

EIR

Founder and Contributing Editor:

Lyndon H. LaRouche, Jr.

Editorial Board: *Lyndon H. LaRouche, Jr.,
Muriel Mirak-Weissbach, Antony Papert, Gerald
Rose, Dennis Small, Edward Spannaus, Nancy
Spannaus, Jeffrey Steinberg, William Wertz*

Editor: *Nancy Spannaus*

Associate Editors: *Ronald Kokinda, Susan Welsh*

Managing Editor: *John Sigerson*

Science Editor: *Marjorie Mazel Hecht*

Technology Editor: *Marsha Freeman*

Book Editor: *Katherine Notley*

Photo Editor: *Stuart Lewis*

Circulation Manager: *Stanley Ezrol*

INTELLIGENCE DIRECTORS:

Counterintelligence: *Jeffrey Steinberg,*

Michele Steinberg

Economics: *Marcia Merry Baker,*

Lothar Komp

History: *Anton Chaitkin*

Ibero-America: *Dennis Small*

Law: *Edward Spannaus*

Russia and Eastern Europe:

Rachel Douglas

United States: *Debra Freeman*

INTERNATIONAL BUREAUS:

Bogotá: *Javier Almario*

Berlin: *Rainer Apel*

Caracas: *David Ramonet*

Copenhagen: *Poul Rasmussen*

Houston: *Harley Schlanger*

Lima: *Sara Madueño*

Melbourne: *Robert Barwick*

Mexico City: *Rubén Cota Meza*

New Delhi: *Ramtanu Maitra*

Paris: *Christine Bierre*

Rome: *Paolo Raimondi*

United Nations, N.Y.C.: *Leni Rubinstein*

Washington, D.C.: *William Jones*

Wiesbaden: *Göran Haglund*

*EIR (ISSN 0273-6314) is published weekly (50 issues),
by EIR News Service Inc., 912 Pennsylvania Ave., S.E.,
Washington, DC 20003.*

(703) 777-9451, or toll-free, 888-EIR-3258.

World Wide Web site: <http://www.larouchepub.com>

e-mail: eirms@larouchepub.com

European Headquarters: Executive Intelligence Review

Nachrichtenagentur GmbH, Postfach 2308,

D-65013 Wiesbaden, Bahnstrasse 9-A, D-65205,

Wiesbaden, Federal Republic of Germany

Tel: 49-611-73650.

Homepage: <http://www.eirna.com>

E-mail: eirna@eirna.com

Executive Directors: Anno Hellenbroich, Michael Liebig

In Montreal, Canada: 514-855-1699

In Denmark: EIR I/S, Sankt Knuds Vej 11, basement left,

DK-1903 Frederiksberg, Denmark. Tel.: +45 35 43 60 40,

Fax: +45 35 43 87 57. e-mail: eirdk@hotmail.com

In Mexico: EIR, Manual Ma. Contreras #100, Despacho 8,

Col. San Rafael, CP 06470, Mexico, DF. Tel.: 2453-2852,

2453-2853.

Copyright © 2006 EIR News Service. All rights reserved.
Reproduction in whole or in part without permission strictly
prohibited.

Canada Post Publication Sales Agreement #40683579

Postmaster: Send all address changes to *EIR*, P.O. Box
17390, Washington, D.C. 20041-0390.

From the Associate Editor

Nowhere in the world will you find such a clear and concise statement of the policies required to reverse the catastrophic collapse of the American economy, as in Lyndon LaRouche's call for "Emergency Legislation, Now!" Its purpose, the author states, is "to prompt the immediate crafting of urgently needed emergency Federal legislation: Legislation to prevent the threatened immediate collapse of the U.S. national automobile industry from becoming the beginning of a virtually irreversible chain-reaction of destruction of approximately the entirety of the present physical economy of the U.S.A."

Although LaRouche enumerates several specific areas in which legislation must be drafted, this document is not a bill, but a statement of principle. As he points out in a discussion with members of his youth movement (p. 17), the details of legislation—the "whereas" clauses—are best left to the Congress. What Congressmen are desperately lacking, and what LaRouche and his movement alone can provide, are the principled marching orders; a global strategic understanding of the crisis; and the fundamentals required for a return to the Hamiltonian system of American political-economy.

EIR's Economics Staff, in discussion with trade union leaders and others, has assembled an impressive first-pass evaluation of what the effects of the shutdown of the auto industry have been and will be, as well as what resources exist to be retooled for production of maglev rail, dams and locks, and all the other vitally needed infrastructure that has been allowed to go to pot in the "boom times" of a consumer-driven bubble. See also our report on the outrageous case of Nissan's venture into Mississippi, where the Japanese firm has set up an auto company for the specific purpose of breaking wage-scales of unionized workers nationally.

On the battle royal going on in American politics, I call your attention to Nancy Spannaus's discussion of the deeper import of comedian Stephen Colbert's ironic attack on Bush—and the media—at the White House Correspondents' Dinner (we also have the full text of Colbert's remarks, which reportedly left Bush shaking with fury). No surprise that Colbert's masterful presentation was panned, or blacked out, by the "mainstream" media itself.

Susan Welsh

EIRContents

Cover This Week

*GM's Powertrain
Saginaw Metal
Castings Operation
in Saginaw,
Michigan.*



General Motors

4 For Economists, Legislators, and Labor: Emergency Legislation, Now!

By Lyndon H. LaRouche, Jr. "The purpose of the following communication is to prompt the immediate crafting of urgently needed emergency Federal legislation: Legislation to prevent the threatened immediate collapse of the U.S. national automobile industry from becoming the beginning of a virtually irreversible chain-reaction of destruction of approximately the entirety of the present physical economy of the U.S.A."

11 Use It or Lose It: Auto Capacity 50% Unused and Going, Going, Gone

The large assemblage of the auto industry whose near-term closing or sell-off has already been announced, comprises 73 million square feet of industrial capacity.

17 LaRouche Briefs Youth Movement on Strategic Context of Auto Campaign

22 LPAC Releases DVD: Auto and Economic Recovery

24 President Kennedy Knew What Value Was: A History of the Adrian Delphi Plant

National

26 Bush 'Roasted' in Tradition of Rabelais, Boccaccio

Documentation: The full text of Steven Colbert's rip-roaring remarks to the White House Correspondents' Dinner on April 29.

34 LaRouche Youth to California Dems: Don't Go Down With Rohatyn!

The LYM was "everywhere" at the state Democratic Party convention in Sacramento.

36 LYM Cadre School: Making a Renaissance

38 LYM Brings Beauty to Baltimore 'Death Zone'

By Baltimore community center director Ted Smith.

40 Congressional Closeup

International

42 Iran: Regime Change Option As Bad As Military Strike

Not only will an "Iran Contra" operation not work for regime change, but escalating such insurgent operations will only exacerbate a catastrophic crisis in Iraq.

44 Iran Contras

49 Darfur Crisis Aims To End Nile Water Agreement with Egypt

51 Israel's Government: What Chance for Peace?

53 France: A Hard Head Makes a Soft Behind

54 After the Victory, Let Us Create the Future

A leaflet by Jacques Cheminade the candidate of the Solidarity and Progress party for the 2007 French Presidential elections.

57 LaRouche Youth Take On 'Rohatyn' of Berlin

An interview with Daniel Buchmann.

Economics

58 Ibero-America Marches Against Globalization: Bolivia Nationalizes Its Hydrocarbons Industry

The action by the Bolivian President, backed by the "Presidents' Club" of South American nations, has much different causes than the U.S. media's gossip about Fidel Castro's alleged role.

60 LaRouche Warns Nissan's Wage Killer: 'Mississippi Is Not Manchukuo'

63 LYM Internet Forum: Restore Real Social Security for Ibero-America!

The LaRouche Youth Movement in Argentina, Chile, Mexico, and the United States organized a forum, "Toward the Revival of Ibero-America's Social Security System"

Documentation: From the presentations by trade-union and other institutional representatives who are experts on the crisis in Social Security in Ibero-America.

69 Helga Zepp-LaRouche Renews Her Call for a New Bretton Woods

71 Ethanol Takes More Energy Than It Gives

Book Reviews

45 The Philippines' Fight for Nuclear Energy

Trailblazing: The Quest for Energy Self-Reliance, by Geronimo Z. Velasco.

Departments

56 Report From Germany

Berlin Needs a Debt Moratorium.

Interviews

57 Daniel Buchmann

Buchmann, 24, is campaigning for mayor of Berlin, heading a slate of 20 candidates of the Civil Rights Movement Solidarity (BüSo), the LaRouche party in Germany, in the Sept. 17 elections.

Editorial

72 The War Must Be Won in the United States

FOR ECONOMISTS, LEGISLATORS, AND LABOR

Emergency Legislation, Now!

by Lyndon H. LaRouche, Jr.

May 2, 2006

The purpose of the following communication is to prompt the immediate crafting of urgently needed emergency Federal legislation: Legislation to prevent the threatened immediate collapse of the U.S. national automobile industry from becoming the beginning of a virtually irreversible chain-reaction of destruction of approximately the entirety of the present physical economy of the U.S.A.

This communication has two sets of elements.

The first part, which is presented immediately below, is the proposal which summarizes the nature of the proposed emergency legislation.

The second part, the attached documentation, is a sample of the relevant facts assembled in raw form from discussions and related researches compiled, to date, since a meeting of automobile industry figures and others convened in Washington, D.C. during the evening of April 27, 2006.

Much work needs to be done, urgently, to refine the kinds of data identified in the appended, second portion of this transmission. The purpose of presenting that latter collation here, is to sketch the general proportions and characteristics of the challenge to be met if our nation is to meet the challenge of this national emergency. Despite the need for refinement respecting details, the legislative intention required for this crisis is already clear as a matter of principle.

The Policy

1. The Threat To Be Defeated

For a little less than two generations, about forty-two years, the presently leading circles of government and private

enterprise in our national economy have been persuaded to adopt the delusion that a so-called “post-industrial” orientation for our nation’s economy is both an available, and even an inevitable long-term option. Under influence of what has been this increasingly popular delusion, the independent agriculture, manufacturing, health-care systems, and our republic’s basic economic infrastructure generally, have been collapsing, per capita and per square kilometer, throughout virtually all of our national territory.

The best illustration of these effects is the case of what had been the Midwest heartland on which our victory in World War II had largely depended. We are now faced with the presently accelerating, cumulative collapse of the once eminently powerful agro-industrial potential, per capita and per square kilometer, of an area including the western portions of the states of New York and Pennsylvania, and the entire states of Ohio, Michigan, and Indiana. This region is otherwise identified as including the heart of the U.S. national automotive industry.

Over these recent decades, as the leadership of our economy shifted into the hands of the white-collar generation of the so-called “68ers,” the emerging leadership of our economy, including the leaders in the institutions of government, became accustomed to the spectrum of special ideologies associated with “post-industrial society,” “outsourcing,” and “globalization.” As a result of this cultural-paradigm-shift over the intervening decades, most of the people who have come to occupy relevant positions of leadership in industry and government, lack any instinctive appreciation of the effect of a collapse of the U.S. automotive manufacturing industry as now combined with the currently accelerating, hyperinflationary rocketing of the prices of primary materials globally.

This pattern is illustrated by the contrast between the



U.S. Army Corps of Engineers

Some auto facilities can produce the structural elements for this infrastructure, critically needed all over the upper Mississippi, Ohio, and Missouri River systems. Here, construction under way (on the Ohio at Louisville) of a modern, 1,200-foot lock chamber and gates (center) to replace the aged, undersized existing lock (right). U.S. Army Corps capacity and funding are lacking: This project was delayed so long, the old lock cracked and closed the river.

strong political reaction to the obvious impact of soaring petroleum prices, and the contrasting, more or less negligent reaction to the even more rapidly accelerating hyperinflation in other categories of primary materials. Thus, whereas our more kindly souls among those in leading positions of power and influence, are concerned with the need for measures to ameliorate the effects of sudden mass unemployment and pension cancellations in the five-state region to which I have pointed here, and relevant other locations, they have shown virtually no grasp of the threat of being very continued existence of our nation in the combined effects of an early disintegration of the U.S.-owned national automotive industry and the currently hyperbolic rate of global hyperinflation in prices of primary materials.

In other words, the ideology which came to the surface as the “post-industrial” outlook among the university-bred “68ers,” produced a politically influential generation of today, which has become conditioned to think of economy in terms of money as such, rather than in terms of the production and distribution of the essential products on which human life depends for its physical perpetuation. In these layers, there is virtually no comprehension of the actual role of technological progress as such in the process of design and production of the physical means of human existence.

Usually, influential circles in these indicated strata of leading influence, have rarely exhibited a comprehension of those features of our economy which defend us against an increasing threat of being thrown back now, suddenly, into something which would be considered by most people, as being dumped virtually into a relatively stone-age existence. It is not understood that, in light of the degree of concentration of the entire machine-tool-design capability in the aircraft and

automobile industries, the immediately threatened collapse of Ford, General Motors, et al., would mean a threatened collapse in the direction of what would suggest “stone-age” conditions for nearly us all.

The object of appropriate forms of Federal legislation now, should be to prevent such a colossal national tragedy, while we still have a true national automotive industry to defend.

2. The Urgent First Step

As the appended facts illustrate, the U.S. is now faced with the apparent inevitability of the more or less immediate junking of a majority of the productive capacity of the present roster of U.S. national capacity for the production of automobiles and related elements.

Apart from the physical facilities of the relevant, threatened plants, these plants represent not only a current, but also a much larger labor-force, representing those either now, or recently associated with production in these plants. These plants represent not only employment of the labor associated with production there; entire communities, including many business organizations, hospitals, schools, and so forth, depend upon those plants’ continued operation for their life. Taking the list of what are known to be the immediately threatened plants already identified in the attachment to this report, we must recognize that a large part of the entirety of the indicated, five-state, core area depends as a whole on the contributing part these plants have represented.

In considering the options for employment of the sections of the labor-force associated with those listed plants, we should divide the principal body of operatives associated with the plants, into two major categories: those associated with

production of the product issued from such premises, and those associated with the design of the product and machine-tools on which the required quality of production by the larger portion of the labor-force depends. It is the combination of these two interdependent components of the productive labor-force which will be required for the urgent missions indicated in this report. It is that two-faceted feature of those combined, assorted places of employment, which ought to occupy the center of the attention to these matters by the U.S. Congress and others.

As Walter Reuther and others emphasized at the verge of the war against Adolf Hitler, these plants can produce many other things of national importance besides automobiles. Railroad systems, power plants, essential elements for rebuilding the port and inland-waterway systems, are only typical of the work for which these industries are as well suited as production of automobiles as such.

From our national experience of the past, including the important example of the Kennedy Moon-Landing mission's net benefit to our national economy, we know that the kinds of projects needed for repair of our currently decadent, and other collapsing national basic economic infrastructure, in water, power, mass-transit, and other essentials, are best suited to the work to be done by government at the Federal, state, and local level. The inevitable employment of private contractors in furthering the success of these government projects in public infrastructure, is the natural stimulant, under our constitutional system of government, for the promotion of rapid recovery in the private sector.

As we should have learned from the way in which the Reconstruction Finance Corporation operated under President Franklin Roosevelt, when labor employed in such public works is employed efficiently, the increase in the net income of the nation per capita and per square kilometer is greater, per annum, than the rate of annual amortization of the investment.

For example: The continued increase of the average productive power of labor in the U.S. from the beginning of recovery measures launched under Harry Hopkins' mission, until the 1964 beginning of the official U.S. war in Indo-China, was a period of the highest rate of net physical growth during the Twentieth Century as a whole, and the greatest rate of improvement of the U.S. standard of living.

The net gain to the nation as a whole, from publicly sponsored programs such as the Tennessee Valley project and the space program, is not measured in profit as private entrepreneurship is usually measured, but, rather in the net physical gain to national or regional productivity as a whole from the installation of relevant public works.

However, especially since the 1977 advent of deregulation, the net physical income of the lower eighty percentile of our population has been consistently declining over about three decades; the current, net effect of that cumulative decline, is now imminently catastrophic. When the unpaid costs of production represented by neglected basic economic infrastructure are taken into account, for most of our population,

the years since 1977 have been a frightening saga of decline toward the brink of what is presently a threatened global economic breakdown-crisis for sometime in the relatively near future. The cumulative physical effects show that the official arguments which deny such physical reality of recent U.S. economic history, are simply a reflection of wildly fraudulent, willful, and often hysterical forms of so-called "marginal-utilitarian" miscalculations of the rate of inflation, over about a quarter-century to date.

What is needed, therefore, is the creation of a Federal Public Corporation, by Act of Congress. This action should adopt the elements of the automotive industry which are being discarded by the automobile corporations, and which fit the characteristics which I have identified broadly in this present report.

3. The Superiority of the U.S. System

The ability of the U.S. Federal government to launch a general economic recovery of this type, for the sectors and also the whole of the U.S. economy, is implicitly defined, as a matter of principle of government, in Treasury Secretary Alexander Hamilton's Reports to the U.S. Congress.

That, our nation's constitutional system, reflects our founders' attention to the lessons of the practice of the pre-1689 Massachusetts Bay Colony and the proposals respecting paper money by Benjamin Franklin.

Our constitutional form of government and economy, unlike the typical economies of Europe, defines a credit-system, rather than a European style of monetary system. This is expressed by the monopoly over the utterance of and regulation of the circulation of money created by the Federal government. This contrasts with the typical European government, whose economic policies are subject to control by monetary systems which are dominated by private, often also predatory financier interests which have been expressed as central banking systems. Under our Constitution, our banking system is subject to regulation by the Federal government through those instrumentalities of national banking which rely on the lawful monetary credit created by the Federal government, rather than the inferior mechanisms associated with the prevalent practice of European states.

The issue and circulation of our republic's lawful money serves us not only to promote the circulation of commodities, but as credit invested in the creation and maintenance of long-term capital improvements in both the public and private sectors.

For example, the most important categories of investment have a physical life-span of between one and two generations, a span of longer than approximately twenty-five to fifty years. The Tennessee Valley development is a useful illustration of the point. Or, as post-war Germany's emulation of our President Roosevelt's investment of public credit in promoting both public infrastructure and private entrepreneurship illustrates, the growth of the economy as a whole is accelerated not only by the initial outlay of public credit, but, addi-

tionally, by the circulation of progressive chunks of repayments which serve as additional increase of the total financial capital in circulation for investment in the economy as a whole.

Take the case of the impact of the operations of the Kreditanstalt für Wiederaufbau in post-war Germany, a program which Deutsche Bank's Hermann Abs promoted as a way of capturing the method of President Franklin Roosevelt's use of the RFC for such effects. Under the protection of the post-war, fixed-exchange-rate system established by the initiative of President Franklin Roosevelt's U.S.A., during the period into about the mid-1960s, the monetary depreciation of medium- to long-term investments was protected by a U.S.-dollar-denominated fixed-exchange-rate world system. It was only when that system was disrupted, chiefly by the combined actions of the first Harold Wilson government of the United Kingdom and the prolonged effects of U.S. government policies under the ruinous conditions of the prolonged U.S. war in Indo-China, that the Bretton Woods system was wrecked by the growing influences of policies contrary to the discipline of Franklin Roosevelt's fixed-exchange-rate system.

The following summary point of explanation is required at this point.

This important distinction was implicit in President John F. Kennedy's investment tax-credit program. A fixed-exchange-rate system is implicitly a "fair trade" system, rather than a "free trade" system.

The "free trade" system of the post-1763 British East India Company and later British Empire, the "free trade" system praised by London-educated Karl Marx, is a product of a modern, Anglo-Dutch Liberal outgrowth of a medieval system, the Venice-directed Lombard banking system, which had crashed during Europe's Fourteenth-Century New Dark Age. Indeed, the presently onrushing crash of the revised system of financial-derivatives bubbles unleashed by former U.S. Federal Reserve Chairman Alan Greenspan during the 1987-2006 interval, is essentially a reflection of the same follies seen in the collapse of the medieval Lombard League and the John Law bubbles of the early Eighteenth Century.

In contrast to such European models of liberal financial systems under the boot of independent central banking systems, the American System's constitutional design was premised on the vigorous defense of the integrity of public credit.

In general, although the Federal government must mobilize credit for any purpose where this is urgently required in the public interest, the objective of a competent U.S. Federal administration is to capture the relatively greatest portion of issue of monetized and other public credit in the form of long-term physical investments in productive improvement of basic economic infrastructure, private industry, the improvement of the productive powers of labor, and in the development of those individual creative mental potentials on which all forms of human progress ultimately depend.

Wise U.S. policy measures progress today in intervals of approximately twenty-five years, a quarter-century, the span

of development of new individuals from birth through intellectually developed maturity for the work and life of a contemporary truly modern, productive society. In accord with that concern, rather than strewing utterances of credit as money along the streets, we tie up the utterance of new credit, as much as possible, in long-term investments, with emphasis on investments which have a foreseeable, useful physical life of one or more generations.

To secure the inherent fungibility of such utterances of credit, we require the governing instruments of a fixed-exchange-rate, "fair trade" policy.

Thus, as long as there is a net improvement in the expression of the productive powers of labor year by year, the ability of society to invest in combined public and private capital improvements is limited chiefly by the limits of opportunity for successful such added investments.

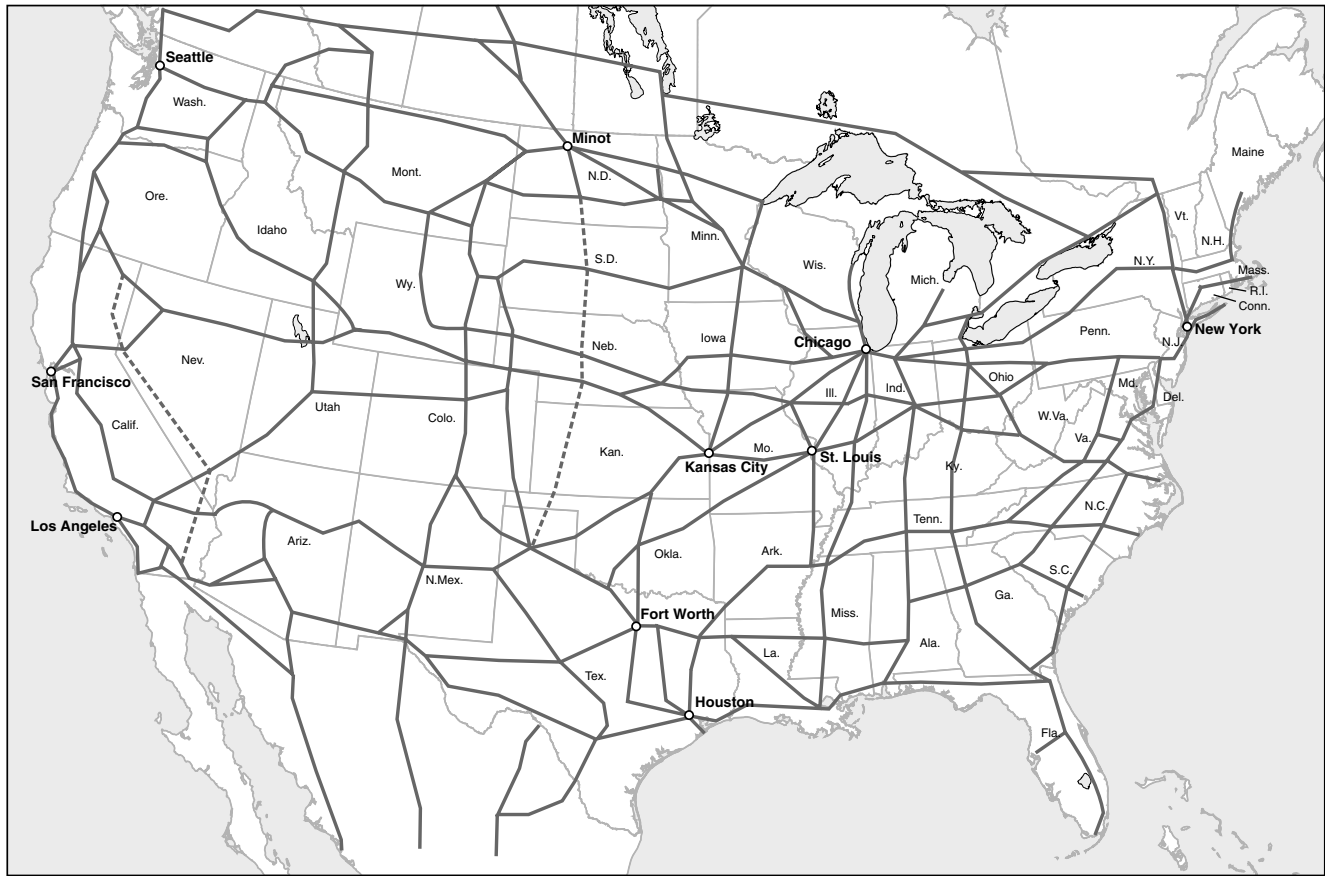
Flooding money virtually into the streets of wild-eyed real-estate and other forms of gambling, as misguided Kemp-Roth was such a piece of folly, and as "M3" was flooded under Chairman Greenspan, and still today, is what must be curbed in the interest of fiscal responsibility. The chief effect of the utterance of Federal issue of public credit must be tied up in, predominantly, long-term and inherently productive investments in basic economic infrastructure and technological progress in increasing the physical quality and productivity of accumulated investment in private entrepreneurship. This rule of prudence is the indispensable key to the measures by the U.S. government required to address and conquer the problem typified by the presently onrushing collapse of the U.S.'s machine-tool-design sector.

Government can efficiently utter vast floods of credit as capital for improvements, on the condition that this capital is directed to, and tied up within suitable long-term investments in public improvements and efficient private entrepreneurship. Investments in financial instruments for purely financial speculative purposes or conspicuous consumption of the relatively financially privileged, should be very highly taxed, relatively, whereas investments for physical increases in the quantity and productivity of the economy, are to be treated preferentially. The rule is not "soak the rich," but give preference to prudence.

It must be taken fully into account, that the present world monetary and financial system has entered the end-phase of a global economic breakdown crisis, a phenomenon absolutely more serious than any mere general economic depression of the type experienced during the relevant part of the 1930s.

The economies of western and central Europe, like that of the U.S.A. presently, are currently operating at levels far below sustainable breakeven. These economies are, in turn, the essential market on which the economies of all Asia depend, a dependency of such degree that a collapse of the U.S. dollar would set off a chain-reaction which would bring down every part of the world system, such as India and China, which attempted to continue to operate within the bounds of the

FIGURE 1

Proposed 42,000-Mile-Long Network of National Electrified Rail

Source: Hal Cooper.

This intercity route network of electrified rail would transport freight and passengers, largely on upgraded existing rail lines. A new high-speed maglev network will be constructed along the existing interstate highway system.

present IMF system. The present hyperinflationary spiral of financier speculation in primary materials such as metals and petroleum, has no other cause than the fact that leading financial circles are rushing into such holdings in their recognition of the imminent collapse of the entire world's present financial-monetary system.

At present, regard for safe policy requires that we must estimate the threatened collapse to be no more than months distant, unless a drastic reform were to prevent that collapse. What is being proposed in this report is such an urgently needed immediate reform. Any government which would not make such a change, must either be reformed, or events will reform it in the most unpleasant manner conceivable.

4. The Concrete Action Required

The listed and other comparable elements of the automotive industry scheduled for discard must be taken over immediately by the U.S. Federal government. Their essential productive personnel and present facilities must be promptly

assigned to suitable categories of work consonant with the special capabilities of a modern, machine-tool-design-driven engineering and manufacturing function.

The following list is exemplary:

- 1.) *Ocean ports and inland waterways of transportation.* This indicates an associated role of these adopted industrial capacities, and the U.S. Corps of Engineers.

The enlargement of the U.S. Corps of military engineers, together with its complements in the National Guard organizations of the states, should be a leading, greatly expanded element of the proposed reforms. This should anticipate the needed role of organizations paralleling the intention of the CCC program of the 1930s, for the cooption of youth who may be taken out of tracks of social desperation into educational and related programs of development leading them toward a fruitful future as citizens with prospects of healthy

TABLE 1

Large-Volume Components for a New Advanced Nuclear Plant (1200-1500 MW range)

Equipment	Number (Range)	Comments
Pumps, large	71-100	
Pumps, small	80-484	
Tanks	49-150	from 600-150,000 pounds
Heat exchangers	47-104	All sizes, types, material 2,100-250,000 pounds
Compressors, vacuum pumps	12-26	
Fans	61-123	600-45,000 pounds
Damper/louvers	730-1,170	
Cranes and hoists	25-50	
Diesel generators	2	10 MWe
Prefabricated equipment modules	64-133	Preassembled packages including mechanical equipment, piping, valves, instruments, wiring, etc.
Instruments of all kinds	1,852-3,440	
Valves of all kinds	9,633-17,891	

Source: *U.S. Job Creation Due to Nuclear Power Resurgence in the United States*, Volume 2, page A-125, November 2004, Idaho National Engineering and Environmental Laboratory.

Construction of the large numbers of nuclear power plants required to revitalize the nation's power and transportation sectors, and to provide fresh water by nuclear desalination, means gearing up U.S. industry to produce all kinds of equipment, large and small. Auto-parts-producing facilities, now idle, could be converted to manufacture for the nuclear industry.

families of their own.

The depletion and other wrecking of the engineering and other national-security functions of our military services redouble the importance of the natural civilian functions of a military Corps of Engineers in today's world, at home, and at large.

The prime example is the complex of river systems feeding, chiefly, into the Mississippi, between the Rocky and Allegheny mountains, from the Canadian border to the Gulf of Mexico.

- 2.) *Reversing the depletion of national aquifers, by aid of nuclear-power application to desalination and related water purification programs, but integrated with the sundry programs complementing development of ocean ports and waterways.*
- 3.) *Aggressive development of power from sources of high energy-flux density, such as nuclear fission, and a quarter-century mission to bring functioning thermonuclear fusion applications on line.*

This element of the program takes into account the fact that the growth of human requirements has tended to deplete the relatively richest concentrations of essential raw materials found within the sediments of the Earth's Biosphere. The foreseeable problem for the two generations immediately ahead, is not a set of absolute limits, excepting the case of depletion of fossil fresh-water resources. Rather, the threat is, that without an early and rapid increase in the energy-flux-density of relevant processes, the increase of cost of production, as measured in per-capita terms, would soon produce a critical world situation. To cope with the rising cost of employment of such resources, the world must now undertake some dramatic shifts in economic perspectives.

The first step of reform, must feature the use of high-temperature, gas-cooled nuclear-fission reactors, for not only desalination and related tasks, but the production of synthetic, hydrogen-based fuels, to replace the present degree of reliance on the transport and combustion of petroleum and natural gas, and to shift the use of those latter resources toward their better role as chemical feedstocks for production of needed products. This is also to be viewed as a mission of cleaning up the messes which cling stubbornly to current practices.

This means the immediate development of generally usable prototypes in production and use of such synthetic fuels.

The longer-range mission must be the management of mineral resources generally, to reverse the present trend of rapidly increasing the per-capita cost of production of refined primary commodities.

4.) *Reorganization and development of mass transportation.*

From the late Seventeenth Century onward, the process of colonization of North America was focussed on the development of roads, developed waterways, and, later, railroads. This was associated with a clearer conception, established during John Quincy Adams' tenure as Secretary of State, of an integrated territory of a continental nation, from Atlantic to Pacific, limited only by a northern border with Canada and a southern border with Mexico. The integration of the U.S. by transcontinental railway systems, as under John Quincy Adams' one-time protégé, President Abraham Lincoln, established the U.S. as a continental power too powerful to be conquered by foreign military attack.

During the course of the post-1968 shift to a "post-industrial utopia," this integrity of the U.S.A. within its own territory has been ruined, and almost destroyed.

This degeneration of the U.S. has been marked by coinciding relative abandonment of large, formerly developed agro-industrial regions of the nation, and a congestion of flimsy structures, often of Hollywood-set-style construction in areas of suburban sprawl, and skyrocketing urban prices of housing and other tenancy.

This functional degeneration of the internal physical organization should remind us of the ills of Mexico City, Cairo,

Alexandria, and generally comparable, bloated and mass-poverty-stricken regions of the world's developing sector.

There is a desirable setting of limits on the size of functioning urban areas, and similar sorts of functionally defined limits on efficient suburban sprawl around cities.

Much of this decadence and its concomitant disorder, has been a by-product of the campaign of radical deregulation launched, during 1977-1981, under the auspices of the Trilateral Commission. The addition of deregulation to the growing 1968-1976 post-industrial orientation, was continued after 1981 as a generation-long degeneration of land occupancy and use throughout the U.S. territory considered as a whole.

This process of decadence, extended now over more than a quarter-century—i.e., more than a generation of the lives of our citizens—has too many people losing much of their lives in inherently wasteful lapsed-time for daily commuting, and similar waste of lives in travel associated with daily routines. Residence, regular community functions, and work should be accomplished within incurred lapses of times not in excess of that during the days when the typical resident could walk to a number of available options for employment, to shop, to school, and so on. The development of the whole area of the U.S.A. should, once again, emphasize decentralized, economical scales of daily life's routine, distributed rationally over the territory of our nation.

This means a complementary return to proper emphasis on mass transport of people and goods. This means a relative deemphasis on long-haul highway transport of freight, and greatly increased emphasis on a functionally integrated, rational configuration of water, rail, and air transport. This means, inclusively, the use of maglev trunk-routes for high-density transport of people, and also of freight. It means high-speed rail for intermediate connections among urban and suburban areas. It means rationalized organization of air transport, relative to these improvements in rail. It means, inclusively, cutting back on the vast waste of human life caused by what should be considered unjustified time lost in commuting by highway and other means.

Under this same general heading of economic mission-orientations, we must take into account the presently inevitable, now onrushing general collapse of the nation's great real-estate bubbles. As suburban areas around Washington, D.C. exemplify an important aspect of this anomaly, most of the development so-called is of poor, sometimes unspeakably poor quality, and situated in areas in which necessary infrastructure is not supplied, or is vastly inadequate relative to any reasonable standard of urban and suburban planning. The inevitable collapse of the leading real-estate bubbles of this and related areas, defines imperatives for distributing economic functions of the nation widely, thus reversing the trends of the recent quarter-century.

