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Argentines Consider Alternative to Economic Suicide

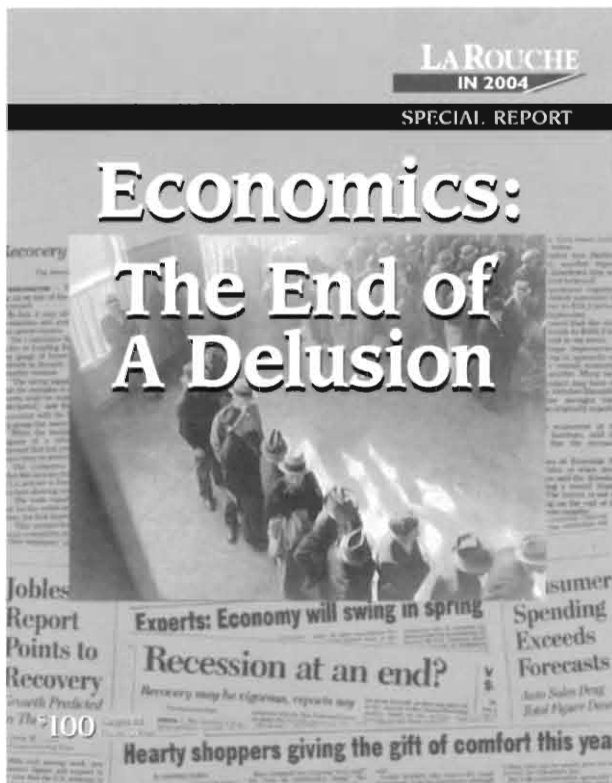
LaRouche: The Mideast As a Strategic Crossroad



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From the Associate Editor

In the 28 years of its existence, *EIR* has gained the well-deserved reputation as the magazine that tells you what you need to know, not what you prefer to hear. Some people find that not to their liking; but with the world sinking each day deeper into economic crisis and war, isn't it about time to look for truth, rather than self-consoling delusions?

You'll find a lot of truth, in this week's jam-packed issue.

Let me suggest that you start with Lyndon H. LaRouche's statement on page 66, "Who Did Kill Cock Robin, After All?" He sets the record straight on Sept. 11, and makes a simple proposal: "The Executive and Congress should make truth, not 'spin,' the standard for intelligence work. It would be a wonderful change!"

LaRouche and his associates worldwide are intervening to achieve a shift in the otherwise tragic trajectory of our age. You can be sure that Henry Kissinger, the man who orchestrated the 1973 "oil price hoax," is among those pacing the floor as we go to press, trying to figure out how it could have happened that LaRouche—who is supposed to have been "marginalized"—addressed a conference of dignitaries in Abu Dhabi, on "The Role of Oil and Gas in World Politics." LaRouche's speech is published in this issue, along with some highly spiced dialogue with the audience.

We also have a report on the visit to Argentina of *EIR* Ibero-American Intelligence Director Dennis Small, whose message of optimism was heard eagerly by a nation that has been almost destroyed by the policies of the Anglo-American financier oligarchy.

Our Feature is going to make certain people (not only Henry Kissinger) absolutely hysterical. Here, we provide shocking documentation of the *fascist* character of Israel's faction known as "Jabotinsky's Princes," which includes current Prime Minister Ariel Sharon. These are the people who murdered Oslo peacemaker Prime Minister Yitzhak Rabin, and who are now *consciously* using against the Palestinians, the policies of the Nazis against the Warsaw Ghetto. In their own words, we present this grouping, the pawns of British intelligence historically—including their avowed support for Benito Mussolini and Adolf Hitler. Israelis of good will know the truth about these people; they need international support, to break the grip of the Jabotinskyites over their own population.

Susan Welsh

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Arabs Turn to LaRouche for Strategic Vision for Mideast

by Muriel Mirak-Weissbach

The keynote of the June 2-3 conference in the United Arab Emirates on “The Role of Oil and Gas in World Politics” was given, not by an Arab, but by Lyndon LaRouche, candidate for the 2004 Democratic nomination for U.S. President. In the U.A.E.’s capital, Abu Dhabi, leading personalities from Arab oil-producing nations gathered at the Zayed Centre for Coordination and Follow-Up of the Arab League; they heard LaRouche speak on “The Mideast as a Strategic Crossroad.” His participation underscored the growing influence of his ideas in the Arab and Islamic world, especially since the dramatic events of Sept. 11.

Where official Washington is viewed with circumspection, and the policies of the “war against terrorism” have generated fear and mistrust, LaRouche has become known as a trusted interlocutor, whose policy alternatives represent the true interests not only of the Arab and Islamic world, but of the United States itself.

The Zayed Centre emphasized in pre-conference releases issued to all the major Arabic press, that it “does not want this dialogue to be an Arab-to-Arab dialogue, but . . . an Arab dialogue with all parties in the world that are interested in the issues and future of the Arab world.” The release added that “the major American politician and Presidential candidate” was invited “as an appreciation of the positive stances expressed by LaRouche toward the causes of the Arab nation and just causes in all parts of the world in general.”

Seeking Alternative to War, Destabilization

In the targetting of Arabs and Muslims worldwide as supporters of terrorism since Sept. 11, oil giant Saudi Arabia, Iran, and Iraq have been singled out for special attention. At the same time, the forces behind the Sept. 11 attempted coup d’état pushed the Bush Administration into backing Israel’s

war on the Palestinians, opening a Clash of Civilizations war against Islam, which they intended to unleash with the World Trade Center and Pentagon attacks. Under the same banner, an Anglo-American force has extended its military presence into the resource-rich areas of Central Asia and the Caucasus. Scenarios spun by leading British and U.S. think-tanks have openly proposed to knock out Iraqi and/or Iranian oil production by pre-emptive strikes, and then, to secure a oil supply by taking over Saudi oil fields by military force. Or, in alternative versions, that the United States could simply abandon the area to war, and draw for its energy needs on the alternative sources in the nations of the former Soviet Union—the energy agreement signed at the recent summit between U.S. President George Bush and Russian President Vladimir Putin is so described.

Thus, the Mideast oil-producing nations’ fears of destabilization are well-founded and real. It is in this context that the Abu Dhabi conference took its special character. The organization which arranged it, the Zayed Centre, is recognized by leading Arab powers, as a crucial intellectual and political institution forum for both Arab-Arab and Arab-international discussion. Founded in 1997 at the initiative of the U.A.E. President, it has a dense program of activities, sponsoring single lectures on a regular basis, and international conferences several times a year. Saudi Foreign Minister Prince Saud Al-Faisal, recently praised it for “tackling issues of the Arab world . . . [and] developing a concept of integration and unity in the Arab and Islamic countries.”

