module (600 megawatts-thermal), permit direct coupling of the reactor to a gas turbine (a Brayton cycle), resulting in power generation at 48 percent thermal efficiency (which is 50% more efficient than the conventional nuclear reactors in use today). The GT-MHR core can accommodate a wide range of fuel options, including highly enriched uranium/thorium, U-233/Th, and Pu/Th. The use of highly enriched uranium/thorium fuel was demonstrated in General Atomics' Fort St. Vrain reactor in Colorado (see below).

Molten salt reactors. This advanced breeder concept circulates the fuel in molten salt, without any external coolant in the core. The primary circuit runs through a heat exchanger, which transfers the heat from fission to a secondary salt circuit for steam generation. It was studied in depth in the 1960s, and is now being revived because of the availability of advanced

technology for the materials and components.

Advanced Heavy Water Reactor (AHWR). India is working on this, and like the Canadian CANDU-NG, this 250-megawatt-electric (MWe) design is light-water cooled. The main part of the core is subcritical, with Th/U-233 oxide, mixed so that the system is self-sustaining in U-233. A few seed regions with conventional MOX fuel will drive the reaction and give it a negative void coefficient overall. (In other words, as the reactor heats up, the fission process slows down.)

Accelerator Driven Systems (ADS). In accelerator driven systems, high-energy neutrons are produced through the spallation reaction of high-energy protons from an accelerator striking target heavy nuclei (lead, lead-bismuth, or other materials). These neutrons can be directed to a subcritical reactor containing thorium, where the neutrons breed U-233 and promote its fission. There is therefore the possibility of sustaining a fission reaction which can readily be turned off, and used either for power generation or destruction of actinides resulting from the uranium/plutonium fuel cycle. The use of thorium instead of uranium means that fewer new actinides are produced in the accelerator-driven system itself.

The difficulties, as of now, in developing the thorium fuel cycle include the high cost of fuel fabrication. This is

Thorium Converter Reactor Ready for Development

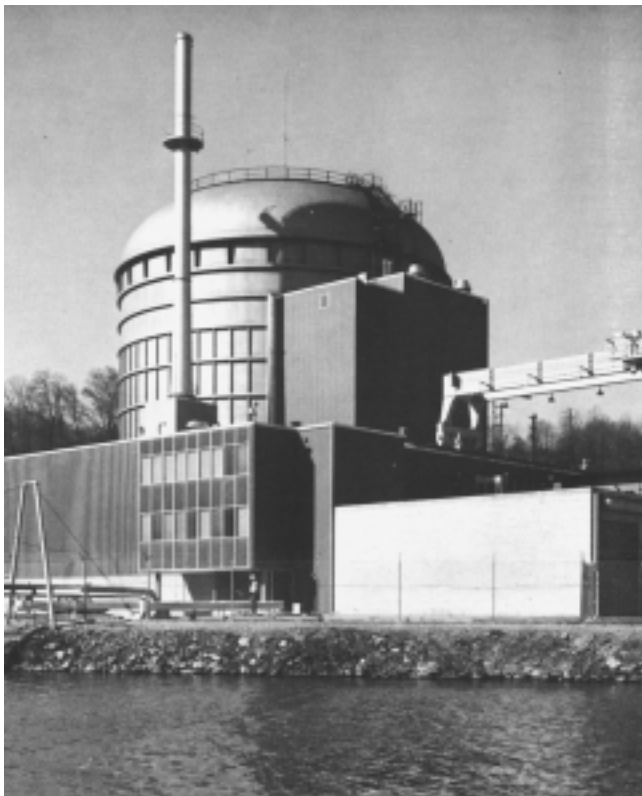
An attorney-inventor working with Lawrence Berkeley National Laboratory physicists has proposed a small 50-megawatt-thermal thorium converter reactor for multiple uses: producing electricity (15 megawatts), burning up high-level actinides from spent fuel, and producing low-cost, high-temperature steam (or process industrial heat). This high-temperature steam can be used for extraction of oil from tar sands, or desalinating, purifying, and cracking water. The reactor's fuel matrix can be "tuned" to provide the right output for each particular work process.

Designed by Charles S. Holden, working with physicist Tak Pui Lou, the reactor core is a squat cylinder, about 3 meters wide and 1 meter tall. Its size makes it portable, so that it can be brought to a remote work site and supply electricity there without dependence on long-distance transmission lines. Its small size also allows it to be factory built and transported to its destination, "plugged in" in a deep underground containment structure, and put to work quickly. The core can be shipped back to the factory when the fuel needs to be changed.

