

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

For Americans looking, in amazement, at the unravelling of the Bush Presidency, it may come as something of a surprise to read our *Feature* report on the pattern of dysfunctionality of leading governments (or perhaps we should say non-governments) in Western Europe as well. As our international correspondents document, in every case, it comes down to the leaders' foolish clinging to the axiomatics of a hopelessly bankrupt financial and economic system.

Lyndon LaRouche's introduction to the package, "The Cities on the Plain," traces the problem to an even more fundamental root: the cultural illness that has infected post-1968 Western civilization. He shows the way out—the scientific and epistemological breakthroughs that will have to be made by the new generation, and also the economic policy-approaches that have to be adopted immediately, as the global system edges toward the brink of collapse.

Those solutions are the subject of a series that leads our *Economics* section. In last week's issue, we presented a discussion memorandum titled "Rebuild U.S. Military Around a Corps of Engineers Function." Now, we begin to catalog the agencies that already exist, and the legislation and projects that are already on the books, which could put hundreds of thousands of people to work *overnight* at productive jobs—on the model of the Franklin D. Roosevelt Presidency. We look at the U.S. Army Corps of Engineers, the Natural Resources Conservation Service of the U.S. Department of Agriculture, and AmeriCorps. Future issues will examine the U.S. Public Health Service and the Veterans Administration.

With these potentialities in mind, it is all the more astonishing that the Big 3 auto CEOs and others descended on Washington for talks with Congress on how to "solve" the crisis in the auto sector—with ethanol! This, a fuel that takes more energy to produce, than it yields! As one United Auto Workers leader put it, "The only thing you can run on ethanol, is an old drunk." Congressmen and Senators who are serious about doing something to reverse the unfolding economic disaster, should forget about "Apollo Projects" for windmills and processing of chicken manure, and implement LaRouche's Emergency Legislation for retooling auto, to rebuild infrastructure and restore skills to a destroyed workforce.

Susan Welsh

EIRContents

Cover This Week

"Garden of Earthly Delights" by Hieronymus Bosch (detail)—a glimpse of Sodom and Gomorrah, or perhaps the fantasy life of today's ruling elites.



4 The Governments Are Collapsing: The Cities of the Plains

By Lyndon H. LaRouche, Jr. During the second quarter of 2006, entire chunks of the world became subjects of an accelerating pattern of collapse among governments, notably in the United States and Europe. "To understand the direction this present pandemic among the systems of today's world is taking, it is useful to think of this situation poetically, as a crisis of a modern *Cities of the Plain*. At root, when the cause for this pattern is taken into account, this is a moral crisis of the relevant current cultures. The world is presently at the end of an entire era of post-World War II world history."

17 Trans-Atlantic Powers in Free-Fall: George W. Bush and Other 'Failed States'

19 The Financial Bubbles Are About To Burst

20 Blair Joins Bush: The Lamest of Ducks

22 France: Economic Crisis Causes Government Implosion

23 Italy: Will Prodi Take 'Left' Road to Disaster?

25 Germany Is No 'Island of Stability'

Economics

26 The FDR Model From 1933: Put Millions To Work Rebuilding the Nation

The agency structures exist, with enabling legislation already passed, which would allow us to immediately absorb millions of Americans, particularly unemployed and underemployed youth, into useful jobs building, repairing, and maintaining all manner of infrastructure, public works, and public health projects.

30 History of the Army Corps of Engineers

From the official "Brief History" of the Corps, which shows its indispensable role in infrastructure development and nation-building.

34 Report from Ground Zero: Housing Bubble Is 'Dead Man Walking'

36 France's Inland Water Transport: Abolish Short-Term Thinking!

A programmatic report for the campaign of Jacques Cheminade, 2007 Presidential candidate of the Solidarity and Progress party in France.

National

44 Cornball Brothers on The Hill: CEOs' Bio-Fuel Comedy Distracts Congress From Auto Crisis Action

The "Big Three" auto CEOs came to Capitol Hill to ignore the crisis of low-wage jobs and vanishing machine-tool capacity, and instead pushed "flex-fuel" fakery.

46 IAM President to Congress: Save Manufacturing!

47 Rogers Tours Texas To Bring Democrats 'Out of the Bushes, Into the Future'

48 George Schultz Pushes Next 'Preventive War'

50 Congressional Closeup

International

52 Shanghai Paper Highlights LaRouche on Global Crisis

Under the title "He Ran for President Seven Times and Continues To Say Astonishing Things," the daily *Wen Hui Bao* published its interview with Lyndon LaRouche, on the same day that the foreign ministers of the Shanghai Cooperation Organization (SCO) convened in that Chinese city.

54 Rise of Maoists in India: A Side-Effect of Globalization?

57 LaRouche in Berlin: 'We're Marching Down the Road That Leads to Victory'

From a LaRouche Youth Movement cadre school in Berlin, Germany.

66 International Intelligence

Investigation

68 Italian Experts Insist: A Foreign Intelligence Service Killed Aldo Moro

Claudio Celani reports on a conference held near Rome, titled "The Moro Case Among Doubts and Truth, 28 Years Later." In the words of one of the speakers, the gathering was aimed at keeping alive the memory of the "gravest terrorist act in Italian post-war history," and preventing "the game from being called off" on the fight for the truth about the Moro case.

Editorial

72 Crisis Requires Emergency Action by Congress

THE GOVERNMENTS ARE COLLAPSING

The Cities of the Plain

by Lyndon H. LaRouche, Jr.

During the second quarter of 2006, entire chunks of the world became, conspicuously, subjects of an accelerating and spreading pattern of collapse among leading and other governments. The most notable examples include the Blair government of the United Kingdom, the Chirac government of France, and the Bush-Cheney government in the United States. This global calamity is now spreading, most notably, throughout the rest of western and central Europe.

There is no possibility that coincidence in this pattern is merely statistical; the timing and pace of this spreading pattern of current governments which are now in a state of virtual existential crisis, around more and more of the world, is a reflection of the onrushing disintegration of the present form of global monetary-financial system. In other words, these are not as much individual cases as they represent symptoms of a dynamic process of interaction within a global system of self-destruction. This is a process which is typical of the fag-end of the recent decades' drive toward globalization.

Unless that current process is stopped, soon, by a radical change from the presently ongoing system, the presently onrushing wave of collapse would have to be considered as already at the verge of taking over the nations of this planet as a whole. This expresses an economic degeneration of the planet's economy under the influence of post-industrial and related ideology, an ideology which is collapsing the physical-economic "carrying capacity" of the planet. The result is: *unless this recent trend of nearly forty years in "post-industrial" economic policies, is now reversed, the planet as a whole is being plunged, rapidly, into what will become a global "new dark age,"* That is to say: plunged into depths of depression of population-levels and standards of existence which fit the meaning of barbarism.

The presently accelerating pattern is reflected in the obvi-

ous, presently hyperbolic tumult in the recently soaring prices of hoarded primary materials; but the causes, the driving forces responsible for this effect, lie at a deeper level of the system as a whole. The set of policy decisions which generated this onrushing political and economic catastrophe, is a product of a moral crisis embedded in the economic characteristics of the recent decades' policy-shaping patterns of behavior of those presently collapsing, and other regimes, most notably those of North America and of western and central Europe.

In sum, the spread of this crisis is an existential, moral crisis, a crisis, of governments, whose cause is embedded in that virtual tyranny which the dominant financier and related powers of the present, post-1971/1972 world system, the floating-exchange-rate system, have exerted over the relations among the nominally sovereign nations of the planet.

To understand the direction this present pandemic among the systems of today's world is taking, it is useful to think of this situation poetically, as a crisis of a modern *Cities of the Plain*. At root, when the cause for this pattern is taken into account, this is a moral crisis of the relevant current cultures. The world as a whole is presently at the end of an entire era of post-World War II world history.

The various, earlier dark ages of known past world history are examples of such patterns. Plato's *Timaeus* opens with the discussion of that theme. The collapse of the Roman Empire, and the subsequent collapse of the Byzantine empire, are outstanding examples. The nearest approximation of that quality of the immediate threat to today's planet, is the collapse of medieval Europe's imperial *ultramontane* system, a system of shared rule by the forces of the Venetian financier-oligarchy and Norman chivalry. It was that medieval feudal system's inherent, long-term characteristics, which were re-



www.gutenberg.org

"The Destruction of Sodom," by Gustave Doré. The root cause of the current pattern of crumbling governments, LaRouche writes, is a moral crisis of the relevant cultures—modern "Cities of the Plain."

sponsible for the plunge into that so-called, Fourteenth-Century "New Dark Age." The current drive toward a return, in the name of globalization, to some approximation of that medieval form of financial-oligarchical model, defines the element of moral crisis underlying the onrushing global economic crisis menacing the world at large, physically, today.

Otherwise, one of the suitable images of the particular threat today, comes, thus, from ancient Biblical accounts of the fall of the Tower of Babel, the self-inflicted collapse of an earlier attempt at "globalization."

All known actually historical accounts of such cases, provide us a frankly rational explanation for such pandemic forms of political crises. Every civilization which went down in such an awful fashion, did it, not naturally, but willfully, to itself. The composition of Classical tragedy, since ancient Greece, addresses this class of phenomena. The former Soviet, and present trans-Atlantic powers of the post-1962 period, are most typical of the relevant responsible parties who,

in this process so far, have already brought a foretaste of potential such global state of ruin upon the nations.

Greenspan and Bernanke

As I shall explain here, if we recognize the principal cause for the recent weeks' spread of a pattern of disintegrating incumbent governments, such as, most notably, those of France, the United Kingdom, and the U.S.A., we are presently confronted with what must be seen, at bottom, as a broad-ranging, spreading systemic crisis, a crisis affecting global civilization as a whole. When the relevant present pattern among the failed governments of Central Europe, including the former Comecon region of eastern Europe, is also taken into account, the relatively universal nature and extent of the threat emerges as clear.

This crisis is the presently leading expression of an economic collapse, a physical-economic collapse which has been generated by an already embedded, systemic form of prevalent moral failure. That moral failure is rooted, chiefly, in the post-1967 shift away from a modern system of respectively sovereign nation-state economies, toward a Tower of Babel-like, "globalized" system, a so-called "environmentalist," "post-industrial" utopia.

The nearest historical precedent for the immediately onrushing, systemic calamity, the current, breakdown-phase of this system, is, as I have already indicated above, the chain-reaction bankruptcy of the medieval Lombard League's usurious banking system, a collapse which was merely typified by the most celebrated case of the Lucca-based House of Bardi. This model was the predecessor for today's globalized system of "hedge funds," known as *Heuschrecken* (locusts) in today's Germany. The chief high priest of that locust-swarm, until his recent retirement, was U.S. Federal Reserve Chairman Alan Greenspan.

It was not Greenspan's retirement itself, which caused the pattern of critically failed governments now being experienced; his retirement merely unlatched the gateway through which the eruption of the recent weeks' crisis was unleashed. The panic was triggered by the awesome display of incompetence and loss of nerve exhibited by Greenspan's successor, Ben Bernanke. Bernanke's behavior drove the best-informed international financial speculators to near desperation, through his bungling efforts to find a politically correct way of outliving the explosion of the hyperinflationary bomb which Mr. Greenspan's practice had produced.

In response to the imminent crash, the choice of the leading speculators, has been an accelerated "gold-rush fever"—

style plunge into hoarding of control over the bulk of the world's available primary commodities, such as petroleum and precious and industrial metals. *The relevant presumption of intent expressed in such hyperinflationary speculation, is the presumption, that when most, or even all the world's present currencies vanish, "1923 Weimar Germany"-style, that whoever owns the world's supply of primary materials will claim that they own the world.*

So, as of the present moment, the world is gripped by a wild-eyed panic. So far, this has tended to take the form of overlapping threats of runaway world hyperinflation and momentary outbursts of generalized, precipitous collapse. The problem is not that relevant people and powers have lost confidence in the system. The situation is far worse than that. Rather, the system has lost political confidence in both the people, and in the people's usually failed, recent choices of governments. This kind of situation has often constituted the most deadly internal threat to any civilization, the conditions under which failure to replace incompetent government with a morally competent form of government, opens the doors of history for something as bad as Europe suffered in the 1922-1945 rise and reign of financier-backed tyrannies.

At present, were operating parameters of the world market not altered by one among several acceptable ways, the system as it is operating now would be due, presently, to come down by approximately September 2006. This should be obvious from considering the present specific, shock-wave-like, hyperbolic rate of rate of increase of hyperinflation in primary commodities. *That date itself is not inevitable; but, with pending deep-going changes in policy, that threat remains inherent in a failure to change the currently operating policies of the U.S. and other relevant governments.*

The scientific significance of September, is that the recent rate of accelerated hyperinflation corresponds nearly to a Leibnizian least-action rate, a rate which signifies that it is the characteristic statistical curve of the presently operating global system. Under those parameters, the system could either blow out as a hyperinflationary explosion, like that of Germany, October-November 1923, or as a collapse, or as a combination of both factors, whichever route the dominant policy-shapers might choose.

There are alternatives to such outcomes. The collapse could be controlled, and recovery begun, if certain measures which I have indicated were adopted. However, happier choices are alternatives which exist only outside the bounds of those parameters which are to be associated with the axioms of the system as it is operating today. The obvious implication is that if we are, in fact, sane, we, members of the U.S. Senate and others, must act immediately to change the parameters of the system, as I have specified earlier.

In brief: such a successful change is available, if the will



EIRNS/Claudio Celani

to do just that is forthcoming.

Therefore, that point taken into due consideration, the issue is not what happens to failed-state-like governments such as the Blair, Chirac, and Bush-Cheney regimes. They are soon doomed, in any case. The issue is: what do we do quickly to replace those and other relevant failed governments, with new governments which bring an end to current world policies—economic policies, first of all. These changes must be effected immediately, by governments which move quickly to install the urgently needed new parameters of progress. To muster the relevant forces for that urgently needed new step, we must make clear the nature of the psychological and moral disorder which has caused the people themselves to tolerate the insanity which has led the world into this present threat of a planetary new dark age.

So, history itself rises to express itself, to Bush, Blair, and Chirac, and to other leaders of the moment: "You all disgust me! Now, get out of my sight!" There is no place, any longer, for such wretched governments among the leading powers of this planet.

Now, let us look at this challenge on a deeper level.

1. A Problem in Physical Geometry

The cure is found on two levels.

First, we could return to the policy-matrices which President Franklin Roosevelt employed for conquering the 1930s Depression and the uniquely indispensable role of the U.S. in defeating what would have been inevitable, otherwise. It were certain that Hitler would have established a world empire, but for the indispensable contribution which the U.S.A. made to Hitler's defeat.

Second, the degeneration of the U.S. and most of the world economies since the late 1960s, is, in one sense, just one more cyclical disaster in the history of European civilization so far. Only if we reverse the presently onrushing collapse, as Franklin Roosevelt did, could we hope that the world would not soon sink back to terrible old ways, as it tended to do, and did, after Franklin Roosevelt's death.

Here, I treat these two issues in succession.

The present economic form of this onrushing breakdown of the system, did not originate within the real economy: the *physical economy, as distinct from the mere monetary system*. The crisis could be halted by putting the source of the problem, the present world monetary-financial system, into reorganization-in-bankruptcy, if this were done in concert by a relevant set of cooperating national governments. Under present circumstances, the monetarist's options, loose money, or tight money, are forms of political masturbation, like sheepishly bleating ritual references to "supply and demand." For those who believe in a real economy, that is, a physical economy, rather than being part of the faction of some monetarist babbling, the solution to the crisis is the same principle expressed by the measures which were taken, successfully, by U.S. President Franklin Roosevelt.

I explain.

The U.S. Federal Constitution is unique among states which are sometimes called "market economies." Our Constitution, when served, limits the control of the issue of currency to the assigned Constitutional power of the Federal government to utter currency. The outstanding function of the authorization, by the U.S. Congress, for a supplementary utterance of U.S. sovereign currency, is a form of public credit. The principal function of such utterances, is twofold: a.) to provide public Federal capital as investment in the expansion and improvement of basic economic infrastructure; b.) to make such Federally-created capital also available for loans for desired capital investments by suitable private concerns and individuals.

Under our Constitution, private banking is regulated, and also nourished under the protection and supervision of some appropriate form of Federal national banking system. The bankrupt U.S. banking system of today, requires the establishment of that form of protection, if a recovery from the presently onrushing financial collapse is to be successfully controlled.

Massive public credit can be generated safely in this way, provided it is, chiefly, secured as long-term investments of up to a quarter- to half-century, and mobilized within a fixed-exchange-rate mode of a regulated monetary-financial system. Whereas, under a deregulated system of floating exchange-rates, the world's situation would already be virtually hopeless, as it would be under any attempted continuation of the policies presently operating, today.

Presently, the chief source of the presently existential problems of the U.S. economy, is that the rate of investment

in basic economic infrastructure has been systematically collapsed to levels below a national-economic breakeven, as this is most readily seen in respect to levels of needed replacement. That entropic trend has been continued, by reigning policy, over virtually the entirety of the 1971-2006 interval to date. Now we have reached the phase where the effects of attrition show us that the time has run out for the present, post-1971 system, unless fundamental repairs are made soon.

Since the systemic wrecking of the Roosevelt recovery-measures by the Trilateral Commission regime of 1977-1981, there has been a morbid downshift in the ratio of investment, from emphasis upon technologically progressive, high-physical-gain-rate investment in production of goods, to low-skilled, labor-intensive "services." This economically suicidal trend downward, has been aggravated by "outsourcing," which has savagely reduced the physical productivity of the total labor-force, to levels such that, contrary to wild-eyed, official lying by the U.S. government and Federal Reserve system, the net real physical income of the United States, per capita and per square kilometer, has been collapsing at an accelerating rate over more than two decades. The abundant decay around us today, speaks for the folly of recent decades of our leading political parties' policies, and also decadent trends in prevalent popular opinion.

The passion for getting the objective of one's momentary desire, without actually paying for it, has become the prevalent form of the reign of sophistry in our recent times.

Thus, a kindred pattern of accelerating decadence has been rampant in Europe, most visibly since 1989-1991.

There Is a Cure for This

The successful creation of long-term capital, depends upon the stability of the *physical* value of that capital over the term of its assigned fiscal life. This requires assistance from both a system of fixed exchange-rates and a matching system of "fair trade" regulation in prices and international trade. With proper such measures, a recovery of the economy can be accomplished, as the U.S. demonstrated under President Franklin Roosevelt's design for the post-war monetary and trade system:

Under a fixed-exchange-rate system, long-term credit issued by governments, as under the U.S. Constitution, or in the form of long-term trade-agreements of a quarter- to half-century among nations, will provide the basis for resumed stability and continued growth in world economy.

Therefore, under constitutional measures of bankruptcy-reorganization by the U.S. government, the U.S. current physical output per capita and per square kilometer could rise above breakeven levels, and the U.S. dollar could become, within approximately a generation, once again, the leading currency, in long-term stability, in the world.



FDR Library

“For those who believe in a real economy, that is, a physical economy, rather than being part of the faction of some monetarist babbling, the solution to the crisis is the same principle expressed by the measures which were taken, successfully, by U.S. President Franklin Roosevelt.” Here, the Bonneville Dam project in 1935. Inset: President Roosevelt.

Library of Congress

At the present time, such a recovery would require the organizing of a surge-potential represented by Federal action, to rescue the idled capacity of the automobile industry, using that presently idled capacity as a driver for a high-technology reversal of the recent three decades of “post-industrial” ruin. Without a science-driver surge potential, which could be mobilized, chiefly, within the portion of the auto industry being looted by financial predators today, there is no clear hope of avoiding a worse-than-depression-level collapse of the entire U.S. economy in the immediate future.

Under such a remedial program of action for today, the first phase of recovery must be, as under the first term of the Franklin Roosevelt Administration, the mobilization of a physical-economic surge capability as a platform for the resumed net growth of the economy. After that, the mustering of the developed surge capability will produce a long-term perspective of vigorous growth. Under those improved conditions, the degree of engagement of a recovering U.S. economy, would be more deeply involved as a participant in global cooperation, than at any time in earlier history.

Were the United States to adopt such measures of reform based on the successful precedent of the Franklin Roosevelt Presidency, it were likely that something echoing the pre-1971 Bretton Woods, fixed-exchange-rate system, would emerge as the basis for organizing a general recovery in technologically progressive world production and trade.

The principal cause for the present threat of a breakdown of the U.S. and other economies, is, that since the fateful year of 1968, the world generally, has been shifted into an orientation toward reversal of that 1648 Treaty of Westphalia,

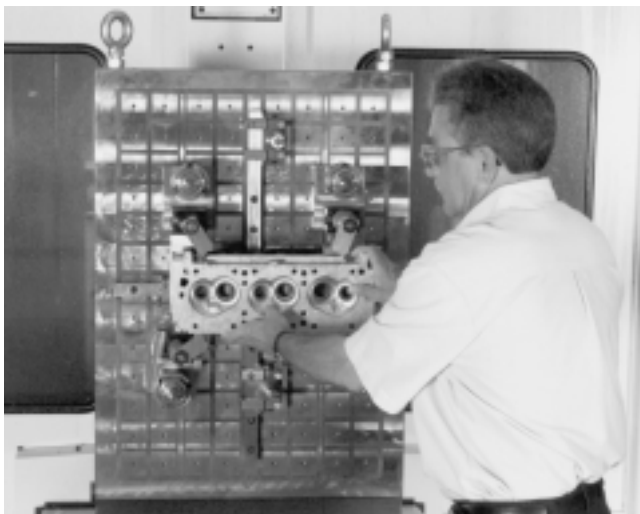
on which all of the best constitutions of Europe were subsequently premised. The tendency toward post-nation-state globalization, is a form of economic and, also, moral degeneracy, which echoes the *ultramontane* form of Venetian financier-oligarchical imperialism known as the Middle Ages alliance of Venetian financier-oligarchy and Norman chivalry. That imperialist orientation is the systemic root of the ruinous present state of the world economy, as seen most clearly in the present condition of the Americas, Africa, and Western and Central Europe.

That problem of today is not only a potentially fatal economic condition; it is also the embodiment of a grave, still plunging moral depravity.

Where Physical Geometry Comes In

The key to comprehension of all competent economic policy is recognition of the essential difference between man and ape. The usually taught treatment of the subject of economy, in academic lectures and textbooks, ignores that difference. The frequent result of such miseducation is a disastrous monkeying with the economic system. I explain.

In the history of physical science, this difference between man and beast is traced from the meaning of the Classical Greek *dynamis*, a term which is congruent with Gottfried Leibniz’s use of the term *dynamics* for competent methods of physical science, as distinct from what Leibniz demonstrated to have been the incompetent, mechanistic method of Descartes. The most famous typification of this distinct notion of scientific and Classical-artistic creativity, is the case of the purely physical-geometric action of construction of the dou-



General Motors

In a modern economy, it is machine-tool design that enables scientific progress to be expressed in the successful invention and design of improved products. Here, a research engineer at General Motors.

bling of the cube, as that challenge was mastered by Plato's friend, the Pythagorean Archytas.

This is the same geometrical notion of *dynamis* which was, in fact, presented by Carl F. Gauss's 1799 doctoral dissertation, in which Gauss refuted the fanatically reductionist blunders of such empiricists as D'Alembert, de Moivre, Euler, and Lagrange. It is also the significance of the infinitesimal in Gottfried Leibniz's discovery of an infinitesimal calculus of universal physical least-action, as it was the crucial feature of the founding of modern astronomy by the Johannes Kepler, whose demand for the development of an infinitesimal calculus by his successors, was based on the inherent implications of Kepler's own uniquely original discovery of universal gravitation.

In modern economy, the role of this notion of *dynamis* is most clearly expressed by the relationship between experimental proof of universal physical principles and the role of machine-tool design in enabling scientific progress's expression in the successful invention and design of improved products.

The relative superiority of what had been modern practice of agriculture and manufacturing over the period into the time of the manned Moon landing, was this indispensable link of the practice of discovery of universal physical principles to the role of machine-tool design, in raising the productive powers of labor in general. In today's U.S.A., for example, the greatest concentration of that power of machine-tool design had become concentrated in the automobile and aerospace industries. *Thus, we have the fact, almost unknown to most among the present members of the U.S. Congress so far, that the presently onrushing take-down of the U.S. automotive*

industry, if permitted, would be the virtual, systemic destruction of the U.S. economy as a whole.

A similar danger comes from the misinformed notion, that study of conventional mathematics, as in computer applications, is sufficient basis for scientific progress. The result of that virtually illiterate kind of misconception of human creativity, is the general ignorance of the existence of the ontological distinction of a discovery of universal principle, from a mere innovation in use of previously established principles, or even an act, falsely termed "creative," which represents nothing better than a reckless disregard for known universal principles. Consider the following illustrations of that crucial point of economic practice.

2. The Example of Kepler's Discovery

Where is the solution to the present crisis to be found?

It is usually taught, even in schools of very modest claims to competence, that Kepler's discovery of universal gravitation involved the implications of the fact that the planetary orbits are elliptical, not circular. It might astonish some to learn that, all too frequently, university graduates would understand this to mean that the principle of gravitation might be derived from the construction of an ellipse at the blackboard. Unless he or she were, perhaps, buffeted about the ears, the typical university graduate and sophist would pretend to explain gravitation in terms of the construction of an ellipse with two pins and a piece of string.

In fact, the rate of change is not Cartesian, but expresses itself in the form of an infinitesimal physical function, and that only approximately, within the bounds of something less than the smallest conceivable interval. This, in fact was the basis for Kepler's specification of the need for the development of an infinitesimal calculus, as that discovery was actually made by Leibniz, but never accepted among the Eighteenth-Century followers, such as de Moivre, D'Alembert, Euler, and Lagrange, of the reductionists Descartes and Newton.

The practical issue of the subject of economy here, is the existence of what are known as discoverable forms of universal physical principles. These discoveries, as made by man, enable man to increase society's power to exist in the universe. The point is typified by the fact that an animal species' potential population-density is determined by the beast's characteristic inability to discover and use discovered universal physical principles, whereas human beings increase the potential relative population-density of mankind, per square kilometer of available surface *willfully*, through the use of discovered universal physical principles.

Without that, the behavior of the human species would be that of just another species of beast. The mere absence of

reference to that principle of physical economy in any discussion of economy, is the mark of incompetence among the participants, or in the relevant textbook or the like.

The relevant distinctions which that implies, are the most crucial consideration in any competent treatment of the subject of presently, ominously ruinous condition of the national and world economy. I explain:

The ontological implication in that case, is of the same quality as that which Gauss made, in refuting the blunders of Euler et al., for his clarification of the fundamental principle of algebra. The essential point, underlying both the discoveries of Leibniz and the defense of Leibniz by Gauss's work, and, most emphatically, the work of Bernhard Riemann, is that an experimentally demonstrable universal physical principle, when treated as an object of the human mind, is, by implied definition, an object of thought, an idea whose existence is as big as the universe. It, as a principle, is never containable within the bounds of any local object of sense-perception. Yet, its practical effect on the world of sense-certainty is as unavoidable as it is implicitly universal. The action this principle expresses, appears as the infinitesimal in the small.

We do not know how many tens or hundreds of thousands of years ago, this discovery of the idea of a universal physical principle was made. The relevant evidence suggesting a great antiquity for the discovery, is found in experimentally verifiable features of some ancient calendars, whose records correspond to long-cycle astronomical phenomena datable to such far past reaches of human existence on this planet. Our best historical knowledge of cases of explicit, systemic comprehension of this subject, dates in European civilization from about the Seventh Century B.C., with the traces of the influence of Egypt on the culture of some of the Greeks and Etruscans, as the instances of Thales, Heraclitus, the Pythagoreans, and Plato attest to this.

The currently popular form of *wrong* idea about the notion of universal physical principles, is dated largely to the influence of the work of a revisionist known as Euclid, about a half-century after the death of Plato. *Euclid's Elements* reflect very little beyond the actual knowledge which had been discovered previously through the point of the death of Plato. *Euclid's presentation of those borrowed discoveries, is essentially wrong, relative to the method known as Sphaerics, by which the original discoveries are known to have been made.* Despite the fact that the Tenth Book of *Euclid's Elements* does report on aspects of the work of earlier Pythagoreans, and others, on the work of a science of physical geometry called *Sphaerics*, Euclid's work shows no comprehension of the most crucial, principled implications of those discoveries.



clipart.com

The Fifteenth-Century Renaissance built on the Classical method of science and statecraft of Nicholas of Cusa. Here, Brunelleschi's dome on the Cathedral of Florence, for which construction Brunelleschi made use of the physical principle of the catenary.

This negative view of Euclid was affirmed by modern leading mathematicians such as a teacher of Carl Gauss, Abraham Kästner, by Gauss himself, and by Riemann. A similar proof was reflected in the work of the non-Euclidean Lobachevsky and János Bolyai, as, implicitly, Einstein among others.

The best knowledge we have of truthful efforts to account for the early developments in European physical science, is located in the fragments of the work of Thales, of Heraclitus, the Pythagoreans, Plato, and the continuation of Plato's method as traced through the Platonic Academy through Eratosthenes and Archimedes.

Science, Law, and Agapē

This approach had been introduced afresh to modern European statecraft through, chiefly, the work of a leading Fifteenth-Century figure, Cardinal Nicholas of Cusa, as is notable from some of Cusa's sermons, and in a series of works on scientific method begun with his founding of a systematic approach to modern physical science, his *De Docta Ignorantia*. Cusa was explicitly the prompter of the trans-Atlantic voyage of Christopher Columbus, and of the scientific work of Luca Pacioli, Leonardo da Vinci, and Johannes Kepler, among others. He was implicitly, the founder of the continuation of this work by such as Fermat, Christiaan Huyghens, and Leibniz.

The principal opponent of Cusa's Classical method in modern science, was Venice's Paolo Sarpi, and such followers of Sarpi, known as the empiricists, as Sarpi's personal lackey and teacher of Thomas Hobbes, Galileo Galilei. The skein of modern science running through Gauss, Dirichlet,

Riemann, Planck, and also the later developments in the work of Albert Einstein, reflects the systemic approach to science traced thus from Cusa through the late work of Einstein.

The Fifteenth-Century Renaissance is pivoted, as a conception, upon the developments around and within the great ecumenical Council of Florence. This includes the role of Nicholas of Cusa's contribution of his *Concordantia Catholica*, which superseded Dante Alighieri's earlier stated case, *De Monarchia*, for the modern sovereign form of nation-state. This included the work of Brunelleschi, who employed the same physical principle of the catenary which was later defined by Leibniz, to master the challenge of constructing the cupola on the famous Cathedral of Florence, the event associated with that Council. It included the subsequent founding of modern experimental physical science, beginning with Cusa's *De Docta Ignorantia*.

These developments shaped the impact on modern Europe's existence, in Cusa's crucial role in impelling the trans-Atlantic voyage of exploration by Christopher Columbus, and in the launching of the modern European science continued by Pacioli, Leonardo, and Kepler. This was the Renaissance which responded to the judicial murder of Jeanne d'Arc with the founding of the first modern European nation-state under Louis XI, and the subsequent launching of the second such nation-state by Louis' follower and admirer, Henry VII of England. This was also the laying of the cornerstones for the Fifteenth-Century launching of modern European economy, despite the effort to prevent this by the religious warfare of 1492-1648, launched through the man who was to become the adopted model, by Count Joseph de Maistre, for crafting the roles of Napoleon Bonaparte, and, therefore, Adolf Hitler: Grand Inquisitor Tomás de Torquemada.

The deep principle on which the accomplishments made within modern European civilization have depended, is the same Classical Greek principle of *agapē* as presented in Plato's *Republic* and adopted by the Apostle Paul, as in *I Corinthians* 13. This is the modern commonwealth principle of the government of France's Louis XI, England's Henry VII, the Winthrops' and Mathers' Commonwealth of Massachusetts, and the fundamental principle of Constitutional law set forth as the Preamble of the U.S. Federal Constitution. Under this principle of law, the present government is commanded to act in service of the general welfare of both present and future generations, in the same sense as the opening statement of that 1648 Treaty of Westphalia, which ended the Habsburg-directed, 1492-1648 orgy of religious warfare within Europe.

The distinction of this principle of constitutional law, as traced from Solon of Athens, through Plato's *Republic*, to modern European civilization, is that it rests upon the recognition of the essential difference in quality which distinguishes human beings from beasts. All contrary modes of government, throughout known history, have treated large parts of the human population as virtually animal life, as the modern

Spanish and Portuguese and others, such the British and Dutch, and the rebelling Confederacy treated human beings of African descent; as herds of cattle to be selectively bred and culled as cattle are. So, the culture of Sparta, of Rome, of Byzantium, and of the alliance of medieval Venetian financier-oligarchs with the Norman chivalry, functioned on the basis of a commitment to war against Islam and persecution of Jews.

The essential distinction, as in physical science and Classical modes of artistic composition, of human being from beast, is the same creative quality which is denied by the adversaries of Plato, Cusa, Kepler, and Leibniz, the same quality of intellect which is usually denied, either explicitly, or implicitly by the conventional teaching and practice of political-economy in schools and colleges, and in accounting and related practice, still today. What is denied in such educational programs, is the same quality of intellect typified by Kepler's discovery of universal gravitation, and denied by the method of the attempted plagiarists of Kepler, including Galileo and his followers Descartes and Isaac Newton, and by the relevant architects of the British school of Liberal political-economy, such as John Locke, Bernard Mandeville, François Quesnay, Jacques Turgot, Adam Smith, Jeremy Bentham, and Karl Marx, or by the U.S.A.'s John von Neumann, Arthur Burns, Milton Friedman, and George P. Shultz.