The center is under the high patronage of H.H. Sheikh Sultan Bin Zayed Al-Nahyan, Chairman of the center and Deputy Prime Minister, who presided over the opening session which LaRouche keyed.

LaRouche was introduced by Mohammed Khalifa Al



Lyndon LaRouche with Dr. Ubaid bin Masood al-Jahni between sessions of the widely followed conference on “The Role of Oil and Gas in World Politics” at the Zayed Centre in Abu Dhabi. The conference was held June 2-3; LaRouche’s address was given on the first day.

Murar, executive director of the ZCCF, who emphasized LaRouche’s “critical vision, inside the U.S. and worldwide,” adding that the candidate lived “politics as human thought,” preserving his “integrity and honesty.” LaRouche’s keynote (printed below) defined the Middle East, which historically has been a crossroads of civilization between Asia and Africa, as a strategic crossroads today. His approach was much appreciated for bringing a much-needed view of optimism into an otherwise gloomy picture.

Many speakers displayed a preoccupation with instability in oil prices and markets, and with political trends in the United States in particular shifting away from the Gulf region. H.E. Obeid bin Saif Al-Nasiri, Minister of Petroleum and Mineral Resources of the U.A.E., emphasized that the region’s oil and gas reserves are the highest in the world, and should continue to provide energy worldwide for decades to come. However, he said, various factors, including the Arab-Israeli conflict, were discouraging investments in the region, and adding to instability. The minister cited Russia’s having broken its agreement with the Organization of Petroleum Exporting Countries on production, and hoped that Russia would cooperate with OPEC and others to stabilize the market.

Several speeches dealt with the fraud of the Caspian Sea “bonanza.” The Chairman of the Arabian Gulf Center for Energy and Strategic Studies in Saudi Arabia, Dr. Ubaid bin Masood al-Jahni, showed in his presentation that the proven reserves of OPEC, or those of the Persian Gulf producers alone, dwarf those of the Caspian. The Gulf region possesses more than 60% of the world oil reserves. Some 40% of world oil imports, and 59.1% of America’s, are supplied by the Gulf region. He added that the world, including China, is slated

to increase oil dependence on the Gulf through the year 2008. Citing the International Energy Agency 1999 report, he indicated that total world demand in the first quarter of 1999 reached 74.9 million barrels per day (bpd); reports by the U.S. Department of Energy in 1999 and 2000 showed it increasing to 117.4 million bpd in 2020.

Dr. Al-Jahni said that the world demand on oil during 1997-2020 will increase at 1.3% annually; that OPEC oil will remain in first place for world energy consumption during 1998-2020; and that Saudi Arabia, the U.A.E., Kuwait, Iraq, Iran, and Venezuela will secure about 42% of world demand in 2020. The Arabian Gulf provides 88% of OPEC production, and half of OPEC reserves, which in turn, are three-quarters of world reserves.

Dr. Al-Jahni liquidated the myth of Caspian Sea oil in answer to a question.

Caspian Sea oil reserves do not exceed 40 to 50 billion barrels, he said, which is not even equivalent to the oil reserve in the Zakum oil field in the U.A.E., or half of the reserves of the Gawar oil field in Saudi Arabia. If the Caspian were proven to have such oil resources as the United States is claiming, there are other factors—political, geographical, economic, and others—which would render it prohibitively expensive.

Oil as Perceived by Sheikh Zayed

The U.A.E. is seen as a model by many resource-rich developing nations, for allocating export earnings to spur national development. In a paper submitted by the Zayed Centre, “Oil as Perceived by Sheikh Zayed,” the early vision of U.A.E. President Sheikh Zayed bin Sultan Al-Nahyan, was summarized. Sheikh Zayed, the founder of the modern U.A.E., and its President since 1966, sees petroleum as “a Divine endowment” with which a nation’s real wealth—its people—should be developed. “Therefore, we have to invest oil revenues in the public services projects”—in transportation, energy, health, and education infrastructure—first, followed by encouragement of agriculture and industry, the post-oil stage. At the same time, such wealth is to be shared, by investing in the development of other countries.

Sheikh Zayed is known for an idea of wealth diametrically opposed to monetarist, free-trade doctrine. “Money is meaningless if not mobilized for the good of man”; the “priority is for man. Money is valueless without national human resources qualified for and capable of building up the country.” Thus, “we should build our country with knowledge and culture, and should educate the new generation, as education is

a wealth in itself. . . . Oil wealth is utilized in yielding various sources of wealth. The first is culture and science, the second is agriculture . . . the third is industry, which will start small, then will be expanded by the help of God until we get factories of various sizes. The production of our agricultural and industrial projects will be equal to the amount of knowledge and learning that our sons and daughters acquire, because it is they, not expatriates, who should work out such agriculture and industry. To me, this is the most sustainable source of wealth.”

The similarities in outlook between Sheikh Zayed’s vision, and that presented by LaRouche, are striking.

The Middle East as A Strategic Crossroad

by Lyndon H. LaRouche, Jr.

May 26, 2002

The world has come to a crossroads in modern history. If the world were to continue along the pathway currently chosen by my government and some others, civilization will be plunged, for as long as a generation or more, into a global dark age comparable to that which struck Europe about seven-hundred-fifty years ago. We must not pretend that danger does not exist; but, also, we must commit ourselves to the hopeful alternative which wise governments will prefer. Therefore, I shall speak frankly, but also optimistically, of a second crossroads: the Middle East.

The history of oil in this region, began with the British Navy’s plans for what became known as the Great War of 1914-1918. That Empire intended to use petroleum extracted from this region, to provide its navy the crucial strategic advantage of a change to oil-burning, from coal-burning warships. Since that time, as all nations represented here know, this region has been dominated by the great powers’ struggles over control of the special, strategically significant economic advantages of oil extracted from this region. But, it was never oil alone which shaped the fate of the Middle East; for as far back as known history of civilization reaches, long, long before the discovery of oil, the Middle East has been the strategic crossroads of Eurasia and Africa combined, as it is today. With or without petroleum, the historic strategic significance of the Middle East would remain.