Moving people into rationally designed communities of a relatively decentralized character, around the nation, means

a shift of places of employment and so forth, to the effect of a health-promoting decompression of congested localities, and the need for a highly efficient national transport system, which shifts the daily costs and lost time of commuting downward, in favor of highly efficient modes of mass transport among population centers.

This needed change means shifts in the distribution of power plants, shifts in the development and management of fresh-water supplies, and promotion of the development of green in presently decadent and arid regions of the national territory. This is also required to prepare us to meet the growth of population we must reasonably expect for the coming two generations.

5.) *In principle, the relevant portions of the present automotive sector have an already established overlap with our space and general aeronautics programs.*

So far, the accomplishments of our space program have implied less and less emphasis in fact on exploring other planets, than on exploring the common systemic nature of the Solar System which we share with the other regions of our Solar System as a whole. As the demand for scientific progress grows relative to life on even this, our immediate planet, the distinction between life and physical chemistry on Earth and the physical chemistry of the Solar System generally will tend to vanish. There are processes in the Solar System and even beyond which represent the power to control crucial aspects of the conditions for our existence on Earth itself; we must go out to explore and meet those processes. The natural commonality of space-oriented aeronautics and the work and products of the machine-tool sector back here on Earth will naturally meld as the name for physical science becomes, quite naturally, applied astrophysical science.

The immediate practical implication of that same point, is that the current requirement for mastering the Biosphere in depth, is a requirement which includes the need to raise the qualitative level of production in Asian society and Africa, for example. This means that those more developed regions presently in places such as Europe and the Americas, must emphasize mobilization of their own efforts in the direction of science-intensive approaches to the needs of the planet and its populations as a whole.

On this account, it is to be stressed that the same machine-tool-design principle which marks the driver of a successful automotive and aeronautic industry, is the principled feature of experimental designs of test of principle in fundamental scientific work. The challenge of industry during coming decades, will be to upgrade the natural potential of all machine-tool-design work to the level of the refined use of those skills in fundamental scientific discovery. This is work to be carried forth in ways which echo the mobilization of the automobile industry for victory against Hitler's warfare.

Use It or Lose It: Auto Capacity 50% Unused and Going, Going, Gone

by EIR Staff

The large assemblage of critical auto-industry capacity whose near-term closing or sell-off has already been announced, is represented in part by the map and table of 64 auto assembly, production, parts, and supply complexes on pages 12-14. It comprises 73 million square feet of industrial capacity, much of it richly supplied with machine tools, and with machines of both high precision and flexibility, and large force and lifting capability. Its shutdown will cost 75,000 skilled industrial jobs directly; and through immediate radiating effects on smaller supply plants and machine-tool shops, 300,000 more. What is about to be shut represents, in automobile-industry terms, the capacity to build 2.5 million or more cars and light trucks a year. But in terms of urgent national economic investment, it represents a unique industrial capability to build the United States “a new national infrastructure” of transportation, power, and so forth.

Interviews with representatives of the engineering and production workforces in the industry make clear, among other things, that this is by no means the full measure of unutilized, “lost” capacity which could be restored. Since about 1985, five jobs have disappeared for every one which remains in a typical auto parts or supply plant; and two jobs have gone for every one that remains in a typical assembly or engine plant. The Lockport, New York Delphi Corporation facility which makes heating and cooling systems—one of the very few *not* marked for shutdown by Delphi’s bankrupt management—serves as an example. Though the complex will apparently remain open, the largest production building at Lockport is completely empty and used only for storage now; two other production buildings operate at 50% and 33% capacity; the machine-tool-making part of the complex has shrunk from 550 to 250 highly skilled employees; and the overall workforce has fallen in 15 years from 11-12,000, to about 3,700 now, and still shrinking.

And among some of those plants about to close this year or next: Delphi in Columbus, Ohio employs 845 of what was once a workforce of 5,000; Vandalia, Ohio Delphi electronics has 650 workers of its 1990 total of 2,400; General Motors’ Pittsburgh Metal Center has 600 remaining of a peak of 3,500 workers; the Ypsilanti, Michigan Visteon parts employed 4,000 workers at one time, and now has 700, with 9 of its 12 stamping presses recently unused; and the Adrian, Michigan Delphi plastic injection mold plant, with a legacy of many

industrial missions since World War II (see article, p. 24), has 385 workers left of its 1,150 workforce 20 years ago. Among assembly plants, Ford’s Hazelwood facility outside St. Louis is typical: It employed 3,000 skilled production workers only 11 years ago; but had shrunk to 1,700 employed when it closed down on March 11.

Thus, take this highly adaptable unutilized auto sector capacity, and employ it in building a critically needed new national infrastructure under a Federal reorganization; and as many as 2 million Americans would be newly employed, or re-employed in industry—in a nation which has *lost* 2 million industrial jobs in five years.

Fail to do so, and recent reports show that the majority of this unutilized capacity will have been demolished by 2008. Its rich stock of machine tools will be sold for scrap or “wind up in Mexico” and low-wage outsourcing locations in Asia and South America, where auto firms are “parking” increasing amounts of that machine-tool stock in their globalized operations.

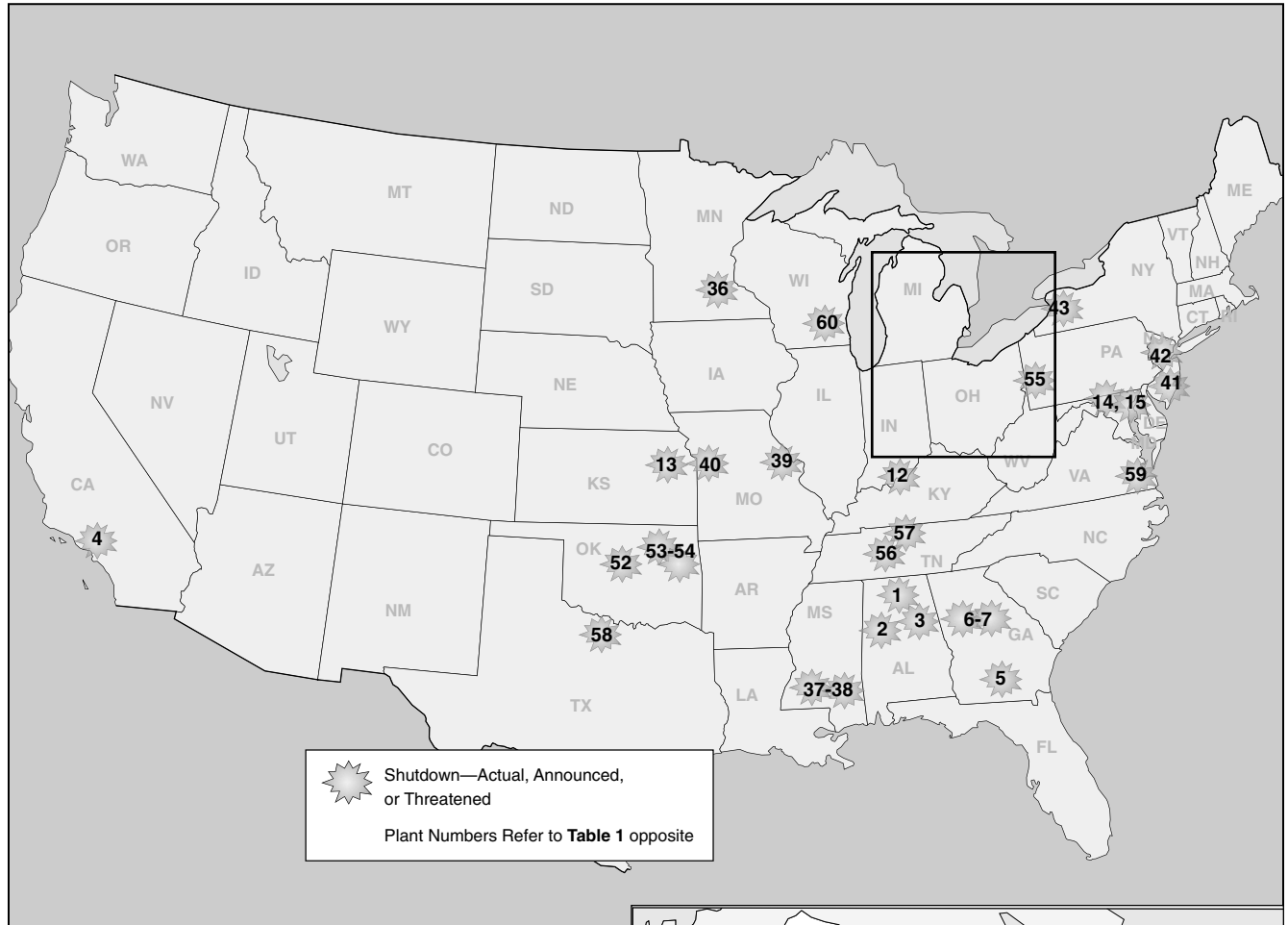
Plant Capabilities for the Legislation’s Purposes

A survey of some examples of closing, and otherwise underutilized, auto capacity shows that not only can it be employed for Federal, general-welfare purposes of construction of vital economic infrastructure: It has been so employed. Older facilities all over western New York, Ohio, Michigan, Missouri, and elsewhere famously produced aircraft and many other munitions during World War II, as the result of a national “conversion” process proposed by the United Auto Workers’ Walter Reuther, already at the end of the 1930s. In 1945, Reuther proposed they be reconverted to railroad building and housing construction, through Federal authorities; though this wasn’t implemented, many plants continued to convert to make other products besides automobiles.

Veteran auto workers report that the older auto plants—with their larger spaces, heavy machinery, and rail as well as truck doors, are industrially more adaptable than newer plants often built to produce a single product. It is a striking fact that the automakers, in many cases, have recently poured hundreds of millions in new machinery and equipment investments into these established plants, only to turn around and shut them down under the savage “demands” of globalization.

FIGURE 1

64 'Excess' Auto Plants Available for Operation by a Federal Infrastructure Corporation



Industrial Capacity Challenges Congress: Use It or Lose It

“Here’s how this thing is going to work. You’ve got somewhere in the range of 35-40% capacity utilization, among the Big Three auto companies. We know it most concretely in the case of General Motors, that it’s about a 35% utilization, in order to actually produce their market share of cars and trucks and SUVs and all of this. . . . So, that section of these auto companies, we’re going to hive off, and they’re going to continue to operate the way they’re operated. But we’re going to take the unused capacity under receivership of some kind of temporary government agency, and take that idle plant capacity, the laid-off workers, and give them specific, vital assignments in this rebuilding of the country’s infrastructure. So we’re going to actually put those elements of the auto sector that are right now either unused, or under-utilized,. . . into Federal government receivership reorganization. And we’re going to hire workers back, and we’re going to emit Federal credit.”

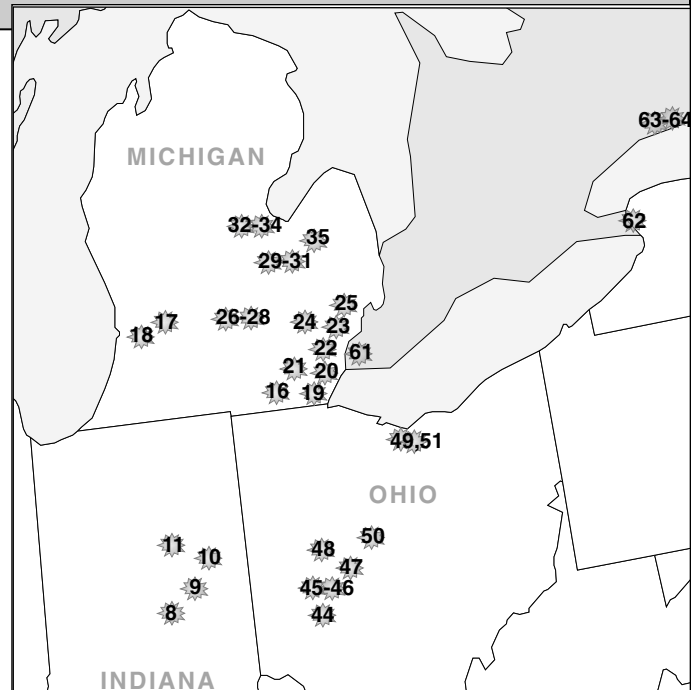


TABLE 1

Shutdowns/Sell-Offs Ongoing, of Major Auto Plants

No.	State	City	Type of Facility	Hourly Workers	Salaried Workers	Plant Millions Sq. Ft
1	Alabama	Athens	Delphi Electrical/Steering	2,037	174	0.7
2	Alabama	Cottondale/Tuscaloosa	Delphi thermal and interior	225	40	0.2
3	Alabama	Gadsden	Delphi thermal and interior	185	40	0.3
4	California	Irvine	Delphi electronic systems	89	4	0.2
5	Georgia	Fitzgerald	Delphi Batteries	363	22	
6	Georgia	Atlanta/Hapeville	Ford Assembly	1,978	174	2.8
7	Georgia	Doraville	GM Assembly	2,856	220	3.6
8	Indiana A	Indianapolis	Visteon Steering Components	1,800	300	
9	Indiana	Anderson	Delphi Energy & Chassis	791	89	0.5
10	Indiana	Muncie	GM Transmission	385		
11	Indiana	Kokomo	Delphi Environment & Safety	2,421	2,913	2.3
12	Indiana	Corydon	Tower Automotive stamping	800		
13	Kansas A	Kansas City	Visteon IP/Lamp Assembly	95	15	
14	Maryland	Baltimore	GM Assembly	883	120	3.0
15	Maryland	Baltimore	GM Transmission (PT)	376	68	0.4
16	Michigan	Adrian	Delphi thermal and interior	387	66	0.3
17	Michigan	Grand Rapids	Delphi energy and chassis	543	110	1.8
18	Michigan	Coopersville	Delphi energy and chassis	575	95	0.3
19	Michigan A	Monroe	Visteon Chassis	1,330	220	
20	Michigan A	Milan	Visteon Powertrain	900	150	
21	Michigan A	Saline	Visteon Interiors	1,585	265	
22	Michigan A	Ypsilanti	Visteon Chassis	770	130	
23	Michigan A	Plymouth	Visteon Climate Control	1,245	205	
24	Michigan	Wixom	Ford Assembly	1,663	167	4.7
25	Michigan A	Chesterfield Twnship	Visteon Seating Foam	155	25	
26	Michigan	Lansing/Delta Twnshp	GM Assembly	130	16	
27	Michigan	Lansing/Grand River	GM Assembly	1,303	185	2.
28	Michigan	Lansing	GM Metal Center	1,514	144	1.
29	Michigan	Flint East	Delphi Exhaust Systems	649	84	1.1
30	Michigan	Flint East	Delphi Energy, Engine	2,173	257	4.2
31	Michigan	Flint North	GM Powertrain	2,262	360	
32	Michigan	Saginaw	GM Malleable Iron (PT)	292	41	0.3
33	Michigan	Saginaw	Delphi energy and chassis	1,015	185	0.7
34	Michigan	Saginaw	Delphi steering systems	3,780	1,200	1.0
35	Michigan A	Shelby Township	Visteon Interiors/Exteriors	1,415	215	
36	Minnesota	St. Paul	Ford Assembly	1,805	160	2.1
37	Mississippi	Brookhaven	Delphi electronic	479	44	0.2
38	Mississippi	Laurel	Delphi Energy Systems	73	9	0.2
39	Missouri	St. Louis/Hazelwood	Ford Assembly	1,589	153	3.2
40	Missouri A	Kansas City	Visteon lamp assembly	95	15	
41	New Jersey	New Brunswick	Delphi Batteries	283	29	
42	New Jersey	Linden	GM Assembly	1,654	88	2.6
43	New York A	West Seneca	Visteon Compressors	110	85	0.3
44	Ohio	Kettering	Delphi Thermal Systems	1,094	147	2.6
45	Ohio	Moraine	Delphi Energy & Chassis	1,145	113	0.3
46	Ohio*	Moraine	GM Assembly	3,821	344	4.1
47	Ohio	Dayton	Delphi Compressors	1,409	252	1.2
48	Ohio	Vandalia	Delphi Interiors	641	3	0.7
49	Ohio A	Sandusky	Visteon Lighting	1,285	215	
50	Ohio	Columbus	Delphi thermal and interior	737	105	1.4
51	Ohio	Sandusky	Delphi energy and chassis	930	212	1.3

(continued)

TABLE 1 (Continued)

Shutdowns/Sell-Offs Ongoing, of Major Auto Plants

No.	State	City	Type of Facility	Hourly Workers	Salaried Workers	Plant Millions Sq. Ft
52	Oklahoma	Oklahoma City	GM Assembly	2,534	200	3.9
53	Oklahoma A	Tulsa	Visteon Glass	600	100	
54	Oklahoma	Tulsa	Delphi	118	6	
55	Pennsylvania	Pittsburgh	GM Metal Fabricating	541	72	0.9
56	Tennessee	Spring Hill	GM Assembly	5,067	709	5.2
57	Tennessee A	Nashville	Visteon Glass	730	120	
58	Texas	Wichita Falls	Delphi energy and chassis	198	30	0.5
59	Virginia	Norfolk	Ford assembly	2,400		
60	Wisconsin	Milwaukee	Delphi energy and chassis	485	70	0.5
Canada						
61	Ontario	Windsor	Ford Engines	2,200		
62	Ontario	St. Catherines	GM Powertrain	300		
63	Ontario*	Oshawa Plant #1	GM Assembly	1,000		
64	Ontario	Oshawa Plant #2	GM Assembly	2,300		

The Last Decade: 1996-2005

State	City	Type of Facility	Workers	Company	Year Closed
Alabama	Athens	Electrical, Steering	2,037	Delphi	2001
Indiana	Indianapolis	Foundry	881	Chrysler	2005
Maryland	Baltimore	Assembly	883	GM	2005
Michigan	Detroit	McGraw Glass	717	Chrysler	2003
Michigan	Detroit/Mound Rd.	Engine Plant		Chrysler	2002
Michigan	Dearborn	Assembly	2,000	Ford	2004
Michigan	Detroit/Mt. Elliot	Tool & Die	290	Chrysler	2003
Michigan	Dearborn	Vulcan Forge	80	Ford	2003
Michigan	Detroit	Tank	536	Chrysler	1998
Michigan	Flint/		1,200	GM	1999
Michigan	Saginaw	Malleable Iron (PT)	292	GM	
New Jersey	Linden	Assembly	1,654	GM	
New Jersey	Edison	Truck Assembly	900	Ford	2004
New York	Tarrytown		3,456	GM	1996
Ohio	Brook Park/Cleveland	Aluminum Casting	78	Ford	2003
Ohio	Toledo	Machining	1,628	Chrysler	2003
Ontario	Windsor/Pillette Rd.			GM	2001-03
Quebec	St. Therese	Assembly		GM	2002

A = Facility in Ford Motor Company's "Automotive Components Holdings, LLC," as of Oct. 1, 2005

*Third shift at the plant will be eliminated; figure represents one-third of the plant's production workforce.

Sources: Industry employees; General Motors Corp.; Ford Motor Co.; Delphi Automotive; Visteon Corp.; *EIR*.

This is true of the Norfolk, Virginia Ford assembly plant, for example, of the Ford and GM plants in Oshawa and St. Catherines, Ontario, and others. These plants are capable and versatile.

Nuclear fuel rods were fabricated and other nuclear-plant parts made—as in LaRouche's proposed legislation—by both the Fenton (St. Louis) Chrysler facility, and the Adrian, Michigan Delphi instrumentation plant in the 1950s. The Adrian plant produced aluminum during World War II and the late 1940s; aircraft parts and brakes for aircraft and army

trucks during the Korean War; fabricated nuclear fuel rods and piping in the 1950s for Bridgeport Brass Company; then produced aluminum again in the 1960s, for Harvey Aluminum and for Martin Marietta; and then from 1974 until now, built and operated plastic injection molding presses for Chevrolet and for Delphi.

The necessity to completely rebuild and refurbish the ancient, too-small, and outworn dams of the entire upper Mississippi River system, has been recognized by many in Congress. As LaRouche proposes, the large modern mitre gates for these



Niagara Falls Historical Society

Just a portion of the Lockport, New York auto plant complex now owned by Delphi Corporation, a part of which has been closed down and other parts 50-70% underutilized. Served by railways (below) and highways, with heavy lifting machinery in one huge bay, the plants here have built aircraft in the past, and could build rail systems in the immediate future.

many scores of obsolete lock-and-dam systems, could be built at the Delphi plants in Buena Vista Township, or at Lockport, New York. The latter has rail doors and a “North High Bay,” with 80-foot ceilings, 100-ton cranes, and large presses, where aircraft were built 60 years ago; the former has a huge bay with 2,000-ton presses and drop forges, three stories tall and set three stories into the ground, and two railroad doors. This plant could also build high-speed railroad stock or other heavy infrastructure. There are numerous other such plant layouts being closed or going unused.

The St. Louis area’s five major auto assembly plants of GM, Ford, and Chrysler (the Ford plant just having closed to auto production), together with the many surrounding suppliers and machine shops, are served by railroads at a kind of national hub; the city area also features railroad repair yards. They constitute an ideal center for new construction of electric locomotives, rolling stock, and other components of a high-speed rail system for the nation—as LaRouche’s outlined legislation intends. The Chrysler plants and one of the Ford plants have had major investment into new tools, robotics, etc. in the past decade. The Chrysler plants built aircraft in the 1940s, then tanks through the Korean War, and finally nuclear fuel assemblies in the 1950s.

The Michoud, Louisiana plants where NASA has built major rocketry were Chrysler plants; the connection to aeronautics is clear in many parts of the auto industry. The Lima, Ohio Chrysler plant, about to shut down with only 200 of its

3,800 workers remaining in 2001, was taken by General Dynamics to produce the Abrams Tank, now having a production workforce of 800.

And ironically, several Michigan auto-parts production plants have long had contracts to produce quality personal and automotive armor for police departments—even as Members of Congress complained bitterly that U.S. soldiers were dying needlessly in Iraq due to inadequate production of armor for Humvees. Why was the Pentagon not instructed to get the Humvee armor built in auto plants, which could have rapidly retooled to mass-produce it?

Specifically, Machine Tools

The tool-and-die centers of the auto sector are its centers of industrial creativity—“new-build” as some are called—where the machines and forms used by the rest of the industry are designed and built. They already have razor-thin lines of skills and capacity, in grave danger of disappearing entirely, outsourced to Asia.

Typical tool-and-die and metal shops are losing 50% or more of their workers. General Motors has five tool-and-die centers: the Mansfield Metal Center in Ohio; the Marion Metal Center in Indiana; Flint Tool and Die, Pontiac Metal Center, and Grand Rapids Metal Center, all in Michigan. Three of the five are being idled. Their employment—which makes possible the work of all 100,000 GM production employees nationwide—is falling this year from about 1,600 to just 1,275 workers now, and likely to 750 tool-and-die workers by July. (A comparable Delphi Corp. “new-build” center at Lockport has fallen from 550 to 250 millwrights, tool designers, die makers, plastic form makers, and so on.) A “corporate standard die” is the basic measuring unit of highly skilled machine-tool work, and GM’s machine-tool centers have already dropped from 1,600 to 1,000 corporate standard dies/year of work, a 40% fall-off.

The clear threat now exists, that this creative core of the whole industry will completely disappear in the near term, with tooling completely outsourced to (typically) India, China, and Korea, and to small U.S. machine shops which often have to partner by computer with Indian or Chinese corporate operations. The loss to U.S. national industrial capabilities would be immense, all out of proportion to the numbers of employees involved. This is doubly dangerous because nearly the same degree of loss of machine tooling and product control by outsourcing, is occurring in the U.S. aerospace sector, the other remaining American fount of



Ford Motor Co.

This Windsor, Ontario Ford assembly complex, still employing 2,200 production workers, is being closed despite recent, heavy capital investment of hundreds of millions of dollars into its machine-tool and flexible production capabilities.

machine-tool capability, which has shrunk even faster than auto.

In a DVD on auto retooling just released by LaRouche PAC, "Auto and World Economic Recovery," several auto union leaders and local elected officials stress the national security question constantly brought up by auto and aerospace workers. What happens if, in a time of extended war, United States industry has become *completely* dependent for machine tooling, on Asian nations, and can't design weaponry, or NASA space activity, without purchasing "outsourced" machine design? As one union representative put it: Through globalization, we are actually oppressing China by the massive outsourcing of manufacturing there, exploiting super-low wages. What if tensions over this, lead to real hostilities, and we have at the same time become strategically dependent on China or other Asian nations for our machine-tool capabilities?

Congress can head off just such a potential strategic predicament, as well as serving the nation's general welfare, by intervening as LaRouche proposes.

Engineering and design workforces in the auto industry perform a function related to creation of machine tools, though also heavily involved in "styling." These workforces would play an important role as the mobile inspection/planning force for an industry-wide "retooling," assessing the rapid conversion of appropriate plants to specific infrastruc-

ture building. Though not yet *in extremis* like the teams of tool-and-die workers, they are also shrinking. Ford's workforce, for example, is 11,000 for engineering, design, and analysis. One design team there had 1,500 engineers and designers at its peak in the early 1980s; 7-800 in 1995; and now, 350. Outsourcing, in this case, has gone primarily to India.

State-City Function and Revenue

Local elected officials throughout the auto plant-closings locations of the Upper Midwest and South, are holding meetings, hearings—and in the case of Lansing on April 29, attending demonstrations—and searching for solutions to the loss of a large portion of their revenue base. The imminent closing of Saginaw, Michigan's remaining two parts plants, for example, lays off the equivalent of 10% of the city's shrinking population, and takes away even more of its tax base. The school system revenues of two Ohio cities, Batavia and Sharonville, are knocked down 30% by the

closing of a Batavia plant. Hazelwood, Missouri will probably lose its police force and other services along with its Ford plant, having to turn to the state or county for police protection. In Michigan, Ohio, and Indiana, home real estate valuations are falling statewide, and tax revenue with them.

The desperation solution of huge tax giveaways to auto companies, to try to induce them to maintain operations or start new ones, can't work. The State of Mississippi (see article, p. 60) in 2004 gave up \$460 million in tax breaks, free land, and straight subsidies to Nissan, averaging \$60-70,000 per job "created" by Nissan with its Canton plant. Now Mississippi is finding, due to Nissan's extreme low wage policy, that at best it will take 20 years of payroll taxes to recover the revenue lost. Note the small city of Fenton, Missouri floating \$1 billion (!) in industrial development bonds to implement tax abatements for the Fenton Chrysler plants. And note Missouri proposing to eliminate entirely its state sales tax on cars made in Missouri, foregoing \$1,000 per vehicle to try to keep the assembly plants open.

Such local "solutions," like local attempts to find a way of saving an auto plant by "converting" it to fit a niche in the local service economy, are just straws in the wind of the collapse of auto under globalization. A Federal solution as LaRouche puts forward, through the issuance of Federal infrastructure-building credit, can maintain and expand these bases of state and local tax revenue as well.

LaRouche Briefs Youth Movement on Strategic Context of Auto Campaign

Lyndon LaRouche and the international LaRouche Youth Movement, along with Helga Zepp-LaRouche and EIR's Paul Gallagher, held a conference call on May 5 to map out the campaign to save the U.S. auto industry. We publish here Mr. LaRouche's opening remarks, and one of the questions and answers.

Okay, now I'm going to restrict what I say in opening remarks to begin with, to what I think is the crucial point. Because what I've written and what has been publicized on the proposal, to you guys, should be pretty much self-evident, as least after you discuss it among yourselves.

Now, I want to deal with the overall world situation. We have, of course, today, an interesting thing: We have this fellow Leuschel, with whom we are acquainted from Belgium, who has published a book and has an ad on page 9 of the financial section of the *Frankfurter Allgemeine Zeitung*, today's, which has caused some bit of chatter here in Germany, among our people I guess, and among others, where he quotes me and cites me as an authority. That's enough to say. But the point is, this is getting pretty hot.

All right, now. First of all, let's look at this proposal on auto as draft legislation, or its draft pre-legislation. Let me explain that, in good legislation first of all, you decide what you're going to do, and you say it in straightforward language which is unambiguous in its intention. Then you walk the thing through a bunch of people who exist in the houses of Congress, who know how to process a statement of intention into the form of legislation, in a sense, so that it will slide through with the least possible friction—not without friction, but with the least possible friction, through the legislative process. And what I've written is the statement of intention which governs the design of the intended legislation. So you guys should not be out there saying “whereas, whereas, whereas.” Forget that. That's not your job. Your job is to follow what I'm doing, and let the people in the Congress and the staffs, who know how to do this, take the other part. Don't you try to do their job. We do our job, and they will do theirs.

So here's what the problem is: You have to start from a conception, and it won't make any sense to a lot of people unless you get the conception across clearly, point by point. Don't duck any of the issues which I mention. It'll fail if you do. There's no “smart” way to avoid the issues which I'm going to mention.

First of all, you have to concentrate on the fact that the

world is now in a terminal phase—that is, we don't know how many weeks or months that is—but it's in the terminal phase of a collapse of the present world monetary system. Specifically, the monetary system which has been in operation since about 1971-72, since the close of the Bretton Woods system, and the monetary system which has been operating in a worse form since 1987, under the influence of changes in policy internationally, which conform to what Alan Greenspan is associated with, in terms of financial derivatives.

This system is now finished. There is no possible way that this system can continue to exist much longer. It could go down Tuesday, it could go down three months from now. It could go down five months from now. It's going down. *There's nothing that can save the system*, except a change to a new system. So nothing within the present system, no reforms within the present system will work, unless they are designed for a new system which is being brought into being. What I've proposed on legislation is a design to work within a new system, and is functioning as a transition and preparatory phase for bringing that new system into being. It's the anticipation of the new system in the early future which is the key to this proposal.

Now get to some of the other keys. First of all, we are in, as I said, a world financial crisis, which is worse than that which struck Germany in 1923. It is the worst in all modern history. The only precedent in European experience, or extended European civilization's experience, for the present crisis which is now onrushing, is the general New Dark Age which broke out during the middle of the 14th Century, with the bankruptcy collapse of the Lombard system, which was a Venice-controlled system, which at that time controlled European civilization and beyond.

All right, so that's where we're at. This system is now finished.

The 'Greenspan Crisis'

The system's collapse is expressed by the exponential rate of increase of prices of primary materials. Now sexually impotent people are saying that we're having a gasoline price crisis. That is not our crisis. That is a crisis, but it is not *the* world crisis, nor is there anything you can do about that within its own terms. Nothing you could do with things that to try to ameliorate it, various things like that; but anything you do in that direction will *require* you, if it's going to succeed, to deal with the entire system. You can not deal with the gasoline or



EIRNS/Stuart Lewis

Lyndon LaRouche cautions his youth movement: "Don't duck any of the issues which I mention. It'll fail if you do. There's no 'smart' way to avoid the issues which I'm going to mention." Here, LaRouche talks with LYM members at a webcast in January 2006.

the petroleum price crisis without dealing with the *entirety* of the world's hyperinflationary movement in primary metals as well as in petroleum and gas.

So any proposal outside of those understandings, is false, and forget it. Don't play with it, don't even fool with it at all.

The crisis which is now hitting has a specific, immediate form, which should be called a "Greenspan Crisis," because it was the changes in the world monetary system introduced by Alan Greenspan from 1987 on, when he came in as head of the Federal Reserve System, following Volcker, in the middle of what was a 1929-style crash in the world stock market, or at least the U.S. stock market, and the crisis that had occurred in October was comparable to 1929.

At a point of a 1929-style crash, which by the way, I had forecast that year earlier; I had forecast it in the Spring, and it happened in October as I said it would happen in October. So that crisis was then the basis for attempting to postpone and avoid the implication of that crisis, by a hyperinflationary expansion of money and monetary assets. And also of course, with financial assets on top of this. What Greenspan did, to be recalled, is he went into the banking system, and he *bailed out the banks*. The key mechanism, which I've quoted before, the key device he used, was to use the Federal Reserve System, under conditions of a hyperinflationary policy in speculation, to fund the banks that were out of cash because of the '87 crisis, to fund them again so they could invest in a hyperinflationary kind of process, which we've been going through since that time.

And the key thing is the mortgage crisis, because, what

they did, is, the banks had mortgages. Here they are, they're out of cash, no sources of deposits coming in to compensate for this loss of cash. How can they engage in a big speculative market? Well, Greenspan said, "Bundle up your mortgages and deposit them with Fannie Mae and Freddie Mac. The Federal Reserve System will now subsidize the transfer of those mortgages to Freddie Mac and Fannie Mae, so you in the banks will now get money." Then the money operation was done through various kinds of schemes and swindles, which were all implicitly hyperinflationary. The thing has come to the end-phase, which we emphasize here; it's the end-phase because you've reached the point where you have a hyperinflationary crisis in raw materials, primary materials.

The reason for the crisis in primary materials, is the people who were engaged in this speculation,

have come to realize, if they didn't know it in advance, that they're at a point that the system is finished. And what they're thinking about, if they're the smart guys, they're thinking about where do they go when the financial system disintegrates? Like Germany in 1923: That's the parallel that many people will study. How did some people become rich when Germans in general, went bankrupt in 1923? They got rich because they knew what was coming, and they had moved their assets in such a way that they came out of the 1923 crisis *owning* the most valuable assets around, not only in Germany but in other countries. So that, when the crisis in 1923 came, the normal people in general were bankrupted. But a bunch of people who were either insiders, or who understood what the insiders were doing, recognized that in a crisis like this, when you have an hyperinflationary crisis, you go to grab material assets which *remain economic assets*, even if the entire monetary system disintegrates. And that's what they did.