3. Economic Creativity and Society

Now, where might a permanent solution for the cycles of recovery and decline be found?

To answer that question, return attention to the earlier summary here, of the essential functional distinction between man and ape. Reintroduce that discussion here under the heading of "What do human beings know?"

The human being of ape-like leanings would tend to argue for simple-minded sense-certainty: "What my senses tell me, is what is there." Meanwhile, more intelligent human beings are able to prove that that is not true. What we think we experience, is our interpretation of the experience of our sense-organs. The best we can do within those bounds, is to determine when the experience of the senses actually comes from outside our mental processes as a system, and when that system itself has generated a false impression, an illusion.

Physical science, and also Classical modes in artistic culture, are the most general social expressions of the difference between a society of men and women, and a pack of higher apes. Such is the point of the definition of man and woman in *Genesis* 1; it is also the lesson of actual human historical and archeological evidence. The comprehension of the essential nature of this distinction, is to be found in rigorous reflections on the significance of what are rightly named *ideas*, especially

ideas of principle: *what are experimentally demonstrable to be universal ideas of principle.*

After that first hurdle, the notion of ordinary human ideas, had been conquered, we were faced with a second principled hurdle. Once we had learned to locate the coordination among the experiences of the sundry organs of sense as such, we were confronted with a different, uniquely human problem. We find that we are also confronted with experiences which can not be explained in terms of merely the coordination of sense-perception. What are universal ideas, and how do we know and use them?

Take three famous cases for purposes of illustration of these issues here:

- Archytas' solution for the doubling of the cube by no means other than geometric construction.
- Kepler's discovery of universal gravitation.
- Fermat's discovery of the pathway of quickest action, and the treatment of this subject by Christiaan Huyghens, Gottfried Leibniz, and Jean Bernouilli.

And then, finally, consider, a bit later, a fourth crucial class of case, the core of the development of a more perfect anti-Euclidean geometry by Bernhard Riemann.

Since Archytas and the Cube

The famous case of the purely physical-geometric construction of the doubling of the cube by the Pythagorean Archytas, was celebrated by competent figures from throughout the subsequent history of physical science, as the prototype of physical-scientific discovery, as by the Platonic Academy's Eratosthenes. This was treated then as a crucial example of the principle of *dynamis* known to modern science since Leibniz as the notion of the intrinsically *dynamic* conception of the universal principles of physical science, rather than the mechanistic (e.g., Cartesian) misconception.

The conceptions of physical science as such, as developed in principle by the Pythagoreans and Plato, are universal ideas in one sense. However, as the work of Russia's V.I. Vernadsky has clarified the point, the ancient Classical Greek thinkers already knew of two classes of ideas, two distinct phase-spaces of experience, which lie beyond comprehension within the bounds of simply physical objects. These are the concept of life, as categorically distinct from non-living processes, and the concept of the human mind, whose powers of discovery are beyond the capacity of any relatively lower form of life.

The issue we must consider, if recovery from the present world disaster were not to be prelude to yet another later disaster, is a matter which lies within a better comprehension of the nature of the human species as such.

We now proceed accordingly.

The notion of *dynamis*, or Leibnizian *dynamics*, is the key to the systematic understanding of the functional meaning

of ideas in defining the existence of society, and, therefore, also economy.

The conception of *dynamis* appears to have arisen from recognition of astronomical and other occurrences which do not fit within the limits of a simply spherical astronomical domain.

Over the period from the Fifteenth through the Eighteenth Century, and beyond, the exploration of cubic (and, also bi-quadratic) roots led to a systemic crisis in Eighteenth-Century mathematics, a crisis which D'Alembert's collaborator de Moivre named the problem of "imaginary numbers." As Gauss demonstrated in his 1799 doctoral dissertation, there was nothing "imaginary" about these magnitudes; they are physically efficient, and implicitly universal magnitudes, whatever might be argued to the contrary by ivory-tower mathematicians in the Cartesian tradition.

In physical science, these types of numbers associated with the complex domain, represented the physical reality of Leibniz's catenary-cued universal physical principle of least action. They corresponded ontologically to the role of Kepler's universal principle of gravitation, the same work of Kepler which had prompted Leibniz to develop an infinitesimal calculus, and Gauss, among others, to take up the mastery of elliptical functions. The physical significance of what foolish opinion called "imaginary numbers," is that, in reality, they correspond, simultaneously, to the effect of action caused by principles which extend throughout the universe, principles which are therefore expressed in any local case, as ontologically efficient infinitesimals.

As Eratosthenes, the contemporary and correspondent of Archimedes, emphasized the importance of Archytas' doubling of the cube, the conical function included in Archytas' construction is crucial for the development of mathematical physics through Kepler, Fermat, Pascal, Leibniz, et al.

This set of examples touches prominently on the issue of sense-experience introduced above.

Archytas' physical-geometric doubling of the cube has been regarded by informed persons, such as Eratosthenes, since as the exemplary case for demonstration of the principle of *dynamis*, the notion of the demonstrable existence of mental conceptions which enable mankind to change the organization of the experienced universe in which we dwell. The connection between the famous aphorism of Heraclitus and the argument of Plato's *Parmenides* dialogue, typifies the topic at issue. Kepler's discovery of universal gravitation, is the exemplary demonstration of the same point of principle of the complex domain, a principle which had been illustrated, in fact, by Archytas' doubling of the cube.

However, looking at the human individual's approach to dealing with simply physical processes, tends to leave aside something of crucial importance respecting the human individual's knowledgeable relationship to those simply physical processes. The specific issue I am addressing here, as bearing upon qualitative differences among types of economic poli-



EIRNS/Alexandra Phillips

"The essential distinction of the human individual from the sundry individual beasts, is that the human mind has the capability of generating practicable knowledge of universal physical principles, principles whose existence is bounded by nothing less than the universe as a whole." Here, construction of a dodecahedron, at a LaRouche Youth Movement cadre school in California, April 22, 2006.

cies of human practice, is the notion of *universals* as commonly associated with the Classical Greek legacy of the Pythagoreans and Plato, as with the qualitative difference between modern European civilization in the form typified by the legacy of Nicholas of Cusa, and the oligarchical and imperial tradition identified as the enemy of mankind, as the latter was so exposed in Aeschylus' *Prometheus Bound*.

How are these principles of man's relationship to the knowledge of simply physical processes made knowable?

The essential distinction of the human individual from the sundry individual beasts, is that the human mind has the capability of generating practicable knowledge of universal physical principles, principles whose existence is bounded by nothing less than the universe as a whole. Through mastery of such knowledge of principles of this type, mankind has a limitless potential for increasingly expanded power of our species to exist within the universe. This notion is expressed by the way in which the Pythagoreans and Plato employed the term *dynamis*, and Leibniz the conception of *dynamics*. It is this characteristic power of the member of the human species which has enabled mankind's population to be increased from a potential of not more than several millions living individuals, to the more than six billions today.

This is the power of the human species which places mankind above all other living creatures, as in the sense of the definition of the function of man and woman in *Genesis* 1.

When mankind drifts, yet again, into a new phase of rela-

tive decadence, we must ask: Why did society let it happen? Why did society, which had conquered a previous outbreak of such decadence, not prevent itself from sliding into another such folly?

How We Were Corrupted

However, the contrary political tendency within society has been, to hold the majority of the human species in an animal-like status, in which, as in the argument against the evil Olympian Zeus posed by Aeschylus' *Prometheus Bound*, mankind is prohibited from the use of discovered knowledge of universal physical principles. The enemy of the human species, the adversary of humanity, is the notion, as associated with the satanic qualities of the Olympian Zeus, of condemning the majority of humanity to the depraved, bestial-like status of creatures confined to a relative state of bestiality by a policy of "zero technological growth."

For example, it would have been impossible to abort the scientific-technological progress of the U.S.A. and Europe, without the mid- to late-1960s introduction

of the ideology of zero technological growth. This Luddite-like change from the principles on which all of the successful progress of modern European civilization had been premised, is the key to the driving impulses which have brought the world to the looming threshold of a global "dark age" of humanity today. Virtually all of the aggravated misery suffered increasingly during the recent nearly four decades, by the peoples of the Americas and Europe, has been produced as an outgrowth of the intellectual-moral decadence expressed by the 68ers' rallying to the Olympian guidon of "zero technological growth."

If we reflect on this development of recent decades in the globally extended experience of European culture, we should recognize, quickly, that this has actually been a persisting threat to humanity as far back as we know. Looking back from today to the roots of European civilization as such within ancient Classical Greece, we have the following relevant case.

As historian, dramatist, and poet Friedrich Schiller emphasized in a famous Jena University lecture, the root-issues of European civilization are to be traced continuously from the conflict between two leading paradigms from the history of ancient Greece. This was the conflict between the legacy of Solon of Athens, on which, for example, the idea of the constitutional republic of the U.S.A. was largely premised, and the opposing, oligarchical model typified by the slaveholding state of the Apollo Delphi cult's Lycurgan Sparta. Aeschylus' *Prometheus Bound* presents the Delphic legacy

of the Olympian Zeus, who, like the zero-technological-growthers from the ranks of the '68ers, denies the use of scientific principle to mankind, as in that Zeus' role as the virtual Satan of the oligarchical domain.

The fact is, that the higher and other education programs of the post-1945 decades tended to drift, more deeply than the immediately preceding times, away from any active concern with the underlying universal physical principles of scientific work, into a descent from a Classical scientific outlook, into a kind of mechanistic "how to" proficiency. This trend for an existentialist mode of intellectual and moral decadence in globally extended European culture was, in part, a reflection of the decadence of the post-World War I 1920s Europe and North America. Yet, this time, during the aftermath of World War II, this was typified by the more virulent existentialism of the Congress of Cultural Freedom; our culture slid more deeply into the pit.

The extreme to which this kind of decadence has carried European culture today, especially since 1968, emphasizes the fact that, whereas European civilization has repeatedly emerged from relative dark ages of its cultures, it has yet to attain an efficient degree of prevalent insight into the causes for those recurring periods of decadence. The problem, essentially, is the failure of the prevalent cultures of European civilization today to attain a concept of the nature of mankind itself, the inability to prevent itself from sliding once again, into the same old evils as before.

The Whore Which Was Babylon

The Christian Apostle John reported a dream which featured the image of a "Whore of Babylon." That figure was the Roman Empire, which was known to Jews and Christians of that time as the new incarnation of the evil of the Babylon familiar from earlier times. In the centuries immediately preceding, the image of the Babylonian Empire was already identified with what was now called "the oligarchical model." That oligarchical model was characteristic of the empires centered in Mesopotamia, and was the model upon which the successive Roman, Byzantine, and medieval and modern European empires were premised.

The characteristic social feature of the oligarchical model, is the division of society between ruling castes and a mass of humanity treated as a collection of specimens of animal herds.

The systemic feature of that oligarchical model is located most efficiently in the functions of the Delphi Cult of the Pythian Apollo, the cult which devised both the Lycurgan constitution of Sparta and the religious cult around which the power of the city of Rome was organized. This oligarchical model was delayed, only temporarily, by the death of King Philip of Macedon, and the subsequent change in Macedonian policy by the cooperation between Alexander the Great and the Platonic Academy. The end of the Second Punic War and the subsequent Roman conquest of Syracuse, led into a period of wars over the imperial rule of the Mediterranean region, a



clipart.com

*In Aeschylus' **Prometheus Bound**, Prometheus was punished by the Olympian Zeus, "who, like the zero-technological-growthers from the ranks of the '68ers, denies the use of scientific principle to mankind, as in that Zeus' role as the virtual Satan of the oligarchical domain."*

process which was concluded on the Isle of Capri through a pact between the heir of Julius Caesar, Octavian, and the cult of Mithra. From that time forward, excepting the time of Alcuin and Charlemagne, Europe was largely dominated by empires according to the oligarchical model: Rome, Byzantium, and the medieval alliance of the Venetian financier-oligarchy and Norman chivalry.

Then came the Fifteenth-Century Renaissance, centered in the combination of the great ecumenical Council of Florence and the emergence of the commonwealth modality of sovereign nation-states in Louis XI's France and Henry VII's England, were the hotly contested, belated birth of modern European civilization.

This birth of modern civilization was threatened with extinction by the enemies of civilization, such as the Habsburg dynasty, the Venetian financier-oligarchy, and Grand Inquisitor Tomás de Torquemada, notably in the form of the religious

persecutions and religious wars of the 1492-1648 interval. Then, the accomplishments of Cardinal Mazarin in the 1648 Treaty of Westphalia and the work of Mazarin's associate, Jean-Baptiste Colbert, in promoting modern science-driver development of the modern nation-state, were set back by a faction organized by the Venice-centered European financier oligarchy, thus creating the new form of emerging imperialism known as Anglo-Dutch Liberalism.

Since the British East India Company's acquisition of imperial power, in the February 1763 Treaty of Paris, the wars organized, against the emerging young U.S. republic and the potential rivals of British imperialism, have dominated world history increasingly, up to the present day. However, the wars themselves do not fully explain the pattern of alternating intervals of progress and moral-intellectual decadence which have characterized the history of modern European civilization in particular. Look at the method of the Roman Empire, as its legacy has been continued in different costumes, over the centuries to date since Octavian's taking the name of Augustus, as the first Emperor of Rome.

Imperialism: Its Wars and Its Culture

The policies associated with the Hitler regime's process of replacement of the German *Wehrmacht* by the *Waffen-SS* have been resumed for the United States by Dick Cheney and Donald Rumsfeld, with energetic support from a one-time financial backer of Chile's Pinochet regime, Felix Rohatyn. That practice was not original to the Hitler regime; it was the policy of practice in the use of bankers' private armies by the British Empire's East India Company. It is a direction in military practice of governments today, which coincides with the intention to replace a waning system of sovereign nation-states by a "globalized" system of world government, by syndicates of private financial groups, as Rohatyn's policies of privatized military dovetail with the practice of Rumsfeld and Halliburton's Cheney.

This was also the military practice of the Crusader system established as an integral part of the *ultramontane* system controlled by the Venetian financier-oligarchy and Norman chivalry. It was the practice of the Roman Empire on which the Nazi system was to be modelled.

However, it was not warfare itself which was the characteristic of the ancient and medieval empires of Rome, of Byzantium, the ultramontanists, or the British Empire. *Imperial warfare was chiefly a by-product of a continuing policy of population-control.*

Roman genocide, including the pre-imperial cultural genocide, against the Etruscans, by the adherents of Rome's Delphic cult, is a relevant precedent. The same was expressed in Roman population-control genocide against Germans, and others later. The system of trans-Atlantic traffic in chattel slavery, by Spain and Portugal, and by the Dutch and British in their time, is a modern example of the same evil doctrine of practice.

The principal known origin of these pro-genocidal practices is, once again, ancient Babylon, although not exclusively Babylon. In European culture, the ancient origin of leading relevance for history today, has been the Delphic cult of the Pythian Apollo, the architect of the practice of Lycurgan Sparta. The core of the matter is that underscored by Aeschylus' *Prometheus Bound*.

The Lesson of the American Model

Take the illustrative case of the superior level of culture of the English colonies in North America over the representatives of the same population in the British Isles.

The principal English-speaking settlements in North America came to these shores as representatives of European culture, as English, Dutch, Germans, Irish, Scottish, and others, intent on developing that culture at a safe distance from the repressive reach of European oligarchical rule. The commonwealth movements within New England, Pennsylvania, and Virginia, are typical. At the time of the 1790 U.S. Census, the standard of living, literacy, and productivity of the Americans was way above that of the inhabitants of England.

It was Benjamin Franklin, for example, who brought the industrial revolution to England, while the Saugus, Massachusetts iron works was a pioneer of development policies in its time, whereas the first effective use of paper currency occurred in pre-1689 Massachusetts.

The advantage of the United States was, in large part, that we provided a place away from Europe, where the influence of the traditional European oligarchies was at a relative minimum, and where, therefore, the free play of the best of European culture could find expression within the population in general.

The British introduction of the extended practice of slavery into the United States during the 1820-1863 interval, that largely through London-backed Spanish trafficking in African slaves, had the effect of lowering the moral-cultural standards in the U.S., to such effect that the war-time developments of 1863-1865 unleashed an explosion of technological and related progress, through the period of the 1876 Philadelphia Centennial exposition.

The principal wars launched by the Anglo-Dutch Liberal financier interests, from the time of France's Louis XIV through World War I and beyond, have been chiefly means, modelled upon the practice of the Roman Empire, for controlling continental Europe. As in the instance of the de facto British asset, Napoleon Bonaparte, the "Seven Years' War" concluded in 1763, used the weakening of the warring nations of continental Europe, to secure the City of London's imperial hegemony. World War I was organized by London for that purpose. What became World War II had been pre-organized by London for the same purpose, but Nazi Germany had chosen to strike westward before taking on the Soviet Union, and London reluctantly turned to President Franklin Roosevelt for help. So, the combination of the French Revolution of July

14, 1789, of the Jacobin Terror, and Bonaparte, had destroyed the prospect of the reforms which the success of the American Revolution had opened up in Europe, and secured the durable British domination of Europe.

These and other means were employed to manage the populations in ways intended to secure imperial control over the territories of the empire as a whole.

The most significant of the methods employed by imperial powers to the purpose of political control over populations have been cultural. By playing down those aspects of human culture which express the creative powers which distinguish man from ape, a tendency for brutishness is fostered in the victims of such cultural manipulation; it is that on which empires chiefly rely. Warfare, and other modes of slaughter, are used when less bloody modes of cultural management (e.g., “regime change”) of the intended human cattle appear to fail.

Thus, the most important instrument of imperial power, is used to induce the stupidity of various degrees in the generality of the population. The most important such weapon of cultural warfare in modern European experience, has been a variant of the method used to induce the self-destruction of Athens by means of the Peloponnesian War, the same Delphic method of sophistry typical of Imperial Rome.

Science and Classical Culture

Hence, history teaches the witting and willing the vital political importance of a Classical scientific culture in the tradition of the Pythagoreans and Plato, in the struggle for securing human political freedom.

A Classical culture, meaning a general artistic and related culture which is congruent in characteristic mental behavior with a scientific culture in the Pythagorean tradition of the modern physical science of Cusa, Leonardo, Kepler, Leibniz, Gauss, and Riemann, is much more than merely a means for increasing man’s physical power, per capita and per square kilometer, over inhabited territory. A commitment to such culture is a goal unto itself. The goal is to capture and retain a human identity, to secure an identity as a creature unlike that of the mere beasts.

Therefore, when we promote the study of physical science, our goal should not be merely a gain in man’s physical power in the universe. Our goal is to affirm the nature of the human identity as a creature cast in the image of the Creator of the universe. Our goal is to locate our brief mortal existence in the great sweep from past into future of mankind, to be useful to mankind in what we contribute during the brief interval of mortal human life. As the *New Testament* parable emphasizes, our mortal life expresses our talent; therefore, when death claims our mortal selves, what has our talent contributed in service of the Creator’s intention?

Therefore, that view of the needed culture of mankind, is the only goal which corresponds to human nature. The most important aspect of physical science, for example, is a clear understanding of the quality of knowledge which sets man



EIRNS/Stuart Lewis

A commitment to Classical culture is a goal unto itself, LaRouche says. “The goal is to capture and retain a human identity, to secure an identity as a creature unlike that of the mere beasts.”

above ape, the creative powers of mankind. Those creative powers are located in modalities which the ancient Pythagoreans identified by their use of the term *dynamis*. The mastery of that concept is indispensable for all, because it is knowledge of the difference in physical principle, the nature of man and woman assigned by *Genesis* 1, which sets the human individual apart from, and above the apes. It is to the degree that that insight shapes our conscience, that we will not submit, once again, to the cycles of depravity into which mankind has fallen with such seeming regularity in the past.

If for no other reason that we must know ourselves to be human, in that sense, we must, for example, mobilize a rescue of what threatens to become the immediate wasting of our two-thirds of the auto industry, for its other, urgently needed tasks.

“Why, then, shall we rescue that industry?”

“For no lesser motive, than that we know ourselves to be human.”

George W. Bush and Other 'Failed States'

by Jeffrey Steinberg

As Lyndon LaRouche, Vladimir Putin, and Hu Jintao are painfully aware, the world is witnessing a rapid, generalized disintegration of the governing institutions of most of the leading nations of the trans-Atlantic "Western system." Each failing state is going through its own unique process of self-destruction, but the common factor is that all of the governments in free-fall are hysterically clinging to the same set of policy axioms that have already failed. Each afflicted government is staring into an abyss of financial collapse, national bankruptcy, and social disintegration, paralyzed from taking any action that would challenge the already-failed "conventional wisdom."

The U.S. government of George W. Bush and Dick Cheney is leading the race to the bottom of the scrap heap. The President continues to demonstrate evidence of clinical insanity, as shown in his May 15 nationwide televised Oval Office address, in which he proposed to militarize the 2,000-mile U.S.-Mexican border by illegally and irresponsibly deploying 6,000 National Guard soldiers there. This thinly disguised sop to the racist right wing of the Republican Party, and to those such as Harvard's Samuel P. Huntington who have been promoting a "clash of civilizations" between white Anglo-Saxon "America" and brown-skinned Hispanic Mexico and Central America, did little to appease his growing legion of right-wing former boosters, now turned rabid critics.

The highlighting of the immigration issue in Bush's rare Oval Office address has opened new, irreconcilable splits within the ranks of the Republican Party. Republican agrobusiness, construction, and other commercial interests, desperate to survive in the incredible shrinking U.S. economy, are obsessed that they cannot long stay in business without the labor pool of illegal immigrants to drive down their labor and benefit costs. They no more wish to see a sane national immigration policy than their racist right-wing contrarians, but they certainly do not wish to see the flow of illegals cut off. The fight is between two unsavory positions, and Bush has caught himself up in the middle.

In recent public opinion polls, President Bush's approval rating has collapsed to below 30%, as Americans vent their growing anger at the failure of the U.S. invasion and occupation of Iraq, the hyperinflationary spike in the cost of living led by skyrocketing energy costs, growing evidence of domestic

spying, and the Bush Administration's persistent failure to take any action to solve any of these pressing problems.

With Special Counsel Patrick Fitzgerald's probe of the Valerie Plame Wilson leak rapidly zeroing in on Vice President Cheney, the continued presence of "The Dick" in the Bush Administration deepens the GOP rifts. Only Cheney's ouster from the Vice Presidency could, at this late date, salvage the Presidency from two years of lame duck paralysis or worse. The United States, never mind George W. Bush, cannot long survive Cheney's continued presence in the White House.

'Axis of Feeble'

Across the Atlantic, things are not much better for Bush's "coalition of the willing" partner in London: Tony Blair is finished. The City of London's mouthpiece, *The Economist* ran a cover story in its May 11 edition, with pictures of Bush and Blair, headlined "Axis of Feeble," which reported, "Over the past year, the debacle in Iraq and problems at home have turned both leaders from soaring hawks to the lamest of ducks." Lame duck or gone-bunny, Tony Blair is on his way out, and, as Lyndon LaRouche observed on May 16, the only thing delaying his final departure is the fact that no one has yet been put in place to replace him.

As you will read below in the detailed coverage in this *EIR* cover story, recent Labour Party losses in the municipal elections have triggered a revolt from within the party. Blair's Chancellor of the Exchequer, Gordon Brown, has laid claim to the party leadership and the Prime Minister's post, and has demanded that Blair announce a near-term date when he will leave. If Blair tries to stall, he will likely be brought down by a cascade of criminal scandals, implicating the Prime Minister's 10 Downing Street office in a pay-for-peerage scandal, right out of the pages of a Charles Dickens novel.

Flight Forward Against Iran?

Accelerating the moves to boot out the Bush-Blair duo are mounting concerns that the two failed leaders could make one last desperate grab at retaining power, by staging a pre-emptive war against Iran, over the Islamic Republic's alleged illegal nuclear weapons program. Sources, including newspaper accounts on both sides of the Atlantic, continue to warn of an air attack on Iran during the late May-to-mid-June interval, when several U.S. Navy aircraft carrier groups are reportedly going to be in the Persian Gulf region for maneuvers.

The British newspaper *The Herald* provided one detailed account of the war plans on May 16. Defense correspondent Ian Bruce wrote: "The main plan calls for a rolling, five-day bombing campaign against 400 key targets in Iran, including 24 nuclear-related sites, 14 military airfields and radar installations, and Revolutionary Guard headquarters. At least 75 targets in underground complexes would be attacked with waves of bunker-buster bombs. Iranian radar networks and air defence bases would be struck by submarine-launched



From Washington to London, newspapers and magazines are having a field day with the woes of Bush and Blair. Who will win the race to the bottom?

Tomahawk cruise missiles and then kept out of action by carrier aircraft flying from warships in the Indian Ocean and Persian Gulf.”

Sam Gardiner, a widely respected retired U.S. Air Force colonel, told *EIR* on May 14 that the allegations leaked on May 12, of traces of enriched uranium in Iran, may be the “smoking gun” the U.S. Administration would need to justify military aggression. He also detailed information about the deployment of U.S. aircraft carriers in the region. Colonel Gardiner, had the following to say:

“Based upon the work I did for the *Atlantic Monthly* and the reporting taking place, I’ve predicted a strike on Iran unfolding in four phases:

“1. *Period of Building Pressure*. This could be 60 days or even six months in which the U.S. and European leaders continue to talk to their publics on the failure of the Iranians to comply with ‘the wishes of the international community.’ There will be talk and work on sanctions, but those will be for the purpose of building U.S. and international support; they will not be done with any hope of changing Iranian behavior. We should see the U.S. surface a smoking gun during this phase. Some military deployments might take place. Most visible would be three aircraft carriers in the vicinity.

“2. *Initial Strike*. This would last 36 to 48 hours. It would only be moderately visible to the global public. Most of the attacks would take place at night. To prevent retaliation, most targets would be other than nuclear facilities.

“3. *Pause*. The strikes would stop. Iran would be warned that if it were to retaliate, the strikes would resume. The pause would probably not be long, maybe 72 hours. Either Iran would conduct an operation against U.S. or Israeli targets, or there would be an event that is blamed on Iran.

“4. *Regime-Change Targeting*. The attacks from this point would shift to targets that could cause the regime to fall. It would include direct attacks on the leadership of Iran.

“In the phase of building pressure, I see two indicators. I called one of them the ‘smoking gun.’ By that I mean the Administration will reveal that Iran is farther along in its nuclear program than we originally thought. This will most likely be some evidence that A.Q. Kahn, the Pakistani, sold more to Iran than we knew.

“Late Friday [May 12] we read a leak from a diplomat with the International Atomic Energy Agency that new enriched uranium evidence has been found. This could be the emergence of the smoking gun.

“The second indicator in the pressure-building phase was

the position of aircraft carriers. The *Reagan* is in the Gulf Region. The *Enterprise* left Norfolk for the Middle East on May 2. The *Lincoln* did a port call in Singapore on April 30, apparently moving in the direction of the Middle East.

"I'm watching events carefully," he concluded.

While an unprecedented number of retired generals and admirals have come out with public calls for Defense Secretary and longtime Cheney ally Donald Rumsfeld to be fired, in what is widely read as a campaign to prevent military strikes against Iran, the desperation and outright insanity displayed by the Bush-Cheney White House in recent months mean that nothing short of a top-down cleanout can assure that the preemptive war against Iran will not happen.

France, Germany, Poland

The collapse of governments in the Anglo-American world extends to continental Europe, and for the same reasons, of clinging to the bankrupt axioms of a failed system. In France, President Jacques Chirac is in a three-way race to the bottom, with Cabinet ministers and wanna-be Presidential successors Nicolas Sarkozy (Interior Minister) and Dominique de Villepin (Prime Minister). The French institutions are gutted and sinking from corruption, as reported below. Germany, under Angela Merkel's Grand Coalition, is not going anywhere. Italy has successfully made the transition from a *non-government* of the right (headed by Prime Minister Silvio Berlusconi) to a *non-government* of the left (headed by Romano Prodi). The financial institutions of Spain, which are an adjunct of the City of London financier oligarchy, are being badly rattled—by a pyramid scheme involving sale of precious stamps and "stamp-based securities"—which unquestionably has international repercussions in the financial community. Poland, along with other Eastern European states caught up in the euro-trap, are all going down, each with its own unique, sad story. It is one big string of failed states.

What is far more important than the soap opera details that distinguish each separate instance of collapse of political institutions, is the factor that is universal. In each and every case, these governments are clinging to principles and traditions that have already failed, and led the global financial system to the point of disintegration. So long as these governments defend the present policy axioms, they are all doomed. Globalization has failed; yet these so-called Alliance "leaders" desperately defend it. Deregulation has gutted the economic infrastructure of the United States, Britain, and the European continent; yet no action has been taken to reregulate or invest in rebuilding infrastructure. And Lyndon LaRouche recently delivered a pointed reminder to members of the United States Senate: Nobody who remains attached to Synarchist banker, and would-be Democratic Party fixer, Felix Rohatyn, is going to make it. Not only will he bring them all down politically. He will steal and squander their money on the way down.

The Financial Bubbles Are About To Burst

by EIR Staff

In the midst of Weimar-style hyperinflation, which has taken precious and industrial metal prices to all-time highs, occasional short-term dips by profit-taking notwithstanding, the world's financial markets were suddenly hit with a wave of dramatic turbulence during the second week of May. Stock markets in both the industrialized nations and the emerging markets were hit with major sell-offs, at the same time that the prices of the major commodities began to jump around like a yoyo, and bond markets soared.

Internationally, a number of financial commentators pointed, with good reason, to the possibility that these rapid shifts were the result of financial problems hitting some of the large hedge funds which have been driving the commodities markets into the stratosphere.

Warning of upcoming problems was the now-frequent Cassandra of the New York Federal Reserve Bank, its chief Timothy Geithner, who cautioned in a speech on May 16 that the odds are rising of "negative surprises" in the markets. "The major dealers, as well as the large commercial and investment banks, should take a cold, hard look at financing conditions and margin practice, particularly with respect to hedge fund counterparties and in OTC [over the counter] derivatives," he said.

A more explicit warning came from London *Guardian* economics editor Larry Elliott on May 16. Noting various indicators of how commodities' prices have been going through the ceiling, Elliott writes: "So beware: All of this has bubble written all over it. It is a time of extreme danger for the unwary, with all the sadly familiar tell-tale signs of trouble ahead."

Simultaneously, the London *Daily Telegraph* published an article by Ambrose Evans-Pritchard entitled "Markets Braced for the Worst." The article said that global markets were braced for turmoil that day, after the slump in the U.S. dollar, and in equity and bond prices last week "sent tremors through the global financial system, evoking memories of the 1987 crash." Evans-Pritchard quoted one analyst: "The crash in the autumn of 1987 started with a massive dollar and bond decline in the Spring. We are experiencing exactly the same now."

Weimar Hyperinflation

Over the days prior to the turbulence, and in the wake of Lyndon LaRouche's April 20 article forecasting a likely

blowout of the bubble by September of this year, the international financial press had been filled with articles and commentaries, expressing profound nervousness and fear over the escalating ruptures on financial markets. On May 13, the German daily *Süddeutsche Zeitung* carried a lengthy piece on the “rush into gold,” citing fears of “hyperinflation” and the “breakdown of the system” by investors. The paper quoted a precious-metal dealer, who said: “Employees of big banks are among my best customers.”

Indeed, the price of precious metals has been rising exponentially. In 2006, after just four and a half months, the gold price has already shot up by \$213, closing on May 12 in London at \$726. Most of that rise occurred just within the last two months (\$181). This means that gold, just since the beginning of the year, is up 42%. The price of silver at the London Bullion Market has jumped up this year from \$8.83 to \$14.94 per ounce, an increase of 69%. Palladium and platinum prices have reached all-time highs.

At the London Metal Exchange, copper started the year at \$4,537 per ton. By May 12 it closed at \$8,619, an increase of 90% since the beginning of the year. Prices of zinc and nickel are at all-time highs, and the aluminum price is the highest in 17 years.

The price explosion of industrial metals and record-high energy prices are dramatically pushing up production costs in industrial sectors—from automobile production to machine building.

Even the Gnomes of Zürich

On May 18, financial mouthpieces in Europe sounded an even louder alarm. “The world economy is in an unsustainable condition,” the lead editor of the *Financial Times* said, according to the Swiss *Neue Zürcher Zeitung* of May 17. Reporting on a lecture delivered in Zürich by Martin Wolf, co-editor of the *Financial Times*, the Swiss paper wrote that Wolf warned that things cannot go on like this much longer. The world is posed with two uncomfortable scenarios, he said, namely 1) the “positive” scenario: a severe but controlled correction, or 2) the “negative” scenario: an explosion, which will send the world economy into a deep crisis.

For its part, the *Süddeutsche Zeitung* urges putting the hedge funds “on a leash,” to try to prevent another LTCM-size disaster, which would threaten the entire financial system of the globe. Banks are saying they have reduced risks, and have the thing under control, but that does not sound very convincing, the paper writes; the interdependency of the financial markets and its players is so dense today, that another LTCM crisis would cause a much bigger disaster, than in 1998.

In fact, as LaRouche has warned, only a top-down reorganization of the world financial system, into a New Bretton Woods—the creation of a new system—could prevent a disastrous collapse one way or another. The situation is beyond the state of warnings: Action is required now.