Now, there are ill-conceived plans, including those which have been the subject of some discussions between my government and Russia’s, to attempt to by-pass present world strategic dependency on Middle East oil. Such a policy could only bring an added factor of chaos to an already explosive

world monetary-financial and economic situation as a whole. I would hope that I could persuade the powers to abandon recklessly incompetent economic and geopolitical impulses such as those.

In any sane ordering of the world’s strategic economic affairs, Middle East oil will continue to be an outstanding factor in the petroleum supplies of the world economy for at least a generation or more yet to come. This would be so, for what should be the implicitly obvious economic reasons. However, as in all matters of current world affairs, given the desperate situation of the world today, we can not be so naive as to presume that powers which may be great, or even simply powerful, will, therefore, react sanely to the relevant strategic facts of the situation.

I focus on the subject of oil, but do that within the context of the historically determined strategic options for a Middle East defined in its ancient and continuing role as a crucial strategic crossroads of Eurasia. After defining that context, I shall return our attention to petroleum as such, situating the production and marketing of petroleum as a presently crucial factor of vital strategic importance for the Middle East as a region with special ecological and implicit cultural qualities.

I concentrate on three distinct, interacting factors to be considered in the attempt to forecast the prospects of the region, and also its petroleum: the ecological, the economic, and the political-strategic factors.

To begin, zoom in, as if from an orbiting space-station, upon the past and present ecology of this region of the world’s biosphere. In our imagination, let us watch the long-range historical process, of melting of the great Eurasian glacier, over the interval from about 19,000 years ago, when ocean levels were approximately 400 feet below those today. Watch the evolution of the Mediterranean region over the following millennia. Watch the later phase of great dessication of the once-rich, desert regions of the Sahara, Gulf, and Central Asia. From the standpoint of that lapsed-time panorama, we are reminded in the most useful way of a fact we already know: that the most critical of the strategic economic factors inside the Middle East region as a whole today, is not petroleum, but fresh water. The characteristic of that portion of a predominantly Islamic civilization, which extends from Asia’s “roof of the world,” westward, through the Middle East, and across northern Africa, is the continuing struggle against the aridization which has continued during approximately the past six to eight thousand years.

Today, we have the scientific potential to begin to control, if not entirely reverse some of the effects of that post-glacier process. That is the principal strategic ecological challenge which obstructs the realization of an otherwise great potential, a potential which has existed for the greater part of two millennia, in Arab civilization. It is to the degree that we make significant steps toward applying and improving the methods for production and distribution of fresh water, that other crucial factors of development can be brought into play. In that



Lyndon LaRouche speaking June 1 to the Zayed Centre for Coordination and Follow-Up in Abu Dhabi, at the opening of the Centre's two-day conference. On LaRouche's right is U.A.E. Oil Minister Obeid Bin Saif Al-Nasseri, and on his left, former Iraqi Oil Minister Essam Abdul-Aziz Al-Galabi. Inset: an Abu Dhabi newspaper reports LaRouche's view on its website.

case, we shall see the implicit strategic potential of the Middle East as the crossroads of Eurasia. Any long-range forecast of the prospects of Middle East petroleum must be studied in the context of that challenge.

The development of fresh-water production and management, which is interlinked with the role of petroleum, is the indispensable foundation for all other optimistic prospects for a peaceful and politically stable internal development of the Middle East region. If people lack essential means to live, there is no peace; they will live as the successive waves of "land pirates," including the Mongol empire, swept into Europe, and the Middle East, from across Eurasia, in times past. There will be no peace without adequate provision of water.

The Land-Bridge Concept

This brings me to the pivotal economic issues. For this purpose, view the Middle East's greatest economic potential in its role as a pivotal economic-strategic crossroads for Eurasia as a whole. While the Suez Canal's strategic importance for the link between the Mediterranean and Indian Ocean is obvious, I shall indicate why the cross-land routes across the Middle East are far more crucial forms of transport for Eurasia as a whole, and also for the Africa-Asia connections.

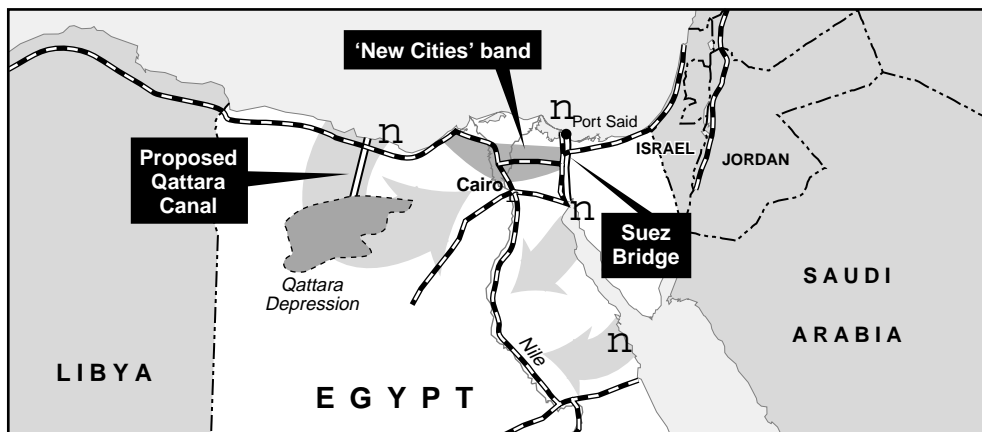
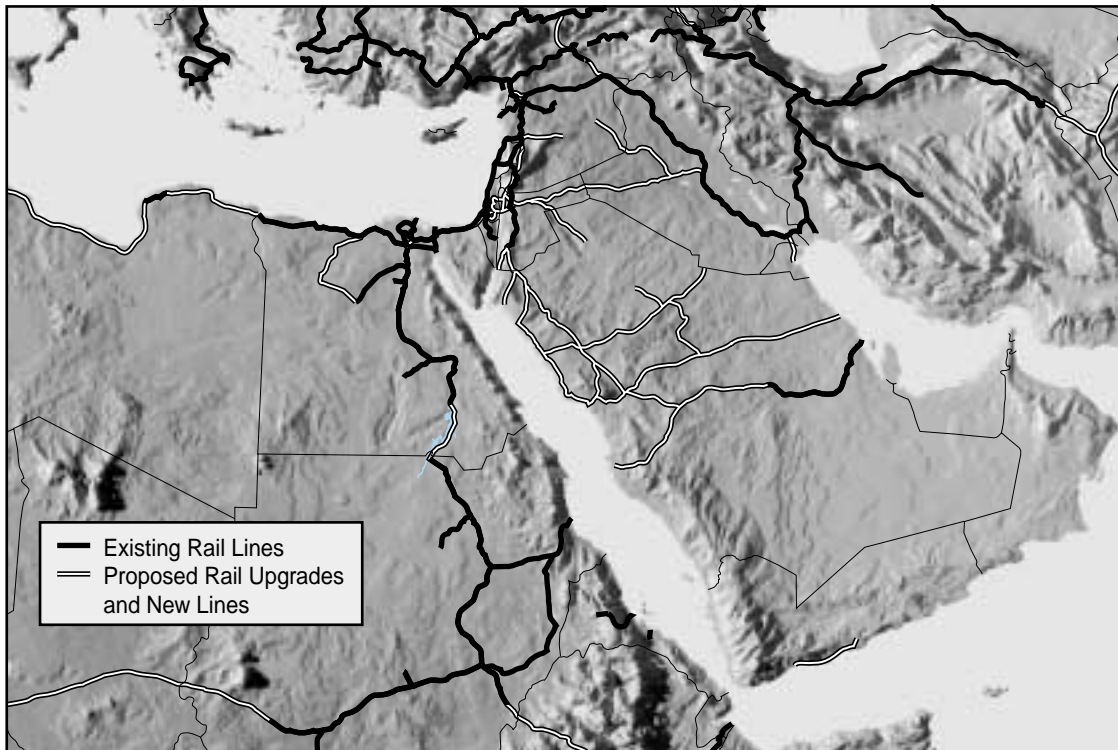
It is a simple fact of accounting, that the cost of transporting a product, as, for example, by sea, or by other means, must be compared with cost of production of that product, up to the point of embarkation. Therefore, we tend to transport products, such as petroleum and grains, which have a relatively lower price per ton, by slower, cheaper water transport. The more useful work, as value added, to the product, as it moves