So what are the assets that would survive the monetary system? All right, now real-estate assets aren't worth much, because they're already hyperinflated to the hilt. So owning real estate is not a good thing. Being a creditor of the entire real-estate system, so you will own all the property when the system collapses, that's another thing. But in general, the specific interest which attracts the greatest amount of world capital, of witting capital which knows where the world is going, going toward the biggest crash in all history, is buying up *primary* materials, things that will have *intrinsic value*, for any economy, which tries to emerge from a general collapse

of the present world monetary-financial system.

Now, those things they're buying up include the ultimate control of land, as the creditor who will take everybody else in, and put them through the laundry when the system collapses, and they'll own all the land. But primarily, they're going for control over raw materials, primary raw materials, of which petroleum is only one example, and metals are the prime example. Since there is a finite resource of high-quality metal resources, ores, on this planet, therefore you can control the planet as a whole if you control these resources, politically. And that's what they're aiming for, that's the character of the crisis.

So, we're presently at the end of the present world system. No matter what happens, either way, whether the financial crowd were to try to beat down the speculators—which I don't think could ever happen—or the speculators take over, we're headed for a collapse of, not just economies, not financial markets, but of civilization itself. It means you're looking at a situation in which the population of the planet over a generation or two, would be forced to collapse to below 1 billion people from the present more than 6 billion. That's the kind of New Dark Age prospect which is implicit in this situation, *unless we change the system*. And what we're doing is proposing to change the system.

Change the Rules of the Game

Now, the automobile sector is crucial in this, because together with aircraft, it contains the greatest concentration of machine-tool-design capability. It's not auto workers as such, because the auto workers as such depend for their significance on being involved in an industry, or a group of industries, which represent machine-tool-design capability: the majority of the machine-tool design capability of the United States and much of that of the planet. So therefore, we have to save this section of physical production, because it's most crucial to any recovery. Now, I explained that in the proposal.

But the other part is this: How do we deal with hyperinflation? This is the problem you run into when you deal with politicians: How do you deal with hyperinflation? They will tell you, we're in a free-trade economy; that this is irreversible. We're also in a globalized economy, which they say is irreversible: so, a hyperinflationary free-trade economy. Well, that's doomed, that's mass suicide, so they're wrong on that. And you can not compromise with the assertion that if they say that, or believe that, they are wrong! Not only are they wrong, but they're suicidally wrong. They're like a guy who says, "I'm Superman," and jumps from a skyscraper and plans to fly. He'll fly, for a short term, and all the way down—and with a definite ending.

So, there is no way that under the present system, the present rules of the game, the present legal rules of the game in the United States, the present habits of making policy in the Congress, that this country can survive. Therefore, that

has to change. Now there are several aspects of the change. One is the immediate one. You have, now people are saying, you must raise the rate of interest to control monetary expansion, go to a prime interest rate 5, 6, 7%. Well, that won't work: That'll just tend to have a hyperinflationary effect, but it will also not stop the inflation. Because the inflation is located in primary materials essentially, and that is not going to stop simply by adjusting the interest rate.

On the other hand, if you don't put a check on the free flow of M3 into this inflationary machine, you're just going to get a higher rate of inflation and you'll go to Hell quicker. So therefore, either tight money or loose money is not tolerable. Raising the money supply is not a solution.

The question is, how do you raise the money supply? What we're proposing is to raise the money supply, but how? By tying up the money in long-term investment. Long-term investment goes into what? Employing people in production of long-term goods. What? Not just automobiles, which are fairly short term, but into power plants, which have a 30- to 40-year life-span. We invest in them for say, 25 years. Into large water systems, which have a 50- to 100-year life-span, things like that.

So, we're investing in productive assets or infrastructure which is essential to productive assets, which has a physical life-span of more than a quarter- to a half-century. That means that we're tying up the money that the government is printing, so to speak, as credit to buy into this project. With this, we're employing people. Now these people are being paid on the short term, but the income we're going to get from this production is going to be on the long term. In other words, each year, you're getting a portion of the income back from your total investment. It may take you three to five years to build a nuclear power plant. It will have a 25- to 30-year life-span. So you, in effect, are going to amortize this investment over 30 years. But you're going to pay out against it, in terms of wages and so forth, in the sense of one-thirtieth or one-twenty-fifth of that total investment per year. Which means, that when you invest for a 30-year investment, say five years to build a 30-year investment, those are the numbers you're playing with, those kinds of ratios. So therefore, in this case, you're tying up money.

Now what the government has to do, then, and the monetary system has to do, it has to say there are certain things which are long-term solid investments, as in infrastructure and also certain industries, certain aspects of industry, including agriculture; therefore, the government will authorize the creation of money, will use that money to finance production in agriculture, industry, and infrastructure on that basis—especially in long-term investments. It will now employ people in the short term, week by week and month by month, in this production. We will pay this thing off, that we've invested, over a quarter-century or longer.

That's the kind of thing we want. That's what we're talking about with the auto industry. We're talking about a quarter

to a year or more investment in this section of the auto industry which we've designated for recapture. We're going to invest the productive potential of this reorganized section of industry, in building railroad systems, in building power systems, in building essential elements of navigation and inland water systems, and so forth and so on. We're going to invest it that way, in infrastructure. We are also going to give credit, from the government or through a government facility, to private contractors who are auxiliary to the production of these products in this section that we've taken over.

So therefore, what we're doing is, we're getting cheap loans from government credits, say 1 to 2%, for the primary investment in this process. We're going to let the price of loans on things which are not in this category float higher. We're going to restrict the amount of money that we put into the system for this other area, while we're going to be abundant in areas which are long-term investment. We're going to create a situation which is attractive for private investors to tie up their investment in long-term investments, rather than the fast turnover, jumping from one corporate stock to another, which is characteristic of the recent period.

We're going to encourage people to invest in long-term investments, of one to two generations or more, and *tie up* the money which is existing, which is being invested, in these long-term investments. We're going to create a situation in which it is not advantageous, in terms of return on investment, to go floating around with the kind of thing that's being done today.

So therefore, by the aid of Federal regulation, and international agreements, we're going to go to an economy which is based on *long-term* considerations, and to minimize the influence of short-term considerations. And that's what we're doing, implicitly, with this.

The Indispensable Role of Government

Now, the other aspect is, that government is not too good at private industry, for obvious reasons. It's particularly not too good for large corporations which are no longer dedicated to long-term accomplishments, but are dedicated to short-term stealing, like the typical large corporation today. So therefore, what we're dealing with here, is that kind of restructuration: which means we invest largely, on these government programs, in large-scale infrastructure, and also of course, funding contractors who participate in this development of long-term infrastructure.

So therefore, we are shifting the economy in that way, but we're doing it by concentrating on the area that government *can* function efficiently in infrastructure, where it tends not to function so efficiently in the private sector, otherwise, generally. So we're actually making that kind of shift.

And so therefore, we are dealing with a long-term policy. We're starting with a long-term perspective for reorganization of the world system. We're dealing with an explosive potential, where the present world system is going to disinte-

grate anyway. What we're trying to do, is rush in, with a change in direction of policy, as Roosevelt did in his way when he came into office; a change in direction of policy, where we're putting a long-term factor in, of very large chunks. Proceeding, what we will do as the next phase, we will actually go in and reorganize the entire financial system, as such, and put it through, in effect, what is called bankruptcy reorganization by the Federal government.

What this is going to do, whatever the form it takes technically, is, we're going to shift back, we're going to go back to a national banking system. What is going to happen, of course, in this situation must happen: The Federal Reserve System is going to be taken into receivership, because the banks of the Federal Reserve System are now all bankrupt. That is, if you take the accounts openly, and just resolve what's there, and where it's going, you have to say, "These things are bankrupt."

But we can't close them down, because they involve all kinds of assets which must be managed to maintain the continuity and function of private lives and all these sorts of things. So therefore, we're going to put them under *financial reorganization*. And a financial reorganization which is going to take account of things which, for human reasons, or economic reasons, must come first, and other things can wait.

How We Will Reorganize the Banking System

So, we're going to reorganize the banking system. Well, how do you do that? Well, the banking system of the United States is predominantly the Federal Reserve System, by law. Well, the Federal Reserve System was a misconception from the beginning, but nonetheless the principle is, it is something which the government can deal with. So therefore, what do we do, the Federal government which is going bail this bankrupt system out, is going to put the banking system itself into bankruptcy, into receivership. Now what does that mean? It means the Federal Reserve System goes into receivership by the Federal government. What happens then? Oh, you're back to a pure Hamilton type of national banking system.

The credit mechanisms which are Constitutional, as specified in the U.S. Constitution, are now used to say that the Federal government, which creates all the currency by law, and which has a unique authority to create currency, and nobody else does—this Federal government is going manage what it creates, currency. And it's going to do that through a national banking system. The national banking system will actually be a system which services and supervises the private banks of the United States, at least the inter-state banks, and indirectly of course, through the inter-state banks and the state mechanisms, the state-chartered banks. So, the United States' new system, the new Federal Reserve System, which had been taken over in bankruptcy by the Federal government, is now going to become the agency of government which controls



the way the credit system and the monetary system functions in the private level.

And that's the reform we're going to make. And that's going to be the direction we go in. And we can come out of this whole thing quite nicely. If the United States does it, as no other part of the world *can* do it, under its present culture and laws, then other parts of the world *will* tie into the U.S. reform, as a part of an extended international reform. And that's the way the world can get out of the mess.

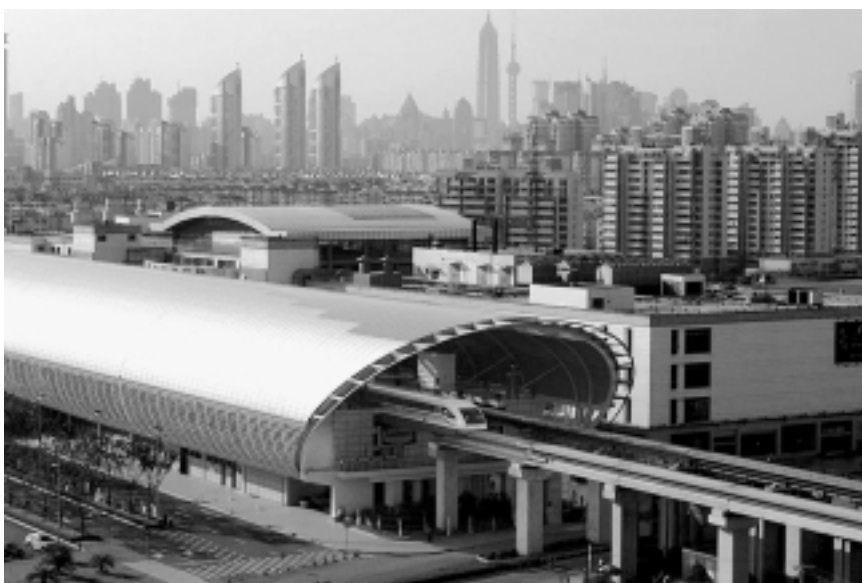
Transform the Physical Economy

So, what we're doing now, is we're taking the leading, immediate issue before us: We can not allow the auto industry to fold up the way it is planned. That can not happen: because the chain-reaction effect is, that's the end of the U.S. economy, that's the end of our nation, it's the end of sovereignty. We can't tolerate it. Therefore, we move in, and take this sector of the industry that they're planning to shut down, we take it over, we take it over for the production of products other than autos as such, and do other things, largely in basic economic infrastructure and things of that sort. We create that form, and we proceed with long-term improvements in things we need desperately.

For example, the power system of the United States is bankrupt. We couldn't operate with an expanded economy now, because we don't have the power to do so. We're going to have to build nuclear and other power plants on a *rapid rate, now!* We're going to have to rebuild a railroad system, to deal with many of the problems in the United States, which

can not be solved without re-creating a railroad system. This means magnetic levitation systems for main trunk passenger, so forth; it means high-speed rail generally for areas which are of lesser priority. It means a reassortment of the relationship between the air transport system, and the railway system. We're going to deemphasize highway travel, by having efficient, low-cost service, in terms of mass transport. We're going to rationalize the air-rail-road system.

We're going to reverse the policy of concentrating inhabitation and production in a few areas, such as, for example, take the case of the central area of western New York, western Pennsylvania, Ohio, Michigan, and Indiana, which is the heart of the auto and related industries. Now, we've had a loss of population in these areas, and a loss of income and a loss of standard of living here. We're going to have to reverse that drift from those areas into others. We're going to have to go back into a greater utili-



Transrapid

This magnetically levitated train, designed by the Siemens Transrapid, operates between Shanghai and its airport, a distance of 20 miles. A U.S. maglev system would start in the most densely populated corridors (about 5,000 miles), and would require an increase in the nation's generating capacity of 10%.

zation of the total land-area of the United States. We're going to have to distribute the population more over the entire area of the United States, and less in a few areas like this thing that's going to crash around Northern Virginia, around Washington, which is due for a collapse.

So therefore, we've going to reorganize the United States, so that we are going back to agriculture, and developing the land for that base, we're going to go back to a lot more emphasis on local industry, particularly private industry which is locally controlled, or closely held corporations. And we're going to plan to distribute our production and our development over a larger land-area and raise the standard of living of the population per capita, and the income of communities, by going from a post-industrial society, which is a low tax-revenue base for communities, to a productive economy which provides a higher tax-revenue base for local communities.

So we're now going to make better utilization of our land-area, so that we're using *all* of the land-area, developing *all* of the land-area, instead of concentrating population more and more in a few, what are going to become vast, concentrated slums, unless we do something about it.

So that's in general what this is about. So, now back to you. . . .

Dialogue: The Battle in The United States

Q: Hello, this is Daniel from Leipzig. I have essentially two questions. First of all, in the briefing this morning, William [Wertz] wrote that this auto reorganization is important for Germany. I can see especially how that is the case for the Opel and Delphi plants, Opel being connected to GM and so forth, and supplies. Is there more than just this?

And secondly, how much does successful reorganization of the auto sector depend on financial reorganization? Or how much does national reconstruction of nations depend on multilateral agreements, which would create stability in the financial system?

LaRouche: This is like a war, fighting a war. Which does not mean that you deploy your troops on all battlefields at the same time. You maybe intend to go to all battlefields, but you concentrate your limited forces on the basis of strategic decisions as to where the place is you've got to fight that battle. You don't try to divert your forces to fight all battles equally, in all locations. Otherwise you're bound to lose at the hands of a smart enemy.

LPAC Releases DVD: Auto And Economic Recovery

In late April, the Lyndon LaRouche Political Action Committee (LPAC) released a one-hour DVD documentary titled "Auto and World Economy Recovery," as a political mobilization tool to send a message to Congress: Save U.S. auto industry capacity and workforce, by a Congressional intervention to retool the industry, to help build vitally needed economic infrastructure.

The documentary shows how this was done on initiative of the United Auto Workers (UAW), at the outset of World War II, to make auto plants "the Arsenal of Democracy"—as Detroit was dubbed; how it was proposed again by UAW President Walter Reuther at the end of the war, to retool to build railroads and housing; and Lyndon LaRouche's full proposal today, to use the 50-60% actually unutilized auto capacity at present, to repair and build the high-tech new infrastructure the nation's economy sorely needs—bridges, water and power systems, high-speed rail, schools, hospitals.

As Mark Sweazy, UAW President of Local 969 in

Columbus, Ohio, says in the DVD, "We have plenty of floorspace . . . we can do it. . ."

Millions of Jobs

The documentary includes archive film footage of historical precedents, especially the actions of Franklin Delano Roosevelt. In only a four month period in the Winter of 1933-34, nearly 4 million jobs were created in public works by FDR's right-hand man Harry Hopkins; and millions more throughout the decade, in the large-scale FDR infrastructure projects.

Film clips show Lyndon LaRouche at 2005 webcasts calling for acting today on this same principle. LaRouche stresses that the machine tool capacity embodied in the auto sector, now threatened with almost total shutdown, must be preserved, or the U.S. ceases to exist as an industrial nation. The workers, families and skills in the auto communities must be preserved in place. He outlines specifics of how this can be done through Federal "receivership" powers.

One of the most striking aspects of the DVD are statements from a whole series of Mid-West UAW leaders, taken in February by the LaRouche Youth Movement camera/interview team of Bill Roberts and Adam Sturman, on how devastating the current shutdown of auto is, but how a "New Marshall Plan for auto" could take shape. UAW Presidents Oscar Bunch (Local 14, Toledo), Joe Joseph

The view is that, on this matter, we have to internationally use the action which is now occurring in the United States under our initiative, and use specifically that action, in the United States, as information to the processes in the other places, in Europe and so forth.

So therefore, the battle now is in the United States. It is not a battle which could be fought in parallel in various countries at this point. Because the problem is, you get a breakthrough and you've got to get a recognition of authority for the breakthrough occurring. We can do that in the United States.

For example, this thing that appeared in the *FAZ* today as an ad . . . is an example of that. Leuschel, a person who's known to us from our studies of such matters over a period of years, has this ad citing me as an authority on this issue, in the financial section of the *Frankfurter Allgemeine Zeitung* today. That is going to have repercussions. But that exists around the world.

So therefore, what we have, the kind of thing I was saying, what I put out as the proposal, the kind of information that Paul [Gallagher] just summarized on the situation, this information going out into these areas and other parts of the world will have the proper effect. And therefore, you don't have to think about parallel organizing, of doing something the same as we're doing in the United States and other countries. What

(Local 1970, Dearborn), Marty Green (Skilled Trades Representative, Caledonia, Michigan), along with Wayne County Commissioner Phil Cavanaugh describe the situation.

The documentary also features a set of economic animations and maps, to make real the nature of the decline of the Upper Midwest over the past 40 years. Not just auto plants as such, but all of industry, agriculture, and urban and rural life have deteriorated, as shown county-by-county in terms of falling ratios of basics per capita and per unit area, such as electric power provision, rail service, hospital bed availability, water supplies, education, and so on.

Michigan State Rep. LaMar Lemmons III gives a guided tour of the destruction of Detroit. Ohio Rep. Catherine L. Barrett (Cincinnati) scores the job loss.

In contrast, the DVD features a concluding section, "A New National Infrastructure," outlining—with color tech animations—priority projects that must be undertaken today: high-speed rail, including magnetic levitation; advanced flood protection—even sea gates for New Orleans, and most essential, nuclear power. A color schematic shows how a fourth generation high temperature gas cooled nuclear reactor works. It can be coupled with high-tech desalination, to provide vast new water supplies for the Southwest, where, for example, the water table is dropping drastically in the Ogallala and other aquifers.

you have to think about is, we're doing something in the United States, that's where the war-front is, and if the United States doesn't change the war-front, there's no credibility for its being conducted in any other part of the world.

So therefore, *we must win the battle in the United States*. Otherwise we will lose the war! Our major objective should be, to win the world war. And we have to win the battle in the United States to win that.

Now, what we have to do to win the war, beyond the launching of the attack from the United States, under U.S. leadership in that sense, is we have to take the same program, programmatic outlook, creating the details on the battlefield in the United States, and get that out to all these other areas: that *this* is what is happening.

You're in a very interesting period on this, typified by the case of the Stephen Colbert "roast," which is actually—and I've emphasized, this "roast"—if you know the United States inside, as I now know it, you realize that there's a big phase-change occurring in the United States. You have the Cheney and Bush factor, and in terms of one poll, Bush is the 20% factor, on support for his continuing what he's doing now. Which means that, already, Bush has lost a lot of the support of the lunatics, because his lunatic factor in the United States among voters is about 30% or so of the voters. And if he gets down to the 20% area, that means that even a large number of the lunatics are quitting the Bush campaign. And there are also things going on that can change as quickly.

So the fight in the United States, is a credible fight. You see signs all over the world that the Bush thing is crumbling. The *danger* now, is the fact that the Bush-Cheney phenomenon (to call it a phenomenon), is crumbling, which means that the Bush-Cheney phenomenon is the dying tiger, which is prepared to strike, because if it doesn't strike now, it never will be able to. So it's a very dangerous situation in that sense.

But in terms of the long-term process, history is against the present policies of the United States and of Europe. History is against it. History is against the current world policies. And if people defy history by clinging to present lines, then we'll go through a Dark Age.

So, this is the issue. We have to look at it this way, not as a sense of separate fights around the world. We have to see this as one war, in which the United States is the crucial center, the decisive point, on which the fate of the world depends. But then, we can not win the fight in the United States, unless the fight *in* the United States can be extended, as a U.S. fight, into other parts of the world. Because the Europeans have no courage. You're telling the Europeans, when you talk about what we're doing, you can't copy it in Europe: Because European systems are based on *private*, privately controlled central banking systems, which control governments. We don't *have* a European government in West or Central Europe, which is capable of doing that under its present constitution. But if the United States *does* it, then these government have to do it.

So, we're trying to correlate this international situation to win that kind of war.

President Kennedy Knew What Value Was: A History of the Adrian Delphi Plant

by Bill Roberts, LaRouche Youth Movement

The case of the large industrial plant owned by Delphi Automotive Systems in Adrian, Mich., which President John F. Kennedy saved from being scrapped in 1961, exemplifies the idea of a machine-tool capacity that is capable of being retooled for just about any purpose needed. The history of this plant and its surrounding community, and the actions taken by Kennedy after his first press conference as President, give depth to a real understanding of the concept of “economic value,” not as something inherent in money, but as the potential to increase the productive powers of labor in a national economy, for the general welfare of mankind.

After attending the annual Lenawee County “John F. Kennedy Democratic Party Dinner,” as a guest of John Clark, president of UAW Local 2031 and vice president of the local Democratic Party, I had the opportunity to peruse two books written by a local historian, Charles Lindquist, on Lenawee County and the city of Adrian.* At that dinner, author Lindquist gave a brief history of the local Delphi plant which many in attendance had worked at.

World War II Mobilization

The plant was built during World World II, when the demand for aluminum for Air Force bombers was beyond the production capability of the existing plants. So, from April 1942 until the Summer of 1943, the Defense Plant Corporation contracted the construction of a new 750,000-square-foot aluminum plant, to be operated by Bohn Aluminum to build parts for the Air Force. Some of the employees were German prisoners of war, and after the war, the plant received one of the world’s largest forging presses as war reparations from Germany.

During the war, the city of Adrian had to make room for more workers. New communities were built to provide housing. High-wage jobs brought in workers from Alabama, Kentucky, and Tennessee. Mexican-Americans who had been migrant farm workers were recruited from Texas and other areas. For months a number of workers were living in temporary housing in the infield of the racetrack at the state fair-

grounds. The residents of Adrian even made room in their houses to temporarily take in workers.

A city of fewer than 20,000 people was operating no fewer than 15 industrial plants during the war. The largest plants were producing castings and aluminum parts for planes. By 1944, some 2,300 workers were building anti-aircraft shells for the Navy out of an old knitting mill. Adrian was producing mechanical brake parts and brake assemblies for Army trucks, high-pressure pumps for airfields, dried and packed eggs, powdered milk, and an assortment of other products, including uniforms for soldiers.

Plants worked around the clock, and most of the local workers brought into the factories to expand the workforce were women, who left other jobs or who doubled as homemakers and “Rosie the Riveters.”

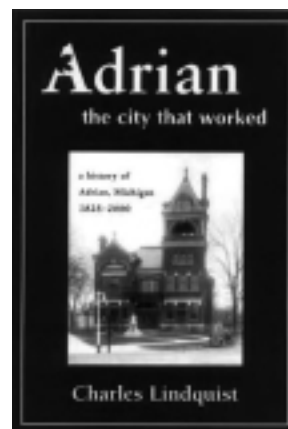
After the war, the plant was operated by several aluminum companies under Federal government contracts, doing experimental work for the Air Force. Then when the Korean War took off, the Federal government brought Bohn Aluminum back in to build airplane parts at the Adrian plant. After that, the plant was operated by Connecticut-based Bridgeport Brass Company until 1961, producing uranium fuel rods for nuclear power plants, in cooperation with the Federal government.

Kennedy’s Intervention

What would become of this “white elephant” of Michigan’s industrial sector, as it was called, was a national issue, which today serves as an historical precedent for the type of decision that Lyndon LaRouche demands that the U.S. Senate must make if they “give a damn about this nation”—as Kennedy gave a damn in 1961.

As Lindquist recalls:

In 1961, Bridgeport Brass, which owned the complex, decided to cease operations, leaving 800 employees



* Charles N. Lindquist, *Lenawee County: A Harvest of Pride and Promise: An Illustrated History* (Chatsworth, Calif.: Windsor Publications, 1990) and *Adrian: The City That Worked: A History of Adrian, Michigan 1825-2000* (Adrian, Mich.: Lenawee County Historical Society, 2004).

jobless. The decision left Adrian's employment picture very bleak.

National attention was brought to this community when competitive bids for the property were made by a salvage company and Harvey Aluminum. The salvage company's higher bid would lead to the sale of the existing machinery and the dismantling of the plant. Harvey Aluminum's lower bid would allow continuing operation of the facility and provide employment.

Adrian civic leaders and businessmen mounted an intensive campaign to persuade the federal government to intervene and accept Harvey Aluminum's lower bid to preserve employment. Following a press conference on March 17, 1961, President John F. Kennedy pledged that Adrian's employment future would not suffer further. Harvey Aluminum gained control of the facility, employing more than 400 people.

Kennedy had intervened to ensure that the only bids considered by the General Services Administration for the Adrian plant, came from companies that were planning to use the facility in production.

In 1972, Harvey Aluminum was bought up by Martin Marietta, and then in 1974, it was bought by General Motors and run as Adrian-Chevrolet. The plant specialized in operating plastic injection molding presses. During the Nixon-era oil hoax of the 1970s, cars had to be made lighter and more "fuel efficient," and so cars began to be made more and more out of plastic instead of metal. The Adrian Chevy plant was the largest plastics plant that GM owned. In the 1980s, workers were transferred into the Adrian plant from Bay City and Flint, and the plant was consuming 25 million tons of plastics resins/year, making 1,100 different parts. The plant employed 1,158 employees by 1985.

Globalizers Move In

In the 1990s, as globalization began to cause auto production in the United States to contract, equipment and workers from other plants, such as Syracuse, N.Y., were transferred to the Adrian plant for consolidation.

Then, in 1995, GM's parts division was named Delphi, and in 1997, it was spun off as an independent company.

Today, the Adrian Delphi auto parts plant, and its workforce, which is down to 385 hourly workers, is threatened, not because it is among the first list of announced plant closings, but simply because it is in the hands of Delphi's vulture CEO Steve Miller, who's playing the "I got no cash" card.

After the UAW rejected demands to accept wage cuts of more than 50% (i.e., not enough to support a family) and dump health benefits, Delphi is now declaring bankruptcy and asking the courts to allow it to dump pensions onto the already bankrupt Pension Benefits Guarantee Corporation. Delphi also wants the courts to allow it to break contracts with General Motors and the UAW. This would set a dangerous

precedent for any vulture financier who wants to move in, take over a company, award itself huge bonuses, declare bankruptcy, and completely move U.S. operations overseas, where there are no labor regulations.

Plants like the one in Adrian, with its machine-tool and related capacity, are the backbone of the U.S. economy. Coupled with a revival of the scientific institutions of the nation, these plants represent the capacity with to make technological leaps in modes of production, power generation, and transportation. It is from that standpoint that the real economic value of things must be assessed.

This is why the U.S. Congress must intervene promptly, with bold new legislation, to take the idle capacity of plants like the one in Adrian, and use it, as Kennedy said, to actually produce. While the options for what might be produced are numerous—magnetic levitation trains, nuclear desalination units, locks and dams for river navigation systems, or components for hydrogen based fuel-cell vehicles—the time to act is not unlimited. If these plants and communities, with their skilled workforce, are destroyed, then that capacity to retool, rebuild, and transform the United States back into a productive economy is also wrecked.

Congressional members of the Democratic Party need to wake up, and inform their thinking with a notion of real "economic value," as it was understood by Roosevelt, Kennedy, and today, Lyndon LaRouche.

If You Thought Adam Smith Was The Founding Father of America's Economic Strength—

Think Again.

READ

*Friedrich List: Outlines of
American Political Economy*

"I confine my exertions solely to the refutation of the theory of Adam Smith and Co. the fundamental errors of which have not yet been understood so clearly as they ought to be. It is this theory, sir, which furnishes to the opponents of the American System the intellectual means of their opposition."

—Friedrich List

\$19.20

ORDER FROM:

Ben Franklin Booksellers

P.O. Box 1707, Leesburg, Va., 20177

1-800 453-4108 toll free or 1-703-777-3661

www.benfranklinbooks.com

e-mail: benfranklinbooks@mediasoft.net

Shipping and handling: \$4.00 for first book, \$4.50 each additional book. Virginia residents add 4.5% sales tax.

We accept MasterCard, Visa, Discover, American Express.



Bush ‘Roasted’ in Tradition of Rabelais, Boccaccio

by Nancy Spannaus

We have it on good authority that the next time that President George W. Bush signs a piece of legislation and attaches a Presidential Signing Statement, it will read that the President interprets the law to mean: “Kill Stephen Colbert!” The Comedy Central TV comedian truly roasted President Bush on Saturday night, April 29, with the President and the First Lady seated at the podium just a few feet away. As Lyndon LaRouche observed later, Bush will probably never recover from the roasting. He can be compared to the naked Emperor, parading in his “new clothes” before a credulous and dutiful collection of subjects, until Stephen Colbert, disguised as a little boy, shouted out, “Daddy, but he has nothing on!” Bush has, according to reliable sources close to the White House, gone into a near total state of rage. He reportedly did 28 hours of non-stop exercise on Sunday, in what has been already described as the longest, uninterrupted attempt—albeit failed—at anger management in Presidential history.

Bush is coming apart. And nothing that the *Washington Post* and other media sycophants try to do to put Bush back together again is going to work. The establishment media blackout of the Saturday night roast has totally failed, and their claims that Colbert just “wasn’t funny” have fallen flat. Out in the blog world, the Colbert video-stream is everywhere. (We include the transcript here, but urge you to find the video.) The nature of the animal roasted on the spit on Saturday night is clear for all the world to see. This is no joke. This was a really historic event, that will have long-term ramifications.

LaRouche situated Colbert’s performance on April 29 at the White House Correspondents’ Dinner in the tradition of

Boccaccio, Rabelais, and Cervantes. All of these great “roasters” lived in times when civilization was collapsing, when culture was hitting the bottom, and nations were crumbling. They used devastating humor to capture the tragedy of the day and rally people to fight for a better world. Boccaccio was not available, so Stephen Colbert stood in for him—and did an admirable job. The Bush Administration is the emblem of our cultural degeneration, and Stephen Colbert was provided with the opportunity to do the roasting of Bush and Cheney.

This is significant, because it gives the sense, clearly, that leading U.S. institutions are ripe for facing this reality. Someone clearly arranged for Colbert to deliver the final word on George W, by making him the speaker. This is, LaRouche emphasized, a significant comment on our nation and our civilization. There are two kinds of people: Those who were able to howl with laughter at what Colbert did in his roast, and those who live in a house of prostitution and don’t wish to be seen slinking out the back door. Clearly the *Washington Post* runs the biggest whorehouse in town, judging from the lies they published, trying to pooh-pooh the impact of the Colbert roast.

What Colbert hit upon goes deeper than Bush himself. How about the millions of Americans who voted for Bush and Cheney—twice? How degenerate are they? What would Boccaccio have said about them in his *Decameron*? What would Rabelais have said? Or Cervantes? What needs to be attacked is the controlling culture itself, which is now disintegrating, and this is a task for great artistic thinking. Bush was voted in as President as a certifiable fool, and he has lived up to that promise of incompetence.



C-SPAN

Stephen Colbert's "roast" of President Bush had the quality of Hans Christian Andersen's "The Emperor's New Clothes," as well as the ironical stories of the great Renaissance humorists, Boccaccio and Rabelais.

The Tradition of Classical Irony: Boccaccio

The method which Colbert was emulating, albeit on a lower level, is a time-honored humanist one, which is associated with famous humorists who emerged during periods of unspeakable tragedy for mankind, in order to raise up the population with laughter at the flaws which had led them into their fate. Particularly notable are the three whom LaRouche mentioned: the Italian Giovanni Boccaccio (ca. 1313-1387), the Frenchman François Rabelais (ca. 1494-1553), and the Spaniard Miguel Cervantes (1547-1616).

Giovanni Boccaccio, man of letters from 14th Century Florence, presents a case in point. In his masterwork, *The Decameron*, which was written in 1350, in the immediate aftermath of the Black Death, Boccaccio foregoes the moralistic or didactic approach, in order to recount a series of stories, which were allegedly told by a group of young noblewomen and men who left Florence under the pall of the plague that was decimating the city, both physically and morally. In one tale after another, Boccaccio's characters poke fun at the venality of priests, husbands, wives, rulers, and others, exposing their hypocrisy, stupidity, and greed in a manner which cannot help but bring smiles, if not guffaws, to his readers' lips.

In his introduction to *The Decameron*, Boccaccio paints a horrific, and truthful, scene of the Florence which had been his home, and which suffered, as did much of Europe, from the deadly epidemic of Bubonic Plague which reduced the

population of Europe by anywhere from one-third to one-half. He notes the way in which the frightful disease destroyed the city, leading people to leave their families for the sake of self-preservation, or to take advantage of others who were unable to defend themselves or their own interests. Rich and poor, virtuous and debauched, all were stricken and left bereft.

"Some people were of the opinion that a sober and abstemious mode of living considerably reduced the risk of infection," he writes. "They refrained from speaking to outsiders, refused to receive news of the dead or the sick, and entertained themselves with music and whatever other amusements they were able to devise. . . . Others took the opposite view, and maintain that an infallible way of warding off this appalling evil was to drink heavily, enjoy life to the full, go around singing and merry-making, gratify all of one's cravings whenever the opportunity offered, and shrug the whole thing off as one enormous joke," Boccaccio wrote.

"In the face of so much affliction and misery, all respect for the laws of God and man had virtually broken down and been extinguished in our city," he observed.

Could there be a more apt summary of the collapse of culture today, in terms of the willful refusal of most sections of the population to face, and deal with, the reality of the spread of poverty and despair? Yet, rather than preach, Boccaccio chose to tell often bawdy stories which would make his readers laugh at themselves, and their rulers, and thus prepare themselves to rise above their petty concerns to deal with the problems they faced.