Blair Joins Bush: The Lamest of Ducks

by Dean Andromidas

British Prime Minister Tony Blair’s regime is rushing down the same tube as that of President George W. Bush and his Vice President, Dick Cheney. Tony Blair’s lame-duck status was confirmed by the City of London’s own mouthpiece, the *Economist*, whose cover story May 11 was entitled: “Axis of feeble: A world bestriding partnership is drawing to a close,”

“They have been improbable soulmates, the silver-tongued British barrister and the drawling Republican from Texas,” writes the *Economist*, adding, “But the partnership between Tony Blair and George Bush has shaped world events in the nearly five years since the attacks of September 11th. Over the past year, however, the debacle in Iraq and problems at home have turned both leaders from soaring hawks into the lamest of ducks.”

Going on to describe the recent troubles of this feeble axis, the *Economist* continues: “This week Mr. Bush’s popularity drooped to 31% in the polls; his party faces a beating and the possible loss of one or both of the houses of Congress in November’s midterm elections. In Britain, meanwhile, much of the Labour Party, which Mr. Blair reinvented and led through three consecutive election victories, wants to bundle its savior into retirement and replace him with Gordon Brown.”

Blair’s descent began gathering speed earlier this year when the good ship “New Labour” ran aground in a series of scandals that broke out last April, leading to a chain of events culminating in a disastrous local election, in which the Labour Party came in third after the Conservative and Liberal-Democratic parties. (See “Blair as Captain of the Titanic,” *EIR*, May 19, 2006.) This was followed by a disastrous cabinet reshuffle and a “plot” to overthrow Blair’s party leadership.

The “plot” is being led by the Prime Minister’s neighbor, at 11 Downing Street, Chancellor of the Exchequer Gordon Brown, and includes 50-70 back benchers representing a smorgasbord of factions, including “Old Labour” traditionalists, and disenchanted Blairites. The plotters have demanded that Blair promise to turn over the party leadership “sooner, rather than later” to Brown, i.e., well before the next general election in 2009, and preferably by the end of this year. Although the two rivals met shortly after the May 4 election disaster, Blair refused to set a date for his departure as demanded by Brown, thus setting the stage for a leadership struggle at the party’s annual convention next September.

Like the sinking Titanic, the Labour Party under Blair is headed for the bottom. The first projected analysis for the next general election indicates that the Labour Party is facing a "poll wipe-out." Compiled by the Electoral Reform Society, the poll shows Labour losing as many as 149 of its 355 Members of Parliament, bringing their strength down to 206. Despite its lackluster leadership and equally disastrous policies, the Conservative Party could win an additional 100 to 120 MPs, which would give them over 300 seats and the leadership of the next government.

British Volcano

It is obvious that leading political circles in Britain see the danger of maintaining the "Axis of Feeble" between Blair and Bush. The disaster in Iraq continues, as the situation in the heart of the British zone in the South is spinning out of control, and exposing the myth that the British army is better at counterinsurgency than the U.S. military. An assassination reportedly occurs once every hour in Basra; the situation is no better than in Baghdad. British casualties, now at over 111, are proportionally identical to those of the United States. Blair's alliance with Bush in the Iraq war is the most unpopular of Blair's policies; and there are more and more voices being raised against the Bush Administration's threatened use of force against Iran over its nuclear program.

Far more dangerous for Britain is the unfolding financial crisis: The City of London would be ground zero when the bubble of commodity price hyperinflation explodes. As the premier center of the world financial derivatives market, the City is sitting on trillions of dollars in derivative trades. It is has one of largest concentrations of hedge funds in the world, and is the home of the London commodities market, especially for precious metals, including gold, and industrial metals such as copper. With spiralling prices for commodities, London is a volcano about to blow its top.

With copper prices zooming to above \$9,000 a ton, several large City banks, with positions in copper at \$4,000, are in danger of losing huge sums that could lead to a chain reaction effect through the financial system.

Like their American cousins, Britons are buried under mountains of personal debt and home mortgages. With more than £1 trillion in personal debt, personal bankruptcies in Britain have hit an all time high. Over the last three months, there has been a 13% increase—and a 73% increase from the same period last year. In the first quarter alone, 21,251 people filed for bankruptcy. Meanwhile, there has been an increase in court actions by mortgage lenders to repossess homes, amounting to 33,442 actions in the first quarter of 2006, up 29% from a year earlier. Orders for repossessions rose to 22,990, a 57% increase over last year.

The saner elements in Britain, given the collapse of its industrial base, have been pushing for a revival of Britain's nuclear-power sector, beginning with the replacement of Britain's aging nuclear power stations with third- and fourth-

generation reactors. Under pressure from these interests, Blair, in a speech before British industrialists, made two months ahead of the release of the government's energy review in July, called for the expansion of nuclear energy.

Blair's endorsement of nuclear energy was a politically safe one: A recent poll by the Tyndall Centre for Climate Change Research found that 60% of Britons would support new nuclear power stations, as long as "renewable" energy sources were developed as well. Sixty-three percent agreed that Britain needed nuclear power as part of a mix of energy sources to ensure a reliable supply.

Blair Could Go to Jail

Like Cheney, if Blair doesn't leave office quietly, the police could be brought in to do the job. There are two parallel investigations ongoing. One is the so-called "cash for peerages" affair, in which big donors were promised peerages in return for donations to a secret Labour Party campaign fund controlled by 10 Downing Street as well as to the so-called "private academies," one of Blair's pet projects, aimed at the further privatization of education. The second, overlapping scandal, is the violation of the election campaign-funding laws, in which Blair failed to report the secret "cash for peerages" campaign fund to the elections commission as required by law.

Things began to heat up in mid-May after it was revealed that a Parliamentary investigative committee agreed to a request from Scotland Yard to suspend its own hearing; the police were concerned that the committee probe would compromise their criminal investigation. Just before these revelations, the Parliamentary committee had requested testimony from Lord Levy, Blair's closest personal fundraiser. Levy is obviously a prime suspect, and will no doubt be questioned by the police.

The seriousness of the case was underlined by Labour MP Tony Wright, the chairman of the committee, who said, "It is pretty clear some of the witnesses we have identified are very much in the frame as far as the police are concerned. The police have advised us that taking evidence now from such people—and we took independent legal advice on this too—might conceivably cause some difficulty later down the track. The idea that this is not a serious inquiry is not true. This is a serious inquiry."

The police expect the case to mature by September, just in time for the Labour Party convention where Blair could end up fighting for his political career, if not his life.

Later this month, Blair is expected to travel to the United States where he will hold what *The Times* referred to as a "lame duck summit" with the equally feeble President George W. Bush. No doubt Vice President Dick Cheney will be on hand, hopefully unarmed. According to *The Times*, the topic to be discussed will be Iraq. Blair reportedly is travelling to Washington because he doesn't want Bush, who is hated by the British public, to show his face there.

Economic Crisis Causes Government Implosion

by Christine Bierre

While all attention in France is focussed on the “Clearstream affair”—a French “Watergate” in which Prime Minister Dominique de Villepin and President Jacques Chirac are being accused of having used the fraudulent affair to smear Interior Minister Nicolas Sarkozy and other political enemies—the reason for the collapse of the Fifth Republic is to be found where few are looking: in the economy.

Were it not for the long-term crisis of the French economy, right-winger Sarkozy could never have succeeded in taking control of the UMP, the political party of his enemies, de Villepin and Chirac.

France’s economic weakness began hitting the UMP in the polls in 2004, when the party was dealt defeats by the Socialist Party in two national elections. In the March regional elections, the UMP and its right-wing allies had to concede victory to the Socialists in all but two of the 22 regions of France. In June of that year, the UMP lost heavily to the Socialists in the European Parliament elections, in which the Socialists won a record 31 seats, up from 22.

Such electoral victories by the Socialist Party, which proposes no real alternative to reverse the economic collapse, continued through 2005. In May 2005, the French population rejected the proposed European Constitutional Treaty, a personal defeat from which Chirac has yet to recover emotionally. In November, the spectacular rioting in the French suburbs revealed unemployment rates of up to 50% among the youth in those impoverished areas. The successful struggle by millions of high school and university students early this year—against the proposed “First Job Contract” law, which would have deprived youth of any job security—was the last blow to Chirac’s Presidential power. Sarkozy, an ambitious, pragmatic, and effective workaholic, used these successive UMP defeats to take over Chirac’s party.

Now the Chirac faction faces the prospect of Presidential elections in 2007, with the economy diving.

France now has a real unemployment of more than 12%. Living standards for all but the very rich are plummeting. And the population fears that Charles de Gaulle’s dream of the grandeur for France is all but dead.

A Cevipof poll (Center of Studies of French Life) made public by the Paris newspaper *Le Monde* on May 18, indicates great pessimism about the economic and political future of



European Union photo

Interior Minister Nicolas Sarkozy's real crimes lie in the domain of wrecking the French economy.

the nation. Of those interviewed, 54% “are having difficulties making ends meet”; 47% think unemployment has grown and that the economic situation will continue to deteriorate; 76% said they believe that the youth will have a more difficult time than their parents; and 75% said that their standards of living have declined.

On the general state of France, 30% said they think France’s power in the world has declined, and 28% said that the nation’s “social pact” has weakened.

Politically, only 28% of those polled said they “trust” their traditional parties, be they left or right. Thirty-five percent declared themselves to be “out of the system.”

The LaRouche Factor

Clearly, the road is wide open for a real “outsider,” such as LaRouche collaborator Jacques Cheminade, who is a candidate for President. This is what the world’s financial forces will be trying to stop in the immediate period ahead.

Patrick Jarreau, who reported the Cevipof study in *Le Monde*, noted that French voting preferences are almost evenly split between right-winger Sarkozy (46%) and Socialist Segolene Royal (45%), the phony alternatives which the financial media have been promoting for several months.

Jarreau stated unambiguously that the “image of Mr. Sarkozy and that of Mrs. Royal is very similar.” He noted that “it is only logical that the two candidates who favor ‘a break’ from the traditional French social model” are coming to the fore. Nevermind that they both have long held elective and ministerial offices in the current, failed system.

Jarreau, a spokesman for the Anglo-American-French financial oligarchy, concludes by outlining the challenge for these political figures: “It will be another thing for them to convert the defiant electorate. And to neutralize those who are ‘out of the system!’ ”

To reach us on the Web:
www.larouchepub.com

Will Prodi Take 'Left' Road to Disaster?

by Claudio Celani

On May 17, the newly designated Italian Prime Minister Romano Prodi, swore in his Cabinet ministers and began procedures for a Parliamentary vote, which is scheduled to be over by May 22-23. A lengthy, but normal transition is thus completed. But the new government is born under the worst auspices, those of the infamous "financial markets" and globalization sharks. The key Cabinet post, the Economics Ministry (which has jurisdiction over Treasury, Finance, and Budget), is occupied by Tommaso Padoa Schioppa, a former board member of the European Central Bank. Also, the anti-industrial "Green plague" has made a comeback in the person of the new Environment Minister, Alfonso Pecoraro Scanio, who had previously performed that job in the 1996-2001 center-left government.

Looking for positive elements, one must be content with the appointment of outgoing Premier Massimo D'Alema as Foreign Minister, overriding the vetoes raised by the Anti-Defamation League and the neo-con lobby. To find the best personnel, the pro-national fighters, one has to look in the second tier, among deputy ministers and undersecretaries of state. There, we find Mario Lettieri and Alfonso Gianni, who led the Parliament in July 2005 to approve the "New Bretton Woods" resolution promoted by the LaRouche movement. Prodi should have deployed those figures on the front line, if he wanted to avoid the image of a government enslaved to international Synarchist bankers.

Tommaso Padoa Schioppa, the new Economics Minister, is paradigmatic of the problem. As a director of the Bank of Italy, he was a promoter of Alan Greenspan's financial cancer—derivative instruments—as far back as the early '90s. He supports the idea of dissolving the Italian national state into the supranational European Union government, taking as model Tony Blair's advisor Robert Cooper, who pushes the idea that sovereign nation-states are "out," and empires are "in." For instance, in an essay written for the quarterly *Il Mulino*, Padoa Schioppa writes: "The year 1989, in fact, not only ends the Cold War; it also marks the final collapse that the Peace of Westphalia had established in 1648." Then, Padoa Schioppa says: "The post-modern system—Cooper writes—is not based on balance [of powers], nor does it presume sovereignty or separation between domestic and foreign affairs." To build a European government means, "to overcome

the view that the State does not recognize any power above itself; it means to recognize that a supranational power re-establishes sovereignty, rather than suppresses it."

The same day that it was made known that Padoa Schioppa would be named Economics Minister, his new book, *Europe, an Active Patience*, was released. The appendix includes a memorandum Padoa Schioppa co-produced for the Italian Institute for International Affairs, an agency affiliated with the British Royal Institute for International Affairs, which dictates the program for the new government.

The first point of the 15-point memorandum sets the postulate from which all other points derive. It calls for "consolidating Italy's participation in the euro" currency union. It is time to "stop complaining about our membership in the euro or even to [consider] an exit." Instead, Italy should adapt its development model to competition in the single [European market] and in the globalized economy." Other features include: Points 2 ("rigorous implementation of the Stability Pact," i.e., budget cuts); 3 ("completing the single European market in the service and utilities sectors," i.e., full liberalization à la Bolkestein, against which all European labor organizations have recently mobilized); 4 (build a [European] "Union budget," i.e., further reduce the national government's role in the economy), and so on.

Of special relevance are Points 10 and 12. Point 10 calls for "overcoming, at the European level, the current separation between 'defense' and 'security,' and a call for the militarization of society, a de facto coup d'état. Point 12 suggests another coup d'état: In order to overcome national opposition to ratifying a European Charter ("Constitution"), exemplified by the referenda in France and the Netherlands, the paper calls for a "European referendum that involves all member countries," a trick to defeat national opposition by diluting national votes in a general cross-border vote.

Environmental Complications

Padoa Schioppa's imperial masters can count on the comeback of the "Partito del No" (Party of the No), as Green anti-industrialism is called in Italy. The leader of the Partito del No, Environment Minister Alfonso Pecoraro Scanio, is a bisexual demagogue who has managed, during his first mandate (1996-2001), to successfully block any capital investment in infrastructure. He has already presented a calling card with a big "No" on two key infrastructure projects: the Lyon-Turin High-Speed Railway line (TAV) and the bridge over the Messina Strait. Furthermore, it is to be expected that Pecoraro Scanio will support Jacobin insurgency against urgently needed investments in energy and electricity production. Also, the new Transport Minister, Alessandro Bianchi, has introduced himself as another member of the Partito del No, by leading a campaign against the Messina Bridge.

The new Infrastructure Minister, Antonio Di Pietro, is known for having been a puppet of the plot known as "Clean



European Commission/Berlaymont

The global financier oligarchy has a heavy foot in the door of Prime Minister Romano Prodi's new government.



www.unibg.it

Economics Minister Tommaso Padoa-Schioppa is a fan of Alan Greenspan's financial derivatives.

Hands," that rocked the political party system in 1992-1994, when he was a state prosecutor in Milan. A man of challenged intellectual powers, Di Pietro will be a vehicle for someone else's policy. Since he owes one of his major constituencies in Calabria to a staunch defender of the Messina Bridge, Aurelio Misiti, who has chaired the Superior Council of Public Works and has now been elected to the Senate, Di Pietro will have a hard time in choosing which way he should go this time. And the Partito del No is partially opposed by the new Industry Minister, Pierluigi Bersani, who has already supported the TAV project.

But this is only one of the numerous conflicts on major issues building into Prodi's rainbow coalition, made out of 12 smaller coalitions (the number of single parties and groupings is even higher). For instance, the new Minister for European Affairs, Emma Bonino, belongs to the Radical Party, which allied with the Democratic Socialists in the "Rosa nel Pugno" (Rose in the Fist) coalition, inside the center-left alliance. Well, the Radical Party is on a 100% neo-con foreign policy line, and bitterly fought the appointment of DS (Left Democrats) chairman Massimo D'Alema as Foreign Minister. Another example: The Partito della Rifondazione Comunista (Refounded Communists), whose Secretary General Fausto Bertinotti has been elected chairman of the Chamber of Deputies (Lower House), is in favor of homosexual marriages, and has provocatively chosen for Parliamentary election, a transsexual named Vladimir Luxuria. But Deputy Prime Minister Francesco Rutelli, sensible of conservative pressures, has vetoed such a proposition, supported by many colleagues in his party (Margherita) and by the new Justice Minister Clemente Mastella, who leads a small Christian Democratic Party called Udeur.

To satisfy all appetites of his allies, Prodi had to increase the number of ministers to 25, inventing some new ones (Family Minister) and adding a few undersecretaries of state as well.

The Soccer Scandal

Indicative of the current state of affairs are decisions taken to deal with a major scandal in the Italian soccer scene. Soccer is the national sport, and has become a business, as several major teams are now quoted on the stock exchange. Indeed, soccer is supposed to play a major role in the *panem et circenses* (bread and circuses) scheme of society which Italy, as a "failed nation," should look like, according to the plans of the global oligarchy which has such a heavy foot in the door of the Prodi government.

Since major soccer teams such as Juventus Turin, Lazio, and Rome, entered the stock market, in order to deliver "shareholder value," the management was ordered to produce positive results, which means winning games. Thus, Juventus manager Luciano Moggi set up a criminal scheme to control the whole "Serie A" (Premiere League) championship, bribing referees and "persuading" competitors with mafia-like methods. Prosecutors in Naples discovered the scheme, and issued 41 indictments during the "interregnum" between the outgoing Berlusconi government and the not-yet sworn-in Prodi Cabinet.

The new head of the Italian Soccer Federation (FGCI), Guido Rossi, is indicative of what is behind the story. Rossi has nothing to do with sports, but instead, is a corporate lawyer, former head of the Stock Exchange Control Board (Consob), and recently, a protagonist of major foreign banking takeovers in Italy. Rossi belongs to the same faction of supporters of the "failed states" system as Padoa-Schioppa, and has written essays supporting the idea that in the current phase of the "end of history," a new international system of law has to be founded, to replace the outdated system of national sovereignties produced by the Peace of Westphalia. The new system, Rossi insists, must follow the model of the Middle Ages, i.e., instead of jobs, people should be given "bread and entertainment."

This is why the financial interests behind Mr. Rossi are involved in soccer in a major way. Juventus, the top team in Italy and the center of the scandal, has for decades been owned by IFIL, the family holdings of the Agnelli family. Another team, Fiorentina, is owned by Raniero Della Valle, a businessman belonging, like the Agnellis, to the circles which Rossi has worked for, centered around the Assicurazioni Generali-Mediobanca group. A third team involved, Lazio, has already gone through the bankruptcy of its former owner, Cirio. The second-most prestigious team, Milan, is owned by former Prime Minister Silvio Berlusconi, the richest man in Italy.

Reason tells us that this insane system must be reformed, and that anything involving sports competition should be banned from the stock market.

But the appointment of Rossi as head of FGCI suggests that the hopes of many Italians, who want to see corruption cleaned out of sports, will be unfulfilled, and that instead, their pockets will be cleaned out. In the end, Mr. Prodi will be held responsible for that.

Germany Is No 'Island of Stability'

by Rainer Apel

Many among the German policymaking elites, watching the increasing chaos in France, Britain, and other European countries, have smugly concluded that this will benefit Germany as an "island of stability." Many would even go so far as to say, in the wake of Chancellor Angela Merkel's talks with President George W. Bush at the White House, that Germany's rating is much improved now in Washington, D.C., coming close to a "special relationship." But were Merkel a leader with real political-economic vision, she would not be tying Germany's boat to a sinking ship like the Bush-Cheney team.

The biggest flaw in the Merkel policy is not even that, but her attachment to the bankrupt global economic system. The repeatedly stated loyalty of the Chancellor and her Grand Coalition government to the European Union's Maastricht regime of budget-balancing austerity, and hence the ban on any state interventionism of a size that would make a difference, is what makes the seeming "stability" of Germany a rather fragile matter. Unemployment is still hovering around the official figure of 5 million (real unemployment is almost twice that)—right where it was when Merkel took office in November 2005. Private-sector industrial investments have not increased by a rate worth mentioning, and significant state investments in public projects for infrastructure development are not envisaged.

Moreover, the government is seriously considering privatizing the state-owned German Railways during the period from 2007 to 2010, because the expected revenue of 13-14 billion euros is desperately needed by the government—not for projects, but for "consolidating" the state budget from 2007 on. Privatizing here, privatizing there, that is governmental policy in Germany: selling off the highways, the ports, the airports, the state telecom agency, and additional state property, are all under discussion.

More cuts in the public health system are planned, and the government also wants to permit Real Estate Investment Trusts (REITS) to operate freely from 2007 on. What the government plans in respect to the REITs, is brutally invalidating the timid steps taken by new legislation to have "more transparency" in what hedge funds and private equity funds are doing in Germany. The German economy is under a massive attack by speculative funds, an attack that is carried out because the "stability" of Germany is as attractive to the speculators, as a fat goose is to the hungry wolf.

Strikes, Austerity, Political Unrest

Neither is Germany really stable in terms of the political and social situation. Latest polls show declining support for the Grand Coalition government, and the relative popularity of Chancellor Merkel has mainly to do with her foreign policy (no Iraq engagement, no war against Iran, more cooperation with Russia, India, China). Domestically, one big labor strike is coming after the other: in the public sector, the metal industries, the hospitals, even the police. Hospital doctors have been on strike for more than two months now, while students are taking to the streets in Germany's university cities. And the association of civil servants is placing ads in German news dailies, protesting the increasing budget cuts. That is not a situation which one would call "stability."

And there is no solution to any of these conflicts within the existing system. If the politicians tell the public-sector workers, or if the entrepreneurs tell their workers, that any financial concession to them means that the money has to be "generated" through cuts somewhere else, it is true, the way things stand now. If the authorities on the state and municipal level say that they cannot invest in or pay for schools, public transport, and social housing, it is true, because tax revenue always runs short by 30, 40, or 50% (in the capital city of Berlin, there is a 60% shortfall).

Break With Maastricht

The change for the better can only come from a change of economic and financial policy principles. If Germany wants to invest, to mobilize production and employ more citizens, to have an improved tax revenue and more capacity to handle the labor, social, health, and pension budgets, it has to walk out of the Maastricht regime. With Maastricht, the economic-financial sovereignty of Germany is under the control of the European Commission and the European Central Bank. It is the same with the sovereignty of every other European nation that is a member of the Union.

If Germany wants to do what many in the rest of Europe hope it would do, namely to make use of its "relative stability" and become the catalyst of a recovery of political and economic affairs, then Germany has to make the first step to break with Maastricht. That is probably the last thing that the German elites would want to do, but it has to be done. It will be difficult, it will be turbulent, but it can be done, if the German government and elites stop tying their boat to the sinking Bush-Cheney ship, and instead link up to the LaRouche current in U.S. politics—the best ally that Germany and Europe actually have, in their struggle for economic-financial sovereignty. That is what the LaRouche movement in Germany is telling the Germans, in particular the citizens of Berlin, where the campaign for municipal elections in September has begun. The LaRouche proposal for a New Bretton Woods global financial reorganization is the indispensable condition for stability to be restored in Europe.

THE FDR MODEL FROM 1933

Put Millions to Work Rebuilding the Nation

by Marcia Merry Baker and Edward Spannaus

In November 1933, at the direction of President Franklin Roosevelt, his emergency relief administrator Harry Hopkins established the Civil Works Administration, putting 800,000 people to work within ten days, and almost 2 million to work within two weeks. Over 4 million people were working on CWA projects within nine weeks—the largest peacetime mobilization in U.S. history. They were put to work building and repairing streets and roads, bridges and sewers, schools and public buildings, playgrounds and parks, and in projects of flood control and water management.

Could we do it again, today? Absolutely. The agency structures exist, with enabling legislation already passed, which would allow us to immediately, overnight, absorb millions of Americans, particularly unemployed and underemployed youth, into useful jobs building, repairing and maintaining all manner of infrastructure, public works, and public health projects. Despite being underfunded and under ideological assault, certain key Federal agencies are still intact, through whose administrative networks and experience, the necessary programs can be rapidly implemented.

These Federal-level agencies are already mandated to interface directly with other entities on the local, state, and Federal level—for all manner of basic economic purposes, ranging from economic production, to defense, transportation, health care, and for natural disaster-response, as well as youth skills-training and jobs. Moreover, these agencies all have an *institutional legacy of nation-building* still intact, no matter how diminished they have become in recent years of “post-industrial” policies.

Here, we will profile three such agencies, which have the immediate capacity to assimilate hundreds of thousands,

indeed millions, of people into immediate, useful work. These are 1) the U.S. Army Corps of Engineers, 2) the Natural Resources Conservation Service of the U.S. Department of Agriculture, and 3) AmeriCorps, which includes VISTA and the National Civilian Conservation Corps. The last organization is directly modelled on the Civilian Conservation Corps (CCC) of the 1930s, which took millions of youth out of poverty and idleness, and put them to work on projects of permanent value, of which the American people still enjoy the fruits today.

In our next issue, we will additionally examine the capacities and capabilities of 4) the U.S. Public Health Service, and 5) the Veterans Administration.

What's To Be Built?

Many of the specifics we summarize below have been provided in the flood of responses from experienced individuals—civilian and military—to the recent circulation of Lyndon LaRouche's call for Federal “Emergency Legislation, Now,” issued May 2, 2006 (EIR, May 12), and now circulating as a mass-distribution pamphlet through the LaRouche Political Action Committee, entitled “The U.S. Economic Recovery Act of 2006” (www.larouchepac.com). LaRouche's proposal centers on acting immediately to preserve and expand the vast, unused industrial and machine-tool capacity in the auto sector, now facing a catastrophic shutdown.

Through Federal receivership, this threatened capacity can be saved and deployed for the needed diversity of production to supply inputs for infrastructure reconstruction, defense and related needs, and to launch a massive “civilian construction corps” drive. Financing and credit requirements can be



National Archives

In November 1933, President Franklin Roosevelt established the Civil Works Administration. Within nine weeks, over 4 million people were working CWA projects, building and repairing infrastructure. This was the largest peacetime mobilization in U.S. history. Here Roosevelt is shown at a CCC camp.

met through Federal capital corporation methods—not the quagmire of budgetary offsets, and other such ruses for inaction, denial, or opposition.

Over the last 12 months, at least ten cities and states have passed resolutions calling on Congress to get going to save the auto industry through retooling. An additional key part of the “institutional response” to the LaRouche emergency action drive, has been the activation of local labor union leaders, reporting on exactly what idle production capacity—especially machine tools and workforce skills—can be deployed, where, and for what best purposes. As many stress, the binge of outsourcing over recent years has reached the stage of a national security crisis (see International Association of Machinist conference report, p. 46).

What’s to be built? The best way to understand the role of these agencies in emergency action, is to keep in mind the decrepit state of U.S. infrastructure—both “hard” (transportation, power, water, etc.) and “soft” (schools, hospitals, health care), and the extent of unemployment, population loss, and dislocation now prevalent across large parts of the nation, especially involving youth. The pre-eminent institution on which to center hard-infrastructure-building, industrial revival, and restoring military strength, is the U.S. Army Corps of Engineers.

U.S. Army Corps of Engineers

The Army Corps of Engineers today is comprised of 650 military officers and 34,600 civilians. The Corps has responsibility for serving both direct military logistics needs—power, sanitation, transportation, etc.—through its Directorate of

Military Operations, and for building and maintaining critical parts of the U.S. national transportation infrastructure and various other major installations, through its Directorate of Civil Works.

The Civil Works directorate oversees its navigation, flood-control, and other projects—with an enormous potential for expansion and for involving newly trained young people.

Domestically, the Corps has built and maintains more than 12,000 miles of inland waterways, including 235 locks. The Corps also maintains 300 commercial harbors, which process more than 2 billion tons of cargo a year, and 600 smaller harbors.

The Corps is responsible also for flood control, and water management for power (it operates 75 power plants), and recreation (it directly operates more than 2,500 recreational sites, and leases another 1,800 to state and local authorities, and private entities). It plays a key role in response to natural disasters and other emergencies.

Of the national roster of some 90,000 dams, the Corps has responsibility for over 600 dams and reservoirs, including all of the major downstream installations. It monitors water flows and levels throughout the nation.

Over the past three decades of “post-industrialism,” a huge backlog of Corps work has built up for lack of capitalization, to the point where hundreds of structures—dams, levees, jetties, etc., are barely kept in operation—such as locks and



**US Army Corps
of Engineers**



National Archives

The agency structures exist, with enabling legislation, which could employ millions of Americans—especially unemployed and under-employed youth—overnight. Shown here is a CCC project in California during the Depression.

dams on the upper Ohio.

The Corps presently has a short list of both authorized work, for which the appropriated funds have been minimal or nonexistent; and a long list of projects awaiting authorization as well as appropriations.

In fact, there are \$40 billion worth of Corps projects that are authorized, but await funding, *EIR* was told last year. A prime example of unfunded projects, is the case of the 29 installations of locks and dams on the waterways of the Upper Mississippi and Illinois Rivers.

Many of these are long overdue for upgrading and replacement. A go-slow plan for work on just seven of these is currently in the Water Resources and Development Act of 2005 (which has other Corps projects around the country), but the White House, through Sen. Bill Frist (R-Tenn.), has refused to allow this Act even to come before the Senate! Introduced by Republican Senator Kit Bond (Mo.) in April 2005, as S. 728, its sister version (H.R. 2864) was passed by the House of Representatives in July 2005, but it has been blocked from coming up in the Senate. In February 2006, a group of 81 Senators wrote to Frist and Sen. Harry Reid (D-Nev.), requesting that S. 728 be put on the Senate agenda for discussion, but under White House direction, Frist has continued to refuse. Thus, authorization for needed projects is currently at a standstill. Also, the regular operating budget for the Corps is likewise greatly below that which is required.

This impasse typifies the governmental breakdown now characteristic, across the board, for vital agencies and functions. But once emergency action breaks through the blockage, waves of new jobs, re-employment, orders for industrial output, and all the rest of economic revitalization can ensue.

The contracts let out through the Army Corps system, can involve large-scale construction, and integrate vast numbers of workers for the full range of activity associated with public works—from battling mosquitoes, to debris clean-up, to new-built construction, disaster response, and so on.

USDA—Upper Watershed Infrastructure

Parallel to the major water projects operated by the Army Corps of Engineers, there exists a network of smaller structures—dams, weirs, channels—built over the past half century, under the aegis of local and state entities, in partnership with a U.S. Department of Agriculture agency, the Natural Resources Conservation Service (NRCS), founded in 1935, and formerly called the Soil Conservation Service. Almost 11,000 of these dams and structures are located in the “upper watersheds” of the tributaries of the larger rivers.

The purpose of these improvements is for flood control, agriculture, water supply, and other mostly rural needs, and, by Federal arrangement, these are the non-Army Corps dams—that is, they are smaller and upstream, not big and downstream.

Mostly built since the 1950s, many are now past their useful engineering life, and are in dire need of rehabilitation or replacement. The heavy flooding in New England this May highlights the fact that dozens of upper streamflow structures were not properly repaired and replaced—which would have mitigated the flood impact somewhat (in the Merrimack, Concord, and other basins). Now, for certain, these structures must be rebuilt.

Literally thousands of projects are “ready to go” in that they have local zoning approval, local sponsors, and await

FIGURE 1

Critical Ready-To-Go Waterways Projects Infrastructure



Sources: U.S. Army Corps of Engineers; Waterways Council, Inc.; *EIR*.

only the USDA/NRCS component of funding to get started.

Getting this reconstruction moving, would create large numbers of jobs, and still more would come from putting into place the right kind of maintenance and operations corps.

The authorization exists for these projects. Key elements are:

1936: "Flood Control Act of 1936."

1944: Amendments to the 1936 Flood Control Act, allowing the U.S. Department of Agriculture to work with special-

purpose local units of government for improvements in upstream flows of 11 U.S. river basins.

1954: Public Law 566 extended the upstream rural watershed program throughout the United States.

2000. Public Law 106-472 authorized needed rehabilitation on aging upper watershed structures.

What is lacking is the appropriations. In recent years, the funding has fallen to next to nothing. Even the NRCS staffing has been reduced, which is required in order to expedite the

projects, once funded.

Turn this around, and hundreds of thousands of jobs can be created in every state of the Union. Officials of the National Watershed Coalition—a non-profit group of individuals and dam officials advocating action on natural resource improvements—stress that the local programs are ready to *go active* in “X,Y,Z USA,” that is to say, everywhere. (See www.watershed.org)

AmeriCorps

This relatively new agency, AmeriCorps—founded in 1993—was modelled on the 1933 Civilian Conservation Corps, and could be scaled up in short order, to work in conjunction with the infrastructure and services drive described above, exactly as its 1930s predecessor did.

AmeriCorps incorporates a number of pre-existing programs, such as:

—National Civilian Community Corps (NCCC), modelled on the CCC, comprised of young people ages 18 to 25.

1. The VISTA program, Volunteers in Service to America, initiated during the Lyndon Johnson Administration, which provides full-time members to government and private non-profit agencies, with a focus on improving health services, literacy, and housing in low-income communities.