through various phases of production, lessens the percentile of costs of transporting the value represented by that product as a whole. Therefore, the more real value-added, by production, to a raw or semi-finished material, the greater the relative prosperity the export of the products, adds to the exporting nation or region of a nation. This has always been understood by the greatest economists and statesmen of the Americas and Europe, since about 150 years ago.

Until modern times, transport by water continued to be the principal roadway of progress in the material conditions of human life. This continued until one-hundred-seventy years ago, when the German-American economist Friedrich List outlined what became the railway revolution. This development was accelerated by the successful development of the U.S. transcontinental railway system, a development of crucial importance for the U.S. emergence as a leading world economic power, under President Abraham Lincoln. After 1876, American methods typified by the development of the American transcontinental railway system, were adopted in Germany, Russia, Japan, and elsewhere, including China.

Admittedly, the effort to connect the Atlantic to the Pacific, eastward, by rail, as the U.S. had connected the Atlantic to the Pacific westward, was seen by the British Empire as a threat to that empire's strategic maritime supremacy in the world as a whole, with the two so-called geopolitical world wars of the Twentieth-Century as a result. Admittedly, there is an influential, utopian faction inside the U.S. today, which is prepared to unleash a geopolitical war throughout continental Eurasia, for the purpose of preventing the internal development of the mainlands of Asia and Africa. Those geopolitical

Greater Middle East, Existing and Proposed Rail Development (Arab League)



“While the Suez Canal’s strategic importance . . . is obvious, I shall indicate why the cross-land routes across the Middle East are far more crucial forms of transport for Eurasia as a whole. . . .” Bottom map shows Egypt’s new railroad bridges across the Canal.

policies are contrary to all rational definitions of the interests of a U.S. economy which is now wracked by an onrushing world monetary-financial collapse. Unfortunately, those policies exist among some presently very influential circles.

Whatever U.S. policy might appear to be now, the reality of the present world economic crisis, will probably force some sweeping changes in U.S. policy and thinking during the near

future. There is no hope for the economic revival of the U.S.A. from the present world economic crisis, without precisely such cooperation in the land-transport-based development of the Eurasian and African continents as a whole. If the U.S. is to find a solution to the inevitable early disasters caused by its present policies, this must include a special role for the Middle East.

The approach to a solution to that strategic crisis, does not lie in oil as such, but in the way petroleum production and marketing can be applied to serve the broader long-term interests of the region. Stable governments within the region, and stable relations with areas outside the region, are the first line of defense of the region from the forces and other perils which presently menace it. The crucial role of transport development is a leading example of the measures of defense required.

The special advantage of modern rail, or magnetic levitation, as compared with sea-based transport, lies in the elementary fact, that with rare special exceptions, the product transported by sea does not improve, in itself, during transport. Under the right conditions, long-range transportation corridors, which are based on a central role of modern rail or magnetic-levitation transport, are, in net effect, cheaper and faster routes of transport than the seas. As in the case of the original U.S. transcontinental rail systems, these routes were not merely roads of transport; the transportation system transformed a virtual economic wasteland into a rich region of powerful economic development. In effect, every average kilometer of investment in the transport system along these main and subsidiary routes gave back to the nation a net amount of produced wealth from agriculture, mining, and manufacturing, far in excess of the cost of developing and maintaining the system.

Instead of thinking of simply connecting two points with a long-distance rail line, or magnetic-levitation system, think of the transport line as the central spine of a development corridor of up to fifty to a hundred kilometers width. Running parallel to the spine are main-line conduits of water and power. At appropriate places along the spine, agro-industrial-residential complexes are placed. Satellite areas of a similar type also lie within the same corridor. What I have just described in a summary way, is a modern equivalent of the methods which produced an agricultural-industrial revolution in the U.S. approximately a century and a half ago.

By concentrating resources of transportation, water, and power within development corridors, the most efficient use of those resources can be managed. The most economical use of the total available land-area is achieved by tending to concentrate development in those corridors. Under conditions of continued growth, subsidiary development corridors will branch out from the principal ones.

This same method can be applied, with a combination of technologies either existing, or within reach, to transform the interior of Asia, including its deserts and tundras.

Under proper policies, the net cost of such development corridors is less than zero. As goods flow along the spine of the corridor, new wealth is being generated in and around each of the nodal agro-industrial-residential locations along the route.

Now, look at the core of the Arab world, from the Atlantic to the borders of Iran, Turkey, and Trans-Caucasus. Center our focus upon the Suez Canal and Sinai, where Africa joins

Asia. Focus on sea-borne transport between the Mediterranean and Indian Ocean; see the criss-crossing of the region by relevant natural choices for routes of land-based development corridors intersecting seaports. Think of the volumes of raw materials and semi-finished goods, flowing toward the Middle East, by sea and by land, from Asia westward, and from Europe eastward.