Like Colbert, Boccaccio was attacked for having taken "too many liberties" with his language and subject, thus offending the "proper" sensibilities of his readers. He points out that the corruption is in the mind of the reader, not the language. After all, how many people who have steeped themselves in the Holy Scripture, have led themselves and others to perdition?

The Laughter of Rabelais

Physician, poet, and monk, François Rabelais' name has become virtually synonymous with the use of biting, ribald humor, as a means of taking on a stupefied, and fearful, population. Rabelais did his work in the early part of the 16th Century, writing his famous *Gargantua and Pantagruel* in 1532. This was a period of increasingly intense religious



Miguel Cervantes' *Don Quixote* takes the reader into the world of insanity of the crazed knight—which reflects back on the ills and lunacy of the Spain of his time. Here, Quixote with the prostitute Maritornes, whom he hails as the epitome of virtue. Illustration by Gustave Doré.

conflict, under the dominance of the Hapsburg dynasty and the Venetians, a conflict that would eventually lay waste to central Europe in the 1618-1648 Thirty Years War.

Rabelais was a follower of the humanist Desiderius Erasmus (who himself wrote a famous humorous book entitled *In Praise of Folly*), who was dedicated to trying to overthrow the Aristotelian horrors which had taken over the minds of the educated and uneducated alike in France. But, how to do it? In the period he was writing, those who criticized the clergy were subject to immediate retaliation, including the possibility of being convicted of heresy and burned at the stake. Rabelais' chosen recourse was humor.

"Better to laugh, than to end up roasted like grilled herrings," declared Pantagruel, one of Rabelais' larger-than-life heroes. With this in mind, Pantagruel, and his father Gargantua, are presented by Rabelais as carrying out outrageous, and outrageously funny, assaults on backward monks, manipulative and hypocritical churchmen, scholastic teachers, lawyers, courtiers, and any ordinary, small-minded individuals who clung to the feudal disease of oligarchism.

In his introduction to *Gargantua*, Rabelais presents a case for his approach. He argues that, "it is better to write about laughter than about tears, since laughter is the characteristic of man," and urges his readers to look deeper into his stories than the surface. He writes:

"Now what do you think is the purpose of this preamble, of this preliminary flourish? Is it that you, my good disciples and other leisured fools, in reading the pleasant titles of

certain books of our invention, such as *Gargantua*, *Pantagruel*, *Toss-Pint*, *On the Dignity of Codpieces*, *Of Peas and Bacon*, *Cum Commento*, may not too easily conclude that they treat of nothing but mockery, fooling, and pleasant fictions; seeing that their outward signs—their titles, that is—are commonly greeted, without further investigation, with smiles and derision. It is wrong, however, to set such small store by the works of men. For, as you yourself say, the clothes do not make the man; some wear a monkish cloak who are the very reverse of monkish inside, and some sport a Spanish cape who are far from Spanish in their courage. That is the reason why you must open this book, and carefully weigh up its contents. You will discover then that the drug within is far more valuable than the box promised; that is to say, that the subjects here treated are not so foolish as the title on the cover suggested.

"But even suppose that in the literal meanings you find jolly enough nonsense, in perfect keeping with the title, you must still not be deterred, as by the Siren's song, but must interpret in a more sublime sense what you may possibly have thought, at first, was uttered in mere light-heartedness."

Cervantes' 'Don Quixote'

Following fast on the heels of Rabelais was Spain's most famous humorist, Miguel Cervantes, who lived under two of the most cruel Inquisition-run Hapsburg tyrants of that nation, Kings Philip II and III. Cervantes wrote his immortal *Don Quixote* in the early 1600s, as a hilarious means of

holding up a mirror to the decadent society of which he was a part.

Cervantes too was an Erasmian, who used humor to present one paradox after another to his readers. He is widely thought to have modelled his Quixote on Philip II, a monarch who started off emitting good intentions, but ended up setting Spain on the path to decay, by clinging to the anti-Renaissance, Aristotelean Counter-Reformation.

A touch of the irony, and paradox, which Cervantes is invoking comes through in the statement by Don Quixote, which appears in Part II, Chapter 17:

“No doubt, senor Don Diego de Miranda, you set me down in your mind as a fool and a madman, and it would be no wonder if you did, for my deeds do not argue anything else. But for all that, I would have you take notice that I am neither so mad nor so foolish as I must have seemed to you. A gallant knight shows to advantage bringing his lance to bear adroitly upon a fierce bull under the eyes of his sovereign, in the midst of a spacious plaza; a knight shows to advantage arrayed in glittering armour, pacing the lists before the ladies in some joyous tournament, and all those knights show to advantage that entertain, divert, and, if we may say so, honor the courts of their princes by warlike exercises, or what resemble them; but to greater advantage than all these does a knight-errant show when he traverses deserts, solitudes, crossroads, forests, and mountains, in quest of perilous adventures, bent on bringing them to a happy and successful issue, all to win a glorious and lasting renown.”

Cervantes thus poses the question: Who is the true madman? The Don who tilts at windmills? Or the Spanish grandee who gains honor by fighting a bull in front of his king? A similar question could be asked today, as, in fact, Colbert did: Who is the bigger fool? The President who chooses his opinions by the “gut,” regardless of truth? Or the press (and implicitly, population) which permits him to do that, or does the same?

Whither the Bush Administration?

Colbert’s roast brought some devastating truth to light, regardless of the “official” denials that have prevailed. And, in its aftermath, the process of disintegration of the Bush Administration which that roast reflected, has continued apace.

The President’s popularity has sunk even lower, and his Administration’s grip on the Congress, specifically, the ruling Republican leadership, continues to be precarious, and slipping. Only the pusillanimity of the Democratic Party leadership prevents the Congress from acting to reassert its constitutional powers, and to derail the plunge into a Dark Age which will be equivalent to, or worse than, that which Boccaccio and his contemporaries faced.

But ultimately, as LaRouche’s comments imply, the obstacle to the Democrats, and sane Republicans, taking the



Panurge seeks the advice of Pantagruel and his friends as to whether he should marry.

“Better to laugh, than to end up roasted like grilled herrings,” declared Pantagruel, one of Rabelais’ larger-than-life heroes, whom we see depicted here with his father Gargantua. Rabelais took this same approach in roasting his opponents with humor.

right action, is that they are controlled by the same cultural disease which has produced George W. Bush, and his Administration. Beneath the varying political positions, lies an axiomatic commitment to choosing comfort, and “feelings,” and all other kinds of sophistry, over the necessity of tackling the problems of mankind by application of thought, principle, and truth. The way in which certain leading liberal columnists and legislators, including Democratic Minority Whip Steny Hoyer (Md.), rushed to attack Colbert, exemplifies the seriousness of this problem.

Fortunately, there is a solution at hand, as the emergence of the LaRouche Youth Movement’s role in the Democratic Party, and the ever-increasing credibility of LaRouche’s approach to the crisis, demonstrate. We can not only afford to laugh at Colbert’s brave, and incisive, roast of the President; we can’t afford not to.

Colbert Slams Bush and The Hypocritical Press

A transcript of Steven Colbert's remarks to the White House Correspondents' Dinner, April 29, 2006, appears below. Source: <http://dailykos.com/storyonly/2006/4/30/1441/59811>.

Stephen Colbert: Thank you, ladies and gentlemen. Before I begin, I've been asked to make an announcement. Whoever parked 14 black bulletproof S.U.V.'s out front, could you please move them? They are blocking in 14 other black bulletproof S.U.V.'s, and they need to get out.

Wow. Wow, what an honor. The White House correspondents' dinner. To actually sit here, at the same table with my hero, George W. Bush, to be this close to the man. I feel like I'm dreaming. Somebody pinch me. You know what? I'm a pretty sound sleeper—that may not be enough. Somebody shoot me in the face. Is he really not here tonight? Dammit. The one guy who could have helped.

By the way, before I get started, if anybody needs anything else at their tables, just speak slowly and clearly into your table numbers. Somebody from the NSA will be right over with a cocktail. Mark Smith, ladies and gentlemen of the press corps, Madame First Lady, Mr. President, my name is Stephen Colbert and tonight it's my privilege to celebrate this President. We're not so different, he and I. We get it. We're not brainiacs on the nerd patrol. We're not members of the factinista. We go straight from the gut, right sir? That's where the truth lies, right down here in the gut. Do you know you have more nerve endings in your gut than you have in your head? You can look it up. I know some of you are going to say I did look it up, and that's not true. That's cause you looked it up in a book.

Next time, look it up in your gut. I did. My gut tells me that's how our nervous system works. Every night on my show, the Colbert Report, I speak straight from the gut, OK? I give people the truth, unfiltered by rational argument. I call it the "No Fact Zone." Fox News, I hold a copyright on that term.

I'm a simple man with a simple mind. I hold a simple set of beliefs that I live by. Number one, I believe in America. I believe it exists. My gut tells me I live there. I feel that it extends from the Atlantic to the Pacific, and I strongly believe it has 50 states. And I cannot wait to see how the *Washington Post* spins that one tomorrow. I believe in democracy. I believe democracy is our greatest export. At least until China figures out a way to stamp it out of plastic for three cents a unit.

In fact, Ambassador Zhou Wenzhong, welcome. Your great country makes our Happy Meals possible. I said it's a

celebration. I believe the government that governs best is the government that governs least. And by these standards, we have set up a *fabulous* government in Iraq.

I believe in pulling yourself up by your own bootstraps. I believe it is possible—I saw this guy do it once in Cirque du Soleil. It was magical. And though I am a committed Christian, I believe that everyone has the right to their own religion, be you Hindu, Jewish, or Muslim. I believe there are infinite paths to accepting Jesus Christ as your personal savior.

Ladies and gentlemen, I believe it's yogurt. But I refuse to believe it's not butter. Most of all, I believe in this President.

Now, I know there are some polls out there saying this man has a 32% approval rating. But guys like us, we don't pay attention to the polls. We know that polls are just a collection of statistics that reflect what people are thinking in "reality." And reality has a well-known liberal bias.

So, Mr. President, please, pay no attention to the people that say the glass is half full. 32% means the glass—it's important to set up your jokes properly, sir. Sir, pay no attention to the people who say the glass is half empty, because 32% means it's 2/3 empty. There's still some liquid in that glass is my point, but I wouldn't drink it. The last third is usually backwash. Okay, look, folks, my point is that I don't believe this is a low point in this Presidency. I believe it is just a lull before a comeback.

I mean, it's like the movie "Rocky." All right. The President in this case is Rocky Balboa and Apollo Creed is—everything else in the world. It's the tenth round. He's bloodied. His corner man, Mick, who in this case I guess would be the Vice President, he's yelling, "Cut me, Dick, cut me!," and every time he falls everyone says, "Stay down! Stay down!" Does he stay down? No. Like Rocky, he gets back up, and in the end he—actually, he loses in the first movie.

OK. Doesn't matter. The point is it is the heart-warming story of a man who was repeatedly punched in the face. So don't pay attention to the approval ratings that say 68% of Americans disapprove of the job this man is doing. I ask you this, does that not also logically mean that 68% approve of the job he's not doing? Think about it. I haven't.

I stand by this man. I stand by this man because he stands for things. Not only for things, he stands *on* things. Things like aircraft carriers, and rubble, and recently flooded city squares. And that sends a strong message, that no matter what happens to America, she will always rebound—with the most powerfully staged photo ops in the world.

Now, there may be an energy crisis. This President has a very forward-thinking energy policy. Why do you think he's down on the ranch cutting that brush all the time? He's trying to create an alternative energy source. By 2008 we will have a mesquite-powered car!

And I just like the guy. He's a good joe. Obviously loves his wife, calls her his better half. And polls show America agrees. She's a true lady and a wonderful woman. But I just have one beef, ma'am.

I'm sorry, but this reading initiative. I'm sorry, I've never



President Bush became more and more enraged as Colbert continued, and finally left in a white fury.



In what people thought was going to be a spoof, comedian Stephen Colbert ironically exposed the truth about President Bush and his Administration, and went after the media for its complicity in the Administration's disastrous policies.

been a fan of books. I don't trust them. They're all fact, no heart. I mean, they're elitist, telling us what is or isn't true, or what did or didn't happen. Who's *Britannica* to tell me the Panama Canal was built in 1914? If I want to say it was built in 1941, that's my right as an American! I'm with the President, let history decide what did or did not happen.

The greatest thing about this man is he's steady. You know where he stands. He believes the same thing Wednesday that he believed on Monday, no matter what happened Tuesday. Events can change; this man's beliefs never will. As excited as I am to be here with the President, I am *appalled* to be surrounded by the liberal media that is destroying America, with the exception of Fox News. Fox News gives you both sides of every story: the President's side, and the Vice President's side.

But the rest of you, what are you thinking, reporting on NSA wiretapping or secret prisons in eastern Europe? Those things are secret for a very important reason: they're super-depressing. And if that's your goal, well, misery accomplished. Over the last five years you people were so good—over tax cuts, WMD intelligence, the effect of global warming. We Americans didn't want to know, and you had the courtesy not to try to find out. Those were good times, as far as we knew.

But, listen, let's review the rules. Here's how it works: the President makes decisions. He's the decider. The press secretary announces those decisions, and you people of the press type those decisions down. Make, announce, type. Just put 'em through a spell check and go home. Get to know your family again. Make love to your wife. Write that novel you got kicking around in your head. You know, the one about the intrepid Washington reporter with the courage to stand up to the administration. You know—fiction!

Because really, what incentive do these people have to answer your questions, after all? I mean, nothing satisfies you.

Everybody asks for personnel changes. So the White House has personnel changes. Then you write, "Oh, they're just rearranging the deck chairs on the Titanic." First of all, that is a terrible metaphor. This Administration is not sinking. This Administration is *soaring*. If anything, they are rearranging the deck chairs on the Hindenburg!

Now, it's not all bad guys out there. Some are heroes: Christopher Buckley, Jeff Sacks, Ken Burns, Bob Schieffer. They've all been on my show. By the way, Mr. President, thank you for agreeing to be on my show. I was just as shocked as everyone here is, I promise you. How's Tuesday for you? I've got Frank Rich, but we can *bump him*. And I mean bump him. I know a guy. Say the word.

See who've we got here tonight. General Moseley, Air Force chief of staff. Gen. Peter Pace, chairman of the Joint Chiefs of Staff. They still support Rumsfeld. Right, you guys aren't retired yet, right? Right, they still support Rumsfeld.

Look, by the way, I've got a theory about how to handle these retired generals causing all this trouble: don't let them retire! Come on, we've got a stop-loss program; let's use it on these guys. I've seen Zinni and that crowd on Wolf Blitzer. If you're strong enough to go on one of those pundit shows, you can stand on a bank of computers and order men into battle. Come on.

Jesse Jackson is here, the Reverend. Haven't heard from the Reverend in a little while. I had him on the show. Very interesting and challenging interview. You can ask him anything, but he's going to say what he wants, at the pace that he wants. It's like boxing a glacier. Enjoy that metaphor, by the way, because your grandchildren will have no idea what a glacier is.

Justice Scalia is here. Welcome, sir. May I be the first to say, you look fantastic. How are you? [After each sentence,

Colbert makes a hand gesture, an allusion to Scalia's recent use of an obscene Sicilian hand gesture in speaking to a reporter about Scalia's critics. Scalia is seen laughing.] Just talking some Sicilian with my *paisan*.

John McCain is here. John McCain, John McCain, what a maverick! Somebody find out what fork he used on his salad, because I guarantee you it wasn't a salad fork. This guy could have used a spoon! There's no predicting him. By the way, Senator McCain, it's so wonderful to see you coming back into the Republican fold. I have a summer house in South Carolina; look me up when you go to speak at Bob Jones University. So glad you've seen the light, sir.

Mayor Nagin! Mayor Nagin is here from New Orleans, the chocolate city! Yeah, give it up. Mayor Nagin, I'd like to welcome you to Washington, D.C., the chocolate city with a marshmallow center. And a graham cracker crust of corruption. It's a Mallomar, I guess is what I'm describing, a seasonal cookie.

Joe Wilson is here, Joe Wilson right down here in front, the most famous husband since Desi Arnaz. And of course he brought along his lovely wife Valerie Plame. Oh, my god! Oh, what have I said? [looks horrified] I am sorry, Mr. President, I meant to say he brought along his lovely wife, Joe Wilson's wife. Patrick Fitzgerald is not here tonight? OK. Dodged a bullet.

And, of course, we can't forget the man of the hour, new press secretary, Tony Snow. Secret Service name, "Snow Job." Toughest job. What a hero! Took the second toughest job in government, next to, of course, the ambassador to Iraq.

Got some big shoes to fill, Tony. Big shoes to fill. Scott McClellan could say nothing like nobody else. McClellan, of course, eager to retire. Really felt like he needed to spend more time with Andrew Card's children. Mr. President, I wish you hadn't made the decision so quickly, sir.

I was vying for the job myself. I think I would have made a fabulous press secretary. I have nothing but contempt for these people. I know how to handle these clowns. In fact, sir, I brought along an audition tape, and with your indulgence, I'd like to at least give it a shot. So, ladies and gentlemen, my press conference.

'Audition Tape'

Colbert shows a video of a mock press conference. It opens with an empty podium; Colbert's head rises from behind the podium until he is standing at the podium. He addresses the assembled Washington press corps.

Colbert: I have a brief statement: The press is destroying America. OK, let's see who we've got here today (acknowledging various reporters)

Stretch! (David Gregory nods)

Sir Nerdlington! (reporter nods)

Sloppy Joe! (reporter nods)

Terry Lemon Moran Pie! (Terry Moran nods)

Oh, Doubting Thomas, always a pleasure. (Helen Thomas smiles)

And Suzanne Mal—hello!!

(Suzanne Malveaux stares at Colbert, looking unhappy. Colbert mimics putting a phone to his ear and mouths "call me.")

Reporter: Will the Vice President be available soon to answer all questions himself?

Colbert: I've already addressed that question. You (pointing to another reporter).

Bill Jones of EIR: Walter Cronkite, the noted CBS anchor—

Colbert: (interrupting) Ah, no, he's the *former* CBS anchor. Katie Couric is the new anchor of the CBS Evening News. Well, well, how do you guys feel about that? You, tousle-haired guy in the back. Are you happy about Katie Couric taking over the CBS Evening News?

Dan Rather: No, sir, Mr. Colbert. Are you?

Colbert: Boom! Oh, look, we woke David Gregory up. Question?

David Gregory: Did Karl Rove commit a crime?

Colbert: I don't know. I'll ask him. (Turns to Rove) Karl, pay attention, please! (Rove is seen drawing a heart with "Karl + Stephen" written on it.)

Gregory: Do you stand by your statement from the Fall of 2003 when you were asked specifically about Karl, and Elliott Abrams, and Scooter Libby, and you said, "I've gone to each of those gentlemen, and they have told me that they are not involved in this." Do you stand by that statement?

Colbert: Nah, I was just kidding!

Gregory: No, you're not finishing. You're not saying anything! You stood at that podium and said—

Colbert: (interrupting) Ah, that's where you're wrong. New podium! Just had it delivered today. Get your facts straight, David.

Gregory: This is ridiculous. The notion that you're going to stand before us after having commented with that level of detail, and tell the people watching this that somehow you've decided not to talk. You've got to—. (Colbert is seen looking at three buttons on the podium, labeled "EJECT," "GAN-NON" and "VOLUME." He selects the "VOLUME" button and turns it. Gregory's lips continue moving, but no sound comes out.)

Colbert: If I can't hear you, I can't answer your question. I'm sorry! I have to move on. Terry.

Terry Moran: After the investigation began, after the criminal investigation was under way, you said—. (Colbert presses



C-SPAN

EIR's Washington correspondent Bill Jones was shown at a White House briefing, in Colbert's spoof "audition tape," supposedly Colbert's attempt to get the job of White House press secretary.

a button on the podium and fast-forwards through most of Moran's question. Moran continues) All of a sudden, you have respect for the sanctity of a criminal investigation?

Colbert: (seen playing with rubber ball, which he is bouncing off an attached paddle) No, I never had any respect for the sanctity of a criminal investigation. Activist judges! Yes, Helen.

Helen Thomas: You're going to be sorry.

Colbert: (looking vastly amused, mockingly) What are you going to do, Helen, ask me for a recipe?

Thomas: Your decision to invade Iraq has caused the deaths of thousands (Colbert's smile fades) of Americans and Iraqis, wounds of Americans and Iraqis for a lifetime.

Colbert: (interrupting) OK, hold on Helen, look—

Thomas: (continuing) Every reason given, publicly at least, has turned out not to be true. My question is why did you really want to go to war?

Colbert: (again interrupting) Helen, I'm going to stop you right there. (Thomas keeps talking.) That's enough! No! Sorry, Helen, I'm moving on. (Colbert tries to turn her volume off, but the knob falls off his controls.)

(Various reporters start shouting questions at Colbert.)

Colbert: (agitated) Guys, guys, please don't let Helen do this to what was a lovely day. (Reporters keep shouting at him.)

Colbert: (putting his fingers over his ears and shouting in a high-pitched voice) Bllrrtt! No, no, no, no, no. I'm not listening to you! Look what you did, Helen! I hate you!

(Helen Thomas glowers at Colbert.)

Colbert: (frantic) I'm out of here! (Colbert pulls back the

curtain behind him, desperately trying to flee.) "There is a wall here!" (The press corps laughs. Colbert has difficulty finding a door from which to exit the room, echoing Bush's experience in China. He finally finds the door and hurries through it.)

Colbert: It reeks in there! Ridiculous! I've never been so insulted in my life! Stupid job. (He continues walking away. We hear sinister-sounding music playing. We see Helen Thomas walking behind Colbert. He looks behind him, sees Thomas, and starts running. He trips over a roller skate, and yells "Condi!" We see a close-up of Helen Thomas's face, looking determined and angry. Colbert, increasingly panicked, gets up and continues running, and dashes into a parking garage. He reaches an emergency call box, and yells into it.)

Colbert: Oh, thank God. Help me!

Attendant: What seems to be the problem, sir?

Colbert: She won't stop asking why we invaded Iraq!

Attendant: Hey, why *did* we invade Iraq?

Colbert: NO!!!

(He runs toward his car. We see Helen Thomas, still walking toward him. Colbert reaches his car, and fumblingly attempts to open it with his key. He is in such a desperate hurry that he fumbles with the keys and drops them. When he picks them up, he looks back and Helen is even closer. In his frantic rush, Colbert just can't get the keys into the lock. Just as his anxiety is getting completely out of control he suddenly remembers that he has a keyless remote—so he just pushes the button on the keychain and the car unlocks immediately with the usual double squeak noise. Colbert jumps in and locks the door, and continues to fumble trying to get the car started. He finally succeeds, and looks up to see Helen standing in front of the car, notepad in hand.)

Colbert: NO!!! NO!!!

(Colbert puts the car into reverse and drives off, tires squealing. Thomas smiles. Colbert is then shown taking the shuttle from Washington, D.C. to New York. A car and driver are waiting for him at Penn Station. The uniformed man standing alongside the car opens the door and lets Colbert in.)

Colbert: What a terrible trip, Danny. Take me home. (The driver locks the doors, turns around, and says, "Buckle up, hon." *IT'S HELEN THOMAS!!!*)

Colbert: (horrorified face pressed against car window) NO!!!

End of 'Audition Tape'

Colbert: Helen Thomas, ladies and gentlemen. Mr. Smith, members of the White House Correspondents Association, Madame First Lady, Mr. President, it's been a true honor. Thank you very much. Good night!

LaRouche Youth to California Dems: Don't Go Down With Rohatyn!

by Harley Schlanger and Aaron Halevy

The LaRouche Youth Movement (LYM), which was born in California during the 2000 Presidential campaign, has emerged as a growing force in the state Democratic Party, as was evident when more than 2,000 delegates convened in Sacramento on April 28. It is not due solely to numerical strength, although there were more than 150 LYM members attending the convention, out of which at least a dozen were themselves delegates, and many more have become active members of, and participants in, the various party caucuses.

What the LYM provides the party is an intellectual force, which is vital if the Democrats wish to capitalize on the ongoing free-fall of the Bush Administration, to win back the House of Representatives and the Senate this fall, as well as to remove the Shultzian fascist Arnold Schwarzenegger from the office of Governor of California.

The LaRouche Youth deployment was centered on the battle to bring the party back to the legacy of Franklin Roosevelt. Highlighting the theme of Lyndon LaRouche's April 27 webcast—that the post-Greenspan era is characterized by an exploding hyperinflation in commodities, which threatens to blow out the world financial system—the LYM members insisted that adopting LaRouche's anti-Depression, FDR-style program, of Federal credit for infrastructure, combined with bankruptcy reorganization, will rally the party faithful and inspire millions of new voters to step forward.

Instead, the timidity and pragmatism displayed by many party leaders in Sacramento, combined with the prominent role played by Felix Rohatyn's Democratic Leadership Council (DLC), which is attempting to impose its "Bush-lite" agenda, means that, as unpopular as the Bush-Cheney-Schwarzenegger trio has become, the Democrats could still blow the 2006 elections.

For that reason, the deployment of the LYM at the convention and into November, represents the best hope for the millions of Americans who have suffered under the present corrupt and immoral Cheney-Bush regime, that there will be a change in the Democratic Party, which will guarantee a landslide in the midterm elections.

The Two Faces of the Dems

Many Democrats, both rank-and-filers, and party leaders and candidates, were wide open to engaging in dialogue

with LYM organizers, who represent the living presence of FDR. The LYM brought this to the convention, both at the booth of the Franklin Roosevelt Legacy Club, which was recently accredited by the Los Angeles Democratic Party Central Committee, and through the mass distribution of the "Prolegomena for a Party Platform: The Legacy of Franklin Roosevelt," drafted by Lyndon LaRouche. The open discussion of FDR's policies represents a marked contrast to past Democratic Party conventions, at which the memory of FDR was largely ignored.

However, with the exception of a reference to reviving the FDR tradition by House Minority Leader Nancy Pelosi, at a Women's Caucus meeting, and a more substantive call to return to FDR by former Sen. Max Cleland of Georgia, it was the LYM spokesmen who brought this tradition back to life. LYM representatives who addressed caucuses—among them, the African-American, Asian and Pacific Islands, Filipino, and the Veterans' caucuses—spoke of the importance of not simply referring to FDR, but of rallying the population to a new, updated set of policies, which apply the economic method he used to beat the Depression in the 1930s.

The LYM speakers at these caucuses also identified how the Democratic Party has turned its back on FDR, by joining the Republicans in supporting the modern form of neo-feudalism—globalization, free trade, and deregulation—which has wrecked our nation's once-productive manufacturing base and family farms. They pointed to the role of the so-called "New Democrats" of the DLC, now under the policy direction of Wall Street Synarchist Rohatyn, who has joined with his old pal George Shultz, to promote a radical restructuring of the global economy, based on privatization and the destruction of the nation-state.

While many delegates expressed concerns about free trade and globalization, very few have considered making rejection of these policies a key demand of the party platform.

Felix and Shultz, Together Again

To back up this point, the LYM distributed large numbers of the LaRouche PAC pamphlet, "Stop the Shultz-Rohatyn Cabal Behind Halliburton's War," and briefed delegates on



EIRNS/Brendon Barnett

Members of the LYM chorus sing political canons at the Democratic State Convention in Sacramento, Calif. April 28. Delegates were warned to resist the takeover of the party by synarchists Felix Rohatyn and George Shultz.

Rohatyn's recent statement at a forum in Washington, D.C., that FDR is no longer a viable option for Democrats!

Although most Democrats claimed to know little of Rohatyn directly, it is clear they have been affected by his, and the DLC's sophistry; and that they have also been bought off by his promises of Wall Street money, if they reject the Roosevelt legacy. This was evident in the vacuous "New Economy" rhetoric of former eBay executive Steve Westly, who is currently ahead in the polls in the battle for the Democratic Party nomination for governor: Westly's idea of infrastructure is the "wired economy," through expanded use of broadband "technology."

His opponent, State Treasurer Phil Angelides, has his own Rohatyn connection, despite his rhetorical allegiance to the FDR tradition. In 2002, he joined with Rohatyn to promote the use of state employee pension funds for infrastructure investment. This is a key part of Rohatyn's deceptive attack on FDR, as he claims that Federal credit is no longer necessary to fund infrastructure projects, since there is so much money available in public funds, such as pensions, and private funds,

such as unregulated hedge funds. His hidden agenda in this is the same as Shultz's, who crafted a phony infrastructure plan for Schwarzenegger.

Under the Shultz-Rohatyn Chile model—which was first implemented during their collaboration as the controllers of the fascist Pinochet dictatorship—public pension funds will be looted to build the projects. Then, when the state cannot afford to pay back the bonds, the projects will be privatized, with the public gouged by high tolls and user fees, paid to the private owners.

By the end of the convention, the warning from LaRouche to the Democrats had been hammered home by the LYM: If the Democrats stick with Rohatyn, they will go down with Rohatyn. This registered with leading supporters of Angelides, who requested follow-up discussions with representatives of the LYM.

Angelides won the party's official endorsement at the convention, with more than 60% of the delegates' votes.

The Stench of Pragmatism

The deeper problem for the party, which is reflected in the addiction to Rohatyn's Wall Street money and the failure



EIRN/Brendon Barnett

The LYM organizers' banner takes up the slogan of Kesha Rogers, the LYM member currently campaigning for chairman of the Texas Democratic Party.

to even acknowledge the cascading economic and financial crisis, is seen in the “pragmatic” approach to the 2006 elections. This is not limited to California, but has been crippling the party nationally, especially since the failure to stop the nomination to the Supreme Court of Judge Samuel Alito—an avowed follower of the doctrines of the chief Nazi jurist, Carl Schmitt.

Some leading Democrats have been saying that there is no reason, at present, to put forward a serious platform. Instead, the strategy should be to get out of the way of the “train wreck” which is the Bush Administration, and pick up the pieces later. LaRouche has compared this to the “first Hitler, then us” approach adopted by the Social Democratic Party in Germany in 1933, which refrained from combatting Hitler, with the absurd justification that he would be so disastrous, that the voters would reject the Nazis and turn to them.

The Democrats should have learned, from the 2004 campaign, that the dangerous idiocy of the first four years of the Cheney-Bush Administration did not assure that voters would rally to an “anti-Bush” campaign, but required something more—a program to reverse the economic crisis and the threat of new wars.

For some California Democrats, there is a naïve belief that the state is “true blue.” Those holding this view believe that the Schwarzenegger election was an anomaly. They seem to have forgotten that Bill Clinton was the first Democrat to win California since Lyndon Johnson in 1964, and that Gray Davis was the first Democrat in 16 years to be elected governor.

The failure of the Democrats to capitalize on the dramatic defeat administered to Schwarzenegger last November, when every one of his pet initiatives were rejected, decisively, by the voters—in a campaign in which the LYM played a crucial role—has enabled Shultz’s Golem to regain his footing. He outflanked the Democrats by offering a phony infrastructure plan, funded by an elaborate scheme based on increasing the state’s indebtedness, a scheme which has the fingerprints of Shultz and his old crony Rohatyn all over it.

Democrats can point to “recent demographic trends” which seem to favor the Democratic Party, but trends do not bring out voters; energetic, passionate activists, with a program to advance the general welfare, are needed to mobilize a demoralized population in a time of profound crisis. This is why the LYM is growing, both in size and influence. In preparation for the convention in Sacramento, LYM members held a weekend cadre school (see accompanying article) and a “Week of Action” in the San Francisco Bay area, to develop the qualities necessary for a sweep in 2006.

It is clear that many Democrats are listening to what their youthful colleagues in the LYM are saying. Now, it is up to them to embrace the bold historic mission that the LYM is bringing to the Party.

LYM Cadre School: Making a Renaissance

by Anna Shavin and Ali Sharaf, LYM

The idea for a Week of Action spanning the LaRouche Youth Movement’s (LYM) West Coast cadre school April 22-23, and the Democratic Party Convention in Sacramento April 28-29, developed out of a proposal by LYM member Oyang Teng, who recognized that the Convention would give our work national significance. California is now the center of the fight between Lyndon LaRouche and Felix Rohatyn, and the Democratic Convention that we will be walking into, will be the site of a meeting on the call for impeachment of both Bush and Cheney by the State Legislature.

And the moment is only this great because we have prepared to make it great.

Two months ago, LYM members in Los Angeles created a reading list around the program LaRouche has outlined, which is available on the LYM website (www.wlym.com). The list was created as a curriculum which would give us the concepts to carry out the sharpest organizing possible at the convention. The main emphasis is on LaRouche’s economics and epistemology: The list includes *Scientific Thought as a Planetary Phenomenon* and other works by V.I. Vernadsky, the Reports to Congress by Alexander Hamilton, and various intelligence reports from *EIR*. The list was chosen to focus the work on LaRouche’s core concepts, to show the policymakers why certain projects are necessary; and the fight over how to fund them is crucial.

Up and down the coast, LYM Monge Brigades approached the task in different ways: Some divided the work up and reported back to each other, while other groups focused on one aspect to master. In Seattle, groups were created to look at the different areas, and each gave a class on a subject. This is where the classes during the Week of Action are coming from. Then we took on the big one: working through Riemann’s “Habilitation Dissertation” at the cadre school. And that now opens up more of a discussion on work we have done on the Gauss papers on curvature, making the connection to the mathematics and to the LaRouche-Riemann concept of measurement more clear.

The other driver for this event is our organizing. We are asserting LaRouche’s and the movement’s role in a much more up-front way. There is confidence that what we are doing is better than what anyone else is doing, and it’s really fun. As Sky Shields noted about the campuses, anyone looking for the best will gravitate towards what we are



EIRNS/Robert Detloff

At the LYM West Coast cadre school April 22-23, Jason Ross used a copper wire, plunged into soapy water, to form a bubble in the shape of a catenoid. He showed that the oscillating circles taken at any given moment on the curve show that the forces on either side must be equal.

doing, and from that standpoint, our recruitment potential is unlimited.