2. Community HealthCorps, which focusses on health-care needs of people in areas with inadequate medical services.

3. Senior Corps, initiated by President Kennedy, utilizing the talents and skills of senior citizens to help others.

AmeriCorps deploys overall, on average, 70,000 persons nationwide, through networks of requesting “sponsors,” which can vary from the American Red Cross, to state and local governments and agencies. For example, after Katrina, AmeriCorps-mustered youth volunteers assisted 1 million people in Mississippi, to obtain food, clothing, and housing.

AmeriCorps has five training centers nationally, which are staging centers for sending teams of youth out to local program areas. Under the current practice, the youth volunteers serve a 10-month stint. At any time, there are varying numbers of AmeriCorps in each of the 50 states.

In ramping up the AmeriCorps programs, in conjunction with the infrastructure-building projects, there is a “natural” fit between youth-training, and the trade union-run skills programs. Already, in 2004, the Electrical Workers Union in the Midwest testified at the Army Corps briefing sessions, that if the Federal go-ahead came to refurbish the Upper Mississippi-Illinois locks and dams, the union would set up skills training for new workers to learn the trades needed.

Such education programs have been in place for years—

in conjunction with community colleges and other centers—but languished as the economy broke down, and jobs were lost. In northern Virginia, for example, the carpenters union recently set up a building trades teaching program expressly for youth with no background in physical skills, and with learning disadvantages. The first wave of 150 trainees was a complete success. These programs could be vastly expanded almost overnight.

In this respect, it is interesting to note that the very first head of the Civilian Conservation Corps in 1933, appointed by President Franklin Roosevelt, was Robert Fechner, Vice President of the International Association of Machinists.

History of the Army Corps of Engineers

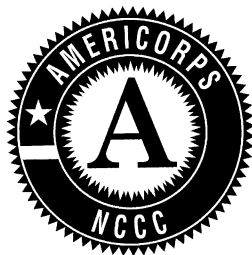
The following are excerpts from the 15-chapter “Brief History” of the U.S. Army Corps of Engineers, posted on its official website, www.hq.usace.army.mil/history/brief.htm. Although parts of this History reflect current ideological and “environmentalist” biases, it is nevertheless useful, as an official historical outline of the Corps’ indispensable role in infrastructure development and nation-building. We have therefore selected, for our purposes here, the chapters dealing with infrastructure and civil works. For more insightful articles on the history of the Corps, see EIR, July 9, 2004), and EIR, Sept. 9, 2005.

Chapter 1: The Beginnings to 1815

The history of United States Army engineers can be traced back to June 16, 1775, when the Continental Congress organized an army with a chief engineer and two assistants. Colonel Richard Gridley became General George Washington’s first chief engineer; however, it was not until 1779 that Congress created a separate Corps of Engineers. Army engineers, including several French officers, were instrumental in some of the hard-fought battles of the Revolutionary War including Bunker Hill, Saratoga, and the final victory at Yorktown.

At the end of the Revolutionary War, the engineers mustered out of service. In 1794, Congress organized a Corps of Artillerists and Engineers, but it was not until 1802 that it re-established a separate Corps of Engineers.

The Corps’ continuous existence dates from this year. At the same time, Congress established a new military academy at West Point, New York. Until 1866, the superintendent of the academy was always an engineer officer. The first superintendent, Jonathan Williams, also became the chief engineer of the Corps. During the first half of the 19th century, West Point was the major, and for a while, the only engineering school in the country.



From the beginning, many politicians wanted the Corps to contribute to both military construction and works “of a civil nature.” Throughout the 19th Century, the Corps supervised the construction of coastal fortifications and mapped much of the American West with the Corps of Topographical Engineers, which enjoyed a separate existence for 25 years (1838-1863). The Corps of Engineers also constructed lighthouses, helped develop jetties and piers for harbors, and carefully mapped the navigation channels.

Chapter 2: Improving the Nation’s Transportation System

Although its work on fortifications was important, perhaps the greatest legacy the early Corps of Engineers bestowed to future generations was its work on canals, rivers, and roads. America was a young nation, and rivers were its paths of commerce. They provided routes from western farms to eastern markets and for settlers seeking new homes beyond the Appalachian frontier. The rivers beckoned and enticed, but then could treacherously destroy the dreams of unwary travelers and shippers whose boats were punctured by snags and sawyers or stranded by sandbars. Both commercial development and national defense, as shown during the War of 1812, required more reliable transportation arteries. Out of those unruly streams, engineers carved navigation passages and harbors for a growing nation.

Still, federal assistance for “internal improvements” evolved slowly and haphazardly. . . . In 1824, however, the Supreme Court ruled in *Gibbons v. Ogden* that federal authority covered interstate commerce, including riverine navigation. Shortly thereafter, Congress passed two important laws that, together, marked the beginning of the Corps’ continuous involvement in civil works. The General Survey Act authorized the President to have surveys made of routes for roads and canals “of national importance, in a commercial or military point of view, or necessary for the transportation of public mail.” The President assigned responsibility for the surveys to the Corps of Engineers. The second act, passed a month later, appropriated \$75,000 to improve navigation on the Ohio and Mississippi rivers by removing sandbars, snags, and other obstacles. Subsequently, the act was amended to include other rivers, such as the Missouri. This work, too, was given to the Corps of Engineers—the only formally trained body of engineers in the new republic. . . .

At first a Board of Internal Improvements, headed by an engineer officer, planned surveys and the development of canals, roads, and railroads. The board, the Engineer Department, and the War Department, agreed that national defense and inland transportation were complementary and interdependent. . . .

Much of the work was done by the topographical engineers or “Topogs,” who reported to a separate Topographical Bureau in the Engineer Department. In 1838, the topographical engineers became a separate corps, and remained that

way until 1863 when they were reunited with the Corps of Engineers. As surveyors, explorers, cartographers, and construction managers, the topographical engineers helped open the nation’s interior to commercial development and settlement.

Congress expanded the Army engineers’ workload in 1826. New legislation authorized the President to have river surveys made to clean out and deepen selected waterways and to make various other river and harbor improvements. Although the 1824 act to improve the Mississippi and Ohio rivers is often called the first rivers and harbors legislation, the 1826 act was the first to combine authorizations for both surveys and projects, thereby establishing a pattern that continues to the present day.

An early project that reflected engineer innovation was the removal of sandbars in the Ohio River. . . . The innovative work to clear the nation’s rivers of navigation obstacles continued after the Civil War. . . .

After the Civil War, a special Army Engineer Board concluded that a system of locks and dams on the Ohio River was preferable either to continued dependence on wing dams and dredging, or to the construction of a system of canals to bypass the Ohio’s obstacles. Major William E. Merrill, who was in charge of Ohio River improvements, needed to develop a system of river regulation dams that would easily allow passage of coal barges. He concluded that the wicket dam design developed by Jacques Chanoine in France in 1852 would be best, and in 1874 he formally proposed that a series of movable dams, employing Chanoine wickets, be constructed on the Ohio. After Congress approved Merrill’s plan in 1877, the Corps began constructing the Davis Island project, just south of Pittsburgh. Completed in 7 years, the 110 by 600-foot lock and 1,223-foot dam were the largest in the world at that time. The Davis Island Lock also was one of the first in the country to use concrete in place of stone masonry. The Corps’ success at Davis Island led Congress to authorize extension of the project down the Ohio. Later, the Corps increased the initial 6-foot channel to 9 feet. The project was completed in 1929 at a cost of about \$125 million.

Throughout the 19th Century, engineer officers were involved in the construction, maintenance, and rehabilitation of canals and river navigation features. They surveyed the Chesapeake and Ohio, and the Muscle Shoals canal routes in the 1820s. Several prominent Army engineers launched their careers at the revived Muscle Shoals after the Civil War. These included Major William Rice King and Lieutenants William Louis Marshall, later chief of engineers, and George W. Goethals. Goethals designed the Riverton Lock with a low-water lift of 26 feet, the largest yet attempted in the United States when the Muscle Shoals Canal opened in 1911. Successes like these assured that engineers like Goethals would be called on again, as he was for the Panama Canal.

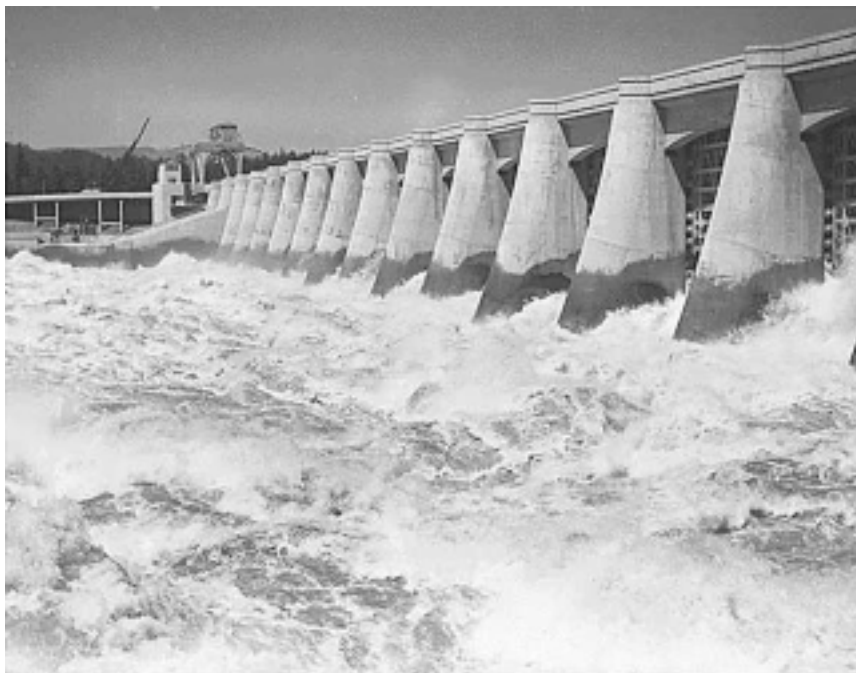
The Corps’ canal-building efforts continued in the 20th

Century. After the federal government purchased the Chesapeake and Delaware Canal in 1919, the Corps' Wilmington (Delaware) District directed a reconstruction effort to deepen the channel to 12 feet and add several bridges. Traffic soon increased, and as an immediate result, demands were made to enlarge it. The C&D Ship Canal became part of an intercoastal waterway envisioned to connect existing bodies of water in a line roughly paralleling the coast from Boston, south to Key West, and then west to the Rio Grande. Today, the Corps retains responsibility for this canal and the entire intracoastal waterway of which it is a part.

Aside from the actual construction and maintenance of canals, locks, and other navigation features, Army engineers performed important survey work. Two important surveys were of the Great Lakes and the Mississippi Delta. The necessity for a good survey of the Great Lakes had long been recognized, for the uncharted lakes posed significant navigation hazards. Army topographers had surveyed some of the Great Lakes as early as 1823, but Congress did not appropriate funds for a systematic survey until 1841. . . . The scientific conclusions of the Mississippi Delta survey gave it an importance in the history of hydraulic engineering out of proportion to the funds invested in it. In September 1850, responding to the pleas of southern congressmen seeking federal assistance to fight the periodic disastrous flooding that struck New Orleans and other lower Mississippi River communities, Congress appropriated \$50,000 for a topographical and hydrographical survey of the Mississippi Delta, including a study of the best means of securing a 20-foot navigation channel at the Mississippi's mouth.

Topographical engineer Captain Andrew A. Humphreys initiated the survey and maintained overall supervision of the project, but beginning in 1857 he received the assistance of a young engineer, Second Lieutenant Henry L. Abbot. Abbot's field work proved so indispensable that when the final report was published in 1861, Humphreys named Abbot as its coauthor. Officially called the Report Upon The Physics and Hydraulics of the Mississippi River, the survey is often simply referred to as the Humphreys Abbot report.

The two Army engineers submitted a report full of new details about the lower Mississippi Basin. From just south of the junction of the Mississippi and Ohio rivers to where the Mississippi empties into the Gulf of Mexico, they obtained



Franklin Roosevelt Library

President Franklin Roosevelt favored the development of Federal hydropower projects to provide consumers with low-cost energy. This 1938 photo shows a spillway at the Bonneville Power Dam on the Columbia River, in Oregon, which was a Public Works Administration Project of the U.S. Army Corps of Engineers.

data on river flow, channel cross sections, and general topographical and geological features. After examining some 15 different formulas and finding each lacking, they began to develop their own formula to measure the flow of water in rivers, one that subsequently also proved faulty. Most important, it failed to take into account the degree of roughness of the slopes of a river channel. Still, their work stimulated other hydraulic engineers, and further research led to important theoretical discoveries. The report obtained the respect of engineers around the world. The conclusions of Humphreys and Abbot decidedly influenced the development of river engineering and the evolution of the Corps of Engineers. . . .

In the 19th Century, the Corps of Engineers also constructed roads. The most famous project was the Cumberland or National Road that was constructed between 1811 and 1841. The road extended from Cumberland, Maryland, across the Appalachian ridges of western Pennsylvania to Wheeling, and then across the midsections of Ohio and Indiana to Vandalia, Illinois. The Corps' involvement on the road occurred in large part because civilian superintendents failed. Congress authorized the Treasury Department to build the road in 1806, but in the following years the Treasury Department was accused of inefficient, costly, and unsatisfactory progress on the project. In 1825, President John Quincy Adams turned the responsibility over to the War Department.

In constructing the National Road, the Corps applied the

techniques developed in England by John McAdam, and it engaged in some innovative bridge building. At Brownsville, Pennsylvania, Captain Richard Delafield, a future chief engineer, built the first bridge in the United States with a cast-iron superstructure, an 80-foot span that remains in use today. By 1840 engineer officers had overseen construction of 268 miles of macadamized surface with bridges across all but the widest rivers.

Engineer officers also superintended railroad work after 1824. They surveyed railroad routes and, once construction commenced, the War Department loaned engineers to various railroad companies. Thus, with the permission of the chief engineer, Captain William G. McNeill entered the service of the Baltimore and Ohio Railroad in 1828 to supervise the surveying and construction of a railroad line. In October 1829, the Baltimore and Ohio Railroad began laying track under the supervision of Lieutenant George W. Whistler. By 1830 many officers were being granted furloughs to work on railroads, in either construction or surveying activities. Finally, in 1838, Congress passed legislation that prohibited granting leave to Army officers to allow them temporary employment with private companies.

In the 1850s, westward expansion generated interest in a rail link from the Mississippi to the Pacific coast, and topographical engineer officers surveyed and evaluated four alternative routes for the road, gathering a great deal of scientific information at the same time. The Corps of Engineers sponsored two more surveys after the Civil War in an effort to gather knowledge about the American West. One survey, led by a civilian, Clarence King, explored the 40th parallel route across the "Great Basin" that extended from the eastern slope of the Sierra Nevada to the western fringes of Wyoming and Colorado, while Major George M. Wheeler led another scientific expedition into the Southwest. Both expeditions produced a wealth of data on the natural history of the West.

Chapter 4: Responding To the Needs of a Growing Nation

In the early 19th Century, the Corps constructed many projects in support of the Department of the Treasury. For instance, the Corps built three customs houses and more than half a dozen marine hospitals (to treat merchant seamen). These hospitals were built at such places as Napoleon, Arkansas; Paducah and Louisville, Kentucky; and Natchez, Mississippi. Also for the Department of Treasury, the Corps built a number of lighthouses. Between 1831 and 1851, engineer officers were regularly engaged in this duty, which often involved extraordinarily difficult and perilous construction challenges. In 1852 Congress established a Lighthouse Board, which included engineer officers, to superintend lighthouse construction. Eventually, Corps officers supervised the construction of dozens of lighthouses along the nation's

coasts, including the Great Lakes.

The Corps also contributed substantially to the construction of many public buildings and monuments in Washington, D.C. This work began as early as 1822, when Isaac Roberdeau, a topographical engineer, supervised installation of cast iron pipes to bring spring water to the White House and surrounding executive offices. In 1853, responsibility for constructing permanent water supply facilities for Washington fell upon Lieutenant Montgomery C. Meigs. His project included two bridges, later to carry traffic as well as water pipes over Cabin John and Rock creeks. Both bridges were engineering feats in their day. The Cabin John Bridge, built between 1857 and 1864, remained the world's longest masonry arch for more than 40 years and is still in use.

In 1867 Congress gave control of public parks and monuments to the Office of Public Buildings and Grounds under the chief of engineers, and in 1878 replaced Washington's elected government with a three-man commission. An Army engineer holding the title of engineer commissioner for the District of Columbia, served on that board, and had responsibility for the city's physical plant until Congress approved the district's current home rule charter in 1967. During the last half of the 19th Century, the Corps improved navigation on the Potomac River and its tributaries; expanded the local water supply system; completed the Washington Monument; helped design and construct numerous structures including the Executive Office Building, the Lincoln Memorial, the Library of Congress, and the Government Printing Office; undertook swamp reclamation which resulted in the Tidal Basin; and developed Rock Creek Park as a major urban recreation area.

Despite continuing congressional reservations about federal involvement, the Corps became involved in flood control after the Civil War. Particularly on large rivers such as the Mississippi, floods impaired commerce, destroyed property, and cost lives. In 1879 Congress created the Mississippi River Commission, composed of seven people: three from the Corps including the commission president, three from civilian life including at least two civil engineers, and one from the U.S. Coast and Geodetic Survey. Congress created the commission to insure that the best advice from both the military and civilian communities was heard on the subject of improving the Mississippi River for navigation and flood control. . . .

Chapter 6: Multipurpose Development

Neglected waterways, demands for hydropower throughout the country, and calls for irrigation projects in the West drew attention to the nation's water resources at the beginning of the 20th Century. Multipurpose partisans advocated the application of scientific management to insure efficient water use. This meant a program of basinwide development that would address all potential applications

of the resource.

Unlike the West, where irrigation became the focus of attention, the East was more concerned over hydropower development. Beginning in the early 1880s, when a plant in Appleton, Wisconsin first used falling water to produce electricity, the construction of hydroelectric dams on the nation's waterways proliferated. These private dams threatened navigation and forced Congress, acting through the Corps of Engineers, to regulate dam construction. The Rivers and Harbors Acts of 1890 and 1899 required that dam sites and plans be approved by the Secretary of War and the Corps of Engineers before construction. The General Dam Act of 1906 empowered the Federal government to compel dam owners to construct, operate, and maintain navigation facilities without compensation whenever necessary at hydroelectric power sites.

Private interests developed most power projects before World War I. The Corps of Engineers did install a power station substructure at Lock and Dam #1 on the upper Mississippi River. The government later leased the power facility to the Ford Motor Company. In 1919, the Corps began construction of Dam #2 later renamed Wilson Dam as a hydroelectric facility at Muscle Shoals on the Tennessee River. Support for the facility, which was intended to supply power for nitrate production, declined with the end of World War I, and its completion was threatened. However, by 1925 that project was substantially finished.

President Franklin Roosevelt favored the development of federal hydropower projects to provide consumers with low-cost energy. During the New Deal, the Corps participated in three major hydroelectric power projects: Passamaquoddy Tidal Power Project in Maine, Bonneville Dam on the Columbia River, and Fort Peck Dam on the Missouri River. In 1937, Congress created the Bonneville Power Administration to dispose of the power and set the rates for the power generated at Bonneville Dam. . . .

Following World II . . . Congress authorized major systems involving hydroelectric power on the Columbia and Snake rivers in the Pacific Northwest, and the Missouri and the Arkansas rivers. . . . By 1975, Corps projects—the largest on the Columbia and Snake rivers—were producing 27% of the total U.S. hydropower and 4.4% of all electrical energy output.

WEEKLY INTERNET
AUDIO TALK SHOW

The LaRouche Show

EVERY SATURDAY

3:00-4:00 p.m. Eastern Time

<http://www.larouchepub.com/radio>

Report from Ground Zero

Housing Bubble Is 'Dead Man Walking'

by L. Wolfe

According to a very depressed realtor in Loudoun County, Virginia, the Washington, D.C. suburb that was the poster-child for the so-called national housing boom, and now is what Lyndon LaRouche calls "Ground Zero" for the coming collapse of that bubble, the residential real estate market is a "dead man walking." Some people are still buying homes, but not enough to absorb the growing inventory of unsold properties, which, according to the latest figures, is now up by more than 500% over last year. This translates to sharp collapse of prices in the not-distant future.

Realtors and bankers here and in other extremely troubled sectors of the bubble, such as in the New York-New Jersey metropolitan area and Southern California, are alarmed by rapidly rising inventory trends and declining home sales contracts. In Loudoun, for example, contracts for the normally busy month of April were down nearly 50% from a year ago, while settlements were down over 40%.

Even more alarming are the signs that a significant portion of the rise in inventory is coming from the panicked dumping onto the market of recently purchased homes, which had been bought more with consideration of making speculative profits than for a dwelling; in Loudoun, these same sources report more than one in every three home purchases was made to gain profits on rapidly appreciating markets, either by speculators or by homeowners behaving as speculators.

Jumping Contracts

Another alarming trend, now amply documented by developments in Loudoun and in the Washington-Metropolitan area, is the rise in people who "jump contracts"—i.e., withdraw before settlement—even with loss of sizeable deposits. The *Washington Post* reported on May 6 that cancellation rates are up significantly, especially on new homes, with some builders reporting that they are as high as 25%. In Fairfax County, Virginia, a Washington suburb east of Loudoun, such rates are now more than 30%; half of all condominium buyers cancel contracts. Driving this, the *Post* reports, is the fear that people will be caught in a down market, with rising interest rates, in a home that they cannot afford; such buyers are often willing to lose tens of thousands of dollars in deposits rather, than be stuck with soaring mortgage payments.

The only thing still holding the market up, is that sellers



EIRNS/Stuart Lewis

A common scene in Northern Virginia's Loudoun County, where overpriced properties are languishing on the market, and Federal regulators reportedly have put the area on a "watch list" for trouble.

have not started to dramatically slash prices; in part this is because they are still deluded that they can reap "profits" off the recent years of price run-ups; increasingly, it is because their properties are so heavily encumbered by mortgages, that they cannot afford to cut prices.

The Credit Shutdown

The Loudoun and other housing bubbles were created by a deliberate money-credit pumping operation, engineered by former Fed Chairman Alan Greenspan, through the use of Federal Reserve "open market" operations. The banks then took this cash provided by the Fed, lent out to all comers as mortgages, at relatively low interest rates, and then packaged or bundled their mortgages, selling them to the Federally chartered Fannie Mae and Freddie Mac, thus multiplying the credit available to feed the bubble.

Since especially the collapse of another bubble, the so-called IT or "dot-com" bubble in 2000, and in the aftermath of the so-called Asia crisis and Long Term Capital Management collapse in 1998, Greenspan moved, through these operations, to hyperinflate an already inflated U.S. real estate and housing bubble, making that bubble the effective destination of choice for various hot-money speculative funds, as well as with historically low (and artificially depressed) long-term interest rates and relaxed lending requirements, to draw into the game the masses of greedy American consumers, who dove head first into the mess, seeking to gain their share of the "booty."

The key to keeping the mortgage rates low was the agreement by especially the dollar-choked Asian central banks, especially the Chinese and Japanese, to continue to fund the ballooning Bush-driven U.S. budget deficits by purchasing U.S. Treasury bonds, and keeping the benchmark interest rates much lower than the market would otherwise demand,

while limiting the amount of direct Fed purchases of those securities, thus freeing more funds for Greenspan's money-pumping to the banks. This kept rates relatively low, even as Greenspan, and then his successor, Ben "Helicopter Money" Bernanke, raised the Fed funds rate, to tighten short-term credit. Meanwhile, with especially Japanese interest rates hovering around zero, U.S. banks pumped up with Fed money, could borrow even more money in the so-called "yen carry trade" and then re-lend into the housing bubble, making easy profits and keeping their interest rates low.

Sometime earlier this year, with the real estate market here in Loudoun and elsewhere already starting to show the signs of "softening," Greenspan, Bernanke, and their fellow central bankers decided to try to rein in their already-out-of-control housing bubble. The Japanese central bank indicated in early March that it was going to start raising interest rates with the ultimate intention of shutting down the yen carry trade. Now, there are indications that the "other shoe" has dropped as well. U.S. government figures on Treasury bond sales for March (the latest available month) indicate that both the Japanese and Chinese have "bailed out" of the Treasury markets, with foreign sales down to almost nothing compared to huge participations in February. During this period, interest rates have steadily risen.

Back in 'Bubble Land'

If these trends continue, and rates continue to rise, they will only speed the collapse of the Loudoun and other bubbles, which need massive credit infusions to prevent a full-scale blowout.

Rising rates have already put the large number of homeowners who have financed by such dubious and dangerous means as "interest only" loans (which have time-bomb-like triggers for much higher rates) and ARMs (adjustable rate mortgages), in jeopardy of defaults. Lenders report that the numbers of defaults—including in Loudoun—are rising dramatically. If mortgages collapse, the whole daisy-chain of financing that has flooded the financial system with otherwise worthless dollars, will implode.

As LaRouche has warned, the collapse in Loudoun creates a similar kind of blowback potential to wipe out the Greenspan bubble. Loudoun's mortgages were considered "golden" bets, and were bundled with weaker mortgages as securities, as part of the Greenspan Fannie Mae-Freddie Mac money-pumping machine. If they now go bad, then those bundles go bad.

According to sources in Loudoun, Federal regulators have become alarmed at the danger signs. Word has gone out to lenders to "tighten up," and the local commercial market has reportedly been put on a "watch list." But, as less deluded realtors and others realize, any credit tightening only more rapidly turns market gloom into doom.

"It's done," said the formerly buoyant local realtor. "It is truly a 'dead man walking.'"

France's Inland Water Transport: Abolish Short-Term Thinking!

by Karel Vereycken

The following is a programmatic report for the campaign of Jacques Cheminade, 2007 Presidential candidate of the Solidarity and Progress party in France. For more on the campaign, see www.cheminade2007.org.

This article, far from being exhaustive, aims to sketch some broad concepts relative to a new policy required for transportation of both freight and personnel. While it concentrates on France, its principles can be extended everywhere, especially in Europe.

Instead of adapting transportation infrastructure to the “current needs” of a misbegotten and territorially unbalanced situation resulting from “globalization,” the proposed public transportation infrastructure planning will be a vector for new, healthy growth, based on the maximum valuation of human potential obtained by more harmonic utilization of geography, combined with a renaissance of research and development, the machine-tool sector, and industry at large.

An Introductory Paradox

Looking at the roster of the world's top 20 container ports (**Figure 1**), we find 3 in the United States, 6 in Europe (but none in France), 11 in Asia (including the top 6). How many African or Ibero-American ports? Zero!

These statistics reveal the real nature of transport, worldwide, today.

The “globalization” of the world's productive capacities for exclusively short-term financial aims has been based on the skillful combination of two factors: 1) low prices for raw materials and energy (a feat that is now over); and 2) cheap, “flexible,” and atomized (i.e., unorganized) labor.

While before the 1990s, that cheap labor force was imported by the industrialized sector, the policy of outsourcing later brought about a physical transfer of productive capacity to countries where labor

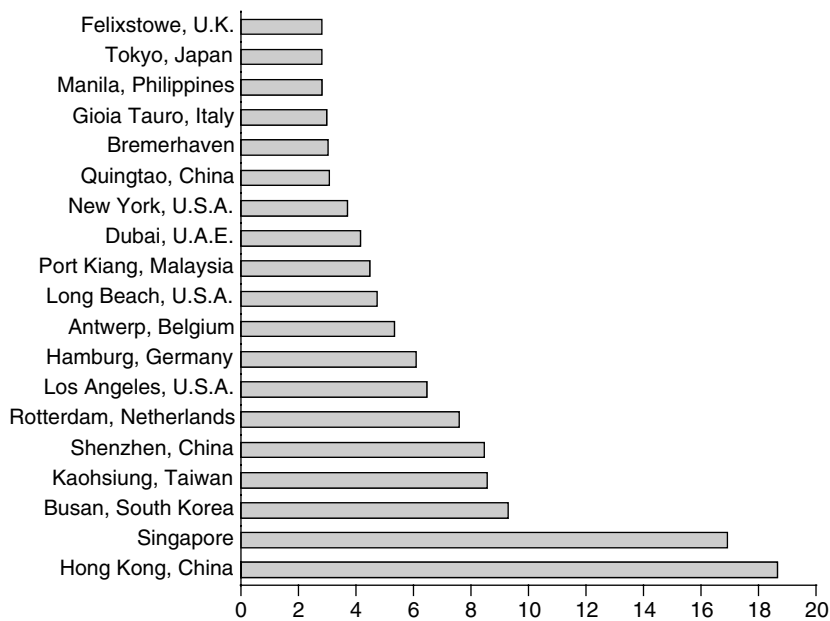
remained cheap, precisely without the infrastructure (physical and social) that would cause its costs to rise.

However, Asia did invest gigantic sums into basic infrastructure, including high-tech capabilities, and rose to be the “workshop” of the planet. But only a minor part of its production goes to satisfying its own markets, while most of its produce is sent to the “profitable” markets of Western Europe and the United States. This “free trade” competition is not aimed at mutual development, but causes what some have called “controlled disintegration” of the physical economy, a growing source of parasitical financial profit, reinvested to sustain the speculative “Greenspan” bubble economy that is

FIGURE 1

The World's Top 20 Container Ports, 2003

(Million TEUs)



Source: Containerization International.

Container shipping indicates a high level of concentration of traffic around the largest port facilities, the top ones being Pacific Asian ports. Of the 240 million TEUs (“Twenty-Foot Equivalents”) transshipped in 2002, about 127 were handled by the top 20 ports.

now about to burst.

In this context, the fact that maritime and inland water transportation have lately increased, does not signify a healthy growth policy, since the figures hide a totally opposite dynamic.

Make France a Modern Industrial Nation Again

Reshaping transportation policies starts by banning obsessions with short- and medium-term financial “results.” Only a long-term vision makes it possible to properly conceptualize the development of human labor. If one wants to make France a competitive nation, enhancing the potentialities of its people, one has to consider a new industrial policy, the fruit of an ambitious research and development policy. At the center of the “wedding” between R&D and industry, there has to be the spine of any physical economy: the machine-tool sector and the training of its workforce, by such methods as were used in France by the Academy of Sciences under Jean-Baptiste Colbert and Gottfried Leibniz, and were continued by the famous École Polytechnique.

During the Presidency of Gen. Charles de Gaulle, France spent about 3% of its Gross Domestic Product on R&D, of which 2% was for public research. The latter was reduced to only 1% when Georges Pompidou became President in 1969.

In 2005, the French national and European objective is to arrive at a miserable 3% of GDP spent on public R&D by the year 2010, as projected by French President Jacques Chirac. The relevant French ministry comments that to “attain a rate of 3%, beyond an increase of GDP percentage, one has to increase investment by about 40% for eight years, which is considerable.” In France, private corporations dominated by financiers without any long-term vision, and polluted by physiocratic fantasies, invest very little in R&D: 25% less than their counterparts in Japan or the United States, and 40% less than in Germany.

But France, which possesses (for the moment) an excellent public health and educational system, and which already has a broad infrastructure base, has the potential to become the “industrial laboratory of the world,” by orienting 5-10% of its workforce into theoretical and applied research.

A national state of economic emergency could mobilize public credit to make this a reality, and create some 6 million jobs.

Once this becomes a national mission, how can we create the optimal conditions to accomplish it?

Regarding the transport of individuals, we consider that the time “wasted” in daily commuting should under no circumstances exceed two hours. This is essential to allow the labor force to work, receive training, pursue cultural enrichment and recreation, and invest the necessary time into its children and family. Traffic jams and long commutes add a cost of many million euros to the French economy.

The creation of 6 million jobs in France around the R&D



France's containerized shipping lags behind many other European nations' because of the lack of infrastructure required to service the ports—notably, the canal system.

sector needs to be accompanied by:

Housing: Each worker should be able to live close to his workplace. The Canadian state regulation of apartment sales and rentals should be studied as an example.

A hundred “sunrise” cities: A national plan would prepare about 100 medium-sized French cities to become, over the next 20 years, cities with about 1 million inhabitants each, that number defining a physical limit beyond which transportation time becomes unacceptable with existing technologies. This plan should offer priority opportunities for people currently concentrated in urban *banlieus* (suburban sprawl), and favor the end of ghetto formation around the Paris megalopolis. Every citizen has the right to live in a real city.

Education, health, metro: These cities have to be equipped with a polytechnical university (a meeting point for research, education, and industrial innovation), with a university hospital center (offering the best of the French health system, while combining medical care, research, education, and production of pharmaceuticals), and urban metro grids reaching far into the suburbs.

The Paris public transportation system (a world miracle), employing 20,000 people, handles 3.5 billion (!) trips a year! But there is no objective reason to have one out of every four Frenchmen living or working around the Paris region, where companies set up shop mainly because “it is cheaper to be where everything is already at hand.”

Taking instead the superior standpoint of “Public Territorial Planning” (*Aménagement du territoire*), the entire transportation grid (rail, road, canal, air) has to be revamped. Is there any logic in the fact that it takes less time to travel across

Paris, than it does to reach Bordeaux from Lyons? The return of a long-term vision will restore the full dimension to maritime, rail, and inland waterway transport.

Let us take the example of waterways, to clarify a global approach to transportation as a whole.

Waterways: The Logic of Physical Economy

If one considers transportation as a transformation of the physical economy (work), one realizes that to be efficient, this labor has to be in harmony with the principle of least time (Fermat) and least action (Leibniz), principles that vary depending on the medium and the topology of the space-time in which they take place. Physical “productivity” means accomplishing a maximum amount of work with the minimal expenditure of energy.