The Middle East today is what has been, in principle, for thousands of years, even long before the building of the Great Pyramids of Egypt. It was, and remains one of the great natural crossroads in the development of civilization.

I emphasize, once again, that each time we combine materials and parts into semi-finished or finished products, we are decreasing the percentile of the total cost of that product incurred as a cost of transportation. The Middle East, once again, represents one of the world's most natural, strategic locations for concentration of trade and production. It should not be a passive tube through which products are transported; it should become a crucial stage of strategic importance, in the total process of the world's production of wealth.

What happens to Middle East petroleum, under those conditions? There will be a natural shift in patterns of consumption. Domestic consumption will increase with productive development. Also, there will be increasing emphasis on the use of oil and natural gas as chemical, raw material feedstocks for production, especially Middle East production.

The Strategic Issues

What, then, can be forecast for the coming history of Middle East oil? We must ask ourselves three key questions. First, what alternatives are available? Second, which alternative is likely to be chosen, and by whom? Third, will the result be a success, or a disaster like the thirty-five-year succession of policy-changes, by which the U.S.A. and Europe have brought the world to the presently looming global catastrophe?

If intelligent forces prevail, the world will contrast the failure of the 1971-2002 floating-exchange-rate monetary-financial system, with the successful system dominant during 1945-1965, the fixed-exchange-rate monetary-financial system. If those forces prevail, the most crucial features of the 1945-1965 system will be copied in launching global emergency reforms. In that case, we shall soon establish a fixed-rate, protectionist form of monetary-financial system, a new gold-reserve system similar to that of the 1945-1965 period.

During a period of approximately the past thirty-five years, the U.S.A., the U.K. and other formerly healthy industrial powers, have been ruined by the utopian delusion of what has been called a "post-industrial," or consumer society. This utopian policy led to the wrecking of the then-existing world monetary-financial system, by U.S. leadership in the 1971 break-up of the successful 1945-1965 monetary-financial system, and the avalanche of destruction of the regulatory sys-

tems on which earlier, stable economic development and prosperity had depended.

Now, that post-1971 monetary-financial system is hopelessly bankrupt. The delusion of the so-called “new economy” is collapsing into an inevitable bankruptcy. So, about thirty-five years ago, the U.S.A. and U.K. made a change in world policy which has now shown itself to have been a terrible mistake. It is time to correct that mistake, to return to proven sound principles, and to cooperate in organizing the urgently needed global economic recovery.

Under present conditions of general bankruptcy of the world’s financial system, while a large-scale reorganization of bankrupt assets is underway, the crucial margin of economic recovery will be the creation of new, low-cost, long-term credit, which will be initially injected, largely, for essential programs of long-term building of basic economic infrastructure. This investment in infrastructure will then cause expansion of agricultural and industrial development. This investment must be supplied largely by perfectly sovereign nation-states, under terms of simple interest for loans of up to a quarter-century or greater maturity.

Under these conditions, there must be a greatly increased flow of high-technology to regions and localities of the world in which there is critical lack of sufficient technological inputs.

As part of this pattern, we shall require medium- to long-term agreements on relatively fixed fair prices for certain categories of commodities, especially in world trade. This system of fair prices will include energy-stocks, such as petroleum, which has a very sensitive relationship to the world’s circulation of credit. A fair price means the price at which the average supplier nation can continue to contribute, profitably, the volume and quality of product which the world economy requires. Stable prices of essential raw materials, such as petroleum, combined with nominal long-term rates of simple interest on primary flows of international credit, are a crucial necessity, if a durable process of reconstruction is to exist.

These measures must be adopted, not as a matter of taste, but as a matter of survival. Sometimes, when the ship is sinking, no sane passenger says, “But, I refuse to be seen on a life-raft.”

It will be objected by some, that we are living under conditions of spreading war, not the conditions of peace under which the 1945-65 monetary system was installed. That warning is, of course, true. However, if nations are not willing to establish the institutional preconditions of durable peace, including essential economic preconditions, then the immediate future of civilization everywhere, would be a virtually hopeless one. It were better to mount the life-raft. The first step, is to recognize, at last, the simple fact, that the ship, the war-torn present world financial-monetary system, is sinking, hopelessly. Then, perhaps, the proper moves toward the peace of prosperity, the life-raft, will be made by governments and others.

Question-and-Answer Session With LaRouche

Zayed Centre Staff: You accused some American circles of being behind the attacks of 11th September. Could you elaborate on this and your opinion about Osama bin Laden? My second question is, how do you interpret the American prejudice to Israel against the Arabs? Do you believe that the cause of this prejudice is the domination of the Zionist lobby?

LaRouche: What happened on Sept. 11 could not have happened without the connivance of something inside, very high level, inside the United States military command. However, you may recall that on Sept. 10, President George Bush was still committed to act for the establishment of a Palestinian state. . . . I was on a radio broadcast at the time the attack occurred. I said, I hope some idiot doesn’t blame Osama bin Laden, who could never have done this. Even if he had the intention, he couldn’t have done it. So that’s number one; there was an inside operation, and the inside operation was to produce the effect we have seen.

The United States has gone into a kind of war which I oppose. It’s a global war; it’s a Clash of Civilizations war, in which the fact of the Sharon government in Israel is a very important detonation. The bombing of Afghanistan has helped to make complications. The threat to bomb or attack Iraq makes it more complicated. We are at a point where I am concerned of the danger of a Roman Empire-style, Clash of Civilizations war spreading very rapidly throughout Eurasia. So therefore, the people who did it—the people whom I suspect; I can’t prove it was them, but I know what group did it: the group of Brzezinski and Huntington. That group intended to push the United States into this kind of policy, and use an instrument of state terror to intimidate the United States government and people, into following this kind of policy which they otherwise would not have accepted.

Osama bin Laden to me is of no significance. He had some certain significance when he worked for the United States and the British. But I don’t think he is of any importance now.

The Role of the President

Q: Mr. LaRouche, I would like to know how great are the powers of the American President in issuing a strategic decision? Are there any other circles, non-formal circles in the United States, which have an effective impact in issuing a strategic decision for the United States?