‘The Most Important Event of Our Lives’

Cody Jones opened up the cadre school by declaring, “This is the most important event of our lives.” He identified the various financial bubbles of the economic collapse, and then hit on the denial of reality that is driving the response of the Baby Boomer generation.

The Oakland office has been looking at the characteristics of minimal surfaces. And to introduce the concept of potential for their presentation on the Apollo Project, Jason Ross worked through some real bubbles. He stuck copper wire in a bucket of soap and showed that the shape of the bubble (a catenoid) is determined by its attempt to minimize the total force. He showed that the oscillating circles taken at any given moment on the curve show that the forces on either side must be equal. Why does space do that? What would it be like if space wasn’t organized according to least action? We ended promptly at 12 midnight, to make sure people were up for breakfast at 6:30 a.m. and LaRouche’s cadre school presentation at 8 a.m.

After LaRouche addressed us by telephone, a contact from Seattle came up to at least two organizers proclaiming, “I can’t go back to class after this!” He will be organizing with us this week.

Jeff Steinberg presented to us the two-phase process in which the U.S. Constitution was formed. He began with the crucial role that the young generals played, that is, Lafayette,

Hamilton, and also von Steuben, especially, the absolutely important roles that Lafayette and Hamilton played in the first and second phases of the revolution. It was a fight all the way until the last signature was placed on the Constitution, and even then, the fight was not over, but was taken further by Lincoln with the Emancipation Proclamation. That this is living history, which continues into our Week of Action and the convention intervention, was made very clear.

Riemann’s ‘Habilitation Dissertation’

Next, there was an extended six-hour read-through of Riemann’s 1854 “Habilitation Dissertation.” All 140 youth got a copy of the 1854 paper, and then the six-hour “jihad” started.

“Plan of the investigation”: The first section contains the concept of the whole paper. So, after reading each paragraph, there was explanation with a small pedagogy. Travis Johnson tackled the assumptions of Euclid. Tarranja Dorsey, to demonstrate a mode of determination that is continuous, passed out crayons and had the group try to order their colors. We worked with a paper

square and tried to measure the side of the square with its diagonal by folding. Oops! Not so easy. There is no piece of the side by which there can be found an entity that can measure the hypotenuse. The so-called facts we get in our schooling about geometry are only hypotheses, and their certainty is not at all self-evident.

So, how do you measure the length of a line that wraps around a cone? Or the length of a line where something is not linear? Mike Steger and Ross used this to look at what Riemann develops in Section 2: that the length of a line must be independent of position. You need a different idea of length, as a fixed location, explained Ross using the example of a balloon, full of air, which is let go. As it travels around the room, it is releasing air, the pressure, volume, x and y change, according to what? What is the measure that determines the rest of the components? In this case, time. In that way, you’ve created a line that is outside of position.

Shields began by developing Kaestner’s defense of Leibniz, and then used elements of the Leibniz-Clarke debate to show how Leibniz uses 1) the principle of contradiction, and 2) sufficient reason. Jones looked at the real world application of Riemann in Vernadsky. Six hours wasn’t enough time to master the entire Dissertation! But now, people have an idea where we can go.

Creating ‘Renaissance Men and Women’

In the evening, Michele Steinberg gave us the history of the National Caucus of Labor Committees, LaRouche’s philosophical association. A member is to be a Renaissance

Man or Woman, engaged in study of economics, physical science, and areas of music and art and philology: At a certain point, a field should be studied at the level and effort of a Ph.D. course. She went through the political work of the Labor Committees, and showed how every individual fight that they faced always came from the flank that LaRouche was executing, based on what was happening in the world at that moment.

The roving wake-up singing crew made the rounds at 6:30 a.m. again, and we began the day with the significance of the LaRouche-Riemann method as applied to the Apollo program. This work came out of a section of LaRouche's "Powers Are Always Universals: Cauchy's Infamous Fraud" paper (*EIR*, April 1, 2005). Before discussing the specific aspects of the Apollo Project, we set up a physical concept of potential (from Gauss's paper). Ross followed up on the work he was doing on Friday night, to pose the difference between measuring objects (the heights of two people) and measuring principles, using *vis viva* as his example. Liona Fan-Chiang described the spinoffs that came from NASA, making the point that everything that has been produced in the past 50 years is related to the space program. Oyang Teng discussed the role that a nation-state plays in a science driver. People think about this totally wrong. He showed that President Kennedy drove the whole project from the standpoint of accomplishing the impossible, totally aware of the effects it would have on private industry and spinoffs. The most human quality about government is that it acts as an organizing principle, driven by the idea that the future has an efficient reality. And that contributed to the science of the space program, because as science gets farther away from production, it gets more and more weird. Jonathan Stuart presented the areas of science that LaRouche has put out there—optical biophysics, increased energy densities, and particle-beam technology.

Do you know how wonderful nature is? That potentially dangerous question led into a discussion of the complex functions a leaf carries out, for example, the coordination of the chloroplasts to harness the Sun's energy. Imagine standing in the middle of a nuclear reactor, the amount of noise, vibrating, and heat that you would sense. How does the leaf stay so calm, cool, and collected?

After the Apollo presentation, Harley Schlanger introduced the first Haydn string quartet by Mozart. Schlanger, Myhoa Steger, Anna Shavin, and Eric Thomas, played the quartet (K. 387) to demonstrate the Bachian principles in Mozart-Haydn collaboration.

The political discussion at the end of the weekend was very focussed on the upcoming week's deployment. We concentrated on the point that LaRouche had made: that the Youth Movement is now ready for adulthood. If you see yourself as the vanguard of leadership, you need to think about the generations coming after you. So, we are looking forward to challenges we don't expect, which will cause us to be better than we are today.

LYM Brings Beauty to Baltimore 'Death Zone'

by Ted Smith

I am the director of a community center in one of the "death zones" of Baltimore.* I was interviewed by *EIR* as part of the Baltimore Project. In a question and answer after one of Lyndon LaRouche's webcasts, I asked him for marching orders so that I can best affect this community. Lyn advised me to involve the community in singing, which will inspire them.

I contacted members of the Washington office of the LaRouche Youth Movement, and they began singing classes on Mondays. We had two classes of about 4-5 middle-school-aged students. It was a very different experience for the students. On the one hand, it intrigued them; but their attention was probably garnered for about 15 minutes. After a couple of classes, I began to have discussions with members of the LYM to figure out how to strategically inspire this community. We agreed that the best way would be to have a full-fledged ensemble sing for the community. The kids and the community at large need to see the finished product.

A couple of times a month, we have a community meal where parents, community members, and students are invited. At our latest gathering, the LYM sang three selections. Two of them were in foreign languages, and one was in English. There were approximately 40 people present. To be honest, I was fearful at the response to an all-white, opera-sounding ensemble singing in the "heart of the 'hood." I believe in the beauty of Classical music, but this was truly an experience where the "rubber met the road."

I was counting on my youngsters (5th and 6th graders) to be engaged, while I prayed for my older youth (12-15) to just be orderly. Ironically, the opposite occurred. The older youth, who are struggling in school (and are seriously at-risk for criminal activity) were the most engaged. When Jennifer Getachew (the director of the chorus) asked the crowd questions at the end of each selection, they provided very thoughtful answers. Those youth were the most spellbound by a beautiful performance. I could not help but think that those most entrenched in ugliness are primed to appreciate beauty (especially when they may have never seen it before).

*The deindustrialization of Baltimore has turned what was once a center of innovation and industry into a decayed shell, where impoverished neighborhoods have become petri dishes for disease, drugs, and crime. See *EIR*, Jan. 6, 2006.

A Challenge

The older youth were answering questions about musical selections that were in foreign languages. I was thinking to myself, "What is happening here?" I have never witnessed anything quite like this in my life. After all three selections were presented, Jennifer asked the crowd who wanted to become part of a chorus. About three hands went up. Then, the same group that was the most spellbound began to jokingly volunteer some of their peers to become part of the chorus. While they may have appreciated the beauty of the performance, it is simply not popular to sing Classical music.

Everyone sat down to eat, and enjoyed their meals. There was a buzz in the air, but it was still very serene. This was simply a different experience, and the kids were more orderly, because of it.

However, the LYM would not give up in their determination to get some of the kids to defy popular opinion and join the chorus. Then, the shocker of the evening came: The LYM challenged members of our basketball team to a game. If the LYM won, then the kids would have to sing. My jaw dropped. It was one thing to engage some of these kids in singing, but I seriously thought that the LYM are out of their minds. This is not Capitol Hill; this is a basketball game played in the 'hood!

The whole place was electric. The kids were definitely not going to back down from a challenge. They were laughing, and arguing amongst themselves who would be the four-some to slaughter the LYM. After the kids shot for a chance to make the team, the game was played. It was a game to 11. The LYM surged to an early lead, which stunned the crowd and the players. No one left, while this game was being played. There was a drama in the making. The kids battled back to even the score at 10-10. Now, the winner would have to win by two. Both sides were tired, but the LYM looked a little more worn. However, they were not to be denied, as they won a very hard-fought game. The kids were stunned, but the LYM earned their respect. There was no arguing during this game or dirty fouling (events that I witness often amongst the kids).

After the LYM left, I talked with three of the kids. They said that they were okay with singing: Fair is fair. They asked me for my opinion of the game. "Why did we lose, Mr. Smith?" I told them that the LYM played completely as a team, and there is a principle driving them that cannot be measured. For some reason unbeknownst to me, God has

blessed them to become acquainted with this principle as well.

I have a sneaking suspicion that there may be a revolution brewing in East Baltimore. There is a light that is glowing in the midst of a lot of darkness. The LYM is sparking a chorus, defying all popularly conceived rules in the process. I thank God that the LYM believe that the kids of Collington Square deserve a chance to experience beauty.



Courtesy of Ted Smith

Author Ted Smith (back left) with some of the young participants in choral work with the LaRouche Youth Movement, at a community center in the Collington Square neighborhood of Baltimore.



EIRNS/Brian McAndrews

The LYM chorus singing at a Washington, D.C. event last year.

Shays Promises Hearing On Contracting

If Rep. Chris Shays (R-Conn.), chairman of the National Security subcommittee of the House Government Reform Committee, is as good as his word, the Defense Department's management of contracts is going to come under closer scrutiny. Shays made his promise during an April 25 hearing on "progress" in Iraq, which heard from Comptroller General David Walker, the head of the Government Accountability Office (GAO). In his opening statement, Walker noted that the direct U.S. financial commitment in Iraq through fiscal year 2005 stands at \$278 billion, with another \$123 billion requested for fiscal years 2006 and 2007.

Despite these funds, Iraqi oil and electricity production are still below pre-U.S. invasion levels, and the \$18 billion U.S. commitment to reconstruction is largely obligated with little more in the pipeline. "Iraq will likely need more than the originally estimated \$56 billion in order to achieve the reconstruction and stabilization objectives," Walker said, "but it is unclear how Iraq will finance its reconstruction needs."

After responding to a series of questions from Rep. Henry Waxman (D-Calif.) on the oil and electricity sectors, Walker told Waxman: "the simple fact is, is that the contracting area has been GAO's high risk list for the Defense Department for many years, and Iraq is no exception." Part of the problem, he noted, is that the Pentagon tends to pay awards and incentive fees regardless of the results. "They pay for effort," he said, "and that's it, not results."

In response to further questions from Rep. Dutch Ruppersberger (D-Md.), Walker told the subcommittee that in the Defense Department "there

have been serious, long-standing, systemic problems in the contracting area where, irrespective of the results achieved, that neither the executive branch nor the legislative branch has held the appropriate people accountable." At that point, Shays interrupted Walker to tell him, "You give us a list of some contractors, some areas within DoD that need a look, and we will have a hearing or a series of hearings on that." He promised that, even if Halliburton is on that list, which it is likely to be, "We'll call them in. . . ."

Eleven Democrats File Suit Against Budget Law

Rep. John Conyers (D-Mich.), along with ten other Democratic members of the House of Representatives, filed suit, on April 28, against President Bush to stop the implementation of the budget reconciliation bill, because the version signed by Bush in February, was not the same as that voted on by the House. Previous suits filed against the bill are based on some particular group having to show that it was harmed by some provision in the bill. Conyers said on April 27, "After consulting with the foremost Constitutional experts in the nation, I determined that one group are injured by the entire bill: Members of the House. We were deprived of our right to vote on a bill that is now being treated as the law of the land."

Conyers noted that, according to the President and Republican Congressmen, laws no longer have to be passed by both houses, "forget your sixth grade civics lesson, forget the book they give you when you visit Congress." He said he has become "increasingly alarmed at the erosion of our Constitutional form of govern-

ment" under the Bush Administration. "If a President does not need one House of Congress to pass a law, what's next?" he asked.

A spokesman for House Speaker Dennis Hastert (R-Ill.) dismissed Democratic concerns as the result of a clerical error of no consequence.

Wounded Soldiers Hit by 'Financial Friendly Fire'

House Government Reform Committee chairman Tom Davis (R-Va.) convened a hearing, on April 27, to address the problem of what he termed "financial friendly fire." According to a Government Accountability Office (GAO) investigation, 1,300 battle-wounded soldiers who have since been separated from the Army, or who were killed in combat, have incurred \$1.5 million in debts solely as the result of mistakes made by the military pay system. In many cases, the Defense Department's attempts to resolve these debts have led to hardship for the wounded soldiers, and the reporting of these debts to credit bureaus and collection agencies.

Gregory Kutz, the director of Financial Management and Assurance at the GAO, pointed out that the number of 1,300 is only wounded soldiers separated from the military. "[T]he actual number of soldiers with debt problems is going to be far more significant than that," he said.

In his opening statement, Davis noted that "Almost without exception, the debts we're talking about are caused by a sluggish, misfiring pay system, not the soldier." He noted that the testimony about pay problems that the committee was about to hear "are not anomalous or isolated cases. They bring tragic proof that a Byzantine,

stove-piped system grinds on, all but impervious to fundamental change.”

The witnesses testifying ranged from an Alabama National Guard soldier whose broken leg was not diagnosed until after he was discharged and who was hounded by debt-collection agencies hired by the DOD to collect “overpayments” in certain categories in pay, to an Army Reserve staff sergeant who lost his leg to a roadside bomb, and was harassed for “overpayment” for one and a half years after his injury. In another case, a brain-injured soldier, who was in a coma for three months, was constantly harassed by agencies collecting Army “overpayments.” He couldn’t pay household bills, his utilities were cut off, and his young daughter had to be sent out of state to live with relatives.

Davis expressed skepticism that the Defense Department would live up to its promises to fix the pay problems. “This is the fifth hearing this committee has held on these issues, and every time, it’s a new wrinkle on an old problem,” he said. He noted, as had Kutz, that Congress has been more than generous over the past decade in providing funds to the Pentagon to implement a new pay system, yet the long-term problems persist.

Gasoline Prices Take Over Congressional Agenda

The Congressional Republican leadership, concerned over the political ramifications of skyrocketing gasoline prices, have been searching for a strategy to deal with the crisis since their return from the Easter recess, but so far they have not been able to come up with a package that they could agree on.

The Democrats have proposals

aimed at the record profits of the oil industry. Sen. Max Baucus (D-Mont.) called on President Bush on May 3 to summon the heads of the oil companies, just as President John F. Kennedy did with the heads of the steel industry in 1962, when steel prices were so high that they threatened damage to the economy.

While enjoying the political problems the GOP is having with the price of gasoline, the Democrats are not looking at the oil price crisis in the context of a larger hyper-inflationary process, as specified by *EIR* founder Lyndon LaRouche. During his April 27 webcast, LaRouche said that Senate Democrats are wrong in trying to deal with the crisis as a matter of trying to bring the oil companies under control. The problem, he said “is caused by the same thing that is running the price of copper up,” which is the hyperinflationary collapse of the global financial system.

Specter Breaks With Bush on NSA Wiretaps

Senate Judiciary Committee chairman Arlen Specter (R-Pa.), in an April 27 press conference, threatened to deny funding to the Bush Administration for the warrantless National Security Agency wiretapping program. He also lambasted Congress for failing to exercise its Constitutional duty for oversight, both over the Executive and the Courts. Specter distinguished between the “President” and the “Presidency,” blaming the “Presidency” for refusing to cooperate with the Congress, in particular naming Attorney General Alberto Gonzales.

Specter reported that, at a meeting with President Bush the day before, “I

raised the issue with the President as to what we had learned, and that the President doesn’t have a blank check. Made that point twice. . . . What we have here, regrettably, is an inert Congress, a Congress which has not stood up to the executive branch. It’s worthy of just a mention about the way the Congress has let the Supreme Court walk all over the Congress. The Supreme Court declared portions of the legislation protecting women against violence unconstitutional on the ground that the Congress had a, quote, ‘defective method of reasoning,’ unquote, which is hard to understand, as well as being insulting.”

Specter explained that “you have a Congress which, candidly, is more concerned about re-election, and fund-raising, and who controls the House and the Senate, than about asserting constitutional prerogatives.”

Specter called for the population to show “enough public concern and public indignation, as was done on the torture.” He said that Gonzales’s testimony to the Congress was totally inadequate, so he called him, but “after I finished talking to him, I thought it wouldn’t do any good to call him back. I’m not going to undertake a futile act.” Specter thus concluded that, “As matters have progressed, it is possible that the only way that Congress can assert its constitutional prerogatives may be through the exercise of the power of the purse, which is a drastic remedy.”

The Senator said he will draft a bill along these lines and call a hearing. There are already two other bills on the table regarding the NSA spying, one by Sen. Mike DeWine (R-Ohio) which essentially legalizes the illegal acts, and another by Specter to put the issue before the Foreign Intelligence Surveillance Court.

Iran: Regime Change Option As Bad As Military Strike

by Muriel Mirak-Weissbach

Now that the opposition to a military strike against Iran, inside the United States, and internationally, has reached critical proportions, some fools are contemplating what they consider a fallback option, known as “regime change by other means.” This will be no more promising than the totally discredited scenarios for military strikes, to knock out Iran’s nuclear energy facilities. That, however, does not mean that the nutty boys at the drawing boards will not pursue it; quite the contrary. Nor does it mean at all that the military option is off the table; that will be the case, only when Dick Cheney, Rumsfeld, and Bush are out of the capital.

The scenario for mobilizing forces inside Iran against the current government is not new. In fact, since the 1979 Islamic Revolution, Anglo-American circles, buttressed by Israeli elements, have been plotting to overthrow the regime. What is new, are reports, by Iranian, Turkish, and other regional media, as well as by intelligence sources in the region, of operational activities being stepped up in the recent period. If such reports mean that the neo-con fanatics are seriously making such a bid, then such quarters should be made aware, not only that it will not work, but that escalating such insurgent operations will further exacerbate a catastrophic crisis in Iraq. For, if a military strike against Iran’s nuclear facilities would set the entire region in flames, terrorist and separatist military activities against Tehran would light the fuse on a bomb called “Kurdistan,” threatening the stability and territorial integrity of three nations in the region: Turkey, Iraq, and Iran. None of Iraq’s neighbors sit back and let this happen, and will exert all power at their disposal to protect their nations.

The reason why public debate has shifted somewhat, at least in the public domain, to the regime change option, lies

in the fact that an unprecedented rebellion has broken out among senior U.S. military figures, against Defense Secretary Donald Rumsfeld, whose dismissal they have demanded. Although ostensibly, the generals’ revolt was occasioned by criticism of Rumsfeld’s handling of the Iraq War, their move was prompted as much by their recognition that the same neo-con warmongers were planning a strike against Iran, which they thereby sought to prevent.

The Revolt of the Generals

According to *EIR* sources, Chief of the Joint Chiefs of Staff Gen. Peter Pace received a letter from a large group of active duty generals and admirals, who said that, were an attack to be ordered against Iran, they would resign en masse. Another active duty officer, Lt. Gen Victor Renuart, planning director for the Joint Chiefs of Staff, told the *Telegraph* on May 1, regarding options against Iran: “Any action militarily is very complicated. And any action by any country will have second-order effects, and that is a strong case to continue the diplomatic process and make it work.”

At the same time, Russia and China have continued to stonewall any and every attempt to force a resolution through the UN Security Council, for sanctions and/or military moves against Iran.

Thus, the shift, at least for public consumption, towards the regime change option.

President Bush made his pitch for regime change, in his January State of the Union message, in which he addressed the people of Iran, pledging his support for their struggle for democracy.

Moves in the Senate and the Congress have bolstered

his approach. The Iran Freedom Support Act, passed by the House April 27, calls for tightening of sanctions until Iran dismantles its nuclear program, and for “financial and political assistance” to individuals and organizations which promote democracy. But such Congressional action does serve to give a veneer of credibility to anti-Iranian government operations on the ground, as if they represented some bona fide “democratic” impulse in the country.

Military Operations

More serious, are the military operations going on inside Iran, which are all characterized as coming from ethnic or political opposition groups. The most vocal of the opposition groups, and certainly the one with the greatest overt backing from political groups in Europe (the European Parliament, the British Parliament, etc.) and in the United States, is the Mujahedin-e Khalq (MEK/MKO), the terrorist organization which, under the protective refuge of Saddam Hussein’s Iraq, had organized deadly terrorist attacks in Iran over years, including bombings and assassinations of numerous political figures. After the U.S.-led invasion of Iraq, the MEK was granted special status by the occupying powers, and was allowed to maintain its armed militias, as well as to continue its propaganda and terrorist warfare against Tehran, under the U.S. protective umbrella.

Recently, the front organization of the MEK, Maryam Rajavi’s National Council of Resistance in Iran, has relaunched its propaganda drive, demanding that political bodies like the European Parliament and the U.S. Congress lift its status as a terrorist organization, and allow it to “lead the resistance” for regime change against Tehran. The MEK has, as mentioned, an armed force of trained terrorists, but has no support inside Iran. Therefore, despite its logistical capabilities and training, its political potential is limited—unless it were to receive official endorsements from Europe and the United States.

Serious military attacks have been launched in Khuzestan, Iran’s southwest province near the Persian Gulf, by ethnic Arab Sunni elements, including major bombings in April and June 2005. The Iranian authorities apprehended the perpetrators in August, who “confessed to their connection to separatist and opposition groups and also their affiliation to alien intelligence services, especially that of England.” The events repeated themselves in early 2006, when further bombings occurred. Khuzestan province has also been a key distribution point for the flooding of drugs from Afghanistan into Iran—another aspect of the destabilization program.

And, in Baluchistan, the southeastern province of Iran, bordering on Pakistan and Afghanistan, ethnic Baluchis have been mobilized for actions against the central government, backed up by dissident Pakistani elements, according to former Chief of Staff Gen. Mirza Aslam Beg.

The most serious threat, however, comes from the Kurds,

an ethnic population which lives in an area overlapping Iran, Iraq, and Turkey. In late April, the *Turkish Daily News* reported that Kurdish insurgents from the terrorist Kurdish Workers Party (PKK), had been launching attacks from northern Iraq into both Iran and Turkey. The Turkish military, in response, deployed an additional 40,000 troops into the country’s southeast to reinforce the 250,000 (!) it already has there, because of an increase in incursions by the PKK. “The PKK is trying to send half of its 4,900 militants based in northern Iraq here and preparing for attacks in Turkey’s cities,” a Turkish official told the *Turkish Daily News* on April 22.

The Turkish position was anything but defensive. On April 25, Turkish Chief of Staff Gen. Hilmi Ozkok declared that Turkey would cross the border into northern Iraq, if need be, to wipe out PKK terrorists, and appealed to article 51 of the UN Charter to justify this stance. Justice Minister Cemil Cicek made an appeal, just prior to the arrival in Ankara of Secretary of State Condi Rice, for the United States to expand its intelligence sharing on the PKK, to actual operational moves, something that Rice left up in the air. On May 3, the Turkish military stated again that it would continue to make use of its right to enter Iraqi territory, in hot pursuit of the PKK terrorists. In response, U.S. State Department spokesman Sean McCormick urged Turkey to refrain. Iraqi President Talabani, a Kurd, also protested.

At the same time, Iranian Kurdish guerrillas crossed from northern Iraq into Iran on April 21, leading to clashes with Iranian forces which repelled the attack.

Again, in early May, Kurdish terrorists stepped up their attacks. The deputy commander of Iran’s Armed Forces Chief of Staff for Cultural and Defense Affairs, Brig. Gen. Alireza Afshar, said on May 1, that Iran would deal ruthlessly with cross-border incursions. Iranian Foreign Ministry spokesman Hamid-Reza Asefi had earlier reaffirmed the country’s commitment to repel the attacks coming from Iraq. “Certain terrorist groups,” he said, intend to cause insecurity on the borders of the two countries by taking advantage of the ineffective control over the area and possible support from foreign forces deployed in Iraq to undertake operations.” He said, “Iran will not allow any cross-border operation of any terrorist group against Iranian or Iraqi interests consistent with their commitment to the international campaign against terrorism.”

Iran was not just stating positions. On April 21 and 26, according to Iraqi reports, Iranian forces entered Iraq and shelled PKK targets. Again, at the beginning of May, according to Aref Ruzhdi, an Iraqi official from the Kurdish party, PUK, led by Iraqi (Kurdish) President Talabani, Iranian military fired on PKK positions in northern Iraq, in the Kandil Mountains north of Ranya.

Were the PKK insurgency merely a military matter, it could be dealt with, considering the massive forces deployed by Ankara and the determination displayed by Tehran. But

Iran Contras

A number of extremely reliable Arab and American intelligence sources have reported that the Bush Administration already has “boots on the ground” inside Iran, running a multi-front “Contra”-style destabilization. These operations, which are still on a relatively small scale, involve ethnic and tribal paramilitary forces, conducting ambushes, assassinations, and “blind terrorist” bombings—with the active involvement of American, British, Pakistani, and Israeli “advisors,” the sources report.

While some European governments are naively taking this “Contra” program as a de facto assurance that the Bush Administration has postponed any “big” air war campaign against Iran until after the November elections in the United States, such assurances are not all that solid, particularly as long as Vice President Dick Cheney and Secretary of Defense Donald Rumsfeld are still in office, and are steering U.S. national security policy.

For now, there are three confirmed “Contra” fronts being conducted (see the map): Attacks from the Kurdish region of northern Iraq into Iran, using Kurdish assets with an Israeli involvement; attacks from the Baluchistan region on the Pakistani border, with Pakistani military assistance; and Mujahideen e-Khalq (MEK) operations, also staged from border areas of Iraq, where the MEK have large camps.

Two recent incidents underscore the operational nature of this. In March, attacks launched from Baluchistan killed an estimated 22 local government officials; and an April Kurdish ambush killed five Iranian soldiers.

Source indicates that the Israeli “role,” beyond training and logistical assistance in Kurdish commando operations into Iran, involves planned heavy attacks on Hezbollah



positions inside southern Lebanon, coincident with a full-scale U.S. air campaign against Iran. This is to preempt asymmetric warfare retaliation by Iran against U.S. and Israeli assets. Arab sources say that Israel has a Bush-Cheney-Rumsfeld green light to deal with Syria if it gets into the act by defending Hezbollah positions inside southern Lebanon. Furthermore, Arab sources have pointed to a recent naval basing agreement between the United States and Turkey, granting the U.S. Navy access to three Turkish ports—two on the Aegean Sea and one in the Mediterranean. The latter could be important if the United States became directly involved in strikes on Hezbollah positions in southern Lebanon, backing up Israeli ground and air assaults.

Above all else, this “Contra III” operation, now in its early phases, is a revival of the thoroughly discredited 1996 “Clean Break” scheme of Richard Perle, David

there is a larger, political dimension which must be grasped. The Kurdish question is an integral part of the ongoing Iraqi political crisis.

A Deeper Dimension

Iraqi Prime Minister-designate Jawad al-Maliki is now called upon to strike a deal with the Sunni and Kurdish factions in Parliament, to form a government. The Sunnis are demanding that the Constitution be revised, and that all commitments to federalism be struck out. The Kurds, on the other hand, are committed to federalism, as a stepping-stone to independence.

The problem is yet more complex: The Kurds are demand-

ing that the oil-rich city of Kirkuk, be recognized as the capital of their autonomous region, which most Kurds refer to as “Kurdistan,” the proto-independent state. This is being challenged by Turkmen, as well as Shi’ite and Sunni Arabs. As reported by the *Washington Post* on April 25, (Arab) Shi’ite militiamen, both from the Mahdi Army and the Badr Brigades, have been flowing into the city. Moqtadar al-Sadr’s representative in Kirkuk was quoted saying that 7,000 to 10,000 Shi’ites were prepared to fight with his forces, if need be. In response, the Kurdish Peshmerga militia has reinforced its troops in the city and in nearby Tuz. This is a recipe for civil war in the North.

In this context, the U.S. neo-cons’ playing the PKK card

Wurmser, and Douglas Feith, to fundamentally alter power arrangements in Southwest Asia, through “regime changes” in key Arab states, Palestine, and Iran.

U.S. sources added a fourth “Contra” front to the “regime change” campaign inside Iran. During Azerbaijani President Heidar Aliyev’s meetings with President Bush and Vice President Cheney the week of May 1, he came under tremendous pressure to assist in the activation of Azeri minority destabilizations inside the northwestern region of Iran, bordering on Azerbaijan. One senior U.S. intelligence source warned that, if Aliyev allows himself to be drawn into the Bush Administration schemes, a more likely consequence will be his own overthrow, given his shrinking popularity and his country’s longstanding cooperation with Tehran (the two nations’ Presidents met recently and signed various military agreements). Dick Cheney, before becoming Vice President, was a trustee of the U.S.-Azerbaijan Chamber of Commerce, along with Richard Perle, Sen. Sam Brownback (R-Kan.), and Zbigniew Brzezinski.

Sources have also reported on a flood of opium and heroin streaming into Iran from Afghanistan, as another feature of the U.S.-led “regime change” operation. During the 1980s, the United States used narco-terrorists as a key source of funding and logistics for both the Nicaraguan Contras and the Afghan Mujahideen.

Both American and Arab sources also warned that these on-the-ground provocations against the Tehran regime are likely to backfire, driving the Cheney-Rumsfeld bloc within the Bush Administration to quickly revive their air war schemes to attack Iran’s nuclear program sites. One experienced U.S. military source warned that such low-intensity operations are soon likely to result in the capture or killing of an American “advisor,” and that this will have serious diplomatic repercussions for a Bush Administration that is already widely discredited in the eyes of governments around the world.—*Jeffrey Steinberg*

(with Israeli help), is playing with dynamite. If the PKK terrorist activities spark moves toward an independent Kurdistan, as noted earlier, then Iran and Turkey will be forced to deploy all capabilities available to protect their countries from secessionist tendencies. In the decades-long war between the PKK and Turkey, 30,000 people died. Turkey is willing today to deploy whatever is needed, to prevent a repetition of that disaster. If they have almost 300,000 troops on the scene, they are not joking.

The entire region is about to blow. Unless the pyromaniacs who started the fire—Cheney, Rumsfeld, Rice, and Bush—are removed from office, the danger of the region’s descent into Hell is great.

Book Review

The Philippines’ Fight For Nuclear Energy

by Mike Billington

Trailblazing: The Quest for Energy Self-Reliance

by Geronimo Z. Velasco

Manila: Anvil Publishing, 2006

209 pages, paperback, 350 pesos

Twenty years ago, the Philippines received the final approval from the International Atomic Energy Agency (IAEA) to turn on the fully completed nuclear power plant in Bataan, which was to provide 16% of the energy needed in the island of Luzon, including the capital, Manila. This was to be the first commercial nuclear power plant in all of Southeast Asia, representing the scientific and industrial coming of age of the Philippines, and by implication its Southeast Asian partners, in the post-colonial era.

The plant was never opened. The father of that nuclear facility, Geronimo “Ronnie” Velasco, has finally, after these 20 long years, written a memoir of his work as Minister of Energy, and CEO of the Philippines National Oil Company (PNOC) between 1972 and February 1986, when then President Ferdinand Marcos was deposed in a military coup supported and directed from Washington, under the cover of a “people’s power” movement. Eliminated along with Marcos and Velasco were the nuclear power plant, the government control of the oil and energy utilities, and the 11 major industrial projects that were to be fueled by these national energy programs. The hysteria induced in the population at that time against the Marcos regime was to no small extent the result of an international campaign by synarchist banking circles in the West, now known as the neo-conservatives, against nuclear power, aimed at undermining the energy independence of sovereign nations.

Velasco’s book, and private discussions with this author, demonstrate a clear understanding of the evil character of that attack on the Philippines by the Anglo-American financial and oil interests, even if he is not always clear on the reason for that subversion. The fact that it took 20 years to write this book reflects the fact that only now is there an audience for

the truth. As Velasco told me: “We did not have the political space until now. Anything we said during or after that time [the 1980s], we were just dismissed as ‘Marcos’s boys.’ It took us all of these years in order to get the space for the public to even listen, to hear.”

This is true internationally, as the lies of the greenies and the neo-cons against the use of nuclear energy are finally being exposed, both scientifically and politically. Velasco’s book demonstrates that he is capable and willing to contribute to the necessary renaissance in nuclear energy, and also to debunking the fraud of “privatization” and “deregulation” of utilities as a cover for the foreign control of sovereign nations.

Roots of the Sabotage

There were two causal factors in the destruction of the use of nuclear power in the Philippines (as also worldwide) in the 1980s, but both trace to the same source. The 1986 coup which removed and vilified Velasco and President Marcos was controlled by then-Secretary of State George P. Shultz and his Assistant Secretary for East Asia and Pacific Affairs, Paul D. Wolfowitz, who used the Philippines as one of their first exercises in neo-conservative subversion in the name of “democracy,” achieving “regime change” in favor of a puppet regime under the control of the International Monetary Fund and the London/New York banking houses. The native military manager of the coup, Gen. Fidel V. Ramos, was then and is still today a wholly owned asset of this synarchist banking cabal, which is now driving for fascist forms of dictatorship in Washington itself, under the direction of Shultz and Dick Cheney.