The reactor configuration is different from the Radkowsky design in the Russian thorium-burning reactors. Its ceramic fuel is dispersed in an inert metal matrix covered by Holden's provisional patents. This solid state metal alloy is composed of four materials. The thorium and uranium fuel particles are embedded in the alloy, which both slows and moderates the fissioning process. Using the metal as a moderator (instead of the water used in other thorium reactor designs) allows the reactor to operate in a more energetic neutron spectrum so that its core can have a long life.

The self-regulating reactor is expected to operate for 10 years without needing refueling. The neutrons to start it up will be provided by a fusion-driven neutron generator, designed by Dr. Ka-No Leung, head of Plasma and Ion Source Technology under the Accelerator and Fusion Research Division of the Lawrence Berkeley National Laboratory. The alloy and fuel configuration are expected to be tested at the Advanced Thermal Reactor testing complex at the Idaho National Lab; computer modelling of the system will also be done in the national laboratory system.

Holden and Pui's company, Thorenco LLC, is now looking for investors to develop a commercial prototype. Thorenco is based in San Francisco, and can be reached by e-mail at rusthold@mindspring.com or by telephone 415-398-7878.—*Marjorie Mazel Hecht*



Philadelphia Electric Co.

General Atomics' Peach Bottom reactor, 65 miles southwest of Philadelphia, began commercial operation in 1967. This high-temperature, graphite-moderated, helium-cooled reactor operated between 1967 and 1974 at 110-MWt, using highly enriched uranium with thorium.

partly because of the high radioactivity of U-233, which is always contaminated with traces of U-232; similar problems in recycling thorium because of the highly radioactive Th-228, and some weapons proliferation risk of U-233; and the technical problems (not yet satisfactorily solved) in reprocessing.

Thorium Fuel Operating Experience

Between 1967 and 1988, the AVR experimental pebble bed reactor at Jülich, Germany, operated for more than 750 weeks at 15 megawatts-electric, about 95 percent of the time with thorium-based fuel. The fuel used consisted of about 100,000 billiard ball-size fuel elements. Overall, a total of 1,360 kilograms of thorium was used, mixed with highly enriched uranium (HEU). Maximum burn-ups of 150,000 megawatt-days were achieved. Thorium fuel elements with a 10:1 ratio of thorium to highly enriched uranium were irradiated in the 20-megawatts-thermal (MWt) Dragon reactor at Winfrith, United Kingdom, for 741 full-power days. Dragon was run as a cooperative project of the Organization of Economic Cooperation and Development and Euratom, involving Austria, Denmark, Sweden, Norway, and Switzerland, in

addition to the United Kingdom, from 1964 to 1973. The thorium-uranium fuel was used to "breed and feed," so that the U-233 that was formed, replaced the U-235 at about the same rate, and fuel could be left in the reactor for about six years. The General Atomics Peach Bottom high-temperature, graphite-moderated, helium-cooled reactor (HTGR) in the United States operated between 1967 and 1974 at 110-MWt, using highly enriched uranium with thorium.

In India, the Kamini 30-kWt experimental neutron-source research reactor started up in 1996 near Kalpakkam, using U-233 which was recovered from thorium-dioxide fuel that had been irradiated in another reactor. The Kamini reactor is adjacent to the 40-MWt Fast Breeder Test Reactor, in which the thorium-dioxide is irradiated.

In the Netherlands, an aqueous homogenous suspension reactor has operated at 1 megawatt-thermal for three years. The highly enriched uranium/thorium fuel is circulated in solution, and reprocessing occurs continuously to remove fission products, resulting in a high conversion rate to U-233.

Thorium in Power Reactors

The 300-MWe THTR reactor in Germany was developed from the AVR, and operated between 1983 and 1989 with 674,000 pebbles, over half of them containing thorium/highly enriched uranium fuel (the rest of the pebbles were graphite moderator and some neutron absorbers). These pebbles were continuously recycled on load, and on average the fuel passed six times through the core. Fuel fabrication was on an industrial scale.