LaRouche: Let me be very frank and as delicate as possible on a certain aspect of this. This is not the most capable President of the United States that we have ever had. He has known limitations. He is a victim, therefore, of influences acting upon him. A President of the United States in particu-

lar, but it is also true with some other countries and heads of state: When you become the head of a nation, you must put aside all secondary political considerations. You are now responsible to the future population, the people of that nation, for the decisions you make. You must become the conscience of the nation. This poor fellow is not capable of doing that.

Now the basic problem operating here . . . is not the Zionist lobby as such, because the biggest factor in pushing the President into this support for Sharon is not Jews. There are Jewish gangsters involved. But the real force is the so-called Christian Zionists, fanatics, and they are the major force. They are the ones who are behind Sharon, from an international standpoint, and there are other people who are exploiting that to push this President into something he would otherwise not do. If you know the history, you will know how James Baker III behaved when he was Secretary of State on the question of Israel. And you can compare the way he has spoken more reasonably as a spokesman, to this administration. It is not the same policy. The Bush family is not against Palestinians, is not against Arabs; they are opportunist on that question, but they are not against them. They would like profitable arrangements. But in this case they were pushed . . . by a powerful faction in the United States, which shares the ideas of people like Brzezinski, Huntington, and Kissinger. And this is where the threat comes from.

My attempt to change this thing from inside the United States is based on those considerations. There are many people inside the United States, outside the Washington Beltway, who are very unhappy with this, and would like to have a change in the President's policy. But we will have to induce the President to change his policy. He is not the man who is likely to see his way clear on his own.

Occupation of the Oil Fields

Q: The press are always giving reports about a plan in Washington for occupying the oil fields in the Gulf. Is there any threat against the American interest in the region? What is your reaction to these reports?

LaRouche: There would be no rational reason for the United States to consider doing that. That doesn't mean it wouldn't happen. We have, in Washington, many things that have happened recently, which no sane President would wish to do. We have an out-of-control situation. Remember, . . . this has to be taken into account. The United



Helga Zepp-LaRouche, and a conference participant at the Zayed Centre, discuss the analysis of the economic and strategic crisis reported in EIR.

States, contrary to the leading press reports on CNN . . . and similar mass media in the United States—contrary to these stories, the United States is already in a process of economic depression far worse than 1929-1933. That is not something that *might* happen; that is already deeply happening. It's happening every day, if you look at the details of what's happening in the U.S. economy and in Europe. It's going to get worse.

Under these conditions, you have a government which is pretending there are no economic crises. They are pumping billions of money—of Japanese money, rather—into the system every day, to try to conceal the fact that there is a hopeless bankruptcy in progress. But if Japan's yen goes, and a few other things go—the housing bubble goes—the whole thing will blow out.

Under these conditions, the political institutions of the United States are at a point of insanity. Especially the upper 20% or the upper 10% of the U.S. population, which is highly involved in these markets. They are about to see a bankruptcy like the world has not seen in centuries. Far worse than the 1930s. They know it, and they are crazy. When you have madmen, people who are driven crazy by desperation, as the leading circles in the United States are right now, and the pressure on the U.S. government; under those conditions anything is possible. You can not say, you can not predict, you can not ask an astrologer what's going to happen next week. You have to know how can we intervene to try to prevent something awful from happening. That's what I am involved with every day.

When the United States admits that it is in a depression, we will then have a healthier situation, because the United

States government will have to abandon every policy for which this government was elected. Every policy has to go, every free-trade policy, globalization. We have to go back to reforms like those of the Roosevelt period, and they are not willing to do it yet. If they say, "We are in a depression," the American people are going to say, "Let's go back to what Roosevelt did." Then you will have sanity. But until that point, we are in an extremely dangerous situation, and we have to fight in every country . . . to intervene wherever we can to prevent the worst from happening.

Prospects for Cooperation

United Arab Emirates Minister of Foreign Affairs:

There was a confrontation in the past between producers and consumers [of oil]. Do you see any hope in the future that both sides can sit and plan a future of cooperation?

LaRouche: I see a lot of hope. . . . We are in a collapse of the world financial monetary system and a collapse of the economy. . . . All the attempts to deny this are becoming undeniable. Under such conditions, how would the world recover? Now, you are looking at it from your background, which obviously includes this knowledge. You are looking at a system which is no longer a sane financial system. We are now operating on the basis of financial operations which run into hundreds of trillions of dollars. We don't know how many there are, because they are unregulated markets. These are obligations. We have bubbles, all kinds of financial bubbles. We see the collapse in the so-called telecom sector. So, we are into a major bankruptcy now.

This means that we are at a point where we can save the economies through cooperation among national governments, but we require state-to-state agreements of the type we made in the time of the first IMF agreement. If we went back to the model of 1945-1965 and . . . put the world through bankruptcy reorganization; do the things you do in bankruptcy, around the so-called Chapter 11 of the United States code; get government credit mobilized to large infrastructure projects. And so, what do you do? Well, to maintain that system, we have to have a gold reserve-based system, because we have to have a fixed-currency value or peg ratio. Otherwise you can not have cheap loans, 1% or 2% in the international markets on long term.

Under those conditions, the next thing you go to, is certain categories of trade. Now this means that the price of petroleum should be a negotiated price between consumer and producer nations, which should be fixed, because we will now be fixing energy, which is the biggest key commodity. In international markets, we fix that to the rate of currency. Now we can have an economy that will work, and we can invest. So, therefore, we have to go to a fixed-currency system, which includes precisely that kind of provision, that we used to think we had before 1971. We have to go back to that; and I presume that under conditions of a crisis, when governments admit there

is a crisis, they will be willing to come together as governments, and say, "Let's make a new system based on the best experience from the previous system."

The Iraq Question

Zayed Centre Staff: Mr. LaRouche, I have two questions. First, some analysts say that the United States and Britain seek to build up an Anglo-Saxon empire. What is your reaction? The second question: The writer said that Britain and the United States are planning for a scenario to return inspectors to Iraq, so as to launch an assault against Iraq. What is your comment?

LaRouche: The Iraq question is a complicated question, because the United States does not, presently, have the ability to attack Iraq. That is, not as in a war sense. The U.S. military estimates run between 200,000 to 500,000 troops to conduct a war against Iraq. This varies with how much they can rely upon Turkish troops, or other troops for such an operation.

The intention among the idiots, the insane idiots in Washington, is to go into Iraq as soon as possible, whatever, and to rely upon air power and similar kinds of methods that have failed in Afghanistan, against Iraq. That is a possibility, because insane people will do insane things, and if they have the authority, and the President gives them permission, or doesn't deny them that operation, they will do it.