The U.S. participants in this treachery do not hide their role, only their purpose. Just as in the many “Orange Revolutions” of today in Eastern Europe, Central Asia, and elsewhere, and in the overtly military cases such as Iraq, Wolfowitz, Shultz and their cohorts brag of their intention to make the United States the “only superpower” on Earth, while hiding behind the banner of “democracy.” Prof. Theodore Friend, a U.S. academic who writes on the Philippines, told a conference in Washington in February that Wolfowitz had called him and a few other Asia hands to his office at the State Department in 1983, and tasked them with overthrowing Marcos. “We concluded that Marcos was vulnerable. We didn’t use the term ‘regime change’ at that time, but we decided that if we unleashed indigenous forces, Marcos could be brought down, and we pointed ourselves in that direction. With George Shultz as Secretary of State, we did it just right, timing the intervention so as to make things happen.”

The things that these tyrants made happen are described in gruesome detail in Velasco’s book.

The second causal factor in the destruction of the Philippines nuclear program was the fear fostered in the population through a campaign of anti-nuclear lies and propaganda. While this anti-nuclear campaign is generally associated with the radical left environmentalist movement, *EIR* has recently demonstrated (March 24, 2006) that the driving force behind



Geronimo Z. Velasco

Geronimo Velasco and his wife, Erlinda. With this book, he has broken a 20-year silence on the international campaign to shut down the Philippines’ nuclear power program, which he directed.

these lies were the same neo-cons we just met in the role of political subversives. Paul Wolfowitz and his mentor at the University of Chicago, Albert Wohlstetter, while leading the charge in favor of the use of nuclear *weapons* in preventive wars, even against non-nuclear nations, as is now the official policy of the Bush/Cheney regime, argued in the 1970s that nuclear *power* must not be allowed to be used for energy generation, especially in the Third World. Wohlstetter wrote that “every time a new country obtains a nuclear power reactor, it is moving significantly closer to a nuclear weapon development capability,” adding the lie that “nuclear power promises very limited economic benefits to less developed countries.”

In other words, the political subversion and the scientific subversion are two aspects of the same policy, as espoused by the synarchist banking circles—the end of the sovereign nation-state, fostering a global empire under the control of international financial institutions based on “globalized” control of intentionally restricted energy resources.

The Marcos Vision

Velasco, a prominent businessman in the post-war Philippines, was chosen by President Marcos to run the national oil company PNOC in 1973. In 1979 Marcos created a Department of Energy under Velasco’s direction, also making Velasco head of the National Power Company, Napocor. As

CEO of PNOC, Velsaco was assigned the task of negotiating state-to-state oil contracts with oil-producing nations, to avoid the “free markets” which Marcos knew to be controlled by the energy cartels. While Velasco succeeded in signing such contracts with Saudi Arabia, Indonesia, and others, it soon became apparent that actual energy independence depended on drastically reducing the nation’s dependence on imported oil altogether. Under Velasco’s direction, Napocor, which had been founded in the 1930s under the guidance of Gen. Douglas MacArthur, with the help of Col. Lucius Clay, launched an aggressive program of hydroelectric and geothermal development, while working with the IAEA to contract for a 620-megawatt nuclear plant, to be built by Westinghouse in Bataan. Between 1978 and 1985, the national program succeeded in providing electricity to all 56 provinces in the seven major islands, with 20 power plants, 90% using non-oil sources. Dependence on imported oil was reduced by 44%. Had the Bataan nuclear plant been turned on when it was completed in December 1985, the goal of the Marcos plan to fuel the 11 great industrial projects would have been fully met.

Velasco makes clear that every single step of the process in building the nuclear facility depended on approval from the U.S. government, and yet when it was completed and ready to be activated, U.S. Ambassador Stephen Bosworth suddenly “called on me and requested that the U.S. government be allowed to send a team that would help us evaluate the plant’s readiness for operation.” The resulting evaluation, Velasco notes, had nothing to do with the functioning or safety of the plant, but rather stated that the plant should not be opened because of a lack of escape routes and hospital beds in the vicinity.

Velasco recognized that this was a ruse; that in fact “the Americans had lost faith in President Marcos, and they could not trust him to have such a powerful weapon in his hands.” This is only partially true, as evidenced by the fact that the first act of the puppet government that replaced Marcos in February 1986 was to shut down the nuclear power plant—i.e., no government, no matter how subservient to U.S. demands, was to be allowed to have nuclear power. It is of note that *EIR*, six months before the February 1986 coup against Marcos (see *EIR*, Aug. 16, 1985) had warned that Ambassador Bosworth, on behalf of Secretary of State Shultz, was meeting “up to two hours every day with Acting Chief of Staff Lt. Gen. Fidel Ramos, a West Point graduate whom the United States is attempting to groom as a leader of a new civilian-military junta.”

In a discussion, Velasco asked me, if Washington had no intention of allowing the plant to function in the first place, “Why did they grant us a permit to construct the nuclear plant?” This points to the real issue before us today: the progressive takeover of the United States by the anti-American, imperial-minded forces representing, not the self-interests of the United States, nor certainly the interests of other sovereign nations, but rather, the interests of the international financial houses, the “military-industrial complex” which President



members.rogers.com

The Bataan nuclear plant, completed in December 1985, was never used, under pressure from the U.S. government which had originally approved every step of its construction. Today, the Philippines pays over \$155,000 every day in debt-service costs for the moth-balled plant.

Dwight Eisenhower (who commissioned the Atoms For Peace program, which launched the nuclear program in the Philippines and dozens of other states) warned about at the close of his Administration in 1960.

Indeed, the last nuclear plant to be built in the United States itself was contracted in 1978. In neighboring Mexico, President José López Portillo had commenced in 1978 on a track, with the full backing and cooperation of *EIR* founder Lyndon LaRouche (see *EIR*, Feb. 27, 2004), to use Mexico’s newly discovered oil resources in oil-for-technology deals designed to build 20 nuclear plants and achieve industrialization and full energy independence. López Portillo’s plans were crushed and the Mexican banking system destroyed by the synarchists, in response. Instead of a modern industrial economy, Mexico’s population has been reduced by “free trade” to slave labor conditions in foreign-owned sweatshops, while drug lords dominate entire regions, as well as much of the government. The anti-nuclear paradigm-shift has cost the human race dearly, in wealth and in lives.

The Costs of Not Going Nuclear

One of the most valuable historical revelations of Velasco’s book is the total hypocrisy of the charge that Marcos and Velasco squandered the nation’s resources through corruption and overruns on the nuclear plant. In fact, shutting the plant cost the nation billions of dollars—still today, the Philippines pays over \$155,000 *every day* in debt-service costs for the moth-balled nuclear facility, which never produced a single watt of electricity.

Velasco notes that the cost for uranium fuel for the facility would have been \$20 million per year, compared to the \$180 million to be saved in oil import costs (three times that amount at today's prices). Instead, the inflated costs of imported oil were paid, in addition to \$460 million in debt service alone between 1987 and 1989.

Even the exorbitant cost of the plant itself can be traced to the synarchist takeover in Washington. Following the Three Mile Island nuclear accident in 1979 (which showed that all the safeguards worked, but was nonetheless treated as a "disaster"), and, as Velasco notes, the Hollywood hype of Jane Fonda's film *The China Syndrome* spreading ridiculous myths about the dangers of nuclear energy, the United States imposed a new set of safety conditions on nuclear construction. The Bataan construction was put on hold for 15 months, and new contracts for the additional safeguards were signed. However, this was taking place just as U.S. Federal Reserve Chairman Paul Volcker was raising interest rates to 21%! Not only did the cost of the Bataan plant itself double to \$2.1 billion, but the debt-servicing costs skyrocketed.

Velasco reports that the disaster of shutting down the nuclear plant was aggravated by the promise to pay for it anyway. In a speech given before the U.S. Congress by U.S.-installed President Cory Aquino in September 1986, she "promised that she would pay all the country's debts down to the last cent. My heart fell when I heard her say that," Velasco told me.

The Queen's Role

Of course, there were also leading figures within the Philippines demanding the closure of the nuclear plant, but here, too, Velasco reveals a most interesting fact. Leading the assault was one Cesar Buenaventura, head of Anglo-Dutch Shell operations in the Philippines. When Aquino was placed in power, Buenaventura advised her to shut down the Ministry of Energy altogether, and close the nuclear facility permanently. "I have no doubt that he had Shell's interest in mind when he recommended the ministry's abolition," writes Velasco, because the nationalist policies under Marcos "threatened to erode the oil companies' position in the energy market." He adds: "Incidentally, the Queen of England knighted Buenaventura thereafter. Did that have anything to do with the ministry's fate?"

One year after his removal, Velasco was summoned by the Philippine Congress, where he warned that since nothing was being done to replace the power from the nuclear plant, Manila would run out of electricity within two years. Indeed, in 1989 the capital city began to experience outages of 10-12 hours per day, for the next four years. Worse, Fidel Ramos, when he maneuvered himself into the Presidency in 1992, used the blackouts to coerce the Congress to grant him emergency powers, without oversight, to negotiate contracts with foreign power companies. Unlike Marcos, who was con-

demned as a dictator for using martial law to launch projects under the auspices of state-owned entities in the national interest, Ramos won praise from Wall Street for using his dictatorial powers to sell the nation to Enron and other private interests. Ramos signed 40 independent power producer contracts, all on a "take or pay" basis, forcing the country to buy each plant's total capacity, in dollar-denominated prices, whether or not the power was needed. When the Asian currencies were attacked in 1997-98 by international speculators, these contracts bankrupted the nation, virtually doubling the costs of energy in terms of the national currency, while all the electricity had to be purchased even though it was not needed.

A Renaissance Mission

Velasco, now 79 years old, understands the crime of globalization, and the urgency of returning to the American System of regulation and protection. Commenting on the privatization of Petron, the national oil company, by Ramos, and of the National Power Company by current President Gloria Macapagal Arroyo, Velasco writes: "Unlike in a private firm, where the CEO's principal responsibility is to keep the shareholders happy, in a government corporation our job was ultimately to promote the national interest."

It is not surprising to learn that Velasco was once a professional 'cellist. At 79, he has not lost the internal sense of the individual's potential to affect history. The book itself is not just a defense of his career, and the nationalist vision of President Marcos, but a guide to future generations as well.

The Philippines has never recovered from the U.S. subversion of 1986. Velasco notes that the Philippines now consumes about 1.5 barrels of oil per year per capita, although "in my time we already estimated that each Filipino was consuming about two barrels a year, which seems to indicate that the quality of life of most Filipinos is even deteriorating." The population also continues to suffer from the myth that "people's power brought down a dictator," that the theft of the nation's sovereignty was a step forward rather than a partially self-inflicted wound.

Even Velasco has trouble seeing any solution, by focusing too much on the crisis with his nation's borders, rather than looking to the systemic breakdown crisis centered in the United States, where developments in the Philippines are largely being determined, for better or for worse. He closes his book not by promoting the urgent necessity of a renaissance in nuclear energy, but rather sees little hope, due to a "host of constraints that were not present in my time," naming the huge debt burden, and the pseudo-democracy of the current political system. True enough, but it is precisely by coming forth, 20 years after the fact, with the truth of the international roots of the coup of 1986, and the international subversion of the nation's historic mission, that Velasco is joining his heart and voice to those around the world fighting to bring about the necessary global solution.

Darfur Crisis Aims To End Nile Water Agreement With Egypt

by Lawrence K. Freeman

On May 5, after this article was completed, the Sudanese government and one leading rebel faction signed a peace accord; some other rebel groups have yet to sign. While this represents progress, the underlying problems analyzed in this article remain to be solved.

Sudan's government has been under attack for the terrible humanitarian crisis in Darfur, which the U.S. government erroneously alleges is genocide committed by the government in Khartoum. Negotiations to end the killings in this western portion of Sudan have been going on for weeks in Abuja, Nigeria, between the government of Sudan and the three rebel groups. The African Union, which has been mediating the peace talks, prepared the draft peace agreement, the signing of which appeared imminent by April 30, the deadline previously agreed to by all parties.

At the last minute, the Sudanese Liberation Movement (SLM) and the Justice and Equality Movement (JEM) reneged on their commitment to sign a peace proposal, after the government had indicated that it was ready to sign the African Union draft. On April 30, a spokesman for the SLM, Saifaldin Haroun, said: "We will not sign this agreement. We will only sign the agreement that includes all our demands, certainly not this one. This is the position of the two movements."

But this draft agreement, that they now refuse to accept, is the same one that all parties had accepted throughout their negotiations over weeks. Salim Ahmed Salim, the special envoy to Darfur from the African Union, described the draft as "just and honorable for all parties." The question is, what was behind the last-minute torpedoing of the peace agreement by the rebels? Who is pulling their strings? And this begs the larger question: What is the real purpose of the orchestration of the Darfur crisis?

It's All About Water, Not Oil

Many Africans and governments in the region foolishly repeat the propaganda that the underlying issue is an oil grab, because Sudan and Chad have been added to the list of African nations exploited for their oil deposits. Contrary to such simplistic and populist thinking, however, the most important geopolitical goal is to gain control of the flow of water from the Nile River, and to use this as weapon for the destabilization and potential destruction of the nation of Egypt.

In discussions with Lyndon LaRouche, the world-

renowned physical economist, about attacks on Sudan over the Darfur conflict, he said emphatically: "The issue is not oil, it's water! They want to use Darfur to break up Sudan in order to bring down Egypt, which is the most stabilizing factor in the whole region." The destruction of Egypt, LaRouche said, is the real goal of the British oligarchy; this would be used to create chaos and war throughout Africa and South-west Asia.

This strategy to control water—to privatize the Nile's water, which would also effect Ethiopia, Uganda, and Kenya—is integral to the continuing policy of genocide that is already killing tens of millions of Africans living in the sub-Saharan region (orders of magnitude more than the numbers dying in Darfur). Aside from the agents and lackeys deployed to use the horrible humanitarian crisis in Darfur to tear apart Sudan, many innocent, but duped participants in the "Save Darfur" demonstrations do not realize how they are being used to prevent a serious campaign against genocide in Africa.

The Nile River is the longest in the world, but not the



largest. It has a volume of 84 billion cubic meters, emerging from Lake Victoria, south of Sudan, and running north through Egypt before emptying into the Mediterranean Sea. The Nile Basin affects ten nations in Eastern and Central Africa. In 1959, the Egyptian and Sudanese governments signed the “The Agreement for the Full Utilization of the Nile Waters,” dividing the shares of the river’s water between them, with Egypt getting 55.5 billion cubic meters and Sudan 18.5 billion cubic meters, and approximately 10 billion cubic meters lost to evaporation and other factors.

Even under the restricted use by these two nations only, with populations of 70 million and 35 million respectively, there is not enough water for irrigation, livestock, and human consumption in this extremely arid region. The densely populated city of Cairo, the Nile Valley and Delta, where the majority of Egypt’s population lives, and Egypt’s agricultural sector need every drop of the water they can get, and more.

Any cut-off of water to Egypt would be an attempt to destroy the nation. If the Sudan government is overthrown, as those behind the Darfur crisis intend, then a partitioned Sudan would lead to the abrogation of the 1959 water treaty agreement with Egypt, because there would be no central Sudan government to fulfill it.

LaRouche warned that people should get off the oil issue: “There is a worldwide water shortage and they are out to steal your water,” he said. One African diplomat commented along these lines, that the next war in Africa will be fought over water. There are many rivers in Africa, which could be better used and managed through large-scale infrastructure projects, but the continent desperately needs more clean, fresh water for agriculture, animal herds, and human consumption. The only method now being used to increase the water supply is to dig more wells, deeper and deeper, which predictably are extracting more polluted and undrinkable water.

The answer is desalination, powered by nuclear energy, which is the only way the African continent, like the rest of the world, will avoid a water shortage.

Military Invasion of Sudan?

In an April seminar in Washington, U.S. Deputy Secretary of State Robert Zoellick, for the first time, raised publicly the possibility of a military invasion of Darfur. “Either you get approval or you invade,” Zoellick said, referring to the resolve by the Sudanese government not to allow a 20,000 United Nations military force into Darfur. When this reporter questioned him about what conditions would precipitate a military incursion, Zoellick backtracked, explaining that it would be a lot better to get the Sudanese to cooperate, and bring the parties along so you don’t have to invade.

More recently, Secretary of State Condoleezza Rice called for NATO to play a larger role in Darfur, and President Bush called upon Sudanese President Omar Hassan al-Bashir to accept the entry of UN troops into his country, but Khartoum has adamantly refused. Sudan would be endangering its



EC/ECHO/Peter Holdsworth

Refugees waiting for water, caught in the crossfire in Darfur. The fight over scarce water resources is at the heart of the conflict.

very existence by allowing the presence of UN troops under these conditions. By everyone’s account, the 7,000 African Union troops deployed in Darfur have performed admirably, especially given the limitations of funding and logistics from the Western donor countries. The African Union mandate expires at the end of September; why not continue an expanded African deployment with full financial and logistical support, instead of bringing in foreign troops?

Strategy To Break Up Sudan

What is behind the military conflict and killings in Darfur? In early 2003, just as the 20-year-long war between John Garang’s Sudan Peoples Liberation Movement/Army was approaching a resolution, which eventually led to the Comprehensive Peace Agreement signed in 2005, the JEM and SLA launched attacks against government outposts. This ignited a cascade of killings that has led to the loss of tens of thousands of innocent lives and the displacement of many more.

The Darfur region is a key piece in the geopolitical efforts to break up Sudan into micro-ethnic/religious divisions. There has been an historic conflict between farmers and the cattlemen in Darfur, because of—what else?—*the lack of fresh water*. The international community has steadfastly refused to make any investment in infrastructure that would provide the necessary fresh water to this arid region, and ameliorate the conditions for war. No one really gave a damn about the conditions of life for the people living in Darfur—until the rebel movement ignited the already existing tensions in this area with armed attacks on the government. Predictably, this has turned into a bloodbath.

All the reporters, the so-called concerned leaders of the African-American community, and the manipulated public, should consider learning the truth about what is really going on in Sudan—if indeed they are committed to finding out the truth.

Israel's Government: What Chance for Peace?

by Dean Andromidas

Israeli Prime Minister Ehud Olmert presented his new government to the Knesset (parliament) on May 4. The new coalition will include Olmert's own Kadima Party, with Labor as senior partner, along with the religious Shas Party and the Pensioners Party. In a surprise appointment, the crucial portfolio of Defense Minister has gone to Labor Party chairman and peace advocate Amir Peretz. Characterized as "center-left," the new government is fueling speculation that its so-called "convergence" plan will lead to further withdrawals from the West Bank, which could open the doors to restarting the peace process.

Commenting on Olmert's new government, a senior Israeli political source said that there was little chance for a peace process as long as there is no change in policy in Washington. The source said the convergence plan is only a re-warmed version of former Prime Minister Ariel Sharon's "disengagement" policy. In reality, it is the policy of U.S. President George W. Bush and Vice President Dick Cheney, whose aim was not to have a peace process, but to facilitate the Administration's broader, disastrous regional policies. Every thinking Israeli knows that the convergence plan is not a peace plan, but a plan that will only continue the conflict.

The fact that the Bush Administration is taking a super-hard line against the new Hamas-led Palestinian National Authority (PNA), while offering no hope for a true peace initiative, promises to destabilize the region even further.

A strong supporter of the Labor Party, the source said that Peretz has come into the government with two crucial policy planks. The first is to implement his social agenda, which includes reversing the most grievous of the brutal austerity and radical free-market policies implemented under former Finance Minister Benjamin Netanyahu, and raising the minimum wage. The second is a negotiated settlement with the Palestinians. Peretz will have a tough time implementing both policies.

Although Peretz hoped to win the post of Finance Minister in the new government, which would have been key to implementing his agenda, he was prevented by tremendous opposition from the entire Israeli neo-liberal establishment. Still, as Defense Minister, an extremely important portfolio, he can influence the budget by working to cut defense allocations.

The naming of Yuli Tamir, a Peretz loyalist, as Education Minister, will serve to further Peretz's social agenda, since Tamir is committed to de-privatizing education. Another La-



ABrSP/Antonio Milena

Israeli Prime Minister Ehud Olmert's Cabinet spans a coalition of people with widely differing policies; but what happens in Washington is ultimately decisive.

bor Party member, Benjamin Ben Elieser, whose base of political support is in the trade unions of the ports and state-owned electricity authority, has been named Infrastructure Minister. He will not be eager to carry out privatization at the expense of the workers.

As the spokesman within the government for a negotiated settlement, rather than Olmert's unilateralism, Peretz will be fighting an uphill battle, as long as the Bush Administration maintains its insane policies.

One political observer pointed out that it is the Israeli military which is responsible for the Occupied Territories and for contact with the Palestinians, so, as Defense Minister Peretz can ease the climate in the territories considerably by reducing the number checkpoints and other restrictions. But what will happen after the next terror attack, or when there is pressure for a strike against Iran? Will Peretz be transformed from a dove to a hawk, or will he be sidelined?

Despite the difficulties ahead, one of his supporters told *EIR* that Peretz has shifted the Labor Party from a neo-liberal party into the first social-democratic party in Israel. Almost two-thirds of its votes in the last election came from first-time Labor voters. Peretz must now quickly consolidate his position, because the party institutions, like the central committee, still represent the neo-liberal old guard of the party. These people dislike Peretz because he is not "one of them."

The source concluded that while Peretz faces a difficult challenge, it would be a mistake to underestimate him. The main point, he stressed, is that, "until Bush is replaced nothing will happen on the peace front."

A Potential Humanitarian Catastrophe

The likelihood of a humanitarian catastrophe in the Palestinian Territories, caused by the cutoff of financial aid to the PNA, in reaction to the election victory of Hamas, is now the greatest threat to peace. Both the United States and the European Union continue to block financial transfers to the PNA.

The Bush Administration's claim that it is only blocking aid to the Hamas-led PNA, and will allow aid to be extended through alternative channels, is an outright lie. According to the Israeli daily *Ha'aretz* May 4 ("U.S. Thwarting Donor States' Bids To Send Funds to the Palestinians"), Elliott Abrams, deputy National Security Advisor and a top neo-con in the White House, is leading a campaign to sabotage any efforts by the European Union and Arab states to transfer funds through alternate channels. For example, the Arab countries attempted to transfer PNA employees' salaries directly into their personal bank accounts. Abrams then pressured the Arab Bank, which holds the bank accounts of over 30,000 PNA employees, to refuse to allow the transfers. Threats of sanctions also deterred other private Arab banks. Abrams also sabotaged an attempt to channel EU and Arab League aid through the independent Holst Fund, which is managed by the World Bank.

According to *Ha'aretz*, a senior Western diplomat accused Abrams of "recklessly trying to engineer the collapse of the PNA's systems," on the dangerous assumption that this would lead to the collapse of the Hamas government.

Ha'aretz further reported that it was this campaign by Abrams and the Bush Administration which led to the resignation May 1 of James Wolfensohn as special envoy of the "Quartet" of Middle East mediators, comprised of the U.S., the United Nations, the European Union, and Russia.

But the breakdown of the Quartet had caused Wolfensohn to announce his intention to resign, even before the Hamas victory in the January 2006 elections. Wolfensohn told a U.S. Senate Foreign Relations Committee hearing in March, that the Quartet "envoy" position had become meaningless, because in declaring that there was no "partner" to negotiate with, it was clear that Ariel Sharon's Israel, with U.S. backing, had no intention of following the "Road Map." In that hearing, Wolfensohn made a final plea to the U.S. Senators to prevent Washington from taking radical moves in cutting off funds to the elected Palestinian government. When his request failed, Wolfensohn opted out.

In a special report drafted by Wolfensohn, he called into question the credibility of the Quartet itself. He declared that if the international community fails to address the Israeli-Palestinian crisis without delay, there will be severe consequences for the whole region, and for world peace.

Questioning the idea of cutting all aid to the PNA as a means of pressuring Hamas, Wolfensohn said, "Neither the UN nor the NGOs have the capacity to fulfill these roles. . . . It would surprise me if one could win by getting all kids out of school or starving the Palestinians. And I don't think anyone in the Quartet believes that to be the policy. I think that's a losing gambit.

"We must ask ourselves whether humanitarian aid is enough to bring us to the desired goal—a two-state solution—as the Road Map says," Wolfensohn concluded in his report. He said the policy of cutting aid to the Hamas-led government



www.amirperetz.co.il

Deputy Prime Minister Shimon Peres (left) and Defense Minister Amir Peretz. Peres split from Peretz's Labor Party earlier this year, joining Kadima. What room Peretz will have for maneuver now, remains to be seen.

must be dealt with, and that a way must be found "that will allow us to work in the framework of the law and the policy, while continuing to support building a democratic and responsible administration, that can act to realize the dream of peace and security for the two peoples."

Wolfensohn noted that if Israel continued to refuse the transfer of taxes it collects on goods entering the Palestinian National Authority through its territory, as well as continuing the restrictions it imposes on Palestinian trade and labor, the GDP of the Palestinians will collapse another 27%. He predicted that by 2008, 74% of the Palestinians will be living below the poverty line, and unemployment will reach 47%.

Wolfensohn scored Israel for its systematic violation of commitments regarding Gaza crossing points and freedom of movement in the West Bank for the economic damage being done to the Palestinians.

In a joint press conference with visiting Palestinian President Abu Mazen (Mahmoud Abbas) on April 28, French President Jacques Chirac called for the setting up a special fund for the Palestinian National Authority. Chirac suggested that the fund be managed by the World Bank, so that the PNA can pay the salaries of its 165,000 employees. The World Bank said it was capable of doing this but has not yet been requested to do so. Chirac said that France would bring up the question at talks on May 9 at the United Nations with representatives of the Quartet.

Chirac said France believes that aid "must be maintained for humanitarian reasons, as well as for political reasons. And it will push for this continuance within the international community and the European Union."

Abu Mazen told the press conference, "If we don't reach a solution, it will be catastrophic. The situation is very grave, complex, and sensitive."

A Hard Head Makes A Soft Behind

by Samuel Dixon, LYM

One should learn from one's mistakes. From the "No" vote in the referendum on the European Constitution last May, to the rioting in immigrant neighborhoods last Autumn, and the recent protest movement against an unpopular youth employment plan, France's leadership has been running from one crisis to another for a year, deaf to the music, while positioning France for "competition on the global market," contrary to every poll which screams that the majority of Frenchmen consider globalization a threat rather than an opportunity.

The French people voted "*Non*" one year ago to the EU Constitution of social barbarity. They voted "*Non*" against 35 years of growing unemployment, and ultra-liberal policies, destructive of productive labor. They voted "*Non*" to the deregulated financial and monetary system. They voted "*Non*" to financial serfdom. French President Jacques Chirac responded, "*mais Oui!*" ("but Yes!"). Such folly shows that we are in a collapse of a system and a regime in France.

Internal political warfare has broken out between the rivals Prime Minister Dominique de Villepin and Interior Minister Nicolas Sarkozy. It has now been revealed that in 2003-04, de Villepin ordered a secret investigation of Sarkozy, to determine whether he had been involved in a dirty-money operation in Luxembourg called Clearstream. The ferocity of the clash is such that the president of the French Parliament, Jean-Louis Debré, told *Le Parisien*: "Sarkozy has put a bullet in the head of de Villepin. He wants to put a second one there right now to secure that his opponent is really dead. As for de Villepin, he thinks he is far from being finished, and wants to put two bullets in Sarkozy's heart." Unusual for France, this mafioso language shows just how far things have gone.

Now, with a year to go before the Presidential election, and a menacing economic collapse in progress, this situation cannot continue. Both Chirac and de Villepin have seen their popularity ratings plummet to the lowest in the history of the Fifth Republic, since 1958, and the political elites—from both the left and the right—are posturing before the media, without offering any real solutions.

Jacques Cheminade, the chairman of the Solidarity and Progress party, and a candidate for the Presidency, warned in an address to an *EIR*-sponsored seminar in Berlin, Germany on June 28, 2005: "The French elections are only in 2007. But reality will strike well before that—in the next weeks. At

the latest in France, it will take the form of social unrest in September. And it's very clear, that with Sarkozy's provocations, it will happen. . . . Now, we are at the end of the system—economic, cultural, monetary, and financial—which is . . . antagonistic to truth and justice."

The Fight Over Youth Employment

De Villepin, at the start of the year, antagonized the youth of France by ramming through a new employment law, known as the First Employment Contract (*Contrat Première Embauche*, or CPE). Under the CPE, any company could fire any employee aged 26 and below, at any point during the first two years of their contracts, and with no justification. The law, the centerpiece of the Prime Minister's youth job creation program, despite the word "first" in its name, did not only apply to a young person's initial job contract. Employers are allowed to give several successive such contracts to the same person, and are thus allowed to contribute less to a young worker's unemployment insurance.

The current president of the European Central Bank (ECB), and former alternate governor of the International Monetary Fund (until 2003), Jean-Claude Trichet, called for more flexibility in the French labor code, and commented about the CPE that "it is clear that moving toward greater flexibility is moving in the right direction." And it was the former managing director of the International Monetary Fund, Michel Camdessus, who in an infamous 2004 report, called for "new forms of flexible labor contracts."

Nationwide protests erupted throughout March and April by university and high school students, joined by trade unionists; with more than 2 million demonstrators, classes ceased at 20 universities over a two-month period. They pointed out correctly what the result of the CPE law would be: a further decrease in job security for young people, who already face enormous obstacles in France in finding a job, with or without a secondary-school diploma. The LaRouche Youth Movement (LYM) distributed 150,000 leaflets across France and focussed on the root of the problem, the international economic collapse and the role of the ECB, which has usurped the economic sovereignty of the European nations.

It is of major significance that those who demonstrated were not merely from the group affected by the new labor law. Students from high schools and even middle schools protested; many who were far older, including the parents of demonstrators, stood in solidarity with the younger generation.

Press coverage in the United States focussed on the violence that sometimes occurred. Still others in the press claimed that the French youth wanted to be guaranteed a job for life. Too often, the youth were told, "We live with *précarité* [precariousness] all our life; in fact life is precariousness. Who are you to ask for more?"

The protests, growing by the week, paralyzing most major universities, cities, and transport, forced President Chirac to

announce on April 10 that the CPE would be taken off the books. A hard head surely makes a soft behind. In doing so, he handed a victory to the student groups and labor unions that had deployed millions in the streets of France.

What Next?

The question is now: What to do with this victory?

The opposition to the government does not know what to do, because they are systemically blind to the relationship between national and international policy. The financial oligarchy likes to pretend that the French population has no interest in international affairs, even though more than 80% were against the Iraq War and the majority of the population voted “No” to the European Constitution, set up by the synarchists, showing that the people have more passion and insight than the political elites and labor leaders.

Indeed, the cowardly political parties are submitting to the Anglo-Americans. Not only Sarkozy on the right, but also the Socialist Ségolène Royal blows kisses to the economic model of Tony Blair. Only Cheminade, the associate of Lyndon LaRouche, calls for France to join a U.S.A. reborn in the FDR tradition, in a reorganization of the world monetary and financial system, against the dictatorship of the trans-Atlantic oligarchy. Even if his means are limited and the establishment opposes him, his courageous resistance through ideas, and that of the LYM, are resounding more and more loudly in the ears of the French population.

After the Victory, Let Us Create the Future

by Jacques Cheminade

Jacques Cheminade is the candidate of the Solidarity and Progress party for the French Presidential elections, scheduled for 2007. He issued this mass leaflet on April 11.

We have knocked out the CPE.¹ The sovereign people have moved forward. It is the victory of legitimacy, of the spirit of the Preamble of our Constitution, and of our labor laws, instead of adapting to a destructive global financial structure. It's the victory of natural law over an outrageous bill.

The question now is: What do we do with this victory?

The worst would be that it degenerate into a mutiny with no long-term goals. Because *riots are always the enemy of revolutions*. The anarchistic leftists and destructive people,

with no other objective than that of destroying established order or private property, are always the best involuntary allies of those in power. No pretexts should be given to the Pétain-style right wing—repressive or regressive—for a Sarkozy-style “reform.” 79%, 72%, and 70%, respectively, of the French people are convinced that they are poorly represented by a labor union, a political leader, or a party (according to a TNS Sofres opinion poll of March 8-9). Despite that, almost half of the young people between 18 and 24 years of age would be ready to vote for [right-wing National Front leader Jean-Marie] Le Pen or [ultra-monetarist Interior Minister Nicolas] Sarkozy (Sofres poll of Feb. 8-9). We have been, above all, plunged into the terminal crisis of the existing financial and monetary system, which offers the perspective of either unprecedented social austerity—of which the CPE was a symptom—and of military adventures (Bush and Cheney are preparing attacks with mini-nuclear bombs against Iran), or, on the other hand, a more just new world economic and monetary order, based on the mutual development of the world's peoples, and the return to a conception of money that serves the purpose of man.

That demonstrates how big our responsibility is, *which is to redefine a hope, at the level of France, of Europe, and of the world*. Looking at things from above, at the level where the enemies of humanity define their strategy, and not at the lower level, where they manipulate their victims by playing on their instincts and fears.

We must take power back from the political, financial, and media networks—which extol free competition while remaining ensconced in their privileged positions—and give it back to the citizens. *That's what is called creating a republic.*

1. *At the international level, eliminate the ability of the Cheney-Bush Administration and its financial-oligarchical promoters, to cause, or do, harm.* Lead this fight on the world scale, because if this is not done, we would be trying to heal an arm or leg, while leaving the head sick. Our allies are in the United States, with the forces of the youth movement of Lyndon LaRouche; in Ibero-America, with leaders such as [Argentine President Néstor] Kirchner, [Chilean President Michelle] Bachelet, and [Venezuelan President Hugo] Chávez, and on the road to mutual development from the Atlantic to the China Sea, with Russia, India, and China.

2. *Unite the peoples of the world for this combat with a mobilizing project, bringing together living forces, the humiliated and the offended.* That presupposes that here, we no longer allow ourselves to be carved up by the euro, a currency of financial predators, which functions to their benefit. And that presupposes, *on the political front, a return to the nation-state*, with three principal missions for the common good:

- *To reject the European Central Bank, the euro, and all the financial logic of Maastricht, in order to regain control of the emission of currency, which, today, has been kidnapped*

1. The First Employment Contract legislation was withdrawn by President Chirac after massive protests. See accompanying article by Samuel Dixon—ed.