Classifying the modes of transportation according to this principle, one discovers that water transport appears at the top of the list. A cargo of freight floats, and can be moved with relatively little expenditure of energy. Next comes rail, then road, then airplane, and then helicopter. Historically, the large deltas of rivers or their confluence offered mankind the perfect “free” natural infrastructure, suited for urban development.

It is certainly not by chance that the four French cities whose population is above 1 million today, are either great seaports (Marseille) or inland ports (Paris, Lille, Lyons). The Seine River alone carries into the capital over 12% of its freight requirements.

If not a single French port figures on the list of the world’s top 20 container ports, it is because a dense network of infrastructure capable of servicing both port and hinterland is cruelly nonexistent. By systematic underinvestment into the French canal system, the nation has condemned its ports to extinction.

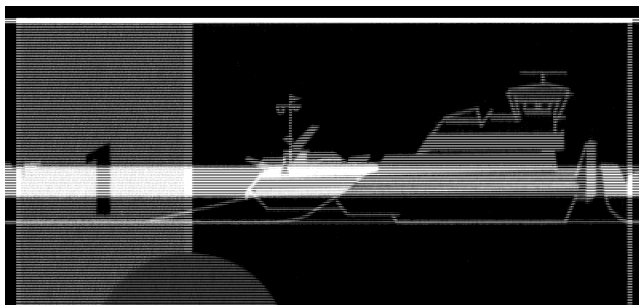
As a counter-example, the geographic location of the Belgian port of Antwerp, situated 68-89 kilometers inland, has been paradoxically its crucial advantage, since pre- and post-port handling are an increasing part of the overall cost of the multimodal logistical chain of any port area. Antwerp functions as a multimodal platform, directly connected to the trans-European corridors and infrastructure networks of canals, rail, roads, and airports. Its maritime port is Europe’s largest freight rail station, with 140 freight trains leaving each day. The station can handle 2,800 freight cars a day, and Antwerp has 4.8 km² of covered warehouses available. Also the Customs procedures have been completely computerized.

Of course, canal infrastructure is more easily built on level terrain. When the topographical conditions are less favorable, man builds railroads, and where rail is too complicated, roads. To travel across the oceans, ships require the least effort, followed by airplanes. It becomes obvious that for each transportation mode, the energy spent per ton/km/hr will rise, even if efficiencies of scale can lower the freight cost per item.

On a large canal, a boat operating 5,500-ton pushed barges

FIGURE 2

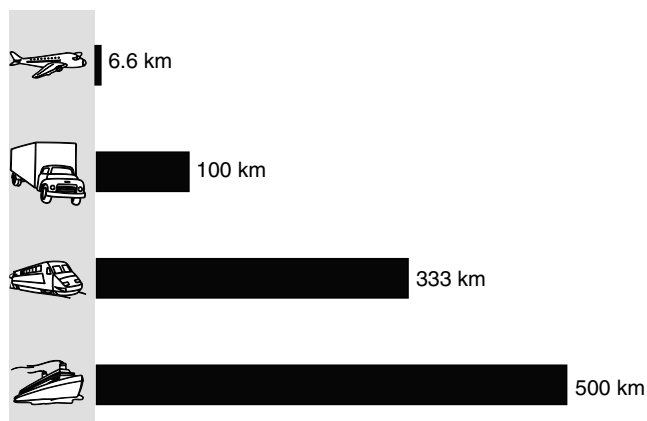
Efficiency of Freight Transport



The least-action principle: One single pushed barge convoy can transport the equivalent of four complete freight trains or 200 trucks.

FIGURE 3

Travel Distance With 5 Liters of Fuel

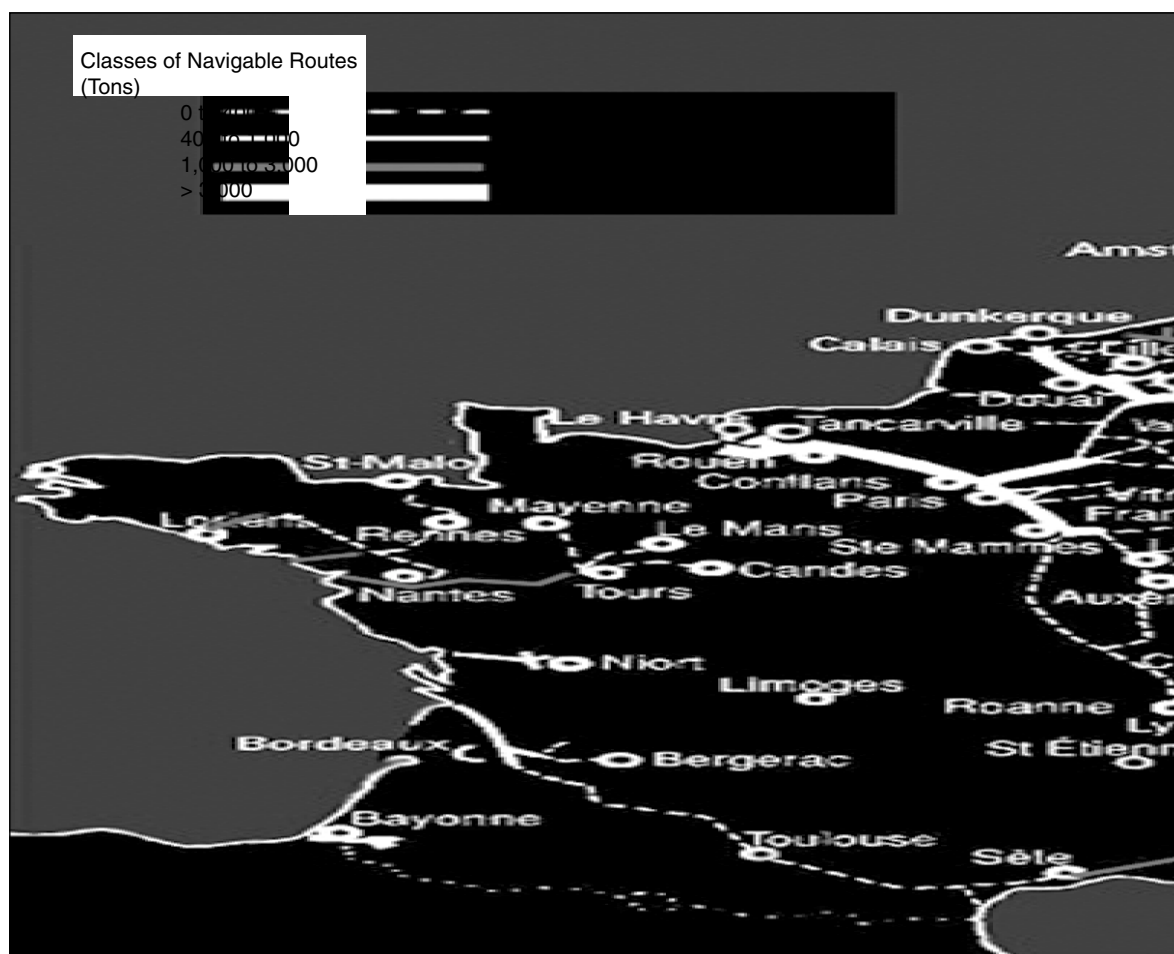


can transport the equivalent of four entire freight trains, consisting of 220 cars carrying 25 tons of freight each (**Figure 2**). In the United States, Inland Rivers Ports & Terminals, Inc. estimates that “on the lower Mississippi, one 10,000-horsepower towboat can push 40 barges that have the carrying capacity of 600 railcars or more than 2,200 trucks.”

With five liters of fuel, a truck can move one ton of freight over 100 km, while a train can move it over 333 km, and transported over water, the distance varies between 215 and 500 km (**Figure 3**). Therefore, it is estimated that the cost per ton/km oscillates between 0.03 and 0.45 euros for water transport, generally cheaper than rail, and two or three times cheaper than road transport. Maritime transport follows the same principle. A significant part of the container traffic arriving in the French regions is handled through non-French ports such as Antwerp, Zeebrugge, and Rotterdam. Why? In the

FIGURE 4

Part of Europe's 20,000 Kilometers of Waterways



Source: www.waterwire.net.

price of a trans-Atlantic load of freight transported “door-to-door” from Troyes (France) to New York, 80% of the cost goes to pay for passage across European land! Also, the range of regular maritime transportation routes available between Antwerp and the Far East, for example, forces 68% of all exports of the Val d’Oise Department (north of Paris) to leave Europe through a foreign port.

Against Short-Term Financial Logic

Against the healthy logic of physical economy, there stands (destructive) short-term financial logic. “Smart” accountants have tried to lower costs by suppressing intermediate stages.

Waterway and rail transport incur collateral costs for storage and inventory. To manage these stocks efficiently, one naturally has to spend some money (for warehouses, insurance, surveillance, personnel, etc.).

Part of transporting goods involves shifting from one

mode of transport to another. The great “discovery” of our accountant maniacs was the “zero inventory” concept, achieved by the famous “just-in-time” policy, which lowers both costs and transportation time. This means that, for example, every morning a truck arrives at a production site and unloads all the products necessary for a single day of production. Another truck picks up the produced goods in the evening. Where is the inventory? It’s on the road: in trucks that are often so overloaded that they destroy the highways, and driven by drivers who work for firms that pay no attention to the toll that the onerous working conditions takes on exploited illegal immigrants and other drivers.

Traffic jams cost the French economy 1 billion euros a year, and it is estimated that 70% of the 6,000 fatal traffic accidents each year in France are due to trucks. We should integrate that price into global transportation costs.

The result of the accountant psychosis was the “all road” transport mode (and now also Short Sea Shipping, short-haul

FIGURE 5

Water Access to Europe's Industrial Centers

Source: www.inlandnavigation.org.

The map shows the underdevelopment of the southern part of France. Transport by Short Sea Shipping (SSS) is rising, along with “all road” transport, while rail and shipping decline, as a percentage of overall transport modes.

maritime transport), in particular at the expense of rail and inland waterways.

Between 1997 and 2001, road transport increased in France by 20%, while rail fell by 10%. Note also that the two largest French road-transport companies, Geodis Calberson and Gefco, are as good as subdivisions of the French national railroad company, SNCF. Since SNCF became heavily indebted, when it started borrowing cash from private banks at high interest rates, it now looks for rapid financial gains by building high-speed TGV rail on “profitable” trajectories only, and by means of road transport. The older, “secondary,” and especially transversal connections through France are being dismantled. Recently, instead of employing the workforce needed to maintain the quality of the railway grid, SNCF simply decided to lower the speed of trains on 15,000 km of its railroads!

Ferroutage (road-rail combination, putting trucks on

trains) and *Merroulage* (putting trucks on ships), while useful as temporary solutions, are in our opinion a bad “good idea.” Even if they give a new impetus to maritime and rail transport, they avoid the real challenge. From the standpoint of physical economy, it is clear that transporting the means of transportation themselves—instead of creating efficient modern transboarding systems—implies a large, useless expense of energy to transport the transporting vehicle. Would you put passenger cars on a bullet train, instead of renting a car at the station upon arrival?

Even more than the railroads, waterway transport has been the victim of “short-termism” (as Margaret Thatcher coined the phrase). Although water transport has continued for heavy, bulk freight (coal, cement, grains), since they need to be stockpiled in any case, still the short-term logic of the system overall is killing this mode of transportation, which remains the cheapest and least polluting.

FIGURE 6

Under Construction: The Seine-Escaut (Schelde) Canal

Source: Voies Navigables de France (VNF).

The Seine-Escaut (Schelde) connection, currently under construction, will link Paris to northern France and the Benelux countries. It involves maintaining the Seine and upgrading the canal between Dunkerque and the Escaut River. The core of the construction is a broad, new canal section of about 100 km, connecting the Seine and Lille rivers. Construction will start in 2007, and it is planned to be open between 2012 and 2014.

France's Existing Waterways

France has 6,967 km of navigable waterways (**Figure 4**), or about one-third of the 20,000 km of navigable waterways of Europe. Classified at seven different levels (from 0 to VI), each size is designed according to the following criteria: maximum length of vessel and cargo, defining capabilities in turns and locks; depth in the water and height of boat and cargo, defining the space required underneath bridges.

While the 1,647 km of Size 0 (such as the Canal du Midi, built under Colbert in the 17th Century) are more and more used for tourism, the rest of the canals divide up into three groups.

1. The 3,387 km of size I and II (called "Freycinet," after Transportation Minister Henri Freycinet, who built these canals in the 19th Century). These are used for barges up to 38-40 meters long and 5.25 m wide, with a capacity of 250-350 tons (the equivalent of 10-14 trucks).
2. The 225 km of size III, called intermediate, for barges of 90 m long and 6 m wide (650-1,000 tons, the equivalent of 30-50 trucks)
3. The 1,708 km of size IV, V, and VI, the large or "European" size, allowing convoys of 185 m long and 12 m wide, with capacity going from 1,000-4,500, or even 5,000 tons (equivalent of 170-200 trucks).

To maintain the waterways, France will spend 640 million euros between 2000 and the end of 2006, which looks meager, compared to the 7 billion euro deficit of the SNCF. On top of that, decentralization policies will gradually bring the central government to disengage from the maintenance of waterway infrastructure, which then will become increasingly reduced to a tourist attraction.

The French fleet of barges had 7,174 ships under French flag in 1970, totalling a useful load of 3 million tons. In 2003, there were only 1,894 left, carrying only 1.3 million tons. Over 80% of the fleet was built before 1970 (compared to 50% in Germany). The Freycinet barges are not built any longer, and as they fall into disuse, 3,387 km of canals will be written off.

France has a quite negative score in terms of waterway transportation. In 2000, the proportion of goods transported by waterway was 42% in the Netherlands, 13.7% in Germany, 12.5% in Belgium, and only 3% in France. From 1997 to 2001, however, tonnage transported on French waterways rose by 20%. But closer scrutiny shows where the problem lies. While transport throughput is increasing, as we indicated above, the outsourcing of the production of physical goods to Asia and Eastern Europe requires, by definition, long hauls which would otherwise be superfluous, as well as dependence on other countries. For example, the German steel industry is now dependent on Chinese coke producers, who in turn are more and more pressured by their own domestic needs.

It was the recent explosion of fossil-fuel prices that finished convincing “the markets” that waterway transport is profitable. An analysis of the nature of goods transported in the year 2000 indicates that 34% were raw minerals and construction materials (proportionally falling), 22% agricultural products, and 10% oil products and mineral fuels. Besides the transport of exceptionally large freight—such as the wings and spare parts for airplanes like the Airbus A-380 between Bordeaux and Toulouse—waterway transportation concentrates on other types of heavy, bulk freight. Very recently, container transport was selected by large consumer-goods distributors, causing a little boom in the sector.

The ‘Goose Claw’ and Beyond

The tragedy of the large canals on French territory is the fact that they are all dead ends. All experts know that it is precisely the interconnection of the northern and eastern network with the South that is necessary for a national and international economic boom. The map of industrial production accessible by waterways dramatizes that reality (**Figure 5**).

For the time being, and guided by pragmatism within the current bankrupt system, the French state is trying to optimize what already exists. For example, the Seine-North linkage is under construction (about 100 km of large canal between the greater Paris region and Compiègne and Lille, between 2006 and 2012), connecting Paris with Antwerp (Seine-Schelde link) and Rotterdam (**Figure 6**). A very useful project, but in-



A vessel for a nuclear power plant is towed on a barge along a French waterway. An upgraded Rhine-Rhône canal corridor could become a vast assembly line for floating nuclear power plants.

sufficient.

The real challenge is to undertake the construction of what experts call the “goose claw” (**Figure 7**). This is a triple linkage between the Rhine and the Rhône; between the Moselle and the Rhône; and between the Marne and the Rhône, extendable with a fourth connection between the Rhône and the Loire. After all, France’s history of canal building started when Henry IV’s advisor Sully in 1604 built the Canal de Briare, connecting the Seine with the Loire, integrating France’s two main development corridors of that time.

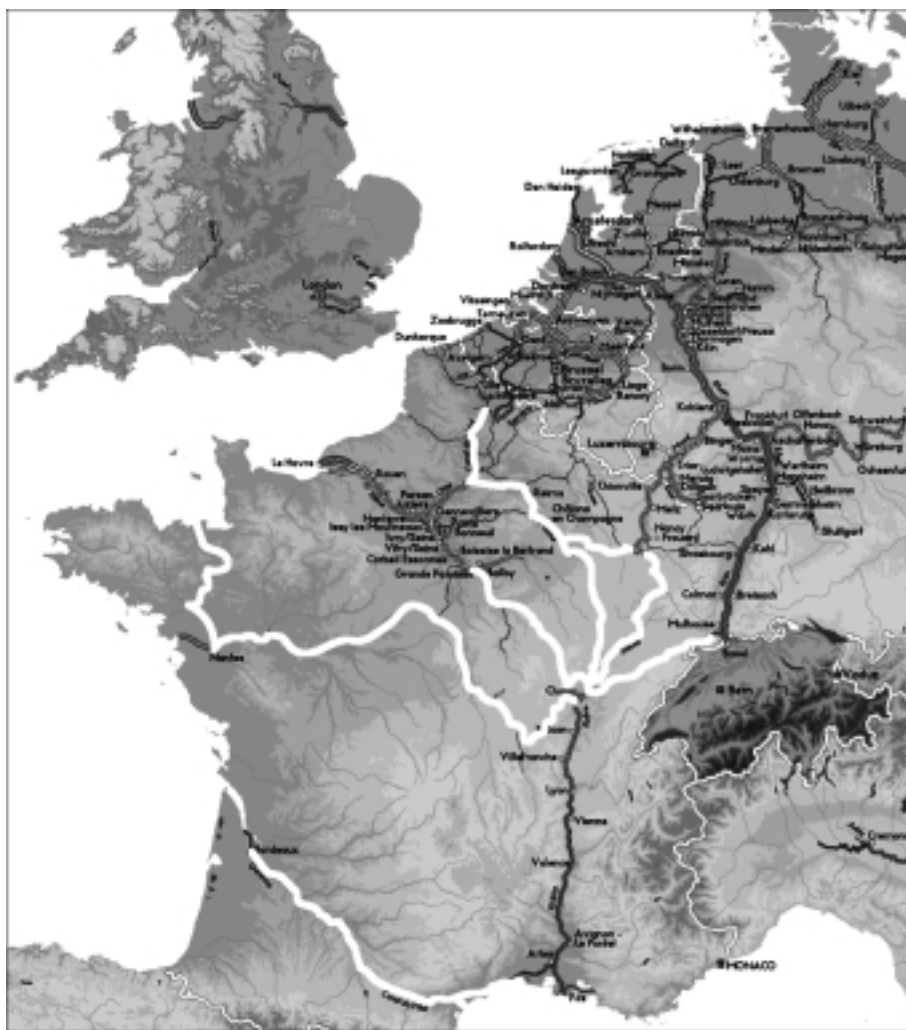
This “goose claw” was imagined over a thousand years ago by Charlemagne’s advisor, the Irish monk Alcuin. Today, this would mean, more precisely, to enlarge existing canals up to the large size between Chalon-sur-Saône and Mulhouse, passing by Montbéliard following the Doubs River. This link would transform the Rhône corridor, since it defines the least-action path between Egypt’s Port Said (Suez Canal) and Europe’s productive heartland, the Ruhr region.

Today, without this waterway interconnection, a ship travelling from the Mediterranean to reach the Rhine has to pass through the Dardanelles and enter the Danube in Romania; the Danube has been connected to the Rhine since 1993. The other possibility is to pass through the Strait of Gibraltar, go around Spain, and enter the Rhine at Rotterdam. The new interconnection of the Rhône corridor would shorten today’s trajectory by over a thousand kilometers and would transform France into a North-South corridor, opening up Europe for Africa and Africa for Europe, and both for southern France.

With that perspective, the Rhine-Rhône canal corridor could become a vast assembly line for floating nuclear power plants, indispensable for the economic rebirth of the countries of the Southern Hemisphere. In the French industrial city of Montbéliard, the special steel vessels are already produced that are required for nuclear power plants, a capability lost in the United States at the present time. Constructed on floating

FIGURE 7

Build the 'Goose Claw' To Improve France's Water Transport



Source: Voies Navigables de France (VNF).

The thick, white lines (added by the author) show the projects advocated by Presidential candidate Jacques Cheminade and the LaRouche movement in France, including the "goose claw," extending north from Chalon. Six connections are needed, where rivers or canals already exist, but are too small for pushed freight barge convoys: 1) the Rhine-Rhône connection, from Chalon-sur-Saône to Mulhouse; 2) the Rhône (Chalon) connection to the Moselle River (Nancy); 3) the Rhône (Chalon) connection to the Marne River (Rheims); 4) the Rhône (Chalon) connection to the Moselle; 5) the Rhône (Chalon) connection to the Seine River (Paris); and 6) in the south, the Canal du Midi, built under Jean Baptiste Colbert in the 17th Century, has to be replaced with a modern canal, connecting the Atlantic with the Mediterranean.

platforms, nuclear power plants can be completed, going from Montbéliard, through Chalon to Lyons, to finally leave from Marseille. The reopening of the currently blocked underground canal of the Rove (7,120 m) connecting Marseille to the Rhône again, and the construction of a large new canal between the Rhône and Sète, would strengthen the southern French pillar of the Afro-Eurasian land-bridge.

This great venture in Public Territorial Planning to build a "polytechnic" country will also need totally new waterways. The water management of the Loire (France's longest river), connecting Chalon with Nevers, Bourges, Tours, Angers, Nantes, and the canal of Bretagne, and also a new Canal du Midi, connecting Narbonne with Toulouse and Bayonne, would be highly useful.

Certain environmentalists, when they become the instruments of green fascism, understand quite well the crucial role of waterway management for the development of nuclear energy in France. The Compagnie National du Rhône (CNR), indeed, did a great deal of water-flow regulation, in order to allow nuclear power stations to have at their disposal, every day of the year, the water necessary for cooling. Part of the green fixation against dams and water management derives from opposition to nuclear energy. Prince Philip of England personally, the man who declared his desire to be reincarnated as a deadly virus to "re-establish" demographic equilibrium on Earth, did not hesitate to come to France to campaign against the Rhine-Rhône waterway connection, a project then debated by Alain Juppé and the city of Lyons. Leader of the Green party Dominique Voynet traded the support of her party for the Socialists, in exchange for abandoning the canal project and dismantling France's modern fast-breeder nuclear power plant, the Super Phoenix.

Today, any debate on this water-transport project, which could give France a crucial role in the

Eurasian Land-Bridge, is entirely taboo. One might hope that, thanks to the coming financial blowout and the ongoing economic breakdown crisis, it will finally be allowed again to think in terms of physical economy, for the well-being of future generations.

On the contrary, if we fail, France will rapidly become more and more an abandoned museum for imaginary tourists.

CORNBALL BROTHERS ON THE HILL

CEOs' Bio-Fuel Comedy Distracts Congress From Auto Crisis Action

by Paul Gallagher

Amid the circulation in Congress of Lyndon LaRouche's proposed emergency retooling legislation to save and use the 50%-unutilized capacity of the U.S. auto industry, the May 18 visit of the "Big Three" auto CEOs to Capitol Hill was a tragi-comic waste of Congress' time, and a diversion of its attention from needed action on the crisis-collapse of the auto sector. The "3 CEOs" who—along with other auto managements and their bankers—are rapidly pushing the remaining U.S. auto industrial sector into low-wage countries abroad, rallied Congress to ignore that, and ignore the crisis of disappeared American industrial machine-tool capacity it is causing. To help distract and disarm Congress, their meetings with both House and Senate leaders featured "flex-fuel"—fakery, a version of that famous emperor's suit of new clothes which is now popular around Cheney and Bush's Washington, D.C.

Arriving in corn-tasselled stunt cars burning ethanol, the three Cornball Brothers asked Congress to promote "flex-fuels for energy independence"—something that Congress has already been promoting for a decade to no effect, and the Cheney-Bush White House has been pushing for six years with similar results. Brazil, the only country which has entered widespread production and use of biofuels for auto and related transportation, is now rapidly backing away from it, as it has "fueled" an inflationary explosion of prices, and shortages of agricultural bases and of ethanol itself, and Brazilian drivers are going back to running their cars on gasoline.

The various elements of "flex-fuel" range from 100% fraud—ethanol for "energy independence"—to important research areas for the industrial future—hydrogen engines. None of them relate to the action Congress needs to take, to stop the globalization and complete loss of American auto

capacity, skilled employment, and the machine-tool capability priceless to national security and progress. So the CEOs' ethanol comedy was perhaps a cover for their actual intent: Leave our auto crisis alone, while we're busy outsourcing everything that's left of auto production and supply to Asia and South America. Do nothing—but to help us, compensate our American workforce with their retirement pensions and health insurance. And join us in beating that 30-year dead horse of "energy independence through sustainable fuels."

As was well understood 50 years ago by Presidents Eisenhower and Kennedy, and auto leader Walter Reuther, actual U.S. energy independence means large-scale production of nuclear power. There is no solution for energy independence, nor industrial independence, without it. Currently unused auto capacity includes many plants capable of quickly retooling to produce many elements of nuclear power plants, including their fuel. This real independence is a leading part of LaRouche's proposal, but it was not brought up anywhere in the wasted meetings with the CEOs.

According to reports, the furthest that members of Congress went in their meetings with William Ford of Ford, Rick Wagoner of GM, and Tom LaSorda of Chrysler, was to remind them that saving the auto industry as a whole is a national problem and priority for the U.S. economy, and requires the defense of wages, at a time when real household income of Americans has fallen five years in a row. The issue of Ford's grandfather's famous dictum, now being violated throughout this globalized industry—that autoworkers have to be paid enough to easily afford the cars they make—was brought up by House Democrats.

The meetings were a calculated posturing and waste of

time, especially for those members of Congress who have been giving serious thought to an intervention to save the hundreds of thousands of jobs and 75 million square feet of auto-industrial capacity being shut down, as well as tens of millions of square feet of additional unutilized capacity in other plants. The nation's critical infrastructural and other needs for the capabilities of this industry, have nothing to do with bio-fuels.

Subsidies Can't Make Corngas Go

During their antics on the Hill, the three CEOs suggested subsidies to make 25% of America's 170,000 gas stations pump corn or switchgrass ethanol—perhaps costing taxpayers \$2 billion up front. But this is chump-change to what the country would pay if millions of Americans were fueling up with bio-fuel. There already exists, and has for nearly a decade, a Federal taxpayer subsidy of 51 cents on every gallon of ethanol pumped—now costing perhaps \$1 billion annually with the minimal use of ethanol by cars and trucks nationally. That subsidy would balloon into the tens of billions a year if the Cornball Brothers' "goal" were reached; and there are many state and local subsidies to bio-fuels on top of that. A strange kind of "independence."

But in spite of all the subsidies, the average retail price of E-85 ethanol fuel has risen faster than gasoline over the past year, and now costs nearly as much *with the subsidies included*. And since a gallon of ethanol has only about two-thirds the BTU-equivalent energy of a gallon of gasoline, the effective price of ethanol, despite the subsidies, is really about \$4/gallon. The biggest beneficiary of the subsidies is Archer Daniels Midland, which makes almost 40% of all ethanol fuel used in the United States, and a big chunk of that used in Brazil as well.

The underlying reality is far worse than the price. No matter how subsidized, production of enough corn to reach the three CEOs' theatrical goal of 25% of transportation fueled by ethanol, would require planting 12-13% of the land area of the United States in corn, 270 million acres or .45 million square miles of cornfields.

These sad facts are known, having been proven in studies by academics who themselves are environmentalists and advocates of the use of "sustainable fuels," wind-power, and so on, but admit this has nothing to do with auto or other

This full-page ad, signed by one of the three Cornball Brothers, was published in The Hill, a newspaper widely read by Congressmen and Senators, to coincide with the auto CEOs' deployment to waste the time of lawmakers.

transportation. Several studies by Dr. David Pimentel of Cornell, published since 2002, have shown that corn ethanol, switchgrass ethanol, and wood ethanol consume 29%, 45%, and 57% respectively more BTU's of fossil-fuel energy in their production, than they produce when they're burned as fuel (see "Ethanol Takes More Energy Than It Gives," *EIR*, May 5). Another exhaustive calculation, based on government reports of prices, taxes, and subsidies, and recently published on <http://zfacts.com>, shows that substituting ethanol for one gallon of gasoline from "imported oil," costs the nation \$7.24. So much for "independence."

The organized groups outside government pushing hard for what Bill Ford senselessly called "the big-number game-changing ethanol play for this country," are a very strange new kind of "hybrid." On one side are a pack of war-mongering neo-conservative in the Set America Free Coalition—Frank Gaffney, Daniel Pipes, James Woolsey, Meyrav Wurmser and others straight out of meetings planning regime change throughout the Mideast and Asia. But these neo-cons' major go-ethanol manifesto is signed by a group called the

Apollo Energy Alliance, consisting of friends of Al Gore and George Soros, and various “progressive Democrats” and unionists. The common father of this strange alliance is the George Shultz who created the George W. Bush Administration and works with the greenie Rocky Mountain Institute of Amory Lovins, which like Shultz’s Committee on the Present Danger, began promoting the ethanol fraud as a way to attack the nations of the Middle East.

Sen. Carl Levin (D-Mich.) gave a disoriented “Apollo project” speech about ethanol and “flex-fuels” at the Detroit Economic Club May 1. Proposing an Apollo Project for ethanol fuel, is like proposing an Apollo Project for laetrile as a cancer treatment; ethanol might as well be laetrile for cars.

As one United Auto Workers union leader in a southern state succinctly put it recently, “the only thing you can run on ethanol, is an old drunk.”

No ‘Sales’ Way Out

The ethanol part of the “flex-fuel” package is 100% fakery, along with related proposals to burn various products of “atholes.” By contrast, the hydrogen-fuel proposals, including some work by the major automakers, are potentially revolutionary for engine propulsion. But the best prospects for producing hydrogen efficiently involve, again, using the high heats from nuclear power plants to crack hydrogen out of ammonia or related stocks. The storage and use of hydrogen may point to new engines much larger than those of automo-

biles. This is a crucial area of research and development. *If* action is taken now by Congress, to intervene with credits to use the increasingly idled auto capacity for new infrastructure projects, the development of new engine types becomes a viable part of that process.

The third element of “flex-fuel,” electric-diesel hybrid engines, while obviously not fakery, changes nothing in the collapse of the U.S. auto sector, but a few more miles per gallon in a somewhat more expensive car. The fundamental problem is real wages and unemployment, as the House Democrats reminded Bill Ford. Overall U.S. auto sales are falling, this year toward the 16-16.5 million units characteristic of almost a decade ago. The sales drop is concentrated in—the upper Midwest region, where U.S. autos and auto parts are made! Fewer cars and light trucks are being bought by those Americans most inclined by loyalty to buy U.S.-made vehicles. Car sales are shifting toward corporate and rental fleets and toward the wealthy. The three Cornball Brothers are kicking their own sales in the head by their layoffs and plant shutdowns and the shutdowns radiating from their effect.

Neither hybrids nor fuel mixes are going to revive sales in the teeth of continued globalization. The capacity is unutilized, by 50% or more. It is up to Congress to use it or lose it. American industry’s most versatile remaining machine tool capabilities are fast disappearing now. Yet they are crucial for the infrastructure tasks indicated by LaRouche in his “Emergency Legislation, Now!” memo.

IAM President to Congress: Save Manufacturing!

International Association of Machinists and Aerospace Workers (IAM) President Thomas Buffenbarger told IAM delegates to burn the backsides of Congress, with the message that defending the U.S. industrial base is a matter of national security. Buffenbarger addressed the opening session of the IAM’s yearly legislative conference in Washington, D.C. on May 15, which was on the theme, “Have You Had Enough Yet?” He quoted from President John F. Kennedy’s speech to the IAM conference in May 1963, a speech which, in turn, had quoted President Franklin D. Roosevelt on fighting for the general welfare. Buffenbarger challenged IAM members to get involved in fighting for U.S. leadership to achieve peace around the world, by fostering economic development and optimism.

“We have lost the ability to manufacture the means of our prosperity,” and now Congress has given away “the ability of this country to defend itself,” he charged. There are only six shipyards left in the country, we can no longer

produce tanks, and we have lost critical machining capacity and the worker expertise needed to develop other weaponry. “We don’t even have the ability to train our kids to defend themselves”—not to carry a gun, but training them in the skilled trades necessary to defend the nation.

He denounced the Pentagon’s Quadrennial Defense Review, calling on the IAM delegates to grill their Congressmen on it, since they voted for it. I am sure Congress is “clueless” that that QDR outlines the most radical transformation of the military ever proposed, through privatization and outsourcing, he said.

“Politicians will say ‘this is our year,’ but what good is it to elect Democrats who will do the same things as Republicans do? We need to make a change,” he insisted. He rejected President Bush’s idea of using troops to patrol the border with Mexico, saying that the immigration problem was created by bad U.S. trade policies like NAFTA. “The immigrants are just trying to feed their families. Don’t blame them for a situation we caused.”

He ended by demanding that when his members go to Capitol Hill (they were lobbying the next two afternoons), they “kick their asses”—referring to the Congress—and show them how the vision of FDR and JFK can be fulfilled.