However, you also know from the State Department, from the Secretary of State and from the military professionals in the Pentagon, the argument is, "This is insane." Now the reason why they oppose this is not because of their desire for peace, but because, being responsible military officials, they say it won't work; and therefore they are calling for delay, and other approaches for the time being.

On the first question, there is a faction, which has existed for a long time, started by H.G. Wells and Bertrand Russell back in the 1920s and 1930s. It's a very powerful, very influential faction in international circles, especially English-speaking circles. This faction, which we call the utopians, believed from the beginning that the existence of nuclear weapons alone would create weapons so terrible, that nations would give up their sovereignty and submit to world government, rather than face the prospect of having to fight wars with such weapons.

This faction took over control of U.S. military policy once Eisenhower ended his term as President. This fact caused a great crisis around the world between 1961-1965—assassinations, coups at high levels, and terrible things.

This faction is a dominant faction in the United Kingdom and the United States today, on military-strategic policy. These people intend, especially since the collapse of the Soviet Union, to eliminate all nation-states, through measures such as globalization, and to establish a world "rule of law" in which appointed judges, sitting some place, can sit in judg-

ment on the citizen of any country, without the consent of the country itself.

Now this is a plan for a new Roman Empire, under which legions—killers—rob the world, shooting down people in order to control subject peoples. That is the intent of some people. In Britain in particular, the United Kingdom, you will see in the London *Guardian* in particular, other voices saying this is insane, we shouldn't do it. But then, you see the Blair government is fully in support of this policy by the United States. And British interest, British forces are working [in this direction]. . . .

In modern times we developed a sense of warfare. We did not believe in killing people. In warfare you will kill people, but the intent of winning war is not by killing as many people as possible. In the Second World War, the United States won, not by killing people. Some people have that idea; but as in the case of MacArthur, by using the superior logistical power of the United States to control the situation, you could bring about conquest over an adversary without killing everybody. Because the object of war is peace, and if you are going to kill everybody, or nearly everybody, how are you going to get the survivors to accept loving peace? And therefore, the object of warfare is to win the war in order to win the peace, and therefore, this method which is being proposed now, is not only bad because it is a militarily adventurous policy; but, [it is] like the Roman legions, which rule by killing people and terrifying people into submission.

That's what's happening in Afghanistan. There is no way the United States can win a war in Afghanistan right now. It can not happen, based on mountain warfare. Mountain warfare against determined fighting forces—you can not succeed. They will fade into the landscape and come out and shoot again. And this will go on as long as the United States is hated, in particular.

But these people [the utopians] have this kind of intention. They exist. They are a danger. My major concern has been, for some time, to try to expose this inside the United States and elsewhere, and to mobilize people inside the United States against this kind of policy; and I would hope that the world would be more aware of this problem, and we could focus on that problem.

Who Really Runs the U.S.A.?

Al Jazeera Satellite Television: Mr. LaRouche, don't you believe that you've exaggerated much of the role of Huntington and Brzezinski in the United States? We know that Huntington is not known by many Americans, and that he is more popular in the Arab nations rather than in America. Again, you said that the American President is not capable: My question is, how do you justify that he is the most popular President of America? Is the problem in the people, or in the President?

LaRouche: The popularity in the United States is largely

controlled by the press, reading the press. You had a famous story about the Pope. It's a real story. The Pope was asked on his birthday, "How do you feel today? How is your health?" He said, "I don't know—I haven't read the press yet." So the President is not the most popular person in the United States. There are people in the United States, who are dominated by mass media, who often report what's expected of them as a fanatic group.

I mean, you go to Germany [in the 1930s] and say, "Do you like Adolf Hitler?" And the Germans will say, "Yes, we like Adolf Hitler." They may have hated him; they may have made jokes about him. But the popular opinion says, in a powerful nation, you have to say what is expected of you.

Huntington is well known in the United States, very well known. Huntington is only one person of a group which was organized at Harvard University, under William [Yandell] Elliott. William Elliott created out of mud people such as Henry Kissinger, Zbigniew Brzezinski. . . . Nixon's administrations, for eight years, were not run by Nixon, they were run by Henry Kissinger. The Carter Administration was not run by President Carter. Carter was made President by appointment by Zbigniew Brzezinski, who is the close associate and co-thinker of Huntington.

The policies on the Middle East of Kissinger, Brzezinski, and Huntington were not made at Harvard. They were made by the British Arab Bureau in the personality of Bernard Lewis, who is the key designer of the "Arc of Crisis" policy, which some of you may remember from back in the 1970s and 1980s.

And this was the advent of the Clash of Civilizations policy. This is the reality of the United States. The United States is run from the top down by people who are more and more divorced from the political parties. [Americans] vote for the parties, they don't participate in the parties. They are estranged. I hope to get them back into politics. But we are run by an elite. The elite is the people like the RAND Corporation, the Olin Foundation, the Olin Institute, and Brookings Institution. These institutions, and money from Wall Street, control the leadership of the parties and control public opinion, control the mass media of the United States.

So politics is often done behind the scenes, and what the people get is what's put to them on the surface. But on Huntington, you have been misinformed. Huntington wrote a book at Harvard in 1956. He wrote it under Elliott. He wrote it at the same time he was in the same group with Kissinger. It was called *The Soldier and the State*. The utopian military policy of the United States is based on that book. That book has been regularly reprinted, again and again to the present date. This is the book which is the basic manual for all utopian military thinking, inside and outside the military in the United States today. So when you are talking about Huntington, you are talking about the man who wrote the book, which has the greatest influence for the bad, on the military thinking of the

military cadres of the United States today. So this is no obscure fellow. President Bush is extremely obscure compared to Huntington, in effectiveness.

Qatar head of delegation: The news last month reported that some members of the Congress submitted a proposal for exploration in the protected areas, and made a condition that if they discovered oil and gas, it should be only used for export to Israel. What is your comment?

LaRouche: This sort of thing goes on. You have people like [California Democrat, Tom] Lantos and others in the Congress who are notorious. You have the members of the Congress such as [House Majority Whip, Tom] DeLay from Texas, others of that type who are Christian Zionist fanatics. That doesn't mean that they are Christians. There are Christian Zionists, like Pat Robertson or Jerry Falwell: These people are more Israeli than the Israelis. What they believe is this, and probably they are bought by big money, the so-called Zionist money, and the Mega crowd in New York.