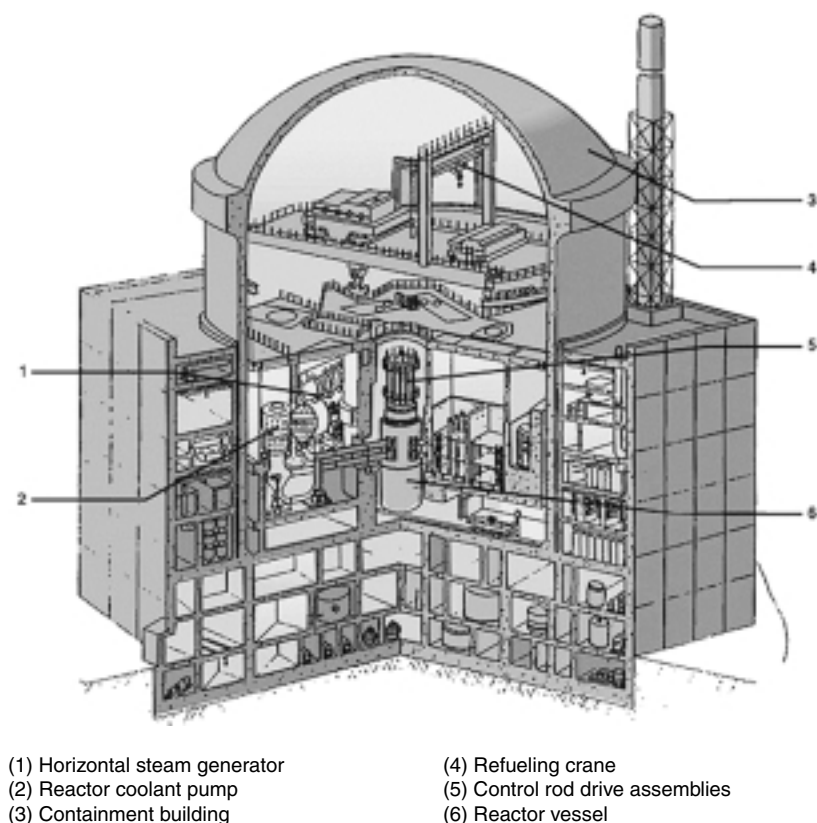
The Fort St. Vrain reactor in Colorado was the only commercial thorium-fueled nuclear plant in the United States. Developed from the AVR in Germany, it operated from 1976 to 1989. It was a high-temperature (700°C), graphite-moderated, helium-cooled reactor with a thorium/highly enriched uranium fuel, which was designed to operate at 842 megawatts-thermal (330 MWe). The fuel was contained in microspheres of thorium carbide and Th/U-235 carbide, coated with silicon oxide and pyrolytic carbon to retain fission products.

Unlike the pebble bed design, the fuel was arranged in hexagonal columns ("prisms") in an annular configuration. Almost 25 tons of thorium were used in the reactor fuel, achieving a 170,000-megawatt-days burn-up.

Thorium-based fuel for Pressurized Water Reactors (PWRs) was investigated at the Shippingport reactor in the United States (the first U.S. commercial reactor, started up in 1957), using both U-235 and plutonium as the initial fissile material. It was concluded that thorium would not significantly affect operating strategies or core margins. The light water breeder reactor (LWBR) concept was also successfully tested at Shippingport, from 1977 to 1982, with thorium and U-233 fuel clad with zircaloy, using the "seed/blanket" concept.

Another reactor type, the 60-MWe Lingen Boiling Water

FIGURE 3

Cutaway View of the VVER-1000

Source: Argonne National Laboratory

The 1,000-MW VVER, Russia's conventional reactor design is shown here in its third generation version. It is a pressurized light-water-cooled and -moderated reactor, similar to Western pressurized water reactors in operation and safety standards. The Thorium Power/Radkowsky design would modify the core for a thorium fuel cycle that would burn up weapons plutonium.

Reactor (BWR) in Germany also utilized fuel test elements that were thorium-plutonium based.

Proliferation Issues

In the early days of the civilian nuclear program, the Acheson-Lilienthal Report in 1946 warned of the connection between civilian nuclear power and nuclear weapons, and concluded that the world could not rely on safeguards alone "to protect complying states against the hazards of violations and evasions"—illicit nuclear weapons. Acheson-Lilienthal proposed international controls over nuclear power, but also considered possible technical innovations that would make it harder to divert nuclear materials into bomb-making. The thorium fuel cycle is one such technical innovation—as yet untapped.

A 1998 paper by Radkowsky and Galparin (see note 8) describes the most advanced work in developing a practical

nuclear power system that could be made more "proliferation resistant" than conventional reactors and fuel cycles. Based on a thorium fuel cycle, it has the potential to reduce the amount of plutonium generated per gigawatt-year by a factor of five, compared to conventional uranium-fueled reactors. It would also make the generated plutonium and uranium-233 much more difficult to use for producing bomb material.