Rogers Tours Texas To Bring Democrats 'Out of the Bushes, Into the Future'

by Nancy Spannaus

"People are looking for leadership from young people," said Lakesha Rogers, the member of the LaRouche Youth Movement running for Chairman of the Texas State Democratic Party, when reached on the road May 18. "We are getting a very good reception, and people are ready to take action."

Rogers has been on tour for the last two weeks, travelling around eastern and central Texas between Houston, Dallas, San Antonio, Corpus Christi, Tyler, and Austin. She and four of her LYM colleagues are driving a car packed with the literature that reflects the LYM's nature as a "university on wheels": works of Plato, Alexander Hamilton, Gauss, and LaRouche, and stopping at college campuses in town after town. The response has been very positive.

On the weekend of May 19-20, Rogers will participate in candidates' events in Houston and Austin, which will bring together all four candidates for Party Chair, as well as state-wide Congressional and other candidates. However, Rogers is not waiting for formal events, but is taking her campaign for the revival of FDR's approach for economic development, to every constituency group she can find.

Labor Is Key

Rogers has sought in particular to activate the labor constituency, and the response has been a lot of excitement. Exemplary was the May 17 meeting of Amalgamated Transit Union Division 1338 in Dallas, where she was a featured speaker. After a warm introduction by the President of the local, Rogers didn't just describe the incompetence of the Bush Administration, but issued a challenge to the unionists to get involved in politics again. "If you aren't part of the decision-making of the Democratic Party, who *is* going to lead it?" she asked.

During the course of her remarks and the discussion that followed, Rogers reviewed how the Democratic Party has been destroyed by the abandonment of the Roosevelt tradition by the '68ers, who have embraced the post-industrial paradigm shift, and turned their backs on the lower 80% of family income brackets. She urged the union members to support her campaign, and mobilize side-by-side with her to put the country, and the party, on the path toward economic development.

The response, Rogers said, was very strong. One unionist got up and called for a second standing ovation for her, saying that she reminded him of great Texas political leaders who fought for civil rights in politics. He declared that he agreed that the unionists could do a lot more, and volunteered to be her collaborator in Dallas. The positive impact was also reflected in the fact that not only did the 50-60 persons present all take literature, including LaRouche's "Prolegomena to a Party Platform," and draft legislation to save the auto industry, but many took bundles of pamphlets to distribute, promising to get them out "everywhere."



Lakesha Rogers

The Youth Are the Future

Rogers, who is 29 years old, told this reporter that she is constantly putting on the table the question of how to integrate young people into the party. That concern is also reflected in her campaign slogan, "Out of the Bushes, Into the Future," which highlights the fact that the youth *are* the future of the nation.

Rogers' campaign has virtually run out of the first 4,000 copies of the "Out of the Bushes" bumper sticker, and is planning to put out more in the drive up to the June 8-9 convention.

But Rogers does not expect the campaigning to stop at that time. In addition to bringing youth into cooperation with the LYM and LaRouche's Political Action Committee, her campaign has generated many invitations for further discussions after the convention. Rogers intends to accept them, in order to push forward the recruitment of youth, and mobilize support for LaRouche's program of using the machine-tool capacity of the auto industry to rebuild the physical economy, particularly vital infrastructure projects such as rail and power. That is the road to the future.

George Shultz Pushes Next 'Preventive War'

by Michele Steinberg and Roger Moore

The Committee on the Present Danger (CPD), in a new Iran Policy Paper released today, calls for regime change in Iran to be U.S. policy. . . .

—R. James Woolsey and George P. Shultz,
co-chairmen, CPD, Jan. 23, 2006

Our adversary has been clearly identified: a radical brand of Islam. . . . And our mindset has changed . . . to the emergence of a war mentality with an offense and a defense and a willingness to use force to prevent attacks on us and our allies. . . . [B]ut the juices of reaction to 9/11 have subsided.

—George P. Shultz, *Preventive Force Conference, Princeton University, March 15-16, 2006*

Preventive force symbolizes the upheaval in the international system. The Westphalian system sought security based on the sanctity of international borders. In our time . . . this definition is too narrow.

—Henry A. Kissinger, *Preventive Force Conference, Princeton University, March 15-16, 2006*

Few Americans, and even fewer members of the international community, are aware that the policy of “preventive war,” which has become the hated official policy of the United States, is rightfully called “the Shultz Doctrine.” And if Shultz has his way, the next preemptive war will be against Iran.

George Pratt Shultz, who created the mentally defective entity known as President George W. Bush, assesses that the team of Bush and Dick Cheney, which he put in the White House, is incapable of the kind of manipulative ruthlessness needed to “sustain” the support for “preventive wars” under the Shultz Doctrine.

According to Shultz, he has been planning this strategy of “preventive attacks” since 1973, when Palestinian terrorists carried out an attack on the Olympic games in Munich, Germany, and he regrets that he failed to implement the doctrine, when he was Secretary of State under President Ronald Reagan. Today, five years after 9/11, Shultz claims the “juices of reaction to 9/11” are waning, and it is therefore imperative to revitalize these sentiments. But, as the approval ratings of Bush and Cheney go down the sewer, action must

be taken to reverse this, he says. That’s where Shultz’s groups, the Committee on the Present Danger, the Hoover Institution, and the Princeton Project on National Security, come in.

An Economic Hit Man

Shultz is good at furtive planning—it was he who assembled the team of Cheney-Condoleezza Rice-Paul Wolfowitz-Richard Perle-Doug Feith, known as the Vulcans, who turned failed-businessman, dry-drunk, George W. Bush, into the Presidential nominee of the Republican Party.

But his power is not that of a mere retired top Cabinet official. Shultz is one of the Synarchist international bankers’ top operatives. As a former high-level Treasury Department official under Richard Nixon, he was one of the key architects of Nixon’s 1971 order to bring down the Bretton Woods system of fixed-exchange currency rates that had been set up by Franklin D. Roosevelt. Shultz left the Nixon White House as it was crumbling under the Watergate scandal, to become the head of the Bechtel corporation, one of the world’s largest construction companies.

As head of Bechtel, Shultz was the most powerful, and feared of the “Economic Hit Men” (EHM), who could make or break nations, according to John Perkins, in his 2004 book, *Confessions of an Economic Hit Man* (San Francisco: Berrett-Koehler Publishers, Inc., 2004; see also “George Pratt Shultz: Profile of a Hit Man,” *EIR*, Dec. 10, 2004). EHM would use international financial institutions, like the World Bank and the IMF to utterly control nations.

Perkins identifies Shultz’s role in Panama, where, in 1972, then-Panamanian head of state, Gen. Omar Torrijos, told Perkins about his plan to build a second Panama canal, at sea level, financed by the Japanese. The new canal would be larger, faster, and more efficient, and Torrijos laid out his plans for using the proceeds to improve living standards in Panama. Torrijos already knew that he was provoking the wrath of Bechtel head Shultz, by dealing with Japan, and hoped to win over some support in international banking circles for his project. The second Panama canal was never built, and Torrijos died in a fiery airplane crash on July 31, 1981. Whether it was an assassination remains an unanswered question to this day.

Privatization of Policy

The series of conferences which Shultz organized from his perch as chairman of the Princeton Project on National Security, since October 2004, provides an alarming picture of a quasi-covert policy-planning operation that has usurped the proper role of a dialogue of “advice and consent” between the Congress and the White House. Members of Congress who bemoan the current rift between the Executive and Congress, should take a close look at two conferences run by Shultz on the issue of “Preventive Force.” These conferences are an eye-opener for anyone who thought that the imperial

doctrine of the Iraq War, and the next war, was abandoned when the neo-con whackos, Richard Perle, Paul Wolfowitz, and Douglas Feith, left the Pentagon.

The first of the Preventive Force conferences—attended by Condoleezza Rice—was the May 25-27, 2005 conference on Preventive Force held by the Hoover Institution and Stanford Institute for International Studies, in Palo Alto, California. The second, held on March 15-16, 2006 at Princeton University, did not include any current Administration officials, but featured Shultz and his co-conspirator and rival, Henry Kissinger. Jointly, the two buried the concept of national borders, national sovereignty, and the international agreements of the post-war system.

The purpose of Shultz's extra-judicial conferences—which include other institutes, such as the (Felix) Rohatyn Center for International Affairs at Middlebury College in Vermont (see "Rohatyn, Shultz, Cheney Privatization Scheme to Wreck U.S. National Security," *EIR*, March 31, 2006), the Woodrow Wilson School of Public and International Affairs at Princeton University, and the Hoover Institution at Stanford University—is nothing less than to organize "perpetual war," as the policy of the United States, and to eliminate the nation-state and the sovereignty of nations as established by the 1648 Treaty of Westphalia. These are extra-judicial policy sessions, outside the official government, which aim to shape an imperial doctrine for the United States—without the knowledge of Congress or the American people.

In his March 15, 2006 paper at Princeton, Shultz virtually claimed to be the father of the Bush-Cheney Administration's 2002 National Strategy doctrine of "preventive force." The 2002 National Strategy went way "beyond [the] established principles" of "using preemptive force when an attack is imminent."

Instead, Shultz urged that the United States should not "become the Hamlet of nations, worrying endlessly over whether and how to respond," as it had in Lebanon in 1983-84, when terrorists blew up the U.S. Embassy, the U.S. Marines barracks, and assassinated U.S. diplomats, military personnel, covert agents, and university professors. Shultz boasted that he has been advocating preventive attacks since 1984, when he gave a speech, while serving as Reagan's Secretary of State.

Shultz told the 2006 audience in Princeton, that 22 years ago, in 1984, he had been wise enough to envision the fight against the Islamist radicals, and had said that America's "responses should go beyond passive defense to consider means of active prevention, preemption, and retaliation." His second point was that "intelligence" (i.e., propaganda) must be used to rally "firm public understanding and support for the actions."

To grasp the details of Shultz's plan, it is necessary to look at a little-known organization called "The Stanford Group on Preventive Force" which, prior to the March 2006 meeting, claims to have met periodically "to consider the need for, and

implications of, a greater reliance on preventive force" in defending the United States and its allies. The meetings were held under the chairmanship of Shultz.

A summary of the Stanford Group discussions, written by Abraham Sofaer, explains that "preventive forces does not require that the outcome to be prevented is under way or soon to cause harm." Therefore, the United States and Israel, which do engage in "preventive force," do so, based on the fact that a suspect has carried out an attack in the past, and still has the capability to do so.

As far as the scope of the attack, Sofaer writes, "At one end of the spectrum would be a nuclear attack," designed to destroy the capacity of a state. He also describes a full range of seven types of prevention: searches, detentions, and interrogations; hostage rescue; abductions, including the illegal conduct of these inside the borders of a state other than your own, without permission; targeted killings which are "justifiable" as "necessary, reasonable, and proportionate . . . despite the absence of proof that the individuals targeted are in the process of preparing additional imminent attacks"; attacks on terrorists and their support infrastructure, such as training camps; prevention of WMD development, such as the 1981 Israeli attack on the Osirak nuclear reactor in Iraq; and humanitarian interventions, such as the attacks by the United States, Britain, et al. on Kosovo, without UN Security Council approval.

First and foremost, the Shultz/Stanford Group agrees that the concept of going to the United Nations Security Council for "approval" of military action is a joke, and all that is required is a fig leaf of approaching the UN at least "once," to notify the body of a grievance or a threat.

Furthermore, Sofaer writes that, given the fact that there are now "failed states," which cannot enforce internationally recognized norms of behavior, and "rogue states," which do not accept them, the doctrine of absolute sovereignty within the national boundaries of a state is no longer a viable concept.

Without question, Shultz's focus is the next war—against Iran. From the January 2006 statement of the Committee on the Present Danger, of which he is the co-chairman, to the March 2006 Princeton conference, Shultz has insisted that "ultimately, force" is the only way to stop Iran, which is one enemy in what Shultz calls "a war waged by terror-using Islamists."

While Shultz likes to concentrate on the "use of force" images, it was Kissinger who closed the proceedings of the March 15-16 Princeton conference, making the point that this "long war" against terrorism, and the preventive force doctrine, spells the end of the Westphalia system of sovereign nation-states—one of his favorite themes.

But, what Kissinger and Shultz don't tell you, is that before Westphalia, Europe was ravaged by feudalism and perpetual war—exactly what the Synarchist International has in store today.

Rep. Murtha Demands U.S. Withdraw From Iraq

Six months after he introduced his emergency resolution to withdraw U.S. troops from Iraq because there was no plan to stabilize Iraq, and because U.S. troops were dying needlessly, Rep. John Murtha (D-Pa.), ranking member of the Defense Appropriations Subcommittee, held a press conference on May 17 to renew his demand. He said that nearly 350 more American troops have been killed in the last six months, with not one bit of improvement in the Administration's plan to either stabilize or leave Iraq.

Murtha derided Defense Secretary Donald Rumsfeld's claim that progress had been made in Iraq because there are so many "satellite dish" antennas on rooftops. Murtha pointed out that Baghdad has fewer than three hours of electricity per day. What good are satellite dishes, asked Murtha, without electricity? What are Iraqi citizens doing for the 21 hours when they cannot turn on their TVs?

Murtha held his press conference while Rumsfeld was testifying about the Pentagon budget at the Senate Armed Services Committee. Rumsfeld, and the other witnesses he brought to the hearing, admitted in their testimony to the Senators that Iraq still doesn't have any self-sufficient military units.

Senators Call for Diplomatic Solution on Iran

Richard Lugar (R-Ind.), Chairman of the Senate Committee on Foreign Relations, stated as he opened hearings on May 17, that the "American policy in the near term will be defined by efforts to convince the international community of our commitment to diplomacy and to build a broad multilat-

eral and international coalition against Iran's nuclear ambitions." In a message to the Bush Administration, Senator Lugar said: "Analysts in our intelligence agencies and State Department do not regard Tehran as irrational, but the framework for their decision-making is different from our own. We must understand that they are interpreting our actions in ways that we do not always discern. . . ."

The ranking Democrat, Joe Biden (D-Del.), pointed out that "unfortunately, the Administration has chosen not to send a senior official to be a part of these hearings. That is a mistake." He said President Bush should write to the man who has the final say in Iran—Ayatollah Khamenei—calling for direct talks.

Defense Bill Draws Veto Threat

On May 11, the House voted 396 to 31 to pass the Fiscal 2007 defense authorization bill, after two days of debate on the bill and amendments. The bill authorizes \$512.9 billion for the Defense Department and military programs of the Energy Department, adds 30,000 troops to the Army and 5,000 to the Marines that were not requested by the Bush Administration, provides a "bridge" fund of \$50 billion for the wars in Iraq and Afghanistan, and adds \$100 million more than the Administration asked for, for programs to defeat improvised explosive devices in Iraq. It also brings National Guard and Reserve personnel and their families fully into the Tricare health care system.

While the White House has stated its opposition to all of those provisions, the veto threat issued by the White House is aimed at "Buy America" provisions, intended to protect American manufacturing jobs in the defense industry, sponsored by

House Armed Services Committee chairman Duncan Hunter (R-Calif.). The White House issued a statement saying that Hunter's measure would prohibit the Pentagon from buying "virtually any foreign-made commercial items, components or materials, such as information technology products, commercial aircraft, and commercial aircraft engines."

While the bill itself attracted little controversy, Democrats attacked the House GOP leadership for blocking a number of Democratic amendments from consideration. One of those amendments, by Rep. Ike Skelton (D-Mo.), the ranking Democrat on the Armed Services Committee, would have blocked increased prescription drug co-pays for beneficiaries in the Tricare system, which are otherwise provided for in the bill. Another amendment, co-sponsored by Representatives John Tierney (D-Mass.) and Jim Leach (R-Ia.), would have created a commission to investigate fraud and corruption in Iraq contracting.

Democrats Introduce Mine Safety Legislation

More than four months after the Sago, West Virginia mine disaster, which killed 12 miners on Jan. 2, 2006, legislation to address mine safety concerns appears finally to be on the move. Just hours after Representatives George Miller (D-Calif.) and Nick Rahall (D-W.Va.) announced they would be unveiling a new bill, Rep. Charles Norwood (R-Ga.), the chairman of the Workforce Subcommittee of the House Education and the Workforce Committee, announced that he will introduce legislation by Memorial Day. At the same time, Senators Robert Byrd (D-W.Va.) and Jay Rockefeller (D-W.Va.) are in negotiations with the chairman of the Health, Education,

Labor, and Pensions Committee, Mike Enzi (R-Ore.), for a bill in the Senate.

Miller and Rahall's bill would improve safety standards in mines, improve mine rescue teams, require uniform rules for mine accident investigations, increase penalties against mine operators who break the law, and correct specific hazards in mines, among other provisions. Miller and Rahall told reporters on May 16 that the bill builds on earlier legislation that Rahall introduced, with the rest of the West Virginia Congressional delegation, on Feb. 1, but on which no action was ever taken. Both of them credited the families of the miners who died, with pushing the issue of mine safety until it could no longer be ignored.

Norwood had held two hearings in March, but Democrats say those hearings were not comprehensive, in part, because the families of the miners killed were not allowed to testify. In making his announcement on May 15, Norwood said, "From the evidence gathered, it is now apparent that reform legislation is needed to help address the situations that led to these disasters. . . ." Rahall said he was "heartened" by Norwood's "sudden announcement" that he intends to turn his attention to legislation this month, though he thought it was "interesting," that Norwood's announcement came after Miller and Rahall had announced they would be introducing their own legislation.

Senate Bill To Waive Senior Drug Penalty

On May 16, Senate Finance Committee chairman Charles Grassley (R-Ia.), and Senators Max Baucus (D-Mont.), Mike Dewine (R-Ohio), and Bill Nelson (D-Fla.) announced they would be introducing legislation to waive the enrollment penalty for Medicare bene-

ficiaries who failed to enroll in the Medicare drug plan by May 15. The penalty would increase their premium 1% per month until they do enroll, adding up to a 7% lifetime penalty if they sign up during the next enrollment period beginning Nov. 15. Grassley told reporters that the just-ended enrollment period was "very successful," and "We can help more seniors choose to sign up by waiving the enrollment penalty and enhancing outreach." He admitted that it takes time for people to learn about a new program, but the more people who sign up for the drug benefit, "the better for both the strength of the program and, more importantly, the seniors' quality of life."

Baucus had a different take on the program, reflecting Democratic criticisms since the program began on Jan. 1. The Bush Administration, he said, "made the program . . . needlessly complicated by approving too many different benefit packages to sort through," and therefore, "it's time to cut seniors a little bit of slack." Otherwise, he said that the program is working pretty well. But there are a lot of kinks left to be worked out."

Democrats in the House, who still vehemently oppose the legislation that created the program, had tried to extend the May 15 deadline in order to give senior citizens more time to consider their options, but the House Republican leadership refused to consider any legislation to do that.

Bill Introduced To Pull FEMA Out of DHS

With the Hurricane Katrina investigations in the House and the Senate concluded, debate has now turned to how to re-organize Federal emergency response so that it actually functions. In the House, Transportation and Infrastructure Committee chairman Don Young (R-Ak.), House Government

Reform Committee chairman Tom Davis (R-Va.), James Oberstar (D-Minn.), and three others, have introduced a bill to take the Federal Emergency Management Agency (FEMA) out of the Department of Homeland Security and make it an independent, Cabinet-level agency, much as it was during the Clinton Administration.

Davis told reporters, on May 9, that his special investigation of the Federal response to Katrina raised questions about the incorporation of FEMA into DHS. "FEMA was steadily bled to death by its new siblings and a parent organization that focussed on terrorism." He said that "FEMA worked well when it was properly staffed, when it was capably led and adequately resourced under its own management. . . . An independent, Cabinet-level FEMA will bring clarity and focus year round to Federal emergency responses. There can be no questions of who's in charge, to whom the President looks to coordinate Federal actions to support state and local responders." Rep. Bill Shuster (R-Pa.), who was a member of Davis's special committee, noted that not only did FEMA suffer a "massive brain drain" under DHS, but "DHS made it worse by transferring programs and personnel out of FEMA to other parts of the department."

In addition to making FEMA an independent agency, the bill would also establish a fixed five-year term for the FEMA director, establish qualifications for that position, and subject him to Senate confirmation. Young said that FEMA "has to have the authority to make calls without going through this whole process, have in place the response teams," without going through the DHS bureaucracy. "Right now, they don't have that," he said. "What if we had an earthquake," he later added. "There's nobody that can respond to that under the present system."

Shanghai Paper Highlights LaRouche on Global Crisis

by William Jones

As the foreign ministers of the Shanghai Cooperation Organization (SCO) convened in that Chinese city on May 15, the Shanghai daily *Wen Hui Bao* highlighted Lyndon LaRouche's warnings about the onrushing economic collapse. Under the title "He Ran for President Seven Times and Continues To Say Astonishing Things," the article was based on a two-hour interview that LaRouche conducted with several journalists from the newspaper on April 9. The activity of the LaRouche Youth Movement had sparked their interest in LaRouche and his ideas. In choosing to publish the article so prominently at this time, the newspaper's publishers were effectively sending a signal about the importance of the views of the prominent American economist and political figure.

Skeptical about many of LaRouche's comments on the economy, the journalists were invited to his home in Virginia to get a closer look at his view of the world. Arriving at his residence, they found the 83-year-old "hale and hearty in mind and spirit, his speech following easily his nimble train of thought."

They first asked about his past Presidential campaigns. How can one run a campaign without being a "moneybags," they wondered? LaRouche referred to the humble circumstances of Abraham Lincoln, who had a program relevant for the times, and an ability to convey it to the public. He also noted his great admiration for Franklin Roosevelt, who was not of humble circumstances, but was a great President who had led the country out of the depression, to victory in World War II. Most disconcerting for the journalists were LaRouche's comments on the world financial crisis, contrary to what they were being told by their American friends, and the mass media.

The Financial Blowout

"LaRouche addressed a webcast in Washington on the theme 'The Greatest Economic Crisis in Modern History,' "

they wrote. While President Bush and the media seem self-satisfied about the economy, they noted, LaRouche continually talks about the bankruptcy of the American economy. This was also a key theme of their discussion with him. "LaRouche told the journalists that the new economic crisis is already here. If U.S. leaders don't adopt effective measures to deal with it, then he will step forward to emphatically address the issues, and wake up the silent masses in order to save the people from a conflagration."

"In the face of these rather skeptical journalists, LaRouche pointed to the evidence in his own neighborhood," the article continued.

LaRouche then explained to them the dilemma facing those who had bought houses in the local, fast-growing Loudoun County at exorbitant prices, and now with falling wages, increasing bankruptcies, and rising oil prices, were facing some very serious problems. "LaRouche explained, 'Today U.S. stocks, the real estate market, are all a big bubble. The trade deficit is increasing, the gap between rich and poor is getting bigger. All of this is a sign of a bankrupt economic system. Don't believe the reports of the media or the politicians. There is no reality to what they are saying. We have to change the system. . . . If the U.S. economy collapses, the whole world economy will also be destroyed.' "

The article related how the reporters expressed their curiosity over the way LaRouche was attracting so many young people into his movement. "The journalists told LaRouche that they had met some of his supporters last year outside the UN General Assembly, demonstrating with their slogans, and again this year they were outside the White House in Washington in force, and most of them were young people." LaRouche explained how the youth, rebelling against the immorality of their Baby Boomer parents, become demoralized, get involved in drugs, or seek some satisfaction in sexual pleasure, but feel alienated. "I understand their thinking. I'm

Wen Hui Bao

七次竞选总统 屡出惊人之语

——访美国政坛传奇人物拉鲁什

2006年5月27日 星期六

第10000号

新闻提示

美国政坛的传奇人物拉鲁什，在七次竞选总统失败后，仍坚持其经济理论。他最近在一次采访中，再次重申其理论，并指出美国经济的困境。拉鲁什认为，美国经济的困境是由于其过度依赖债务和赤字，而非其所谓的“结构性问题”。他主张通过减少赤字和债务来恢复经济的健康。



永久的总统候选人

拉鲁什在采访中，再次重申其理论，并指出美国经济的困境。他主张通过减少赤字和债务来恢复经济的健康。

为求安全 搬至郊区

拉鲁什在采访中，再次重申其理论，并指出美国经济的困境。他主张通过减少赤字和债务来恢复经济的健康。

新闻提示

美国政坛的传奇人物拉鲁什，在七次竞选总统失败后，仍坚持其经济理论。他最近在一次采访中，再次重申其理论，并指出美国经济的困境。拉鲁什认为，美国经济的困境是由于其过度依赖债务和赤字，而非其所谓的“结构性问题”。他主张通过减少赤字和债务来恢复经济的健康。



永久的总统候选人

拉鲁什在采访中，再次重申其理论，并指出美国经济的困境。他主张通过减少赤字和债务来恢复经济的健康。

为求安全 搬至郊区

拉鲁什在采访中，再次重申其理论，并指出美国经济的困境。他主张通过减少赤字和债务来恢复经济的健康。

The Shanghai daily's May 15 interview with Lyndon LaRouche attracted widespread international attention—especially as the Shanghai Cooperation Organization opened its meeting of foreign ministers on the day the interview appeared.

calling for a total change of the economic system; I get them to see the possibility of bringing about real change. This gives them hope, and they support me.”

‘Renminbi Revaluation May Accelerate U.S. Collapse’

Noting LaRouche’s extensive writings on economics, the journalists were curious to learn his view of the Chinese economy. “LaRouche is an economist by background,” the authors noted. “He has written many books and articles on economic topics, among these *The Theory of the Productive Triangle*, in which he proposed that Western Europe, Eastern Europe, and China cooperate as representatives of the Eurasian continent, which has certainly been influential.”

They asked LaRouche if he preferred being referred to as an economist or a political statesman. “I’m an economist, essentially. But if you are a politician and not an economist, I worry,” LaRouche said. “Those Americans who blame the balance of trade deficit on the value of the renminbi are stupid or insane,” LaRouche said. ‘If the renminbi were revalued suddenly by 20%, the U.S. economy would only collapse more quickly,’ he said. ‘China should abandon the attempt to maintain the immense purchases of Treasury obligations and bonds, and work to expand their internal demand, strengthen the construction of the Western region, and promote the general welfare. I’m optimistic about the development of China’s economy.’ ”

The article described LaRouche’s political career, his creation of the U.S. Labor Party in 1976, and his shift to the Democratic Party. In spite of opposition from party bureaucrats and often ridicule from the media, “the old gentleman was still unyielding, fighting on despite repeated setbacks, and from beginning to end, had a layer of faithful supporters, who are now establishing dozens of campaign district head-

quarters all over the country. The American media always treats the LaRouche campaign more with ridicule than with cheers, and yet they also acknowledge that he is a unique figure on the American political scene.”

Democratic Candidate for 2008?

The journalists were perhaps most interested in LaRouche’s thoughts regarding the next Presidential elections. “In response to questions from the journalists, LaRouche revealed that he did not intend to run again. Now he is in the process of discussing with party leaders the question of a candidate for 2008, although he feels confident that there are candidates that are qualified, and he would use all his effort to assist them. ‘The Democratic Party needs a new look,’ LaRouche said. ‘They have to come forward with a real political program, a program to resolve the ongoing threat of a world economic crisis. Unfortunately, people who could stand up under such crisis conditions are rare.’ ”

“But if the party were to choose someone who was unsuitable?” the journalists asked. He said he couldn’t guarantee that he wouldn’t “threaten” to run, as a means of putting on pressure. “LaRouche replied, ‘I don’t plan to run for President. But, I could,’ he said, with a smile. . . . It seems that this experienced, old campaigner is not going to leave the political whirlpool anytime soon.’ ”

After the interview, the journalists were still skeptical about his remarks on the economy. They proposed a wager with him, that if the world economy goes belly-up within the year, they would have to come back to talk again. “Again that mysterious smile appeared on LaRouche’s face: ‘Believe me, the United States economy is already in a state of collapse.’ ”

The interview is circulating on a number of other Chinese websites.

Rise of Maoists in India: A Side-Effect of Globalization?

by Ramtanu Maitra

In a press release on May 15, an assortment of Maoist guerrillas in India threatened to blow up Bihar's state assembly buildings sometime between May 28 and July 29. No one in New Delhi believes this is an empty threat. It is widely recognized that the Maoists in India have taken control of a huge swath of land, running from the state of Bihar in the north, all the way to the state of Tamil Nadu in the south, encompassing in the process highly underdeveloped areas of Jharkhand, Madhya Pradesh, Chattisgarh, Orissa, and Andhra Pradesh. One common thread that runs through this massive stretch of land is: underdevelopment and poverty.

The reason New Delhi does not consider the blowing up of the Bihar assembly an idle threat, is that the Maoists have already exhibited their power in recent days. Early in May, a group of Maoists blasted Somadevapally railway station in Prakasam district in Andhra Pradesh by using detonators, police said. In April, over 100 Maoist guerrillas, armed with sophisticated weapons and dressed in olive green uniforms, attacked a police station and a bank in Bihar's Vaishali district, but failed to take away any weapons or cash. On Nov. 13, 2005, around 1,000 Maoists swooped down onto a jail in Jehanabad, a stronghold of the insurgents in Bihar, and freed more than 340 prisoners.

It is for this reason that Indian Prime Minister Manmohan Singh warned the nation on April 16 that "revolutionary Maoist groups posed the single greatest threat to India's internal stability and democratic culture."

Greatest Security Threat

The rise of Maoists, in the midst of a worldwide outpouring of claims that India's wealth is growing in leaps and bounds and that the country is becoming an economic powerhouse, poses an apparent paradox. But unfortunately, the relationship between the two trends is lawful: New Delhi's embrace of economic globalization, and its emphasis on the callous growth-based development as the yardstick of India's economic success, have much to do with the Maoists' further gathering of strength.

In August 2004, soon after the present United Progressive Alliance (UPA) government took power in New Delhi, Finance Minister P. Chidambaram pointed out that India's wealthier states were getting richer, while poorer states were lagging behind, creating an economic gulf that has "dangerous" implications for the country's stability.

Private investors, both foreign and domestic, prefer to invest in wealthier states such as Gujarat, Maharashtra, Haryana, and New Delhi, where they find slightly better infrastructure and bigger markets for their products. As a result, those states continue to expand faster, growing at an annual average of 8-10%, while cash-strapped poorer states, such as Bihar, Madhya Pradesh, Orissa, Andhra Pradesh, and a few others, whose economies are mostly agrarian, and whose administra-

Maoist Influence Sweeps From Bihar All the Way to Tamil Nadu



tions often depend on Federal funds, have had sluggish growth, the Finance Minister had said.

He added that the growing imbalance coincides with the increasing liberalization and privatization of the Indian economy in the past decade, during which government spending on development projects has slowed.

Having identified the roots of economic disparity, the Manmohan Singh-led government in New Delhi did more of what the previous government had done. The Finance Minister, who is not exactly a favorite of the privatization and globalization crowd in New Delhi, nonetheless presided over a financial policy which confined economic growth to a small segment of India's population—the educated and skilled class. Weak growth and widespread unemployment in rural areas drove some people from poorer states to the wealthier states and urban centers; others stayed home, and a few of them joined the Maoists.

The Issue Is Poverty

A 225-page volume released earlier this year by the autonomous Council for Social Development (CSD) and published by Oxford University Press, discusses issues related to poverty and unemployment, in a compilation of more than 170 development reports on India. The book notes that while the proportion of poor people in the total population came down from 55% in 1973-74, to 26% (almost 300 million people) by the turn of the century, the progress was impressive in only three states: western Punjab (from 28% to 6%), northern Haryana (from 35% to 9%), and Kerala (from 60% to 13%).

The report also highlighted the distribution of poverty in India's hierarchical society, which remains skewed against traditionally disadvantaged sections of the population, including "tribals" and *dalits* (who are at the bottom of the caste system in Hindu society). These disadvantaged sections accounted for 75% of the total number of poor people in India in 1999-2000.

"The policies of globalization and economic liberalization have undermined the role of larger societal norms as well as the state apparatus that could have countered exclusionary forces—keeping social tensions simmering. . . . As a matter of deliberate policy, the government has started scaling down, if not retreating from, its constitutional responsibility of providing public goods in such crucial areas as education, health, sanitation, and housing," said Muchkund Dubey, former ambassador and current president of the CSD. Dubey concluded that this policy has resulted in "a sharp deterioration in the conditions of the poorest and marginalized."

But beyond the crucial areas identified by Ambassador Dubey in his report, India's physical infrastructure has remained in shambles and is getting worse. The present onset of warm weather has unleashed long hours of power cuts all through the country. The acute power shortage, acute water shortage, overcrowded and slow-moving trains, and immensely under-equipped ports, are for all to see and suffer.



Press Information Bureau of India

Prime Minister Manmohan Singh has warned that the Maoist insurgency poses "the single greatest threat to India's internal stability and democratic culture."

Infrastructure and Foreign Investment

On the other hand, Prime Minister Manmohan Singh, whose political future is getting darker and darker every day, continues to promise both the economically under-privileged and India's present-day money-spinners, that foreign direct investment (FDI) to the tune of \$150 billion would fix India's infrastructure. In an interview with the *McKinsey Quarterly* in January, he said: "We have a lot of backlog in improving our infrastructure. . . . My own estimate is that we need an investment of about \$150 billion in the next seven to eight years to realize our ambition to provide our country with an infrastructure which is equal to the economic and social challenges that we face." While it is certain that he has no intent to invest the money, he also has no clue which foreign investors would put down this \$150 billion to fix India's infrastructure.