EIRNS/Julien Lemaître

Jacques Cheminade (in white coat) campaigns at a Paris demonstration against the anti-youth labor law, the CPE, which was repealed due to a mass popular upsurge. Now the organizers of the demonstrations are disoriented, and Cheminade is the only national figure offering effective leadership.

by banks and insurance companies. This could only be achieved with a national bank, inspired and controlled by the citizenry, and based on a polytechnic franc.²

- *To issue with this instrument*, instead of taxes and loans, which have dried up, or are insufficient, *productive and public long-term credits for schools, hospitals, laboratories, and large-scale basic infrastructure to equip the nation, and for the development of Eurasia and the Third World*; doing this by allying with all the other governments and interests that want to, from the Atlantic to the China Sea. In this way, an anti-usurious system will be created, which will allow especially French-speaking African countries to escape the strangulation of the CFA franc, which has become an auxiliary of the euro.

- *To return to a society of producers*, no longer thinking of immediate gain, but of the well-being of future generations. This means *keeping in the public sector suppliers of natural gas, electricity, rail transport, the postal and telecommunications services, and to return the control of water supply to public communities*. That would mean a return to scientific progress and technology, to create the resources of the future, because there is no exit from the crisis which takes us back

2. A new currency proposed by Cheminade, which would generate real wealth by fostering investment in a multitude of new technologies capable of increasing relative potential population density, as opposed to the euro free-market dictatorship.

to the past. We therefore rapidly need self-regulated and dependable fourth-generation nuclear reactors, thermonuclear fusion in all its forms, and a hydrogen economy, created by man to replace the economy of petroleum which is wrested from nature.

We should never let anyone else take control of this nation-state. *This republic will be us*. It is our responsibility to seriously respond to the demands of social justice of those who demonstrated against the government of [Alain] Juppé in the Autumn of 1995, then in May 2005 against the European Constitutional Treaty, and finally, today. It is our responsibility with respect to *a France which can only be universal*.

It is only from this more advanced viewpoint that we will be able to advance: *Force the withdrawal of the CNE*,³ as was done with the CPE; stop the measures aiming to block family benefits to parents of children tagged as susceptible to becoming delinquent; prevent Sarkozy

or others from establishing notebooks to log children's behavior beginning at age three; end harassment and suffering at work; take real economic measures in favor of the PME [small and medium-sized businesses] and the working classes; and especially *give a dignified place in society to the 58,000 youth who will leave school, and to the 89,000 baccalaureate holders who have abandoned higher education without a diploma*.

Because if we do not change the underlying assumptions of the system, it will continue to produce inequalities. The financial oligarchy which holds these levers of control, consciously wants these inequalities, and has no qualms about justifying them.

The withdrawal of the CPE opens the way to a 21st Century in which social justice and real economic growth will reappear, not the falsified growth of a Gross Domestic Product expressed in monetary profit. This growth is in the development of the creative faculties of mankind, in the real equality of opportunities, without preconceptions or false promises, accessible to all.

From the two sides of the Atlantic, patriots and citizens of the world, *we will fight for the youth of today, and the generations to be born*.

3. Legislation creating the CNE (National Evaluation Committee) was passed last year, and applies similar provisions as the CPE to workers of all ages, in workplaces with fewer than 20 employees.

Report From Germany by Rainer Apel

Berlin Needs a Debt Moratorium

Felix Rohatyn or Lyndon LaRouche: Which way will Germany's catastrophically indebted capital city go?

Confronted with a staggering, unpayable debt of 62 billion euros, Berlin is heading for an election in September, in which the LaRouche movement is fielding 20 candidates for office (see accompanying interview with mayoral candidate Daniel Buchmann). One of the main issues in the campaign is whether the city has any future at all: whether the coming years will be characterized by even more brutal austerity, or by investment into recreating a production base that was destroyed in the past 15 years of deindustrialization.

The alternative posed to Berlin voters is either to be manipulated into a remake of the shrinkage that synarchist banker Felix Rohatyn imposed upon New York City during the 1970s, or to receive a chance for economic and social recovery under Lyndon and Helga LaRouche's proposal to turn Berlin into a pivot for Eurasian industrial-technological development.

The Rohatyn option was featured prominently (not by name) at the German Constitutional Court in Karlsruhe, on April 26. Berlin Mayor Klaus Wowereit and the head of his financial department, Thilo Sarrazin, presented their case for a Federal governmental bailout of Berlin, based on the "extreme budget situation" of the city. With only 40% of its annual fiscal budget of 21 billion euros covered by tax revenues, the city relies on other means to stay afloat, such as borrowing money, privatizing previously state-owned facilities, drastic budget cuts, and the like. The 62 billion euro debt, just like in any developing-sector country, has increased in spite of mas-

sive debt payments; it requires 2.5 billion euros annually in interest payments alone.

In order to "consolidate" the debt, the Wowereit-Sarrazin Administration argues, the city needs emergency support from the federal government in the range of 30 billion euros, over the next few years.

That is what this constitutional case is about—nominally. In reality, the case of Berlin is about something else: namely, why the established politicians who have run down the city in the past years, have been such cowards that they have constantly avoided addressing the real issues. Berlin's public debt has often been compared to that of Argentina, which is three times as high; but the per-capita debt of Berlin is three times as high as that of Argentina. The Argentines have revolted, however; the Berliners haven't. Instead, the city leaders have decided in favor of working for the creditor banks and not for the population.

That is why the situation there has worsened—and that worsening is deliberate. Since January 2002, when the Wowereit-Sarrazin Administration took power, Berlin has made extreme efforts to consolidate its budget (which is impossible), with Sarrazin telling critics that Berlin has to prove its "goodwill," or else a case before the Constitutional Court will be hopeless. Which implies that if the Court ruled in favor of Berlin's claim for extra government funding, Berlin would have to continue the austerity, to "honor" that ruling. This is the trap orchestrated for the creation of some-

thing like Rohatyn's Big MAC (Municipal Assistance Corporation): For every euro in extra funding that Berlin received, it would have to cut 2 euros or more, in return.

A Berlin MAC would organize the second phase of the deurbanization: privatizing the public bus service, selling off 240,000 apartments still owned by the municipal administration, selling off more real estate, investing (if at all) only in economic sectors that are said to have a "future"—namely, speculation, media, tourism, but not industrial jobs. With such an insane policy, the day would not be far off that Berlin would have more people employed in law firms, than in productive industry. (Today, the ratio is still 1:3.)

Actually, the April 26 constitutional action by Wowereit and Sarrazin is a hoax. Berlin would have been better off going to the Constitutional Court the way that the LaRouche movement told it to do, four years ago: namely, learning from Argentina, to make itself the spearhead of a broad movement for debt moratorium and defense of the common good. And because all of Germany's cities are in a similarly hopeless situation of debt management, Berlin should have made itself the leader of an all-German municipal revolt against the usurious debt burden, for reindustrialization, and gone to the Constitutional Court to find support for this.

During the campaign, the LaRouche movement will present voters with the image of a city some 20, 30, or 50 years into the future, a city completely different from the one they know now. It will be a Berlin which will be able to invest again, will have an increasing number of highly skilled productive jobs, a strong public services sector and public transportation system. A city with a future.

LaRouche Youth Take On 'Rohatyn' of Berlin

Daniel Buchmann, 24, is campaigning for mayor of Berlin, heading a slate of 20 candidates of the Civil Rights Movement Solidarity (BüSo), the LaRouche party in Germany, in the Sept. 17 elections. Abdul-Aliy Muhammad of the LaRouche Youth Movement interviewed him on May 1.



EIR: Daniel, why are you actually running in the election on Sept. 17?

Buchmann: Because nobody in the other parties is qualified to be mayor of Berlin. These old farts in these old parties have spent the last decades proving they can't do the job!

EIR: What is your campaign set to do for Berlin?

Buchmann: We just put out our first pamphlet, and the main slogan is the question of the reindustrialization of Berlin and 1 million new productive workplaces for Berlin; that means high-tech industries, including infrastructure and other modern technologies that can't be produced in other parts of the world efficiently.

EIR: In the BüSo campaign, there are a lot of young people on the slate, and you're probably one of the youngest. Do you think that the question of the youth in this election is very important? What does that have to do with the shift of politics in Germany?

Buchmann: As Mr. LaRouche said, "If you don't have a youth candidate, you don't have a serious campaign," because what you see in politics in general is a big, big generational conflict, where the "68er" generation failed to organize society. They somehow managed to organize their careers, but they failed to organize society, and the youth are faced with a no-future crisis, so the youth have to take over society. That's why the youth are attracted to our campaign, and are joining the slate. And as the election proceeds, we are going to recruit more and more young people into the campaign.

EIR: How is the BüSo planning to bring the question of the

Eurasian Land-Bridge and the intercontinental airport into the campaign?

Buchmann: After reunification in 1990, the whole discussion in Berlin was about connecting Western and Eastern Europe, and Berlin being the hub of Germany, and Germany being the hub of Europe and all of Eurasia. For that, Berlin needs something other places don't have, and something Berlin doesn't have yet; and that's a transcontinental airport for transportation of people and goods, as an intersection of traffic for all of Eurasia.

EIR: Lyndon LaRouche has said that Germany is important as a collaborator of the United States—if we get a change in the U.S.A. And that also, Germany is the only nation in Europe that can provide some leadership. What do you think about that?

Buchmann: It's absolutely crucial. I mean, Germany was most successful when she adopted the policies of the American System of political-economy, as in Friedrich List's Zollverein, or customs union; Bismarck's industrial and social policies; as in the reconstruction after World War II; and as in what LaRouche proposes with the Eurasian Land-Bridge. The U.S. can't reorganize the entire world monetary system without allies in Europe—that's why Germany's an absolutely crucial nation in this.

EIR: Berlin is probably one of the most bankrupt cities in Germany, and probably is comparable with New York City in the 1970s. You also have a similar kind of situation here as we had in New York, with Felix Rohatyn under Big MAC, with the Finance Minister of Berlin Thilo Sarrazin. Can you tell us about your campaign to destroy him, politically?

Buchmann: He wants to privatize everything. When you look in his face you see no emotion; what you see is an accountant—people don't count for him, only his balance sheets. As we all know, before we can balance the budget, we have to balance our minds, and the main problem we have in Berlin is deindustrialization. Berlin is bankrupt because we lost our industries, and through that our taxpayers, so we've got to bring back our industries. Sarrazin has no proposal to solve the problem, but his program would make it worse, cutting the budgets for everything—for children, kindergartens, schools, universities, infrastructure—everything. They are shutting down the city.

EIR: He doesn't believe in the sovereignty of Germany over its banking system, because he went to the EU—

Buchmann: Yes, what he wants to do is privatize the savings and loan banks of Berlin, but he can't because these banks are a part of the General Welfare principle; and the government said no, these banks are for the people. Sarrazin went to the European Commission to complain. He is hated by the people.

IBERO-AMERICA MARCHES AGAINST GLOBALIZATION

Bolivia Nationalizes Its Hydrocarbons Industry

by Gretchen Small

Financier interests are beginning to panic, as they see the historic nationalism for which Ibero-America had long been rightly famous, arising from the ashes of mercilessly looted countries, to effect real change. On May 1, President Evo Morales announced the re-nationalization of Bolivia's hydrocarbons industry, effective immediately. The measure was enforced by the deployment of Bolivian troops, primarily the engineering battalions, to oil and natural gas installations and fields across the country.

The opening clause of the nationalization decree asserts the central principle which globalization had sought to crush: that the general welfare takes precedence over other interests. Bolivians have shed blood to establish the right that "our hydrocarbon wealth return to the hands of the nation, and be used for the benefit of the country," the decree begins. International law prohibits depriving a people "of their means of subsistence," it states. The privatization of the oil and gas industry, carried out in the 1990s, violated Bolivia's Constitution—which expressly asserts that Bolivia's hydrocarbons are the "inalienable" property of the state—and thus, was nothing less than an act of treason.

Financier interests, pressing South American nations such as Brazil and Chile to teach Bolivia a lesson for "unilaterally" threatening "foreign investor confidence" in the region, received a second blow on May 4, when the Presidents of Argentina, Brazil, Bolivia, and Venezuela announced at the end of a summit to discuss Bolivia's nationalization, that they stand united in support of Bolivia's decision, and would come to that nation's aid.

A paradigm shift, opposed to the anti-human axioms of globalization, is sweeping Ibero-America. It first flexed its muscles at the November 2005 Summit of the Americas in

Buenos Aires, Argentina, when the Free Trade Accord of the Americas was effectively buried. Now, leaders of the region are daring to assert, in action, the principle that effective sovereignty means governments have a responsibility to defend economic policies that provide development and better the lives of their people; money and the vaunted markets are subordinate to that interest.

Vividly demonstrated in the Bolivian case, is how the coordination among the Presidents of the region, an informal "Presidents' Club," is providing effective muscle to this shift. Colombia, whose President Alvaro Uribe Vélez is often assumed to be securely in George W. Bush's hip pocket, and Chile, which for decades, under the fist of the *Pinochetista* Chicago Boys, could be counted on to serve as the financiers' agent in the region, joined Argentina, Brazil, and Venezuela in defense of Bolivia's right to take sovereign action. Chile's President Michelle Bachelet publicly rebuked her Foreign Minister, who had attacked Bolivia's nationalization on May 4. My government will not comment on "the sovereign decisions of other governments," Bachelet stated; we are "moving forward in the direction indicted by our governments: the creation of a South American Community of Nations, which will permit us to confront our common problems in a united fashion."

LaRouche Welcomes Re-Nationalization

U.S. statesman Lyndon LaRouche received the news of Bolivia's nationalization with great pleasure. Privatization has been cancelled, he declared. Privatization castrates nations, and Bolivia has just ended its castration. This will have very significant implications for the entire continent, he pointed out. Some Brazilian oligarchs are apoplectic over the

de-privatization of the Bolivian energy sector, but, LaRouche observed, to find out what a Brazilian oligarch is thinking, reach under his Scottish kilts, just as you would with a Spanish oligarch. Remember, Banco Santander, the big Synarchist bank in Spain, with tentacles all over Ibero-America, is an adjunct of the Royal Bank of Scotland.

These Bolivian developments show that the world is in a systemic crisis and that events are driving people, and not the other way around. Forget the “Fidel Castro told Hugo Chávez to tell Evo” explanations of what is going on here. We are seeing a policy phase-shift overall, in which Castro’s role is vastly overrated. Argentine President Néstor Kirchner is playing a crucial role, LaRouche noted.

Exemplary of the political and intellectual leadership Kirchner is providing in this emerging South American paradigm shift, were his remarks in announcing new bidding on various railroad projects on April 27. Argentina is moving up the date for bidding on construction of a high-speed train between Buenos Aires and the port of Rosario, he said, “because this country must be united by the infrastructure it needs! Anywhere in the world you go, you can see that railroads are fundamental. The profitability of railroads isn’t financial; rather, unity of the country on the basis of a modern, fast railroad is fundamental for the citizenry.”

Under Bolivia’s new law, the state will hold 51% of all shares in the oil or gas companies, which will have to pay 82% of their revenues to Bolivia’s recently revived state oil company, YPFB, depending on the results of an audit of their books. The foreign companies have 180 days to accept the new conditions, or leave. Vice President Alvaro Garcí Linera explained that the companies will still make money, but only normal profits, not the “abusive” ones of recent years. The intent is to move from sales of natural gas, to use it for industrialization inside Bolivia, and to produce electricity and oil and gas refined products to sell in the region, according to Hydrocarbons Minister Andrés Soliz Rada.

Bolivians took to the streets to show their support. As one Bolivian diplomat proudly put it, our people had lost a sense of nation, and now they are finding sovereignty once again.

Seizing an Historic Opportunity

The biggest foreign oil company operating in Bolivia is Petrobras, Brazil’s still officially state-owned company, which, however, has been operated as if it were a private entity in recent years. Petrobras operates the two largest gas fields and two refineries in Bolivia, supplying nearly 60% of the natural gas consumed in Brazil. You would have thought Bolivia had declared it would be bombing Brazil, by the reaction of much of Brazil’s press, opposition politicians, and even some members of its diplomatic corps. The industrial heartland of São Paulo is threatened by Bolivia’s nationalization, it was asserted; President Lula da Silva’s South American integration policy has proven a failure. Demands rose for Brazil to teach Evo Morales a lesson, with Petrobras President José Sergio Gabrielli leading the pack.

The Brazilian policy which emerged after a five-hour emergency Cabinet meeting on May 2, however, was calm and thoughtful. It was announced that Lula would discuss the situation with other South American Presidents. To the great dismay of foreign financiers, the Brazilian government issued a statement declaring that “the decision of the Bolivian government to nationalize its subsoil resources and control their industrialization, transport, and commercialization, is recognized by Brazil as inherent in its sovereignty.”

In a speech before a conference of the International Labor Organization the next day, Lula declared that “there is no crisis, rather a necessary adjustment by a suffering people who have the right to demand greater power over their greatest resource.” Swiping at those who would have Brazil act as if it were a mini-Bush Administration, and adopt an imperialist policy against its neighbors, Lula promised, “We are not going to discover any weapons in Bolivia to justify a war!”

Out of Lula’s discussion with Argentina’s Kirchner, came the idea for a summit. Lula, Kirchner, Chávez, and Morales met privately for three and half hours on May 4, with no advisors present. At the end, those banking on turning the South American nations against each other were sorely disappointed. “It was one of the best meetings since I have been President,” Kirchner told the press. Lula summarized the mindset determining events in the region: “If we don’t understand that it is unity that will give an international dimension to our countries, we don’t deserve anyone’s trust.”

A brief communiqué issued by the Presidents emphasized that “the integration of energy is an essential element of regional integration benefitting our peoples.” They agreed to guarantee gas supplies in the region in a manner which fosters “the balanced development of the producer and consumer countries,” and to settle price issues in bilateral discussions, while Mercosur and South American integration are to be strengthened through the gas pipeline project of the South. The Presidents also “agreed to promote joint investments with the aim of favoring the full development of Bolivia.”

“The final communiqué makes clear that we respect Bolivia’s sovereignty,” Lula said. Contradicting Petrobras head Gabrielli’s statements of the day before, Lula suggested that new Petrobras investments in Bolivia are possible. “We are going to see how we can contribute so that Bolivia improves the quality of life of its people.” Our message to foreign investors is that “we don’t want to continue being an eternally poor continent.” We are all aware of the importance of this moment for Ibero-America, Lula added. “None of the Presidents here is going to take a decision which will make the integration of South America and Mercosur more difficult.” Chávez, for his part, warned that “there are those who wish to stoke tensions. We want to stamp them out.”

Evo Morales thanked the three for their support, and accepted the offer that Bolivia formally join the planning for the cross-continental pipeline. The other Presidents understand that Morales acted because this is the only way Bolivia can confront poverty, he explained.

LaRouche Warns Nissan's Wage Killer: 'Mississippi Is Not Manchukuo'

by Bonnie James

The Japanese car-maker Nissan is leading a "race to the bottom," in a drive to bust wages, working conditions, benefits, and the right to organize, in what a Mississippi State Legislator has called a "racial experiment on African American workers, aimed at how low they can drive auto, and American workers as a whole." In its Canton, Miss. plant, Nissan has slashed wages to about 40% below what a union autoworker in one of the Big Three auto plants earns, and about 20% under the pay scale for Nissan workers in the company's Smyrna, Tenn. plant, some 300 miles distant. The average hourly wage in Canton is about \$12 an hour, while the supplier industries for the plant are paying \$9-11 per hour. These are poverty-level wages, for full-time, skilled industrial work.

In a discussion with *EIR*'s Paul Gallagher on April 28, State Rep. James Evans, who represents Mississippi's 70th legislative district, and is a member of the state AFL-CIO organizing committee, pointed out that the Canton plant is "part of the Black Belt . . . the City of Jackson is 75-80% black; and the county is the same kind of numbers, and maybe even more." The "experiment" being carried out at Canton, just north of the state capital at Jackson, is based on taking an "eager," largely black workforce, and using the plant as a model to destroy wage standards throughout the auto industry, and across the board.

The driving force behind Nissan's Nazi-like labor policy is Carlos Ghosn, a Brazilian-born Lebanese, trained in France, who became CEO of the company in 2000, and instituted the so-called Nissan Revival Plan. Ghosn—also the chief operating officer of Renault, Nissan's industrial partner—is known throughout the industry as "Le Cost Killer." Under his anti-labor, "shareholder value" regime, Nissan's stock price tripled from 2000 to 2003. The Canton plant, begun in 2000, was part of the "revival." Nissan built it on the quick, and it opened in 2003 with production of the Nissan Quest minivan. Now it also makes the Nissan Titan pickup, Armada SUV, Altima sedan, and the upscale Infiniti sport-utility vehicle. The corner-cutting has led to manufacturing defects in the cars. All but the Altima have received unacceptable ratings this year from *Consumer Reports* magazine, and sales fell 0.6% at the same time that the market increased 1.1%.

Evans charges that Nissan is treating its workers "like human cattle": "When you decide on this race to the bottom—it's two ways that you can level off standards of living. You

can bring the folks at the bottom up to the folks at the top, or you can drop the folks at the top down toward the folks at the bottom.

"And treating them like human cattle—the fact that he [Ghosn] has laid off over 100,000 folks, and driven wages down, lets you know that he's trying to set a standard for how fast they can accelerate this race to the bottom in wages. And this is the *experiment* to see—because this is the worst shop; it's strategically located; and I'm certain that the results, of how well he survives this in the long haul, is what the industry and others are waiting to see."

"It's part of the race to the bottom as far as the middle class is concerned," Evans emphasized, "and it's greed driving down the middle class. This is one step above servitude, for \$12 an hour. That's what that is, with no respect on the job, no rights on the job. And then, it's a deceptive thing; because the Constitution guarantees respect and dignity. And the law—although it's too weak to do any good in the face of these thieves—but the law says the workers have a right to organize to better themselves.

"So we've got the Constitution and the laws; and in essence, they're trying to deny them their legal rights and constitutional rights, with fear and deception."

LaRouche's Mobilization

In a discussion following his April 27 webcast from Washington, D.C., Lyndon LaRouche, who has proposed a top-to-bottom retooling of the auto industry for production of advanced transportation and nuclear plants, was asked whether he planned on taking up the banner of those who are protesting Nissan's experiment in Canton. The questioner noted that the Canton situation, while extremely disturbing, is by no means unique; that at least half a dozen such experiments have been documented across the South over the past six months. The cynical explanation for this is that, "if American workers can be persuaded to work at this wage level, then jobs can be kept at home, and the outsourcing will end. And at the same time, these workers will be put to work at 'productive jobs.'"

LaRouche responded by cautioning the Japanese automaker, and its French co-owners, "that Mississippi is not Manchukuo"—the area in Manchuria, China, invaded and occupied by the Japanese in 1931-32, and renamed "Manchu-

kuo”—where terrible atrocities were committed against the civilian population. “This was typical of the Japanese occupation in various parts of Asia, which was very brutal, LaRouche added. “The Japanese tend to be rather nasty, extremely inhuman, in treating people who they feel are, shall we say, their helpless subjects.

“And for Japan—at least a firm which is associated with the name of Japan—to engage in what is happening in Mississippi in particular, but also speckled in other locations around the United States, is something which is not easily forgivable on the part of Japan.”

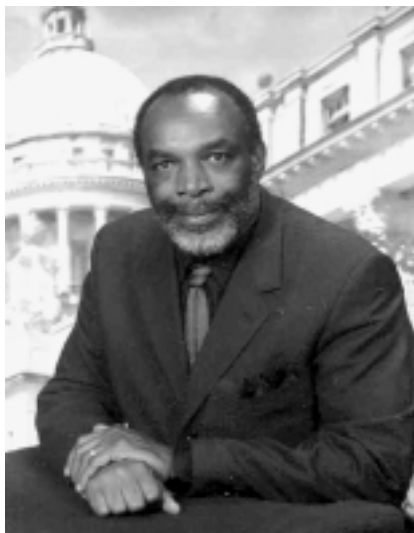
LaRouche then addressed the Mississippi “experiment”: “Now, on the question of the location of this operation in the United States: The peculiarity is, the United States, despite all else, has a higher level of culture than is available to investors in other parts of the world, even a poor area, like the poor area where they’re concentrating on a largely African-descent population in this particular case.

“Remember that before this time, Japan invested significantly in auto-producing plants in the United States, and while the UAW was functioning, and when the Big Three existed, that when the Japanese would set up an industry, they would do everything possible to keep the unions out of those plants. *But*, the way they would combat the unions, is by trying, appearing at least, to match the benefits, which the UAW had negotiated with its relevant firms.

“Now, what’s happened in this case, in this particular case, and others, is a move to *break that pattern*. They say, ‘Screw them.’ And they go into areas where the population is relatively poor, poverty-stricken. They get concessions, in which all kinds of concessions are made—no taxes, no this, no that—from the local community. In other words, the local government funds the operation. And they use this as a pattern to break the unions. And to break the standards of labor, and welfare, in this country. This includes pensions.

“Now, what they’re doing is, by the General Welfare principle, is something *we can not tolerate*. But the reason they do that, is . . . because the United States is a better source of skilled labor, than any other part of the world they have available—even poor people who are of African descent in these areas of Mississippi. They have an inherent cultural advantage over the labor force available in other parts of the world. And therefore, the Japanese are very astute to that. They always moved in, in the United States, in producing automobiles, because they could produce *better* here, than they could in Japan. Because the culture of production in the United States, is better than Japan. Japan has a very high investment in high-capital intensive machinery, which is how they produce. But the subtleties of production, the American labor force, and the American environment, is much better for production, than Japan itself. As Japan cases show.

“So, therefore, they’re coming in here, and looting us, because we’re here. And they intend to loot us on a large scale, gobbling up the entire auto industry, loot us, with the



Mississippi State Rep. James Evans, a member of the state AFL-CIO organizing committee, charges that Nissan is treating its workers “like human cattle.”

connivance of the people in the auto industry itself, U.S. auto industry. But at the same time, they’re picking up the advantage of labor of a degree of skill and productivity, they can not get in other parts of the world.

“So, it’s not a benefit to us, that they intend. They come to suck our blood, not to benefit us.”

In response to LaRouche’s characterization of the issue at the Canton plant, Representative Evans stated: “That shows that Mr. LaRouche is a learned man who has done his research on Mississippi. . . . He sized it up correctly.”

Canton: ‘A Place of Fear’

Following a Feb. 24, 2005 meeting with United Auto Workers President Ron Gettelfinger, local ministers and community leaders called Nissan’s Canton plant “a place of fear.” They said the employees are forced to work long hours at a breakneck pace, and under a restrictive attendance policy. One Jackson minister said, “It’s not salary or health benefits. It’s firing—how easy it is to get fired.” The top wages, only attainable by a small part of the work force, are \$2.25 less than at Nissan’s Smyrna, Tenn. plant, and \$6 an hour less than a UAW member makes at a Ford plant, UAW Vice President Bob King said.

Worse, most of the workers are being hired and kept as temporary employees of a labor company, Ranstadt, for 18 months to two years before they even enter Nissan’s wage-scale progression, and five more years before they earn company health insurance or retirement plans.

Evans graphically described the speed-up and brutal working conditions at the plant: “They’re eating the flesh off their backs, and robbing them and their families of the benefits of their labor, by auto industry standards. That’s what they’re doing, robbing them day by day.”

Why do the Canton workers put up with this? These are people, mainly African-Americans, who have come from



Nissan Motor Co.

Nissan Chief Executive Carlos Ghosn (in suit), at the Nissan auto plant in Canton, Mississippi. Known as “Le Cost Cutter,” Ghosn is carrying out an “experiment,” using the “eager,” largely black workforce in a brutal “Wal-Martization” of the auto industry.

low-wage, often minimum-wage service jobs; for many, \$12 an hour is a significant wage increase. On top of that, the company tells them horror stories about the union, and they come to see it as a threat. So, they become fearful: fearful of losing their jobs.

Effects on the State of Mississippi

The slave-labor-like conditions being enforced at Nissan’s Canton plant are also severely impacting the State of Mississippi. When asked by *EIR*, what, if any, benefits the plant has brought to the state, which made a significant commitment to Nissan to have the plant located there, Evans was blunt: “You know, when the commitment was made, to do the Nissan plant, the initial investment was \$300 million or so. And then they came back, and wanted another launch-pad, and we paid for another \$64 million. And there were also other things that we paid for, as far as training, and set-up costs, and other things, and that come to around \$400 million. That was the financial thing. Then, the tax breaks and the tax benefits, from the state, and from the county, and from the city of Canton, added as part of our normal economic package. And I think that folks calculated that at about \$65-70,000 *per job*. That was the commitment that the state made to that Nissan project there.”

But, those hopes were soon dashed, when the state realized that the wages at the plant were so low, that returns to the economy would be virtually nil. “To get its investment back,” Evans explained, “in essence, was [the assumption] that [Nissan] would be paying workers \$23 an hour. We calculated when we would get the money back. Now, if

you’re paying them \$12 an hour, that means it’s going to take you double the time to get it back, if you ever get it. And you have to examine: Is the commitment being kept? That’s what the community wants . . . and those are questions that the taxpayers are concerned with being answered.”

In other words, workers making \$24,000 per year, at best—barely above the official poverty level for a family of four—will not be paying much in the way of taxes, or have the discretionary income to spend in the local economy, as had been anticipated. Evans estimated that it would take at least 20 years for Mississippi to recover, in payroll taxes, its concessions to Nissan.

In addition, Nissan—acting as an “automotive Wal-Mart”—threatens its local suppliers, like Tower Automotive, with cutoff of contracts

in reprisal for any union activity at the supplier.

‘Mission: Impossible’

The United Auto Workers and the AFL-CIO have decided to take on the challenge of organizing the Canton Nissan plant, a project that Evans calls “Mission: Impossible,” in a reference to the TV spy drama of the 1960s. Because, as he said, “If you look at every time that ‘Mission: Impossible’ came on, they completed a mission that was impossible, successfully.” While the labor movement has had other “missions impossible,” Evans judged that Canton may be among the most challenging, “because we’re dealing with Carlos Ghosn, who is really ‘Mr. Anti-Labor.’” On the positive side, Evans believes that the community will support the organizing drive, “because a lot of folks have tried to do things in Mississippi that they couldn’t do anywhere else; and they got met, with a strong, unified community.”

But, this is bigger than the State of Mississippi, as Evans points out: “It’s a crusade for justice. And the United Auto Workers is here, because the workers inside that Nissan plant asked for help. They asked the community folks for help; and they asked other folks for help. And the Auto Workers stepped up to the plate, and said, ‘Here we are.’ And the AFL-CIO, which I work for . . . is letting folks know that they have the right to a voice at work; and they have the right to better themselves, period. So, it’s obvious I’m in, from the guardian of the taxpayers voice in the state, to the employees’ rights.

“I don’t want Nissan to make a mistake about it,” Evans declared. “I’m doing this. This is my job. And I’m glad of the opportunity to be on a ‘Mission: Impossible’ team.”

LYM Internet Forum: Restore Real Social Security for Ibero-America!

by Cynthia R. Rush

The April 20 Internet forum, “Toward the Revival of Ibero-America’s Social Security System,” organized entirely at the initiative of the LaRouche Youth Movement (LYM), brought together activists from Argentina, Chile, Mexico, and the United States, to discuss how to reinstate those policies that protect the General Welfare, in the context of the imminent global financial crash. The international forum attracted trade-union and other institutional representatives from these nations, who are mobilizing to restore the state-run social security systems that were brutally privatized in Ibero-America during the free-market binge of the 1980s and 1990s. Dialogue among the participants made clear that continent-wide collaboration is a powerful tool in this fight.

EIR’s Ibero-America analyst Cynthia Rush set the tone for the debate in presenting Lyndon LaRouche’s analysis of the impending financial crash—exemplified by unbridled commodity price speculation, and hyperinflation, and the exploding housing bubble. Rush documented George Bush’s insanity, the history of Synarchist banker Felix Rohatyn’s backing for the fascist 1973 Pinochet coup in Chile, and Rohatyn’s current deployment into the U.S. Democratic Party against LaRouche’s programmatic leadership.

“You can’t talk about social security without addressing the international financial crisis,” she emphasized. The 1981 privatization of Chile’s social security system, imposed by a Nazi-style dictatorship, was presented, not as a national issue, but as the reflection of an international model imposed by the same Synarchist financiers who today give orders to the George W. Bush Administration. Former Secretary of State George P. Shultz, who backed the Pinochet coup and subsequent imposition of the University of Chicago’s fascist free-market economics on that country, was also behind the Bush Administration’s 2005 drive to privatize the Social Security system created by President Franklin Delano Roosevelt in the United States.

That drive failed, Rush noted, in large part due to the LaRouche movement’s exposé of the Chilean roots of the proposal. If the principle of the General Welfare, embedded in almost all of Ibero-America’s constitutions, is to be restored, Rush said, it will require a new Bretton Woods system also committed to that principle. The current system is dead. LaRouche’s role in the United States, and the importance of the informal grouping of Ibero-American Presidents demand-

ing an alternative to the International Monetary Fund’s deadly policies, were also discussed. One of the financial oligarchy’s greatest fears, Rush underscored, is the possibility that Chile’s new President Michelle Bachelet and Argentine President Néstor Kirchner, might work together in providing leadership to that “Presidents’ Club.”

Chile: A ‘Historic Moment’

Chilean guests María Luz Navarrete of the National Association of Tax Employees (ANEF) and the Institute for Social Security Normalization (INP), and Isabel Márquez, also of the INP, provided important insight into the “historic moment” Chile now faces because of President Bachelet’s stated commitment to reform the private pension, or AFP system. After documenting the desperate situation in which the privatization has left millions of workers—60% of AFP affiliates will receive no pension—Márquez explained that the organizations she works with are in the process of creating a large national movement to demand something more than a “cosmetic” reform. Pension reform isn’t a technical issue, she stated. “It is a political and social problem . . . and if we aren’t capable of fighting now, we won’t achieve the reform that is really needed.”