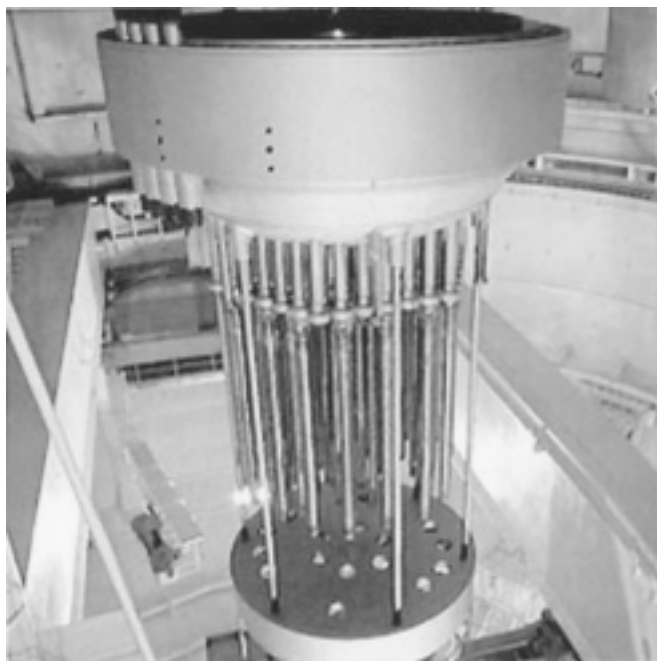
Heightened current concerns about preventing the spread of bomb-making materials, have led to an increase in interest in developing thorium-based fuels. The U.S. Department of Energy has funded Radkowsky's company (Thorium Power) and its partners in their tests with Russian reactors, as well as three other efforts (two national laboratories, two fuel fabrication companies, and a consortium of three universities). This research is geared to designing a thorium fuel system that will fit with conventional reactors. (See box, p. 68, for another thorium design.) There is also a new company, Novastar Resources, that is buying up thorium mines in anticipation of thorium-fueled reactors in the future. The proliferation potential of the light water reactor fuel cycle may be significantly reduced by using thorium as a fertile component of the nuclear fuel, as noted above. The main challenge of thorium utilization is to design a core and a fuel cycle that would be proliferation-resistant and economically feasible. This challenge is met by the Radkowsky Thorium Reactor concept.

So far, the concept has been applied to a Russian design of a 1,000-MW pressurized water reactor VVER, designated as VVERT. The main results of the preliminary reference design are as follows: The amount of plutonium contained in the Radkowsky Thorium Reactor spent fuel stockpile is reduced by 80%, in comparison with a VVER of conventional design. The isotopic composition of the reactor's plutonium greatly increases the probability of pre-initiation and yield degradation of a nuclear explosion. An extremely large Pu-238 content causes correspondingly large heat emission, which would complicate the design of an explosive device based on plutonium from this reactor.

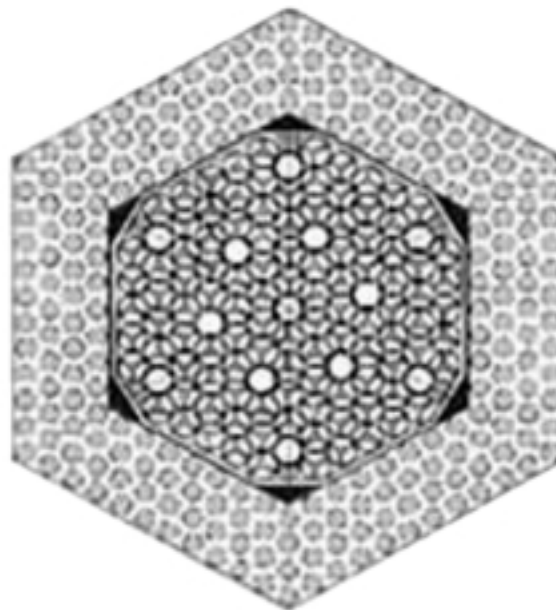
The economic incentive to reprocess and reuse the fissile component of the Radkowsky Thorium Reactor spent fuel is also decreased. The once-through cycle is economically optimal for its core and cycle.

To reiterate the proliferation difficulties: the replacement

FIGURE 4

(A) VVER Fuel Rod Assembly

Nukeworker.com

(B) Design for Thorium Seed/Blanket Assembly

Thorium Power, Inc.