On an earlier occasion, Prime Minister Singh, addressing the closing session of the 21st India Economic Summit 2005, organized jointly by the Confederation of Indian Industries (CII) and the World Economic Forum last November, said that it was not policy, but badly designed procedures and poor infrastructure that were constraints to the flow of FDI into the country. "I have often heard complaints from many corners that we have not made progress in our FDI policy. In fact, my own assessment is that today we have one of the most liberal FDI regimes in the world," said the Prime Minister.

Singh can now add another reason why the fantasized FDI

investment into India would not come. One economic analyst based in New Delhi said recently that the government needs to make a conscious effort to correct the image of India as a “high-risk country,” to at least “medium risk.” It seems that the Maoists, operating in Bihar, Madhya Pradesh, Orissa, Karnataka, and linked to Nepal and some foreign outfits, are hell bent to turn India into a “high-risk country.”

The problem with New Delhi, and the policies pursued by the Singh-led government, is that their interest in developing some of India’s infrastructure is primarily for the purpose of luring foreign investors. The process would help show a satisfactory GDP growth and would keep the educated and skilled class reasonably satiated. At the same time, New Delhi is dismayed by the fact that FDI will not pour in, because of the deplorable state of India’s infrastructure. But the government does not want to implement what seems an economically sound policy, by prioritizing infrastructure projects, because they usually have long gestation periods, do not produce immediate GDP growth, and will result in spending the “hard-earned” foreign exchange which could be otherwise used to quickly enhance growth rates. Where do the poor and underprivileged fit in this scheme of things? Nowhere, of course.

At the same time, it must be added that the rise of the Maoists in the vast economically underprivileged belt of India, is not simply a phenomenon of bad governance. There are other ingredients involved in making the Maoists so powerful that they seem to pose a threat to the security of the nation.

One-Worldist Russellites

To begin with, the strengthening of the Maoists in Nepal to the north played a crucial role in rejuvenating the Maoist movement in India. That rejuvenation is not based upon the re-emergence in a different form of tried and failed ideologies, but the successful development of a smooth conduit of arms and drug money. Maoist insurgency in Nepal has been waging a “People’s War” since early 1996, with the purpose of overthrowing the state and replacing it with a New People’s Democracy, under Maoist control. Over the years, the Nepali Maoists (CPN-M) have not only strengthened their position inside the country, but have established links with Maoist groups across the border, in particular, with the People’s War Group (PWG) and the Maoist Communist Centre of India (MCCI), based in Andhra Pradesh and Bihar. There have been reports that the PWG, the MCCI, and the CPN-M are setting up a Compact Revolutionary Zone (CRZ), stretching from Nepal across Bihar, Jharkhand, Chattisgarh, Orissa, and Madhya Pradesh to Andhra Pradesh in India. If this Zone is fully established, it will facilitate the ability of Maoist groups in India and Nepal to procure weapons and other goods without interruption.

Furthermore, the CPN-M has also established links with other insurgency groups from bordering South Asian nations such as Bangladesh, Sri Lanka, and Bhutan, under the um-

brella organization named the Coordination Committee of Maoist Parties and Organizations of South Asia (CCOMPOSA). This organization was established in December 2001 to unify and coordinate the Maoist parties and their activities in South Asia. All these South Asian Maoist parties are also members of the London-headquartered Revolutionary International Movement. The RIM was founded in London in 1984; for years, its headquarters and publishing operations were located in the Russell House in Nottingham, England, named after the late Lord Bertrand Russell. The RIM’s journal, *A World to Win*, was published for years by Russell Press, an affiliate of the one-worldist Bertrand Russell Peace Foundation. To this day, the RIM enjoys the protection of the British Crown. Its current offices are located in London, which French government officials had once labelled the “headquarters for world terrorism.”

It is said that the CCOMPOSA and RIM have been advising the Nepalese Maoists against peace negotiations with the government of Nepal. The achievements of Nepalese Maoists can be viewed as a success of the “People’s War” in the entire region and beyond, and therefore stimulate Maoism in the whole of South Asia.

Moreover, the RIM-linked Maoist groups in Nepal and India have been heavily infiltrated by various anti-India elements. To begin with, Nepal is no longer considered a prized buffer state by either India or China. Nepal, with a tyrant King and merciless Maoist killers, is seen as a potential host to forces detrimental to the security interests of both India and China. India is also deeply concerned about the Pakistani Inter-Services Intelligence (ISI) being in contact with the Nepali Maoists. While India is less worried about any visible presence of China in Nepal, or that of the United States in the present context, Pakistan’s presence, potent or token, makes India uncomfortable and makes the link between the CPN-M and the Indian Maoists a real threat.

India has recently noted in Nepal a growth of *madrassahs* (Islamic schools), the presence of Kashmiri Muslims, the floating of fake Indian currency, underworld investment, and a definite hostile attitude against Indians. In the past, especially in the 1980s, militants from Punjab, Kashmir, and even Tamil Tiger supporters, used Nepal as a safe-house and contact point with networks based in India. Particularly, the presence of a large number of Kashmiri Muslims in Nepal, largely because of the continuing unstable situation in the area since 1991, continues to worry India.

There are other aspects of security that also worry New Delhi. There is little doubt that the Maoists have taken advantage of the network that the Tamil Tigers have used for years to haul in arms and drugs from Southeast Asia. The Tigers have become active again, which means that the traditional conduit that brings in arms and drugs, and runs through India’s “red corridor,” is alive and active. That should be a definite message to New Delhi, making it clear that counting GDP growth will be not enough.

LaRouche in Berlin: 'We're Marching Down the Road That Leads to Victory'

Here are Lyndon LaRouche's opening remarks to a LaRouche Youth Movement cadre school in Berlin, Germany, on May 13, 2006, followed by a selection of the questions and answers. Subheads have been added.

All right, let's take a number of things. First of all let's start with the U.S. situation, because it's a pivotal point for dealing with a lot of things. Right at present, don't underestimate our role in the United States. We have a heavily active operation, including in the Congress and among institutions around the country. This is now a pre-election campaign for the so-called midterm national elections, for this year. And so, already the country is stirred up by concern about these coming elections. So that our campaign, which is presently to try to save the U.S. economy by saving the essential part of the automobile industry which is being shut down, which is about two-thirds of U.S. auto industry, especially to save the component which is called the machine-tool part of the auto industry.

Now, the crucial thing, here, just to get the technical part—I've said it before, but it should be said again, just to situate the discussion: The key part of the United States' economy today, in terms of physical economy is the machine-tool sector, which is largely concentrated in the machine-tool operatives and designers of the automobile industry, plus something in the aerospace and aircraft industry as such. There's very little machine-tool capability in the United States, except that, there. Now it's quite impressive. We're talking about a machine-tool capacity using plants which have millions of square feet of space in which this kind of advanced technology work is done, especially design work.

The machine-tool industry is capable of doing a lot of things: It can build or contribute to building nuclear plants; it can build a railroad system; it can build or rebuild a river lock system, and so forth and so on. So therefore, saving the industry, or this two-thirds of the industry, is not a matter of bailing something out, really, it's a matter of putting to work, what must be put back to work, without which we could not fix up a collapsing internal water-borne navigation system; we could not deal with large-scale desalination projects; we could not deal with crises such as that which hit with the Level 5 hurricane this past summer; we could not build a railroad system, as I said; we could not build nuclear plants.

So all the things that we have been deprived of over the past 30 years, through the policy of post-industrial society and outsourcing, all these things have to be replaced. Without that, no economy. But this section of our labor force in this

industry, and a few auxiliaries, is the key to that.

Rebuilding the Military Engineering Capability

So, what we've set up is the following: My proposal is—and this is going into legislative form for the election, and there'll be a lot of different kinds of laws, some already on the books as established laws. But what we'll do, is pull together all the relevant law, some of it which is not operative but should have been, but needs connections. We will make those connections. We will build the force.

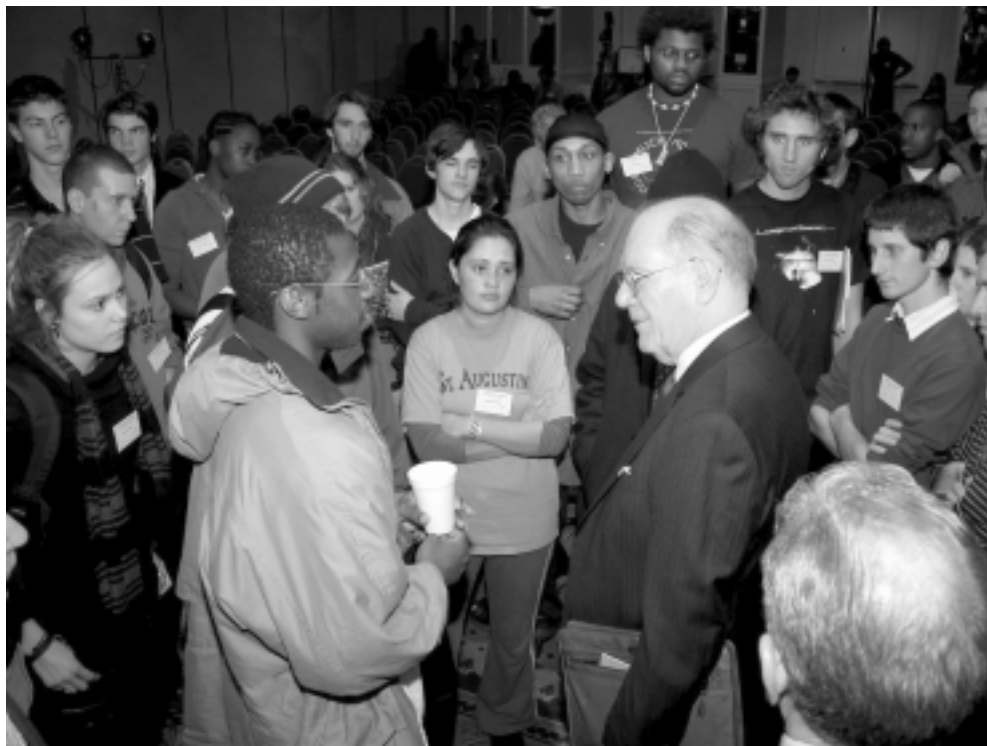
My plan is, of course, is to increase the U.S. military force by six divisions, precisely the six divisions capacity that Dick Cheney shut down when he was Secretary of Defense under George Bush I. And rebuild this as an engineering division. And then we have the AmeriCorps, which is not being used effectively, but was being developed by President Clinton earlier—put these things together, and other things together, so we have a capability of implementing the installation of what the best part of the auto industry being shifted to new missions can undertake. It also means that we have the core, which we don't have otherwise presently, of the core of ability to deal with certain kinds of crises, like hurricanes and things like that, which can be quite devastating. But we have the potential.

So, we will be building—at least that's what we're working on—building a new machine inside the United States, which will have the additional effect, of bringing the U.S., which is presently operating below breakeven, above breakeven, so the U.S. economy and the U.S. dollar will once again be worth something, because we will be producing more than we're consuming. We'll also be putting some spunk back into the American people.

We're at the center of this. We're all over the country. And the Youth Movement in the United States is a key part of this. We're engineering it: We're all over the Congress, we're all over state government in many parts of the country, we're deeply involved in this area. And we're not unimportant. We may be relatively small, but we're extremely important. And my influence in this, because of people's experience with me in high levels of government and similar institutions as such—we're now moving.

A Race Against Time

Now, the point also is, that Europe for example, Western and Central Europe, is not capable, presently, of recovering



EIRNS/Stuart Lewis

Lyndon LaRouche talks with LYM members after a webcast in Washington, D.C., Jan. 11. "We're in a position, where we've got to move in, and go straight for victory, LaRouche told the Berlin cadre school."

from the presently onrushing depression. And this is no mere depression: Because I remind you that what's happening is, that the present rate of inflation in prices of petroleum, in prices of precious metals, in prices of other industrial metals, essential ones, are zooming. The rate of inflation is increasing per month at the same rate, or approximately the same rate, as the development of the German hyperinflation of 1923, from June through November of 1923. That means, that under present policies, if there's not a change in policy, the United States and other countries will go down, not into a depression, but a systemic collapse, by the time of September: That's where we are, and we're racing against time to deal with that.

However, if the United States does what it should do, which is what we're working on—which means also pulling the United States back into the role as a leader in a fixed-exchange-rate monetary system of the type that Roosevelt established at the end of World War II—on this basis, we can also save the rest of the world.

First of all in Europe: Western and Central Europe don't have a chance, under their present policies. Their forms of government, at present, *do not allow them to take the immediate measures needed to save their own existence*. However, if the United States does what *it* should do, then, in partnership with Europe, and with other parts of the world, we can fix that problem, and bring the world into a pattern of recovery, and prevent this thing from going into an absolute collapse.

In terms of India and China, let's take a couple of examples of this: India is on the verge of actually doing something

which is probably the only hope for India. Because India has over a billion people, and most of them are extremely poor, and many are becoming *more* poor. India is running out of fresh water, particularly in the southern part of India. They're draining fresh water reservoirs, which can not be replenished in a normal fashion. So you need the ability for large-scale desalination of seawater, in order to solve that problem.

But India's very poor. So how can you get a fast lift on India's poverty? Well, India has one great resource: It has thorium. And as we've known since the early 1980s, that the thorium cycle in the Jülich design from Germany of the high-temperature gas-cooled reactor, which type is being built in China—that that design in scales from 120 MW up to 1,000 or higher, or chains of them, can solve the problem. All India has to do, is take a fast-breeder reactor as a charger for the thorium cycle, and it could build thorium-based nuclear power plants all over India. That is probably the greatest lift possible for India now.

A similar thing would be true of China. China is too much dependent on a world market, on product which is sold into the world market, which of course puts a drain on China, in terms of, it requires assistance from other countries in Asia, for example, in order to produce this. So therefore, China has a similar need for very rapid development of power resources, which have to be nuclear power, in order to manage its own environmental processes. And also to develop its own control of its industry, which China would be less dependent upon producing for the United States or other markets. It would



AmeriCorps members clear debris from a house in Pass Christian, Miss. in September 2005, following Hurricane Katrina. The AmeriCorps is not being used effectively, LaRouche said, but can be upgraded to undertake new missions, as we retool the auto industry.

AmeriCorps/Peter Shiffer

have a greater degree, increasing degree of actual, internal independence. And internal independence is very important for having healthy economies.

So, we're in that direction.

Why the Youth Movement Is Key

In this context, the key thing here is the Youth Movement, this is young adult youth. This is not just youth taken off the street, though they are taken off the street, in a sense. But there's a certain natural selection process, and that's what I want to concentrate on.

First of all, the first thing about a youth movement is, that young adults today, that is, between 18 and 25 approximately—they come out of adolescence, they're now young adults, they're thinking as adults with all the things that go with that when you're between 18 and 25, so-called university-age level. But the one thing about it is, they have about 50 years of active economic life before them. Whereas people of an older generation have about a quarter-century or much less before them. So therefore, many of the projects that have to be undertaken involve two generations, counting 25 years as a generation, that is, from birth to about 25 years of age. And so, we're looking two generations ahead. And two generations is convenient, because that is the adult productive life-span of youth who are now in the 18- to 25-year age-group. If the rest of the society sees the young adults coming up now, as being part of a process which means that the future is going to be better than the present, then people will react to young adults by saying, "*They are our future.*" The fact that the young adults are moving in a constructive direction, means

that the rest of society says, "Our society has a future, and these young people are the demonstration of that fact."

Now, therefore, how do you develop a youth movement? This is something which we've worked on which we've been successful at, not for any accidental reason. It is simply because I've recognized a problem of principle, which is not generally recognized in universities today. You notice for example, what I've concentrated on for the Youth Movement programs, apart from the work we do, are two things: development of mastery of physical science; and development of the singing, choral singing, of Classical works of music. They're both the same thing, because they involve the same principle, which is not generally recognized or taught in any university around the world, today.

What this is, is that, in ancient Greece, the time of ancient Greece, about 700 B.C., was arising out of a level of, a road to a dark age. Egypt was coming out of a dark age. And one part of the process, in Egypt, began to move by allying itself against Tyre and against the Carthaginians, by making alliances with the Ionian Greek states, which were closely tied to Athens; and also in the western part of the Mediterranean, with a branch of the Hittites, which had settled there, and were called the Etruscans.

So, in this period, there was a rapid rate of development of progress in what we call today science and culture. And the reason was, that the Egyptians had stimulated this section of the Greeks, Ionians, and also the Etruscans—had stimulated them to understand the secrets of science, secrets of science which are not well known in universities today. And that is, what is the difference between a man and a beast?

Well, what's the difference between gorilla or a chimpanzee, or a baboon, and a man. You say, in some cases of our right-wing politicians in the United States, you say, there isn't much difference, not functionally. The difference is, that a human being can do something that no animal can do. The human being is capable of discovering a universal physical principle. And that is, first of all, what is not taught, even in science in universities today. Rather, what's taught is sort of an algebraic scheme, how to "repeat after me at the blackboard," how to calculate this, and so on—but no understanding of a universal principle involved.

This is, for example, the subject of a book, which was the book of the Albert Einstein and Max Born debates on this issue. Born, who had been trained in part by Einstein, had gone over to this mechanistic view of the world, the positivist view, which is dominant in the world today. Whereas Einstein had stayed with the more Classical view, and looked back in his older age, looked back to Kepler and to Bernhard Riemann, as the paragons of scientific progress, which is what I look to.

So, what we did with the Youth Movement: we concentrated on a program of education, which in the first instance was on science. It was not just educating in the modern science. It was violating every rule of universities today, by educating them in the secrets of the birth of European science, which we associate today with the Classical Greeks before Aristotle, such as the Pythagoreans, or Thales, Heraclitus, and Plato.

So, by grounding our young people in the Classical Greek secrets of discovery of universal principles, we had one leg of the problem solved. And you will see the results in some of the accomplishments by our young people today. On the other side, we stuck with music. And the musical program actually developed in a serious, systematic way a little bit later.

Understanding the Creative Principle

I developed it in particular with some other people when we began to expand the Youth Movement on the East Coast of the United States. And what we started with were two things: In general, we took the Bach motet, *Jesu, meine Freude*, which is much more challenging than most people would think it is, because you have to temper the voices in certain ways to make the thing work. Now in tempering the voices, you run into a principle which is known as the Pythagorean comma principle, which is not simply a fixed entity, which corrects something. But it's the result of taking different voices, or different modalities, and different species of singing voice, as, say, the tenor, the soprano, the alto, and so forth. And when you put these voices together in a Bachian form of counterpoint, you have to temper the singing of the integral parts in the chorus in a certain way, to make the thing work as Bach intended. We also did the same thing with a Mozart motet, the famous *Ave Verum Corpus*, which is a

simpler piece, less complicated conceptually, than the Bach *Jesu, meine Freude*.

But by concentrating on this, we're focussing on developing in the young persons, an understanding of what the creative principle is. The creative principle is the difference between a man and a monkey, a man and an ape. Whereas in most science education, the difference between man and an ape is not really understood from a musical or a scientific standpoint. In fact, we have many of our modern musicians who tend to make music like chimpanzees, rather than like human beings, because they don't understand the crucial point here.

So by doing that, we develop a quality of youth which is prepared to make a scientific revolution. Not a particular scientific revolution, but they're open to making scientific revolutions. This is essential from a standpoint of education, to have a generation which understands scientific and technological progress. Today, if you go to, say, people 50 to 60, 65, 70 years of age, they no longer know what a discovery of a universal principle is. They don't understand, actually, how progress in technologically progressive production works. And here we are, in a crisis where the ability to utilize and mobilize scientific and technological progress is essential to saving world civilization! That is, without a high rate of technological progress, based on science, we can not achieve our goals of saving an endangered humanity. We can not do it fast enough to meet the rising needs around the planet.

So that's what we're doing. It's effective. I've seen the fruits of it. I've seen the way our young people are deployed in the United States under the present mobilization. We're producing what many people regard as virtual miracles in what we're accomplishing: Because it's been proven, that the kind of program of self-development which we've given to the Youth Movement has produced a growing, new generation, which has the intrinsic capability of developing into a generation capable of meeting the challenges of today and tomorrow. And that's what makes me extremely satisfied about the importance of what we're doing.

At the Point of Preventing a Dark Age

Right now, as I say, we're on the verge of a threatened, general collapse of civilization. Because, don't have any illusions: If the United States goes down, then all the Americas will go down; all of Europe will go down. And Asian countries will also go down, Asian countries which are important, like India and China. If you pull out, collapse the world system, the world system which is now considered part of the process of globalization, then the very *fact* that the world is more or less globalized now, means that the collapse of any key *part* of the world will set forth a chain-reaction which will suck all the nations of the world into the same crash, the same dark age. So we're now at the point of preventing a dark age.

We're dealing with reluctant people, people, however, who are more and more open as the crisis becomes more

clear, to listening to ideas. But they don't have, themselves, a conception of what has to be done. When our young people tell them what we're doing, they open their eyes, and they're interested. So that if we take the rate of progress, since this particular mobilization began, I think we're on the road to success; it's not a guaranteed success, but probably it's the only road to success that exists.

And we're doing it in the United States. It has to be done there, because history has determined the United States has a special place. Not as an imperial power—the United States is not an imperial power. Trying to make it an imperial power *won't work*; you can't do it. You can try, but it won't work. We don't have the oligarchical tradition, which an imperial power requires. So we couldn't become an imperial power, even if Bush and Cheney wish us to become one. It just wouldn't work. But we are crucial, because of what was embedded in us, as a melting-pot nation, which is European culture, largely, but it's free of the extremes of oligarchical tradition which Europe suffers. And therefore, we're in a position, now, as in the past, as under Roosevelt, we're still in a position to take the leadership, in organizing the rest of the world as partners with us, in a common effort to save this world from a depression, a very deep depression.

And, that's what we're doing. I'm happy with it. It's excellent. I'm proud of it. I'm proud of my people. We're on the right track, and we want more people to join us in doing the same thing.

Okay: Let's get back to you, because I'm sure you have a lot of discussion, a lot of things to throw at me.

Dialogue

Q: Hello Lyn. A few days ago, you proposed that we reproduce the auto pamphlet here in Germany, but that the youth do it. And we have a couple of people here in Leipzig, that want to take on this challenge. So in our first meeting, there were a lot of questions coming up, and particularly whether, to what extent for example, we should involve the Boomers to gather data and so on? And also, shall we do it for a nationwide study, or is it like, for the region of Saxony?

And also, shall we focus on the auto industry, as we do in the United States? Or shall we look at other viable industries in Germany, such as transportation in general, and energy, for example?

And generally, maybe you can elaborate a bit more, what you were thinking when you were making your proposal.

LaRouche: My principle is, if you want to have the kind of effect, which is a technological and political effect, you've got to concentrate specifically on those kinds of industries which are characteristically machine-tool type industries. Not any industry. Now every industry is affected by machine-tool type product, but the auto industry is particularly susceptible to that. But don't think of it as an auto industry. Think of it as



EIRNS/James Rea

LYM members work together at the cadre school on pedagogical demonstrations. LaRouche's program of education for the Youth Movement violates "every rule of universities today, by educating them in the secrets of the birth of European science, which we associate today with the Classical Greeks before Aristotle, such as the Pythagoreans, or Thales, Heraclitus, and Plato."

an industry which has a high machine-tool composition. That kind of thing.

For example, you had this MBB [Messerschmitt-Bölkow-Blohm] in Germany, prior to the breakup of the Soviet system, which is, that system, MBB, was more or less dissolved. But MBB had a concentration of about 10,000 design engineers! Imagine, 10,000 people who were essentially working on design engineering! For aerospace, and outer space, and things like that; who involve people in Germany, who are sometimes small shops of two or three specialists, who are doing specialized, advanced scientific tool-making. This has been largely destroyed. So you have a section of the basic industry, of the basic machine-tool sector, the *Mittelstand*, that part, has been destroyed.

So the thing you've got is, you have to have a science orientation. You have to have a major project, which is: What do you do with certain kinds of lost industrial capacity? How can you bring it back? And get a general discussion. And what happens, as in the United States, you immediately find yourself in the middle of what the national economy of Germany needs.



Ford Motor Co.

Production of the Ford Focus C-MAX in the plant at Saarlouis, Germany: LaRouche proposes that the U.S. and Germany “form a trans-Atlantic program of cooperation to save the potential in both countries, in the interests of both, and in the world at large.”

Now, for example, in the case of the area of Berlin, which is already a conscious undertaking for people there: Berlin is the capital of Germany. It's a large city. It is the *soul* of Germany. That is, with all the problems it has, the German nation, the people of the German nation as a whole, are going to look to Berlin. And if they're pessimistic about Berlin, they're going to be pessimistic about Germany. If they're optimistic about Berlin, they're going to be optimistic about Germany.

Now, Leipzig, of course, is special in the sense of what the cultural history is. And you have elements of science there. So the point is, to take the thing of the Saxony operation, and take Saxony in relationship to Berlin. Because you want to have a national program (and a European-wide program, also)—but a national program for Germany: You've got to start with Berlin. You've got to think about how Berlin has to be developed, or the area around Berlin has to be developed. Now you take Saxony: Saxony is a completely underdeveloped area now, being run down. It has a history of technological capability. We want to focus on the Classical music, which is especially the *bel canto* singing; and focus on science, as we do in the United States with the Youth Movement, but focus in a task-oriented way, which looks at industries which are science-intensive. And a science-intensive industry is usually the same thing as one which has a high machine-tool content orientation. And that will get the action.

Because, people who work for a living, in factories for example, know the importance of the machine-tool design

capability. For example, Germany is going to survive, if it does, on the basis of its integrated role in the development of Eurasia. And this is not going to mean cheap labor. It's not going to mean pushing low-grade jobs. It is going to be involved in producing product which is needed in Asia, for the development of these large population areas, which must be rapidly developed in order to meet the challenge of existence of these nations, today. So, we're talking about 25 to 50 years of long-term Eurasian development, which has to come, in large part, from Western Europe, and this means, especially, that it will be organized from Germany: through Russia, into China, India, so forth, other areas.

So therefore, the question is, get a concept of what it is you're doing, and adapt the concept to the actual reality you found on the ground. Take Berlin as the center of Germany's future: Focus on that: What Berlin must do, can do. Focus on Germany, with a focus on Berlin. Focus on Germany as a whole, and Berlin, on the orientation toward a Eurasian development scheme, for 50 years to come: What does Asia need from Europe, in terms of contributions to development for the coming 50 years, on the basis of long-term treaty agreements? Then go back to Germany, within Europe; take Berlin, then take Saxony as an adjunct to Berlin. And look at it that way. You can not make a mistake: Because once you start to work in that direction, you're going to find out that everything begins to fall into place, and what was unclear at the beginning, will become clear in the process of working this through.

Bringing Science and Culture Together

Q: Hello, I had two questions. Both are on the auto sector. As General Motors and Opel are connected, how would a bankruptcy or the reorganization you have proposed, either one, feed into Germany? And how would that be a direct—could we for example, directly mobilize petitions to move on your legislation proposal? And the second question, you mentioned that in Saxony you have a technological-scientific tradition, but also the *bel canto* tradition. How do you see those feed together? How does the universal principle and the social principle, how do they work together?

LaRouche: Well, I would take the auto sector first, because that's simple. What I propose is, that you take the section of the auto industry, which is excess capacity for production of autos today, and you take that section and the government takes it over under a special sponsorship. We've done this before. We have a bill.

For example, at the end of the 1980s, we had the collapse of the savings and loan institutions, which was in danger of putting the whole system into crisis. So the government, under a special law, took over responsibility for organizing this to prevent chaos. Now, what we would do, is take a similar kind of legislation, and probably that itself is a model law: Use that to take over the section of the auto industry which is not going to be used by automobile manufacture, but which is actually interchangeable, completely, with this machine-tool sector, for fixing elements for river systems, like the locks on river systems; for building power plants; for dealing with major water-management systems; for building railroad systems.

So take that element, where you have machine-tool designers, who are the *gut* of anything—any economy that's worth anything is based on machine-tool design. Machine-tool design is the link between physical science *as such*, and production and design: So we take that, and we organize that, as one unit, together in cooperation with the military Corps of Engineers sections, with AmeriCorps, with other institutions which are essential for dealing with the combined function involved—Public Health Service and so forth.

All right, now: The minute we do that, you have a situation like the case that you mentioned in Germany, where General Motors and the German firm are tied together. In that case, what we would do—certainly I would do it—is you immediately go to your diplomatic department, and you negotiate an agreement with Germany—if Germany wishes to cooperate—with Germany on getting a trans-Atlantic program of cooperation to save the potential in *both* countries, in the interests of both, and in the world at large.

So I would say, we would extend our cooperation, to try to keep what is functioning that is good, still functioning. And you've got the same thing with the rest of the auto industry—you have Volkswagen, which is going through a major crisis right now. So therefore, we have an interest, as civilization, in maintaining these productive capacities. *We don't want people on 5 euro jobs! Or 1 euro jobs!* We want people em-

ployed in producing wealth, not gobbling it up, not doing useless work, to keep them on the dole. We want the employment capabilities of a type which is good for nations, it's good for the world economy, it's good for the economy of Germany, in particular. So therefore, we cooperate, and we do that by a diplomatic agreement and we come up with easing legislation which is negotiated as a treaty agreement, and that's the way we handle it.

Performing 'Between the Notes'

Now, on the question of culture: The common link between science and Classical culture is the creative principle, which is absent from all animals, but also absent from the awareness of most people today. Scientific discovery is not something you discover by mathematical formulas. Mathematical formulas are things you use to describe the effects of a scientific discovery, that is, of a universal physical principle, like Kepler's discovery of universal gravitation. For example, we take the case of the early Pythagorean discoveries, which throw out all Euclid, and which came in later.

Now, in music, in Classical music you have the same principle: This is best illustrated in Germany, in recent German history, by the work of conductor Wilhelm Furtwängler, with which many people I think are still familiar. Furtwängler had the ability to direct compositions which no other conductor I've ever known, or ever heard could do as well, even approximately. Furtwängler used to call this "performing between the notes." What "performing between the notes" is, essentially, is it's based on the Bach method of choral singing, such as *Jesu, meine Freude*, where the problem of *Jesu, meine Freude* properly, means you have to have a tempering, that is a sharpening and flattening at various points in the performance, so that the work is a unit.

What we use as a model of this, you have the case of the comparison of the *Grosse Fuge* of Beethoven, and you compare that with the Bach *Art of the Fugue*, which is an incomplete work; it's the work he was working on when he died. Particularly, the fourth section of that, and compare that directly with its relevant piece in Beethoven, which is the *Grosse Fuge*. Now, Beethoven was very aware of this, and did the *Grosse Fuge* with an understanding, and a reflection upon Bach, whom he loved and knew very well. So, in that the *Art of the Fugue*, you have a problem of tempering. If you don't temper, the thing sounds like a mess. But if you *do* temper, you've got one of the most beautiful and powerful pieces of work you can imagine.

The same thing with the *Grosse Fuge* of Beethoven. If it's performed badly, or performed in a straightforward, mechanical way, it's a mess! But if you perform it with insight and tempering, it's one of the most beautiful and powerful compositions. You have a similar thing with Mozart; in 1782, Mozart was involved with this study of Bach, and as a result, a reflection of that, he at that point, became a master of improvising fugues. But at a later point, he wrote this *Adagio and*



The LYM chorus at the Berlin cadre school on May 13. "The principle of creativity lies in the tempering, which is a reflection of the original concept of the so-called 'Pythagorean comma,' It is whatever you have to do, as a result of putting several voices together, in order to temper, in order to have a perfect continuity of development in the performance of a composition."

EIRNS/James Rea

Fugue composition, and again, you hear that, and you hear Bach! You hear the effect of Bach, just as you do with Beethoven's *Grosse Fuge*.

So, the principle of creativity lies in the tempering, a tempering which is a reflection of the original concept of the so-called "Pythagorean comma," which is not a fixed magnitude. It is whatever you have to do, as a result of putting several voices together, in order to temper, in order to have a perfect continuity of development in the performance of a composition. So that, if you take people who are trained: You know, we take once a day, for five days a week at least, people get together and do the choral work, preferably under good direction, where the tempering factor is brought into play, and do that every day, as a warm-up for the day. You know, tune-up, do your Florentine *bel canto* exercises, tune up, and then take a piece of work, and work on it, from the standpoint of tempering. And as you do this, your mind becomes closer and closer to what should be the result, the *intention*. The simplest one is the Mozart *Ave Verum Corpus*. Because it's short; it has a single thing, a series of Lydian intervals, and you can do it. You *see* something. As a result of doing that, you have a change.

Now, take people when they sing, according to this kind of direction, even before they've perfected it, they sing on the streets: They have more impact, politically, on the population than *any* amount of conversation! You sing first, and then you talk. You set the tone. You've set the stage for intelligent discussion, by putting an intelligent atmosphere into it. Sing first! And then talk.

This is the same principle as physical science, of real

physical science. So the two things go together. That's why we developed this program in the States the way we did: Is to integrate, stick to two things. Don't go all over the lot, with a course of this, and course of that. *Take one thing*: Understand the history of science from the Pythagoreans and Thales, through Riemann, and the implications of Riemann, today. Understand that. Because if you have mastered that, if you can understand it from the beginning of European science, among the Pythagoreans, and Heraclitus, and Thales, and you can work your way through to the concept of Riemannian hypergeometries, *you know everything that you need to know*, in terms of understanding what man has accomplished so far in science. *Take that, know that*, and then branch out to the side trips.