Navarrete movingly described her organization’s battle against the privatized system, noting that people had suffered torture and death in the attempt to stop the “Chicago Boys’ ” smashing of the state system. As she told *EIR* afterward, she was very touched by the opportunity to address fellow activ-



Isabel Márquez of Chile’s Institute for Social Security Normalization.



EIRNS

Argentine LaRouche Youth Movement leader Diego Bogomolny, shown here speaking with Argentine Vice President Daniel Scioli, at the November, 2005 Mar del Plata Americas Summit, addressed the forum on April 20. The LYM has taken up the issue of reviving Ibero-America's Social Security system, as an international issue which goes to the core of the general welfare.

ists in Argentina, Mexico, and the United States, and to know that Chile can count on their solidarity. It brings Chileans "great joy," she said, to know that this is an Ibero-American movement, "and that the people of the United States are also fighting."

Argentina: Synarchy Is Still on the Move

Peronist union leader Leonardo Fabré, secretary general of Argentina's National Social Security Employees Association (APOPS), shaped his presentation in response to several points made by Rush, and stated his agreement on the nature of the common international enemy to be defeated. He was particularly struck by Rush's use of the term "Synarchy," since former President Juan Domingo Perón had also identified the Synarchy as Argentina's chief international foe. Synarchy was responsible for overthrowing Ibero-American Presidents in the 1950s, '60s and '70s, Fabré noted. "And that enemy is still around. So I understand why Argentina's President moves cautiously."

Speaking before an audience of 30 people gathered at the Evita Museum in Buenos Aires, in addition to a panel of representatives of state agencies and social service organizations, Fabré agreed that the global financial system is about to collapse, but added that this also represents an opportunity to fight for a New World Economic Order. Social security "goes well beyond the word 'social' or 'security,'" he said. "It has to do with a humanist character of life, of putting the human being at the center of everything." The neo-liberal model had replaced the human being with financial specula-

tion, Fabré said. Today, the grouping of like-minded Ibero-American Presidents—"and there will be more coming," he said—offers hope because they are aligned with the more humanist perspective.

Like his Chilean counterparts, Fabré underscored the urgency of acting now. It is time to "go to the Congress, and write a bill stating that there is only *one* obligatory pension system, as our national Constitution indicates, and that is the state system. Any private system must be . . . optional."

Ibero-American Solidarity Is Key

In Mexico, Agustín Castillo López, an aide to Mexican Federal Deputy Agustín Rodríguez, who is also the Secretary General of the STUNAM (Employees Union of Mexico's National Autonomous University), outlined the neo-liberal

attempts of the 1980s and 1990s to smash and privatize the country's social security system, and how workers are organizing to resist this. The Mexican Constitution is very clear on the state's obligation to provide social security protection, Castillo said, but backers of the IMF's policies are intent on privatizing not only social security, but state medical services, and many other gains made over the years by the labor movement, beginning with the 1910 Mexican Revolution and extending into the 1940s and 1950s.

"We are convinced," Castillo said, that only through continental coordination can workers build the muscle to demand the rights to which they are entitled under the Constitution.

To those who were struck by the debate, and the references to Synarchy, Argentine LYM leader Diego Bogomolny explained that "this is what the LaRouche Youth Movement does internationally. LaRouche gave us the mission of restoring the General Welfare for humanity, and this won't be done if we don't create a new world financial order that guarantees the sovereignty of nation-states." In the battle to return to the system of Social Security established by Franklin Roosevelt, and implemented in Argentina by Juan Domingo Perón in the 20th Century, Bogomolny said, "We have to also fight from an international standpoint." The forum, he said, served as a useful mechanism to "develop a joint strategy to re-establish, but also go beyond what social security was previously. . . . [and create] a society in which men won't be limited by other men, or by poverty; and society will be able to rise to heights never before seen. . . . And this is possible, because of human creativity."

Private Pension Systems Serve Banks, Not People

Chile

*From the speech by **María Luz Navarrete**, national director of the Employees Association of the Institute for Social Security Normalization (INP), and vice president for Social Security Affairs at the National Association of Tax Employees (ANEF). All speeches have been translated from Spanish.*

It is a pleasure for me to be able to speak on behalf of Chilean workers, who have brutally suffered not only death, torture, disappearances, and prison, but whose social security funds, accumulated since the late 19th Century, have been looted. This is social security which was built on the foundations of Chilean trade unionism which was very, very badly treated by, first, the British and then the U.S. oligarchy. . . .

In 1973 (the year of the Pinochet military coup), they destroyed us, and a major propaganda campaign against the pension funds was launched. They stripped the funds of all their assets, which at that time was largely real estate. Nearly all of Santiago's buildings have plaques stating that they were built by the Public Employees Pension Fund, by the Bank Workers Fund, etc. The military took over the assets, the funds, the funds' recreation centers, and in 1980, as the great economic crisis approached, they decided to take over the entire state system. There wasn't much of a reaction, since we had no possibility of defending ourselves. . . . One of our trade union leaders at that time was assassinated, and there was no possibility of a mass resistance to the ominous consequences of a private pension fund system, the AFPs [Pension Fund Administrators]. . . .

There were military officers deployed to oversee the pension funds. So people couldn't say, "No, I'm not going to switch" [from the public to the private system]. In private companies, the bosses, of course, forced people [to switch to the AFPs]. And in this system, only the workers contributed to the funds, not management. And [the AFPs] didn't improve the quality of work, didn't increase the work force, or raise wages. They did not develop the country, as promised.

Today, the situation is dramatic. We have 7 million members of the AFP system. . . . Of these, half of them—more than 3 million people—have no right to a pension because they didn't meet the minimum requirement of having 14 million Chilean pesos on deposit in the funds. The exchange rate is 500 Chilean pesos to the dollar. The other

half of the affiliates are going to get minimum pensions, and only some 2% are going to get a pension that exceeds or comes close to what they earned when they were working.

So the crisis here in Chile is extraordinarily big. . . . But we also have an historic opportunity to return [to a system in which] all Chileans will be able to retire without having to live in misery, as was the case at the beginning of the 19th Century, when workers had no rights and had to organize mutual protection societies to be able to be compensated for all the risks that life offered us, above all, exploitation. . . .

The bases are mobilizing; the Chilean population is, I believe, at a crossroads, and is going to respond well, just as it did in the 90s, or at the end of the 1980s, to the call to "defeat the dictatorship!" I believe that once again we are going to defeat the dictatorship, and it gives us great joy to know that we are not alone, that this is an Ibero-American movement and that the people of the United States are also in this battle.

I tell you wholeheartedly: We are going to defeat the AFPs!

*From the speech by **Isabel Márquez**, sociologist, and official of the Institute for Social Security Normalization (INP).*

. . . It's no surprise that the issue of social security reform is posed today here in Chile as the agenda of the current government. That issue had to be taken up. Why? Because many of us have for years been trying to get this issue into the light of day, but with little success. Happily, there were Presidential elections, and this was an issue that they had to address, without doubt, because there are many people affected by it. So we are glad about that.

But, what is happening today with the proposed reforms? A committee was formed. . . .to analyze the question of social security reform in Chile. The idea was that this committee would be sufficiently broad to include trade union sectors, social organizations, and other sectors. Despite this, the committee that was created is totally technical, *only* technical. Seventy percent of the committee that the Michele Bachelet government created, is made up of people who have been fierce defenders of the AFP system, and other technocrats who are also at the service of the neo-liberal model.

This isn't the only problem. The framework established for the reform is absolutely inadequate, as it is limited to only reforming Decree-Law 3500, which created the private AFP system. Since the government didn't take into account social organizations, much less those of us who have fought and who have done studies years ago on this question, that moved us to react and to begin to fight as a movement, which includes sectoral associations, trade unions, and other social organizations.

. . . The main issue here, and the one we want addressed, is that we cannot approach reform from such a narrow view-

point. We need a reform of a social protection system understood as one that protects everyone, and which additionally, should take responsibility for the reality facing this country's labor force.

Despite studies to the contrary, it has already been proven that this private pension system . . . is going to leave 60% of its affiliates without a pension. There is a large percentage which is going to receive a minimal pension. The majority of the people are going to receive one-third of what they earn, and it will favor approximately 10%, who are the people who have a lot of money. These are the only people the system serves, not the others. It is a system that bears no relation to the reality of the Chilean labor force. In Chile, there is no job stability; 70% of the people earn less than 200,000 pesos.

So, the system is no good. Why? Because we live in an open-market economy, with globalization, with free trade agreements that leave millions of people outside the labor market. So employment in Chile is seasonal: on average people have a chance to work 5.2 months out of the year! There is no way this reality can sustain a private pension system.

The fight we are waging today is for there to be a genuine reform of the social security system, and not just a cosmetic reform of the private pension fund system. It is the case that if we don't mobilize large numbers of people in Chile, we shall achieve nothing. This is the only historic opportunity that we are going to have as a country to reform this system which has done so much harm to people. If we aren't capable today of fighting, of going out on the streets and opposing what has so far been proposed, we won't get the reform that is really needed. . . .

The reality today is that this is what we are fighting for, with one disadvantage: Chileans today are a people neutralized by consumerism, by credit card debt, where it takes a lot for people to dare to fight, for fear of losing their jobs. . . . These are the conditions we face today. . . .

It is a risk we undertake as a social responsibility, and not as an *individual* one, as the private pension system today emphasizes. There are many proposals which are technically viable, but the problem of social security reform is not a technical one. It is a political and social problem. And, as I said earlier, if the big social movements don't fight for this, the social security reform will be nothing more than a salute to the flag.

Argentina

From the speech of Leonardo Fabré, Secretary General of Argentina's National Social Security Employees Association, APOPS.

Cynthia's statistics from the United States are impressive. . . . We discussed that just as the model was overturned in Argentina, so it will be overturned in the key countries that back this model. We said this four years ago, and Cynthia confirms . . . as highly probable that the economic model will

come down in the third quarter of this year. . . .

From my standpoint, the economic facts are important. They confirm that the system is really coming down. What we regret, as we Peronists say here in Argentina, is that when you hear the shots, unfortunately it's the people that are the first to go down. What we were thinking as Cynthia spoke, was that the architects of this unjust economic model certainly must have made some preparation to protect themselves from this oncoming world crash.

So, those who will be hurt immediately are the people themselves. Not only the people of the developing or poorest nations, but even the people of the United States who, as Cynthia pointed out, have a President whose mental state is at best problematic; and she literally said he is crazy. And I think we agree with this. He is crazy. And when he tried to privatize the U.S. Social Security system last year, those of us who are permanently monitoring social security, said to ourselves that something really wrong is happening in the United States.

So, while we can't be happy about the economic and social problems approaching, every crisis represents an opportunity. We believe that this crisis is also an opportunity—to bring about a New World Economic Order.

If the decades of the 1960s and 1970s were bloody due to the national security doctrine that came out of the United States—although really things began earlier, in the 1950s—with the transvestite democracy that they tried to impose on us, the 1980s were equally cruel. We didn't hear shots, nor were there military coups, but poverty inundated Ibero-America with almost greater intensity than under the dictatorships.

The model thus made clear its objective which, as our American friend stated, is to return us to a dark age, to feudalism. . . . The only systems that can save the planet, and the human race, are those that evolved from regimes based on solidarity, beginning with the democratic system. And also related to this . . . [is] a system of subjectivities, what is essentially human, and that is the social security system that goes well beyond the word "security" or "social." It has to do very profoundly with the humanist character of life—of putting the human being back at the center of things, as every religion, without exception, preaches: man as creation, at the center of everything.

The neo-liberal model put financial speculation in place of man. This is the result of the change in priorities. That change from [Franklin Delano] Roosevelt to [George W.] Bush. The change from [Juan Domingo] Perón to [former President Carlos] Menem, if you will. Changes such as [new Chilean President Michelle] Bachelet, such as Evo Morales, Kirchner, Lula and all the Presidents—and there will be more coming—symbolize great hope because these [Presidents] are closer to that humanist perspective.

I'm here to talk about social security and protection, but we can't talk about social security without discussing politics.



This LaRouche PAC pamphlet was issued in the United States in Spanish and English. The headline reads: "Privatization of Social Security: Bush Opens the Door to Fascism."

Only a change in policies can guarantee a change in social security, health and education policies. . . . When we talk about a retiree, we also talk about a defenseless child, or woman, or working class. . . . In general, we all grew up in the 1940s, 1950s, and 1960s, in an era full of the hope that we were moving toward the possibility of a more just world, especially after World War II. . . .

But it didn't turn out that way. Today, power doesn't really rest with the big powers. Power is in the faceless international financial and banking system, that is silently speculating with human life.

Cynthia mentioned the new mortgage systems in the United States, run by this financial power. But it's not just in the United States—this has been happening around the world. The first pension fund to collapse wasn't a Chilean, Argentine, or Colombian fund. It was British! This didn't get a lot of publicity, but 700,000 British workers lost everything.

And even some of the companies that were consultants to our own National Social Security Administration, such as the Arthur Andersen company, are now bankrupt in the United States and helped bring Enron down. We paid them \$13 million annually, and they advised us to change our

social security system, supposedly because it was an obsolete, bankrupt system that had to be privatized.

That's when we figured out that it was all connected. Now this all began in the 1950s, when there was a geopolitical situation very similar to Ibero-America today—countries like Brazil, Argentina, Chile, and even Colombia had a similar Latin Americanist democratic outlook. The defense of people's interests came first. But then—oh, what a coincidence!—between 1950 and 1955 we suddenly saw assassinations of Presidents (Colombia), coups, suicides (the case of a Brazilian President), and a coup in Argentina. They bombed Buenos Aires in June of 1955. The democratic government [of Juan Perón] fell in September of 1955, and four months later, in 1956, Argentina joined the International Monetary Fund. . . .

Those Presidents thought they were strong, and they were. But they couldn't stand up against that word we heard Cynthia mention: Synarchy. Juan Perón spoke of international Synarchy, as did other leaders. And today we hear our American friend once again mention that tragic word. . . .

Because that enemy is still there. . . . So I can understand why the Argentine President [Kirchner] treads very cautiously. I don't know why the AFJP [Argentina's private pension funds] still exist today. The private pension funds are cited as the major cause for the buildup of debt—\$57 million according to official estimates—during the 1990s. These AFJPs are nothing more than disguised banks.

These AFJPs already have \$30 billion, or maybe more, in their coffers. It's irritating to think that the \$30 billion stolen from workers could be used for schools, roads, houses, and in so many things the Argentine people need. But more irritating is the plight of an Argentine worker who contributes funds to an AFJP and then loses his job—there are millions who are jobless—but the AFJP keeps charging for maintaining this account, right down to the very last peso in it.

So the principle of social security solidarity was lost completely. The Argentine Constitution says that only the State is responsible for social security services (Article 14). Despite this, the Argentine state today unconstitutionally delegates social security responsibility to private companies, who are robbing workers. We Argentines put 100 pesos into an AFJP account, and we're credited with 60. Forty pesos go to paying for administrative and insurance costs.

There is no greater fraud in the financial world today. At least in Chile, they said, "We'll smash the system because we are the military, we're part of a dictatorship." . . . But here in Argentina they told us that the system was "mixed."

It's not mixed. It was created only to benefit the banks. Anyone who has a private account cannot return to the public system. But whoever is in the public system, can also contribute to an AFJP. The most perverse aspect of this is the case of young inexperienced workers just

entering the labor force who, if they fail to make a choice within 90 days, end up being thrown into the private system because they didn't choose. That poor worker aged 18 to 20, is thrown by lottery into an AFJP that he never chose. Ninety per cent of AFJP clients never opted for the private system.

What does this aggression—the last great economic and social aggression in Argentina—mean? It is the responsibility of the Argentine political class to resolve this situation that began in 1955, was exacerbated in 1976 with the bloodiest dictatorship Argentina has ever known, and continued with the weak democratic system starting in 1983. Today, our President is trying, prudently, to get us out of the trap into which this new colonial system has thrown us.

What isn't done with bayonets or tanks is done with loans, loans that we never asked for. An illegitimate foreign debt—not just illegal but illegitimate—created under cover of our dictatorships: Chile's, Argentina's, Brazil's. The largest amount of foreign debt was contracted by the military dictatorship that ruled Argentina between 1976 and 1983.

I mention a few of the all very important points that were mentioned.

We need a cultural paradigm shift. We have to remember that we are humanity, that we are the only living being that developed intelligence. . . . We must remember who we are, and remember that if we want to treat others well, we have to begin by treating ourselves well. No one will develop in a planet that doesn't develop. If people are dying of hunger in the North and in the South, it won't be possible to achieve happiness. It's impossible. There is no logic, not even scientific logic to it.

That's why we've been left practically bereft of social security, public education or public health, because the market was supposed to save everyone. You stopped being a citizen and began to be a consumer, a client. Credit card companies sent you gifts and we lived in a bubble—as our American friend indicated—that famous bubble of lies. Argentina lived through and suffered from the explosion of that lie.

A portion of that lie is the \$50 billion that was stolen from the Argentine Social Security system—workers' money. Now, I ask: Are we going to wait for the \$30 billion in the AFJPs to also evaporate in a new crisis? Or are we going to take the bull by the horns, go to Congress, write a bill stating that there is *only one obligatory pension system* which is the state system, as Argentina's National Constitution states. Any other private system must be . . . optional.

We must continue with the solidarity-based systems, in Argentina and in the world. I pay so that my 80-year-old neighbor can collect. My son pays so that I can collect. Let us develop this solidarity-based system as a constant, not only for social security, but in all aspects of life. This is the only reliable road to take to confront this new historic phase the world is facing.

Mexico

From the speech by Augustín Castillo López, an aide to Federal Deputy Augustín Rodríguez, who is also the Secretary General of the Employees Union of Mexico's National Autonomous University, UNAM.

As a result of the 1980s, and particularly in the 1990s and in this last period of the 20th Century, Mexico's workers have been assaulted by neo-liberal policy, just as in the rest of the continent.

For us, it is clear. And we have been experiencing this in the rest of the world as well, where no country has been able to meet its set goals with regard to retirements and pensions for its respective workers.

Aware of this, we have been searching for a possible solution, for us to be able achieve retirement, pensions, in accordance with the intent of the Constitution of the United States of Mexico.

However, we have encountered differences, because there have been modifications, or proposed modifications, by the Mexican government, based on a neo-liberal policy with the intention of privatizing all the social services, in retirement and pensions, medical services, and in the cutbacks of many of the gains that we have won through many years of struggle, and which have been enshrined in our collective labor contracts.

We have been waging this fight, and so far, they have been unable to impose these modifications. We are aware that we will be beginning a new stage with this new government that will come in with the July 2 [Presidential] elections; and whoever is the winner that day will have to propose a new strategy to be able to provide solutions to the problem of retirement and pensions. . . .

We have launched a process which is allowing us to consolidate an independent and democratic movement with the majority of the sectors of the labor movement, whether from the industrial wing, from services, from the banks, etc., and also of the universities, in which we seek [to forge] a single national process respectful of the Constitution of the Republic. . . .

We have succeeded in defending the ISSTE system, the system for state service workers, despite the insistence of the State. We have insisted on permanent resistance until we can find a balance and guarantees [of the defense of] the rights of the workers, won beginning with the 1910 Mexican Revolution, and the consolidation of services from the 1940s and '50s. . . .

This is one of our demands, as university workers, as a center of culture, of study and of analysis. We are committed to our society and to all the Americas, to be able to achieve better ways to benefit the working classes . . . to be able to defeat the international policies of the International Monetary Fund and the World Bank, to be able to effectively act for the benefit of the great masses of workers.

Helga Zepp-LaRouche Renews Her Call for a New Bretton Woods



In the wake of previous calls for a New Bretton Woods, from 1997 and 2000, in which thousands of notable personalities from around the world, among them, former heads of state, parliamentarians, trade unionists, entrepreneurs, jurists, church leaders, members of the military, and so forth, demanded a reorganization of the world financial system, the chairwoman of the Schiller Institute, Helga Zepp-LaRouche, has written a new appeal, which will be circulated worldwide by the Institute. It will be published with the names of the signers on the Internet and in various newspapers.

“The fakery of the outgoing Alan Greenspan administration, in burying the ‘M3’ report, was clearly intended to conceal the fact that the rate of the rate of increase of world prices of primary materials has the world as a whole currently on the same kind of ‘least-action pathway’ curve of hyperinflation which gripped Weimar Germany during the second half of the year 1923. Comparing the present rates of rates of increase of primary materials prices with the pattern for Germany 1923, indicates the likelihood that, under present U.S. and European policies, the world system could reach a point of collapse of the monetary system by not much later than September 2006, if not earlier.” Thus wrote Lyndon LaRouche in his declaration of April 20.

When Lyndon LaRouche issues a forecast, usually the competent economic and financial experts in the world give it the highest attention, because LaRouche is demonstrably the one economist whose analyses have been proven right over the past decades, while his critics have been totally discredited.

This time his evaluation hit like a bombshell in political Washington, and other places. Because the parallel of the acceleration of the price increases in the most important raw materials, with the hyperinflation of 1923 is so obvious, the usual mechanism of suppressing reality don’t function any more.

The central bankers have come to a dilemma from which there is no way out: If they continue the Greenspan policy of the past 19 years, of continuing liquidity expansion through derivatives and speculation by hedge funds, private equity partnerships, and similar means, then the energy and raw material prices will explode. If they try to cut back this liquidity again, as they are doing now by abandoning the yen carry trade and by raising interest rates, then the bubbles will begin

to pop, just as is already happening to the American real-estate bubble.

All the same, whether there is a hyperinflationary collapse of the world financial system as in November 1923, or a nuclear-reaction-like collapse of the bubbles in real estate, the stock and bond markets, the bankruptcy of the hedge funds, pension funds, private equity partnerships, and banks—the consequences for the world’s population would be catastrophic. The poorer part of the world’s population would be affected the most, the middle class would be robbed of all their savings. If the state can’t finance its business any more, society will threaten to sink into chaos. The collapse into a new dark age would be the result.

In order to prevent the unacceptable damage to the population, which an uncontrolled collapse of the world financial system would trigger, we the undersigned demand the immediate convening of an emergency conference, which must decide on a new global financial system in the tradition of the Franklin D. Roosevelt-initiated Bretton Woods System of 1944.

We, the undersigned, also point out, that the Italian Parliament has taken up LaRouche’s proposal, and in a resolution on April 6, 2005, called on the Italian government to convene “an international conference at the level of Heads of State and Government, to globally define a new and more just monetary and financial system.”

Such a fundamental reorganization is more urgent today than it was then, but the possibilities for its realization have also grown. That is due to an irony of history: Because, when the Soviet Union began to dissolve in 1991, the neo-conservatives in the government of President George Bush, Sr., decided to transform the American republic, according to the “Project for a New American Century,” into an empire. This “force doctrine” rested on the proposition, that neither one nation, nor a group of nations, could be allowed to threaten the dominant position of the United States, in a political, economic, or military respect.

But now the neo-conservatives in the Bush/Cheney regime, with their policy of preventive war and regime change, have ensured that the process of cooperation among the nations of Eurasia and Latin American, which normally would have taken decades, has accelerated, under the influence of the American unilateral policy. An array of heads of state of important countries have made it clear, that they have decided

to defend the general welfare of their population against the encroachment of the financial institutions associated with globalization. Therefore, the chances of putting the question of a just new world economic order on the agenda, have enormously increased.

But it would be a dangerous illusion to believe that a successful reorganization of the bankrupt world financial system could succeed without, or against, the United States. Therefore, we the undersigned, declare ourselves in favor of cooperation with the “real” America, in the tradition of the American Revolution and the Declaration of Independence, that America which is connected with names such as Alexander Hamilton, John Quincy Adams, Abraham Lincoln, Franklin D. Roosevelt, and Martin Luther King, and which is inspired by Lyndon LaRouche today. America must be a part of the new community of principle of sovereign republics, which is bound together through the common interests of mankind.

In order to correct the failures of development, which have occurred due to the paradigm shift of the past 40 years, and above all, since the abandonment of the system of fixed exchange rates by U.S. President Richard Nixon, in 1971, and which led, after the dissolution of the Soviet Union, with unrestrained globalization, to today’s brutal vulture capitalism, we must implement the following measures:

The conference for a New Bretton Woods would thus

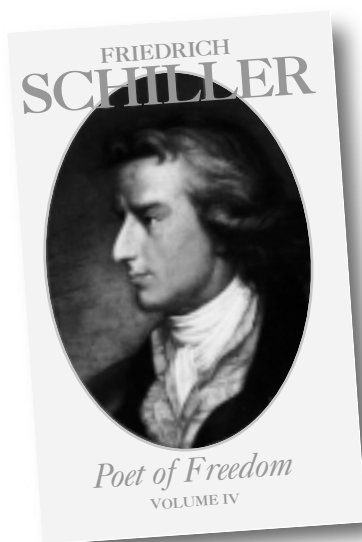
resolve:

1. A system of fixed exchange rates must be agreed upon immediately.
2. Derivatives speculation must be prohibited through an agreement among governments.
3. There must be put into effect a comprehensive reorganization, or rather a stretching-out of debts.
4. There must be put in place new credit lines, through state credit creation, in the tradition of Alexander Hamilton and the American System, which will make possible productive full employment, through investments in basic infrastructure and technological revival.
5. The completion of the Eurasian Land-Bridge, as the kernel of the reconstruction of the world economy, is thus the vision which will not only bring about an economic miracle, but also can become a system of peace for the 21st Century.
6. A new “Treaty of Westphalia” must guarantee the opening up and development of raw materials for all nations on this Earth, for at least the next 50 years.

We, the undersigned, are of the belief that the system of “globalization,” with its brutal vulture capitalism, has economically, financially, and morally failed. In its place, man must again be put in the center, and the economy must serve the general welfare first and foremost. The new economic order must guarantee the inalienable rights of all mankind on this planet.

“There is a limit to the tyrant’s power.”

—Friedrich Schiller,
Wilhelm Tell.



Selected writings of Friedrich Schiller, in English translation.

Volume I: *Don Carlos*, Essays, Poetry, and Epigrams. \$9.95

Volume II: *Wilhelm Tell*, Essays, and Poetry. \$15.00

Volume III: *The Virgin of Orleans*, Essays, Poetry, and Ballads. \$15.00

Volume IV: *Mary Stuart*, Essays, Poetry, Historical Essays,
and Early Writings \$15.00

Order from:

Ben Franklin Booksellers

P.O. Box 1707 Leesburg, VA 20177

1-800-453-4108 (toll-free) or 1-703-777-3661

Shipping and handling: \$4 for the first book, \$.50 for each additional book.

We accept MasterCard, Visa, Discover, American Express. Virginia residents add 4.5% sales tax.

www.benfranklinbooks.com e-mail: benfranklinbooks@mediasoft.net

Ethanol Takes More Energy Than It Gives

by Marjorie Mazel Hecht

The truth about ethanol, the wonder fuel that is supposed to replace U.S. dependence on “foreign oil,” is that it takes more energy to produce the ethanol, than the resulting ethanol fuel will provide. And to replace imported oil with ethanol would require covering more than half the land area of the United States in corn or other biomass.

One of the strongest arguments against the use of ethanol comes from Prof. David Pimentel of Cornell University, a longtime low-technology advocate. He and a colleague, Tad W. Patzek, professor of civil and environmental engineering at the University of California at Berkeley, conducted a detailed analysis of energy input-yield ratios of producing ethanol from corn, switchgrass, and wood biomass. Their findings, published in *Natural Resources Research* (Vol. 14, No. 1, March 2005, pp. 65-76), are that

- ethanol from corn requires 29% more fossil fuel energy than the fuel produced;
- ethanol from switchgrass requires 45% more fossil energy than the fuel produced; and
- ethanol from wood biomass requires 57% more fossil energy than the fuel produced.

Pimentel and Patzek looked at the energy used in producing the crop, which includes pesticide and fertilizer production, farm machinery, irrigation, and transportation, and the energy necessary for distilling the ethanol.

As Pimentel told the Cornell University News Service in July 2005, “There is just no energy benefit to using biomass for liquid fuel. These strategies are not sustainable. . . . Ethanol production requires large fossil energy input, and therefore is contributing to oil and natural gas imports and U.S. deficits.”

Pimentel calculated that it takes about 131,000 BTUs (British Thermal Units) to make 1 gallon of ethanol—but 1 gallon of ethanol has an energy value of only 77,000 BTU—a net loss of 54,000 BTU per gallon.

Pimentel and Patzek did not include in their calculations the cost of the Federal and state subsidies that are handed out to the large corporate biomass-energy producers. Pimentel, it should be noted, supports the use of biomass (wood) for home heating, just not for producing liquid fuel.

But that’s not all. Even the cheerleaders for ethanol production, such as former CIA director James Woolsey, note

that the main obstacle to ethanol replacement for gasoline is its “high cost of production” and the fact that it requires “large subsidies.” Woolsey and others point to new research in genetic engineering that will develop special microbes to ferment the corn and other biomass. But Woolsey et al. miss the ethanol elephant sitting in the middle of their arguments: land use.

The Yellowing of America?

Dr. Howard Hayden, professor emeritus from the University of Connecticut and publisher of *The Energy Advocate* newsletter, notes in an article in the Spring 2006 issue of *21st Century Science & Technology*, that “to produce ethanol with as much energy as we use in transportation would require 1.1 billion acres devoted to high-yield corn production, complete with all the things environmentalists hate—fertilizer, irrigation, and pesticides. That’s about 1.8 million square miles, some 51 percent of the land area of the 50 states.”

This staggering amount of land-use doesn’t faze the many companies, which are intoxicated with the prospect of government subsidies for distilling alcohol for fuel. The U.S. Department of Agriculture announced in April that a Florida company, Progress Energy Florida, signed a 25-year contract to buy power from a 130-megawatt “grassy biomass” power plant in central Florida, which will get a government subsidy for the next ten years.

In Georgia, another alternative energy company, Earth Resources, plans a chicken-litter power plant (the technology for which was funded with a \$1 million grant from the USDA). Other companies are pioneering the use of cow manure with government subsidy.

In California, long a leader in anti-physical-economy energy schemes, Gov. Arnold Schwarzenegger just signed an executive order setting goals to produce 20% of the state’s 900 million gallons per year of biofuels within the state by 2010, increasing to 40% by 2020, and to 75% by 2050. The order also calls for biomass to provide 20% of the electricity generated to meet the state’s renewable power requirements—a real energy loser.

At the same time, California green groups are citing a University of California report that documents how the use of ethanol would result in higher concentrations of toxic air contaminants.

Today’s drive for ethanol comes directly out of the 1960s counterculture, foisted on the United States 30-some years ago, with the promotion of a post-industrial society and the devolution of science and technology. Reality and physical economy became irrelevant, and like Orwell’s 1984 “Newspeak,” more became less, and Mother Nature became more important than human development. Hence the popularity of ethanol, and the non-development of advanced technologies—nuclear and fusion—that can power an industrial society.

Editorial

The War Must Be Won In the United States

With the release of his paper on emergency legislation to save the capacity of the auto industry, Lyndon LaRouche has launched a new phase in the *war* to win the survival of the human race. LaRouche has stressed that if the battle for the approach he outlines, is not won on the war-front in the United States, it will not be won at all.

In a May 5 discussion, he put it this way:

“Now, what we have to do to win the war, beyond launching the attack from the United States, under U.S. leadership in that sense, we have to take the same program, programmatic outlook, creating the details on the battlefield in the United States, and get that out to all these other areas: that *this* is what is happening.

“You’re in a very interesting period on this, typified by the case of the Stephen Colbert ‘roast’ which is actually—and I’ve emphasized, this ‘roast’—if you know the United States inside, as I now know it, you realize that there’s a big phase-change occurring in the United States. You have the Cheney and Bush factor, and in terms of one poll, Bush is the 20% factor on support for his continuing what he’s doing now. Which means that, already, that Bush has lost a lot of support of the lunatics, because his lunatic factor in the United States among voters is about 30% or so of the voters. And if he gets down to the 20% area, that means that even a large number of the lunatics are quitting the Bush campaign. And there also things going on that can change as quickly.

“So the fight in the United States, is a credible fight. You see signs all over the world that the Bush thing is crumbling. The *danger* is *now*, is the fact that the Bush-Cheney phenomenon (to call it a phenomenon), is crumbling, means that the Bush-Cheney phenomenon is the dying tiger, which is prepared to strike, because if it doesn’t strike now, it never will be able to. So it’s a very dangerous situation in that sense.

“But in terms of the long-term process, history is against the present policies of the United States

and of Europe. History is against it. History is against the current world policies. And if people defy history by clinging to present lines, then we’ll go through a New Dark Age.

“So, this is the issue. We have to look at it this way, not in a sense of separate fights around the world. We have to see this as one war, in which the United States is the crucial center, the decisive point, on which the fate of the world depends. But then, we can not win the fight in the United States, unless the fight *in* the United States can be extended, as a U.S. fight, into other parts of the world. Because the Europeans have no courage. You’re telling the Europeans, when you tell them about what we’re doing, you can’t copy it in Europe: Because European systems are based on *private*—privately controlled—central banking systems, which control governments. We don’t have a European government in West or Central Europe, which is capable of doing that under its present constitution. But if the United States *does* it, then these government have to do it.

“So, we’re trying to correlate this international situation to win that kind of war.”

Thus, over the next weeks—and certainly within the period between now and September, which LaRouche considers to be the outside point at which the financial system could be held together—the United States faces one of the most intense battles in its history, a battle which, like the American Revolution and the Civil War, represents a point of decision for all mankind.

It’s time the truth were faced. The system—financial, political, strategic—is broken. It cannot be fixed within the current parameters; it must be replaced. Mankind has already paid a horrible price for delaying dealing with the bankruptcy of this system until this point of crisis, as you can see by looking at not only Africa and Asia, but also in the heart of the western industrialized nations. Will we sacrifice mankind’s future for generations to come, or will we act to win the war now?