Radkowsky design for the thorium seed/blanket assembly. The seed fuel is the inner part of the fuel rod (three-sectioned), and the blanket fuel is the outer part. The thorium fuel assembly is designed to replace the current fuel assembly, without requiring a major design overhaul.

of a standard (uranium-based) fuel for nuclear reactors of current generation by the Radkowsky Thorium Reactor fuel will provide a strong barrier for nuclear weapon proliferation. This barrier, in combination with existing safeguard measures and procedures, is adequate to unambiguously disassociate civilian nuclear power from military nuclear power.

Other scientists point out that even if a terrorist group wanted to use the blanket plutonium for making a bomb, the process of extracting it from thorium fuel would be more difficult than removing it from conventional spent fuel. This is because the spent blanket fuel from a thorium fuel cycle would contain uranium-232, which over time decays into isotopes that emit high-energy gamma rays. To extract the plutonium from this spent fuel would require significantly more radiation shielding plus additional remotely operated equipment in order to reprocess it for weapons use, making a daunting task even more difficult. It would also be more complicated to separate the fissionable U-233 from uranium-238, because of the highly radioactive products present.

Overall, the development of thorium fuel cycles makes sense for the future, for advancing the efficiency and economy of nuclear power plants, ease of recycling, and making it more difficult to divert radioactive materials for weapons.

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Editorial

No Peace Until Cheney's Out

Irregular war attacks are in full swing in Iraq, Israel, the Palestinian National Authority, and, as of late Wednesday night, in the previously relatively calm capital of Jordan, Amman, where three Western-based hotels—the Radisson SAS, the Grand Hyatt, and the Days Inn—exploded in nearly simultaneous attacks November 10, apparently by suicide bombers. The biggest blast hit the Radisson SAS hotel, where the explosion occurred at a wedding, with 250 guests. By Thursday morning, 67 dead and 110 injured had been reported.

But one anomaly in the Jordan attacks must be noted: Four Palestinians were killed, including Maj. Gen. Bashir Nafeh, head of Palestinian military intelligence, along with Col. Abed Allun, an official of the Palestinian Security Forces; Jihad Fattouh, the brother of the Palestinian Parliament speaker; and Mosab Khoma. The four were on their way back from Cairo, Egypt, reported Palestinian negotiator and government advisor Saeb Erekat. Both the Palestinian Authority and the militant opposition, Hamas, condemned the Jordanian attacks.

Meanwhile, a dubious Internet claim was made by the “al-Qaeda” in Iraq, led by Jordanian Abu Musab al-Zarqawi, that they are responsible for the attack, uncharacteristically claiming that they were targeting the collaborators with Israel.

But there is also a question raised as to whether these attacks are tied to Israeli security services, which have resumed the policy of “targeted assassinations,” i.e., extra-judicial murders, and which have a history of carrying on wetworks in Jordan, killing Palestinian leaders.

The Cheney Factor

No conclusions can or should be reached, until a total forensic investigation is carried out. But, the targeting of Jordan, one of the two Arab countries which has signed a peace treaty with Israel, is both ominous and lawful, since Jordan has been repeatedly called upon, by the United States and the European Union, to

aid Road Map “diplomacy,” and has tried, at great risk, to oblige.

It is a simple fact that the “preventive war” policy of Vice President Dick Cheney, who is still in control of U.S. war policy, has put Arab countries in an untenable position. And George Bush’s recent war declaration against an imaginary march of radical Islam to create a “new Caliphate from Barcelona to Indonesia” is both laughable and tragic. With Bush’s identification of radical Islam as the enemy in the “war on terror,” it is Cheney’s “perpetual war” doctrine that is on the march.

The Amman attacks occur against a backdrop of continuous threats and destabilizations from Washington:

- Syria is targetted by a U.S. war and regime-change plan, which was to have been justified by a UN Security Council resolution—until opposition from UNSC members, especially Russia, prevented an immediate trigger. But a report from veteran military analyst William Arkin, on Nov. 8, says that the Pentagon already has a plan of attack drawn up, albeit scaled down from a full Iraq-style assault.

- Iran continues to be a major target of Bush Administration rhetoric, with threats being made in an unspecific, but still ominous fashion. Meanwhile, negotiations between Iran and the European Union have broken down for now.

- Israel has received a green light from the Bush Administration to resume killings of Palestinians, and invasions of the West Bank and Gaza. Predictably, these assassinations, including the killing of Palestinian children, presaged revenge terrorist attacks against Israelis.

More than anything else, the continuing occupation of Iraq, the targeting of Sunni populations, including civilians, by the U.S., and new revelations that the U.S. used napalm and phosphorous in assaults on Iraqi cities, inflames the region, and makes claims of progress for “democracy” into a total farce.

There is no peace possible with Cheney, “Vice President of Torture and War,” still in command.