Do the same thing with music: Take the core, the very *best* of music, in which this genius of Classical artistic composition is located, in the tempering of great works like the Bach *Jesu, meine Freude* or the Mozart *Ave Verum Corpus*. Listen to it again, from that standpoint, with that kind of vocal training. *Now* listen to Bach; now, listen to the *Grosse Fuge* of Beethoven. Now, listen to the *Adagio and Fuge* of Mozart—now you see, they are the same thing! Because you find, that inside your mind, the same state of tension which you find with scientific discovery of principle, and the state of tension which is aroused in you by these kinds of musical works, *is the same!* What the sameness is, is *human creativity, the difference between man and the ape*. This is the sense of man's immortality, as distinct from the animals: It's one and the same thing.

If you have that, if you have that inside you, then *you*

know you are human. And if you know you're human, you can't be beaten.

When To Flank, and When To Go Straight Ahead

Q: Hello. This morning we learned about John Quincy Adams, and how he developed one flank after the other, in order to cope with his political rivals. And just a look at history—and you also emphasized that flanks are one of the most important things to use. So, my question is, how do you really come up with flanks? How do you flank not being able to make flanks? And at the same time, just recently you said, now is not the time for flanks any more. Now we head straight for the issue? How do you know when to use a flank best? And when you go straight ahead?

LaRouche: Well, you find out, when you always have an objective. What are you supposed to be doing? What are you supposed to be accomplishing? Now the reason you use flanks, is to accomplish something, and you know what you're accomplishing, how you can accomplish it.

What happens is, though, you've got the other side. Flanking is very good, but then you get people who get frightened, and you have a time where you have to go really straight ahead, at your objective. Then people get frightened. And they respond in fright, saying, "Shouldn't we flank it? Shouldn't we flank it?"

And flanking it at that point, becomes a way of *avoiding* going to a decision. It's a way of changing the subject. You raise the subject: We must do this. "Well, I agree, but I think we should flank it, I think we should go here instead." Now, sometimes that's right, and sometimes that's wrong. It depends upon what the actual situation is. But often in life, you're faced with that.

When I said, we're going straight ahead on this: Why, in this situation? Because, I know what our situation is, and I know what the problem is. I know that I personally, and people associated with me, where we *must* and can win this fight, by going into direct organization at the highest level in political life, and so forth. Look, we don't talk about a lot of things, because—not that they're really so much secret, but because of discretion. I mean, for example, I often talk with people about how we're going to deal with some situation. And I'm talking often with people who are at a very high rank in the system of power in society. And the question will come back to me, "How do you evaluate the situation?" And I will think about it, and I will tell them how I evaluate it. But I'm not going to go out and tell everybody in the neighborhood, that I just gave this advice to somebody, at this point. Why should I give the enemy the advantage of knowing that? I've helped people to influence them in making a decision. And I'm not going to brag about it all over the place! And most of the things I do, that is, some of the most important things I do, are of that form.

I'm now in a position, where a lot of confidences are

shared with me, from high places. And I'm asked my advice, as a result of what happened, especially, in 2004 and thereafter. I have a lot of influence, of that type, in the process especially in the United States. And because I've been right for so many years. And now, when they look back at this situation, what I've done over the years, they say, "My God! You were right all along."

So, that's the way it works. So I'm in that kind of situation. And what I said, when I said that, I was thinking on that basis: I know the situation in the United States. I know what the problems are, why people in the Congress aren't doing what they should be doing. But I'm not going to sit back and complain about it. And say, "Oh, we got a problem! They're not coming like—!" Don't worry about it, don't worry about it. We don't have to find some new way to do this: We're doing the right thing! This is going to work. So let's just go straight and do what we're doing, that we know is going to work, and let's not worry about what's "wrong, maybe" with what we're doing. There's *nothing* wrong with what we're doing! If there is, we'll think about it. But as of now, there's nothing wrong with what we're doing.

We are marching down the road that leads toward victory! We're marching down the road where we can change the course of world history, to save this damned civilization. And we're right now in many institutions, as an organization, especially in the United States: *We've got to march straight forward.* We're on the right path, we've got the right program, the right attitude. We've just got to go that direction, and not be deterred from that direction.

So the problem now, I face, is that when we're in the position where we can *win* for the cause, is not the time to start thinking about worrying about flanks. We're now in a position, where we might find—tomorrow morning!—that Bush is in deep trouble; find out, as indicated already, that Karl Rove may be indicted. Rove himself has said it in the White House, that he might be indicted. This is going to change the situation in the United States! Bush's popularity by Harris Poll, which is one of the most pro-Bush polls in the United States, is down to 29%! Another poll, which asked, "Do you want the President to stay on his present course?" About 21%! Well, about that 21% means that even the lunatics in the United States, a great number of the lunatics have turned away from Bush! And his vote is the lunatic vote, the hard-core vote. He's finished! Cheney's down in the range of 10% and he's *very* unpopular!

So, we're in a position, where we've got to *move in*, and go straight for victory. This is like the time in warfare, where you've got, as Grant did with the grinder at Richmond, the battle there—you had to just go straight ahead, *and settle it! Then!* And we're in that situation now. If we don't settle the issue in the short term ahead, September will roll around—if we don't have a change by September, as it looks now, the system will disintegrate. We've got to move now.

So, straight ahead.

International Intelligence

Ibero-American Officials Hold 'Emergency' Meeting

Foreign ministers from Central America, Ecuador, Colombia, and the Dominican Republic, were scheduled to meet with Mexico on May 19, in order to forge cooperative actions in response to President Bush's plan to deal with the situation on the U.S.-Mexican border. The Guatemalan government, which called Bush's decision "deplorable," announced it will immediately increase personnel in its consulates in Arizona, Texas, and California, to prepare for an increased wave of deportations.

Bush's announcement that he will deploy the National Guard on the border hit Mexico less than two months before the Presidential elections, and has sent the Fox government into contortions as it tried both not criticize their "friend" Bush, while not creating too big a backlash against PAN candidate, Felipe Calderon. With the issue heating up inside Mexico, by May 17 President Fox was already publicly denying that his government was "weak" and "timid" in front of the U.S.

PRD Presidential candidate Andrés López Obrador pointed out the obvious: people emigrate "because there is no employment" in Mexico. The National Guard is not a solution. "The relationship we should have between nations and governments is a relation marked by cooperation for development. [The U.S.] needs to contribute so that there is development in Mexico."

Russia Announces Plans For the G-8 Summit

President Vladimir Putin's aide Igor Shuvalov laid out Russia's plans for the G-8 meeting scheduled for St. Petersburg, in a statement May 17. He said the Iranian nuclear issue would *not* be on the summit agenda, but would be dealt with in a foreign ministers' meeting prior to the July 15 summit, on June 29. That meeting will issue a statement.

At the summit, Russia will present a pro-

posal for a new center to develop a vaccine against HIV/AIDS.

He said the leaders of India, Mexico, Brazil, and South Africa would meet on the sidelines of the summit. President Nazarbayev of Kazakhstan will attend as head of the CIS.

Shuvalov said he expected the G-8 summit to end with the recognition of Russia as "a difficult partner who, in the final analysis, shares all our [Western] values." He said Russia has often been asked to keep quiet on issues on which it disagreed with other G-8 members, but would not keep silent. He said Russia would speak out, and "toughly express our position, acting via UN mechanisms, including the right of veto in the Security Council, in cases where we understand that if we keep silent, everything will end in major difficulties or a . . . conflict for everyone."

The *Financial Times* said Shuvalov had characterized relations with the U.S. as not good, and not expected to improve.

Mexican Commission To Revive Nuclear

According to an Energy Ministry press release, issued May 11, the Mexican government is establishing a committee to plan out expansion of nuclear energy development. Nuclear engineering circles in Mexico are delighted at the announcement that Mexico is moving to expand its nuclear sector. Work towards this has been going on for two years by leading people in the institutions, sources report, but the move was finally made official with formation of a "Nuclear Energy Decision-Making Committee," whose mission is to analyze the feasibility of the government developing a program for the expansion of nuclear power in Mexico.

On May 11, Secretary of Energy Fernando Canales Clariond presided over the first meeting of the committee, which includes high-ranking officials of the Energy Ministry and the Federal Electricity Commission, leading nuclear experts from Mexican nuclear and electrical research institutes, and from the National Commission on Nu-

clear Security and Safeguards. The committee divided their work into three sub-committees: Confining Radioactive Waste; Adding Additional Nuclear Capacity; and Fuel Diversification.

The first decision of the committee was that it would define a nuclear energy policy by next October, which would provide the next administration a working plan.

The Energy Secretary's announcement reiterates that under Mexico's Constitution, the State has sole control over nuclear resources and the generation of energy based on this technology.

This announcement will give an added boost to the organizing for the upcoming "Oil for Nuclear Technology" conference which will be held by *EIR* and the LaRouche Youth Movement of Ibero-America on June 15 of this year. The conference will be broadcast over the internet from events held simultaneously in Mexico City and Buenos Aires. The presentations will come from Bolivia, Argentina, Mexico, and the United States. The LaRouche drive to save the auto industry will be a major component of the discussion.

Iran Turns Down EU's 'Generous Offer'

The offer by the European Union-3, which has not been made public, had reportedly contained support for Iran to acquire a light-water reactor, on condition that it renounce enrichment activities, including research.

Iranian President Ahmadinejad rejected the reported offer, saying: "Do you think you are dealing with a 4-year-old child to whom you can give some walnuts and chocolates and get gold from him?" Iran, he said, would not "accept any suspension or end" to its enrichment program. He added that Iran had demonstrated its trust in the EU in 2003, when it voluntarily suspended enrichment, but then was betrayed when the EU demanded total suspension.

Iran's position has been clear for years: it will continue all work under the surveillance of the IAEA and in conformity with the NPT; it will cooperate with any other

countries in joint projects, including enrichment (as in the Russian proposal), and invites foreign companies to work in Iran; but, it demands enrichment take place on its territory. This was clear in Ahmadinejad's UNGA speech, and was reiterated in detail in Hassan Rowhani's letter to *Time*.

Palestinian President On Tour in Europe

Palestinian President Abu Mazen (Mahmoud Abbas) is on a European tour in an attempt to resolve the aid crisis caused by the American and European governments' cutting of aid to the Hamas-led Palestinian government.

On May 15, while visiting Russia, where he met with President Vladimir Putin, Abu Mazen said, "We expect the new Israeli government to enter into talks with us, as we are its partner and believe in a peaceful resolution. The only way is talks that would lead to a resolution of the conflict between the Palestinians and the Israelis, and at which a solution would be found that satisfies both sides and puts an end to unresolved problems."

Putin in return called Abu Mazen "a friend of the Palestinian people" and praised him for "big efforts to normalize the atmosphere in the Palestinian territories."

Abu Mazen thanked Putin for Russia's transfer of \$10 million to an account controlled by him to help pay salaries of Palestinian National Authority workers.

On May 16, Abu Mazen was in Strasbourg, France, where he addressed the European Parliament. He warned of an "explosion of anger" if aid is not restored to the PNA.

"We are waiting, but we hope that we do not have to wait too long. We are in a race against time, and therefore we have to be swift in the steps we take in order to avoid this catastrophe," Abu Mazen said. He called on the EU to give the Hamas-led government a "chance to adapt" to international requirements. "Stopping assistance to the Palestinian Authority, cutting aid, will exacerbate the deteriorating

economic and social situation." Abu Mazen said that he hoped to start a "national dialogue" in the next few days that could lead the Hamas government "to amend its platform" and conform with the commitments to the peace process made by the previous Palestinian administration.

In response to Abu Mazen's appeal, EU foreign ministers said they were moving swiftly with plans to get financial aid to the Palestinians through a trust fund that would circumvent the Hamas-led government. They hoped to have this in place by June.

Primakov: Neo-Con Doctrine Like Trotsky's

Speaking to RTR TV in Moscow, former Russian Foreign Minister and former Prime Minister Yevgeni Primakov noted that in Afghanistan, "The United States, well let's say not directly created, but it was with their help that Bin Laden was created. They helped create [Afghansi drug lord] Hekmatyar. They helped create the Taliban. This was because everything was focussed on the fight against the U.S.S.R. And now this has come back to haunt them."

On Iraq, he noted that Bush 41 chose not to take Baghdad, "because, in principle, that regime acted as a balance to Iran. . . . Now Iran, in practice, has a lot of control over the situation in Iraq, and the U.S.A. is forced to take this into consideration."

On lessons unlearned, and reflecting LaRouche's well-known analysis of the neo-con policy, Primakov said: "It isn't possible to export democracy to countries that are not ready for such a type of democracy, which is forced on them—don't you see? For example, in their day the Trotskyites declared that they would export revolution to any country and the revolution would be permanent, regardless of the internal situation. This is how the Americans, without considering the internal situation, decided to sort out the situation in Iraq. And they didn't succeed. Under the previous regime Iraq was a secular state, now it is just one step away from being an Islamic state."

Briefly

MICHEL ROCARD, the former French Prime Minister, again endorsed Lyndon LaRouche's New Bretton Woods proposal for global financial reorganization on May 14, at a public forum in Nancy, France. Rocard's statement came in response to a student who wanted to know what he thought of the ideas of LaRouche associate, and Presidential candidate, Jacques Cheminade.

MALCOLM RIFKIND, a senior British Conservative politician, mooted the possibility of military action against Iran, if it did not give up its work on uranium enrichment, in an interview with London's *Daily Telegraph* published May 18. He proposed that Washington offer to restore diplomatic relations with Iran, and guarantee its borders, in return for a renunciation of nuclear weapons, and work on enrichment. Or else.

SAUDI Foreign Minister Prince Saud Al-Faisal, on the eve of a meeting with U.S. Secretary of State Condoleezza Rice, told reporters that U.S. policy to isolate the Hamas government of Palestine would result only in radicalizing the Palestinian population against a peaceful solution to the Israeli-Palestinian conflict. He said he was convinced that a policy of "inclusion" would turn Hamas toward peace.

THIRTEEN MEMBERS of the UN Security Council, with Russia and China abstaining, passed a new resolution aimed at Syria on May 17. The Syrian Foreign Ministry rejected the resolution as "interference," saying that it marks a new precedent in terms of "interference in countries' internal affairs and the bilateral relations between them."

THE PAKISTAN-IRAN border is currently being destabilized by actions taken by the Baloch tribe in Pakistan. Baloch rebels killed 20 people travelling in the area.

ITALIAN EXPERTS INSIST

A Foreign Intelligence Service Killed Aldo Moro

by Claudio Celani

In the small town of Oriolo Romano, on the outskirts of Rome, a conference took place on May 9, entitled “The Moro Case Among Doubts and Truth, 28 Years Later.” In the words of one of the speakers, the conference was aimed at keeping alive the memory of the “gravest terrorist act in Italian post-war history,” and preventing “the game from being called off” on the fight for the truth about the Moro case. To this purpose, the provincial government of Viterbo is sponsoring the establishment of a public library to house the archive of Sen. Sergio Flamigni, a resident of Oriolo Romano, and the top expert on the Moro case.

Flamigni, now 83, was a member of the Italian Parliament from 1968 to 1987, and a member of the secretariat of the Italian Communist Party under Enrico Berlinguer, Prime Minister Aldo Moro’s partner in the 1976-78 National Solidarity policy. A member of the Parliament Investigating Committees on the Moro case and on the secret P2 Freemasonic Lodge, Flamigni has published seven books, which have set the standard on these two issues. The newly launched Flamigni Archive will hold two public events every year, on March 16 and May 9, the dates, respectively, of the kidnapping and the assassination of Aldo Moro by the so-called Red Brigades terrorists.

This year, the Archive was inaugurated on March 16, with a photographic exhibit, and on May 9, with a conference featuring the most prominent experts on the Moro case, and on terrorism in general. In addition to Flamigni, speakers included State Prosecutor Rosario Priore, who has worked on the Moro case and on other famous cases such as the attempted assassination of Pope John Paul II, and Prof. Giuseppe De Lutiis, an author and expert on the history of terrorism and

secret services in Italy. Two other prestigious speakers were invited, but excused themselves for reasons related to the ongoing parliamentary election of the new Italian State President: former Sen. Giovanni Pellegrino, who recently chaired a Parliamentary investigating committee on terrorism; and Pellegrino’s collaborator and author, Giovanni Fasanella.

Intervening from the audience were two prominent personalities: former Senator and Adm. Falco Accame (ret.), who chairs the association of police victims of terrorism, and movie director Giuseppe Ferrara, who produced a well-known film, “Il caso Moro,” on the Moro assassination, with Gian Maria Volontè.

The conference took place in a crowded room in the historic Palazzo Altieri, and was opened by the chairman of the Viterbo provincial government, Alessandro Mazzoli, and by the Oriolo Romano mayor, Italo Carones. All speakers began with the hard fact that none of the five judiciary investigations and trials concerning the Moro case has succeeded in establishing the truth. Only one thing is sure: The version of the murder supplied by the Red Brigades terrorists is false.

28 Years Later, No Closer to Truth

It is still not known today who physically killed Moro, where Moro was kept prisoner, and, most important, who was giving orders to the Red Brigades. However, enough evidence has come to light to indicate that several foreign intelligence services were at work, and in a concerted action steered the Moro operation to its conclusion: to eliminate the Christian Democratic leader and stop his “national solidarity” policy.

On March 16, 1978, the day he was kidnapped, Christian Democratic chairman Moro was heading to the Parliament,



Twenty-eight years later, the truth is still not known about who kidnapped and murdered Aldo Moro, former Italian Prime Minister and leader of the Christian Democrats. The evidence points to foreign intelligence agencies, which directed the alleged perpetrators, the terrorist Red Brigades, to prevent Moro from forming a grand coalition government with the Italian Communist Party.

where the government, of which he was the main architect, was to be voted up. For the first time in Italian politics, a cabinet led by Moro's party colleague, Giulio Andreotti, was formed, with the external support of the Italian Communist Party (PCI). Moro's aim was to associate the PCI with government responsibilities, to test its loyalty both to the democratic system and to Italy's membership in the Western Alliance. This was necessary, because the PCI, in the last general elections, had won 33% of the votes, and was only two points behind the Christian Democracy; therefore, a solution had to be found in case the PCI should win the next election, and claim on constitutional grounds, to take over the government.

State Prosecutor Priore addressed this issue, recalling that because of the East-West division of the world, and the conflict between NATO and the Warsaw Pact, Western capitals looked with "horror" at the possibility that a communist Minister of Defense could eventually deliver military secrets to Moscow.

The participation of the PCI in the Italian government was enough of a *casus belli*, he said, to justify a reaction not only from Western intelligence, but also from Moscow, because PCI leader Enrico Berlinguer had openly criticized Soviet

Communism and had launched his own brand of democratic communism—"euro-communism"—together with Spanish Communist Party leader Santiago Carrillo and French Communist Party leader George Marchais.

Another *casus belli* for the Moro assassination originated during Moro's imprisonment: the fact that Moro, under interrogation by the "Red Brigades," revealed information and delivered documents pertaining to the existence of the secret NATO "Stay Behind" fascist network dominating the Gladio group. Evidence collected by investigators over the years and, more recently by Senator Pellegrino's committee, indicates that Western and Soviet intelligence networks acted in concert to steer the Red Brigades terrorists to execute Aldo Moro.

Senator Flamigni focussed, in particular, on the role of the Israeli secret service, the Mossad. Flamigni reported that, "on the basis of particular information, Pellegrino has pushed the proposition that in a certain phase of [Moro's] kidnapping, a secret service from an allied country intervened in the case, taking on itself the double task of rescuing the tapes [of Moro's interrogations] and freeing the prisoner. 'But eventually, it accomplished only the first task and let Moro be killed in order to settle an old account,' " Flamigni quotes Pellegrino.

In 2005, Pellegrino revealed that the allied secret service which entered the game was the Mossad. The source for this revelation, Pellegrino said, is Francesco Cossiga, the former State President who, in 1978, was Interior Minister and coordinator of the police and intelligence efforts to find and rescue Moro.

Witness accounts supply evidence to corroborate this report: On the morning of May 9, Flamigni said, in the presence of Socialist parliamentarian Claudio Signorile, Cossiga reacted to the news that Moro's corpse had been found, by turning pale and murmuring: "They had promised me that they would save him." Signorile adds that Cossiga had kept him in his office in the expectation of a "good news," that is, the liberation of Moro.

Also, Rome police chief Emanuele De Francesco, a few days earlier, "had said that, according to his information, Moro would be released alive on Tuesday," May 9, according to records of a recent trial related to the Moro case. "That the Mossad had played a role in the case," Flamigni stated, "had already emerged out of the investigations made, on behalf of the Parliament Committee, by police officer Massimo Gi-raudo, who, from an old object found in Via Gradoli [one of the Red Brigades hideouts], a car key belonging to a Jewish [intelligence agent], and out of old classified documents in the Carabinieri and SISMI [military intelligence] archives, had traced back to the area of the Jewish Ghetto in Rome, and an investigation made by SISMI on Palazzo Caetani."

The Role of Palazzo Caetani

Flamigni refers to an investigation done by SISMI in 1978, during the Moro kidnapping, of people living on the

same street, Via Caetani, where Moro's corpse was delivered inside the trunk of a red Renault. SISMI had apparently received a clue, which focussed on one member of the aristocratic Caetani family, a musician named Igor Markevich, who had married one of the two Caetani princesses, Topazia. Markevich had a background which led them to suspect that he might be a double or a triple agent: for the British MI6, the KGB, and the Mossad.

More important than Markevich, however, was another figure: Hubert Howard, a British Psychological War Branch officer in World War II, who had married the other Caetani sister, Lelia. Howard is among the founders of the Italian proto-fascist environmentalist movement and belongs to one of the oldest British aristocratic families. He was part of the elite of the Anglo-American military and intelligence establishment, which oversaw political and cultural life in Italy after World War II, including the recycling of old fascists into police and intelligence structures. However, the results of the 1978 SISMI investigation on Palazzo Caetani are not known; there is no written report on that investigation, which indicates that the report has been destroyed.

The Italian LaRouche movement had pointed to the Palazzo Caetani as early as September 1978, in a pamphlet titled "Chi ha ucciso Aldo Moro?" (Who Killed Aldo Moro?), published by the European Labor Party. Unaware of the SISMI investigation, the Labor Party had received information, during work on the dossier, that Moro's prison could be found in the Palazzo Caetani. The same source had indicated the name of Johannes Schwarzenberg, an Austrian aristocrat who lived in that palace and who, in his capacity as ambassador to the Sovereign Order of Malta, enjoyed diplomatic immunity and the ability to protect a terrorist hideout from police intrusion.

Another person named in the Labor Party dossier, who eventually emerged as very close to Hubert Howard, was Count Francesco Malfatti di Montetretto, director general of the Italian Foreign Ministry. This individual was described as an intimate of the Caetani family, and especially of Howard, in a 2001 book authored by Giovanni Fasanella and Giovanni Rocca. Fasanella is a collaborator of Senator Pellegrino, with whom he wrote two books.

Italy's Mideast Policy Key

At the May 9 conference, State Prosecutor Priore stated that although the judicial truth in the Moro case has never been determined, we should nevertheless develop an historical-political judgment. "What strikes me the most," Priore said, "when I turn back to those events, is those very heavy words pronounced by Renato Curcio, one of the founders of the Red Brigades, together with Alberto Franceschini. He insists that there has been a pact, a disgraced pact between the terrorists and institutions which know how certain crimes and terrorist attacks took place, but do not speak about it."

"What took place in 1978," Priore said, "perhaps occurred because of what we have always called the '*conventio ad excludendum*,' that is, the exclusion of the Italian Communist

Party" from the government. "I must, however, stress that today's May 9 is a date as relevant as well for our history, as today we will probably see elected as State President a man who has for decades been a member of the Italian Communist Party." Priore was referring to Giorgio Napolitano, an old PCI leader and now a member of the PCI successor party, DS, who has just been elected President of Italy.

As for the secrets that Moro might have revealed to the Red Brigades, Priore said, "I do not think that Moro possessed state secrets." Moro did not even know exactly what "Stay Behind" was, but he knew where the documents were, and in effect, documents disappeared both from Moro's office and from a safe in the Ministry of Defense, Priore said. But Moro, as a former Prime Minister and Foreign Minister, and through his close connections to Colonel Giovannone, the head of the Italian intelligence in the Middle East, knew a lot of things concerning, for instance, to which Palestinian faction money from Washington went; or what was being prepared in Egypt where, in that period, Anwar Sadat was beginning a strategic about-face, breaking his alliance with the Soviet Union and allowing the United States to build a strategically key base in Egypt.

Moro "was the continuer of the Italian pro-Arab policy, which he did not invent; it is a tradition inaugurated by Francesco Crispi" in 1887. Pursuing the pro-Arab cause, "Moro put himself necessarily on a collision course with Israel, and this is a fundamental issue. Between Italy and Israel," Priore said, "there has always been a 'noble duel,' because each country tried to present itself to Washington as the best ally of the United States in the Mediterranean. Therefore, they pulled every sort of trick against each other. If I make a list of all the Israeli attempts to implement terrorist attacks on our territory, which we have discovered, you would be shocked."

Then, there is another player, which one of the Red Brigades leader, Giovanni Senzani, calls "the third player," and this is France. One of the papers found in Senzani's house, was a 1981 report on a meeting of all "revolutionary" forces in the world, in which Senzani writes that "the last three attacks" must be attributed to this "third player." These three last attacks are indicated as TS (Trieste), BO (Bologna), and "Synagogue." "Therefore, let us take into account that there are not only the two big players, the United States and the Soviet Union, but there is also a third player, and I say, as Senator Flamigni insisted, that there is for sure a fourth player, which is Israel. Therefore I invite everyone who wants to deal with this matter to look at the deep history of nations, their national interests, the guidelines that sometimes last much longer than governments. We have seen how the Soviet Union has continued the foreign policy of Czarist Russia, and how Churchill's England has continued in the same policy with Labour governments after World War II."

Speaking next, Professor De Lutiis agreed that there has been a "convergence of interests" of several powers in the decision to kill Moro. "I believe that 99% of the Red Brigades members were in good faith," De Lutiis said, "But I still

hypothesize that at the top, there were persons in contact with other circles.”

As one example, De Lutiis mentioned statements delivered by Carabinieri General Bozzo, who was a close collaborator of Red Brigades hunter, Gen. Carlo Alberto Dalla Chiesa, in 1977, and again, after the Moro assassination. “Bozzo reported that Dalla Chiesa gave him a working hypothesis, based on the fact that in earlier minor terrorist acts in Savona 1974 and 1975, connections had emerged among right-wing circles, freemasonic networks, organized crime, and intelligence structures. Dalla Chiesa told Bozzo that he was reminded of a similar structure formed during the war, with “Stay Behind” functions, called “Organizzazione Franchi.” The leader of this group was a young aristocratic officer, Edgardo Sogno, who had fought in the Spanish Civil War against the Republicans, and then later on turned “anti-fascist” in the liberation war in Italy.

In 1973, a conspiracy for a *coup d'état* involving Sogno was discovered in Turin, and Sogno was arrested and investigated. Eventually, he was acquitted. In his autobiography, published post-mortem in 2001, Sogno revealed that he indeed had plotted a serious *coup d'état*. Reading that biography, first-generation Red Brigades leader Alberto Franceschini recognized that Sogno had penetrated to the very top of the Red Brigades with his agent. Franceschini is convinced that the second-generation leadership of the Red Brigades, the one that planned and performed the Moro operation, was steered by the Sogno group. Sogno had key connections to Washington and to NATO headquarters, from the time of his close association with NATO Secretary General Manlio Brosio.

The Sogno-steered Red Brigades leadership was centered on a language school in Paris called Hyperion. “We do not know yet what Hyperion really was,” De Lutiis said. Some sources have characterized Hyperion as a “CIA” center, others as a crossroad of several intelligence networks.

A Pattern of Assassinations

Moro’s assassination is part of an international pattern of major assassinations that started in 1962, De Lutiis said. Today we know with certainty that the death of Italian industrialist Enrico Mattei, in October 1962, was an assassination. Thanks to the 1992 investigation, using advanced forensic techniques, prosecutors were able to find traces of explosives on Mattei’s ring. “Maybe that crime had international string-pullers; maybe it was the Seven Sisters [the major oil compa-



EIRNS/Claudio Celani

The conference in Oriolo Romano on “The Moro Case Among Doubts and Truth, 28 Years Later.” Left to right: chairman of the Viterbo provincial government, Alessandro Mazzoli; Rosario Priore; Mayor of Oriolo, Italo Carones; Sergio Flamigni; and Prof. Giuseppe De Lutiis. Flamigni has donated his vast files on the Moro case to a public archive, to keep the evidence intact and the case open, until the murder is fully solved.

nies]. In any case, it is high-level forces which were able to prevent justice from being done.”

Mattei was the first in a long list, which includes John F. Kennedy, his brother Robert, Martin Luther King, Olof Palme, Anwar Sadat, and Patrice Lumumba, De Lutiis said. “All these persons had reached a level of government or of influence that could have shifted the policy of major countries in the direction of national autonomy and favoring the rights of poorer countries,” De Lutiis said.

The conference then heard contributions from two distinguished members of the audience: movie director Giuseppe Ferrara and Adm. Falco Accame (ret.). Ferrara delivered a piece of evidence to the Flamigni Archive, a videotaped interview with witnesses in Via Fani, the street where the ambush against Moro’s car occurred.

Accame raised the issue of what he calls the “Gladio Abroad” network, that is, a parallel network to the official NATO “Stay Behind” networks, which was composed of professional military personnel who were deployed behind “enemy” lines abroad, that is, Soviet or Soviet-allied countries. One member of such a network, Antonino Arconte, claims that his superiors knew about the Moro kidnapping before it occurred. Accame, who has recently addressed this issue in an interview with *EIR* (Nov. 4, 2005) insists that Arconte’s reports must be investigated in order to establish whether they are true and, in case they are not, to establish who has deployed Arconte and why.

In private discussions after the conference, this author was informed that the U.S. Ambassador to Italy during the Moro kidnapping, Richard Gardner, in his 2004 autobiography had attacked Lyndon LaRouche.

Editorial

Crisis Requires Emergency Action By Congress

Upon hearing the reports, which circulated broadly over the weekend of May 13-14, that Bush confidante Karl Rove had already been indicted, and that Independent Prosecutor Patrick Fitzgerald was simply giving him time to wrap up his affairs, Lyndon LaRouche issued the following statement on May 14:

“A series of crucial developments around the looming indictment of former White House Deputy Chief of Staff Karl Rove has created a situation in which Vice President Cheney is now overripe for emergency impeachment proceedings, and the President himself is experiencing the onset of a threatened personal systemic crisis. The mere fact of this situation, so fairly described, creates a threatened discontinuity in the functions of the Federal government, a discontinuity we can not permit to develop under the presently perilous global financial-monetary and related crises.

“In such a setting, it is imperative that sensible leaders within the Congress take some appropriate form of prompt initiative, to restore a sense of faith in our Federal government among the relevant institutions here, among foreign governments, and our citizenry generally.

“The pivotal economic and social crisis of the U.S.A. at this instant is the implications of an onrushing destruction of as much as two-thirds of the U.S. automobile industry. Failure to act immediately to prevent that catastrophe from being allowed to proceed, would have incalculable effects on public confidence in the U.S. society here at home, and abroad.

“At this juncture, my associates and I have elaborated a programmatic emergency action needed to prevent the collapse of the U.S. as a modern economy, through adopting the idled capacity of our automotive industry for urgently needed measures of reconstruction of lost and disintegrating basic economic infrastructure of our nation. Action to accelerate the adoption and implementation of that program now being prepared for Federal legislative action would restore public confidence in our Federal government at a time the Presidency itself has the lowest level of still sinking public confidence in its recent history.

“Cleaning the rascals out of the White House and Vice President’s office is, unfortunately, an urgently needed action, but it is not an uplifting experience. Action by the Congress which gives our people reason for confidence in our Federal system, is the positive note urgently needed at the perilous moment of Vice President Cheney’s looming, overdue downfall.”

As of this writing, nearly a week and two grand jury sessions later, Prosecutor Fitzgerald has still not announced any indictments. But keep the fundamental reality in mind: The future of our nation will be determined not by the speed with which the rascals, even traitors in the Bush Administration are cleaned out, but by how effectively and rapidly we succeed in putting the alternative policy of economic development in place.

The LaRouche Youth Movement is currently on a mobilization behind LaRouche’s legislative initiative. The youth are coordinating lobbying efforts between Washington, D.C., and state capitals and union halls around the country, and holding educational sessions where they are required. This, they are telling the public officials, is a battle that must be won.

While the youth are the spearhead, LaRouche’s Political Action Committee is also taking other action, including mailing copies of the legislation, an LPAC DVD on retooling the auto industry, and LaRouche’s platform document to elected officials, Republican and Democrat, in Ohio, Michigan, Indiana, New York, Pennsylvania, and California.

As Debra Hanania-Freeman, LaRouche’s national spokeswoman, recently put it: “We have simply come to the point where we are out of time. Action must be taken, and taken *now*. . . . It is imperative that state and local organizations pass resolutions demanding that their Congressional representatives move to introduce such legislation. I also urge you to contact your Congressional representative personally on this most urgent matter. . . . The fact that the entire House of Representatives and one-third of the Senate must stand for election this year makes all of them very attentive at this particular time.”

The time to act is *now*.