But the other side is, they actually believe that if they can bring on a battle of Armageddon and cause a general Middle East war, that God will intervene and they won't have to pay the rent next month. This is what they believe, if you look at the television sets in the United States and see the international broadcast of these lunatics. You are dealing with the most dangerous lunatics on this planet right now. There are no other lunatics on this planet who can cause greater damage to the world as a whole than these types of lunatics inside the United States. And they have voices in the Congress, important voices in the Congress. They are lunatics, but they are Congressmen, and they do say these kinds of things. They come up all the time. This does not necessarily mean the threat is real. These people are also frauds. They often say things to be heard saying them, not because they actually expect to get the result.

Address the Economic Crisis

Q: You called for cooperation between the United States and the Middle East countries, producing countries there, and you suggested many solutions. But when we put this into effect, we don't know how such cooperation could be in effect between Europe, the United States, and the Middle East, in the light of the obscurity of United States policy, and the double-standard approach in solving problems, especially the Palestinian problem, and the tension spots all over Asia. How could such cooperation be achieved with the non-clarity of the American stance?

LaRouche: Very good. That's exactly the way it is. The problem is this, in Europe: The majority of the Western Europeans will be fully in support, and totally in opposition to what Israel is doing. Totally in opposition to the U.S. policy towards the Middle East at present. But the Europeans have no courage. Maybe a few here and there do. A few speak up. But when the United States speaks, the United

Kingdom, and especially continental Europe, says, "Yes, Father, we hear."

But the point is the vital interest. Take Western Europe and the Middle East. The vital interest of Europe is not only in the Middle East as such. I spoke of the Middle East as the crossroads of Eurasia and Africa. If you have the kind of chaos in the Islamic world, which these terrible characters are trying to unleash, where can you find peace in Eurasia? In order to have peace and economic development in Eurasia, you must have China, India, Pakistan, and Russia not fighting. Then you can have other nations and bring them together for cooperation. But as long as you have these hot issues, you can't have peace.

If you have a fight against Islam, which is what this thing is—it's a crusade against Islam that they are talking about—then Europe has no chance because Europe can not revive from the economic crisis except through markets in Asia—chiefly Asia—the Middle East, which includes Turkey, which includes Iran. This is the market. If this area is destabilized, Europe has no choice, no chance.

Therefore, Europe's vital interest is to have Middle East peace, and every European leader we talked to, whether it was in Italy, in Germany, or the sane ones in France, all agree that Middle East peace is a desperate, strategic imperative for Europe, economically and otherwise. Otherwise no Africa, no Asia.

But the Americans say, "Now, we run the world, and the British support us—Blair supports us, at least." Other British are very critical of this for one reason or the other.

So we add a point: What's going to happen? Why am I so optimistic? Because the financial-monetary system is coming down. Under those conditions, the United States does not have the power to do the things it says it intends to do. The United States decided to become a Roman Empire at the end of its power, whereas the Roman Empire was begun at the beginning of its power, at the height of its power. The system is collapsing.

Yes, the United States is still a potentially powerful nation. But not with this sick economy. To get out of this mess, it must come to agreement with other nations; especially with Europe and Japan, and especially with Asian countries. Then we can get out this mess. If I were President of the United States, we could get out of this mess tomorrow; because if the President of the United States calls other nations together and says, "Meet with me tomorrow morning—we have got an economic crisis and we need to come to an emergency agreement," the nations would come. They would scream and protest, but they would come. And they would agree, and you will have a new system. Not a perfect system, but a system which will enable us to stabilize the world situation.

Under those conditions, at that point, Europe, which is now almost a useless voice in terms of this issue, would suddenly become a very important voice, because Europe would then be in a position to assert its interest.

Conference Is Big Story In Arabic Mass Media

by Hussein Askary Al-Nadeem

Arabic mass media gave great attention to the Abu Dhabi June 2-3 conference on "Oil and Gas in World Politics," arranged by the Zayed Centre for Coordination and Follow-Up (ZCCF, of the Arab League), with Lyndon LaRouche as the only featured speaker from the West. This conference was regarded as a platform for discussing and shaping Arab oil policy in the current strategic and financial situation.

It came at a time of extremely hot "oil diplomacy" in the region, where Organization of Petroleum Exporting Countries (OPEC) Secretary General Alí Rodríguez is touring for consultations with OPEC leaders. The threat of spreading war in the Mideast and South Asia, a renewed Iraqi-directed oil blockade against the world oil market, and/or a price and production war between OPEC and Russia, have been the talk of the past weeks.

Russia's decision to break with its agreement with OPEC, which imposed a ceiling on oil production to keep the price between \$22-28 per barrel, is regarded in the region as reflecting moves by the United States to destabilize and marginalize the Persian Gulf region in the so-called "war against terrorism."

The emphasis placed on LaRouche's participation is a signal that the oil-exporting countries in the region are not easily giving in to the blackmail, and would rather encourage the United States and Europe to adopt the reasonable and morally founded ideas of LaRouche for a solution for the current economic and strategic crisis.

The Arabic press widely publicized this conference already in early May. Announcements and promotional reports were published in virtually every Arabic newspaper, most prominently, the London-based *Al-Arab International*, *Ash-arq Al-Awsat*, *Al-Hayat*, *al-Quds Al-Arabi*, and newspapers in the U.A.E., Saudi Arabia, Qatar, and Bahrain. English-language dailies in the U.A.E., the *Gulf News* and *Khaleej Times*, also contributed to the coverage. These dailies followed the sessions of the conference and reported on its activities on June 3 and 4.

'Appropriate Opportunity' To Hear LaRouche

The Arabic press release announcing the arrangement of the conference by the Zayed Centre said, "The ZCCF states that well-known international figures will represent a qualitative and outstanding attendance to discuss the main themes that will be presented in the conference."

It added that "the ZCCF disclosed that Arab and international figures, who are known for their continuous contributions to the Arab and international oil and gas policies as well as having a remarkable presence in oil and gas issues internationally, have confirmed their attendance in the conference."

Referring to LaRouche's participation, Aminah Al-Mehiri, Chairwoman of the ZCCF Press and Technical Affairs section, stated that "the strategic expert, economic analyst, and American Presidential candidate Lyndon LaRouche would take part in the activities of the conference. The General Secretariat of the Gulf Cooperation Council will also participate through an official delegation. His Excellency Obeid bin Saif Al-Nasiri, Minister of Oil and Mineral Resources of the United Arab Emirates will give an opening speech."

Al-Mehiri said "that parallel contacts are being conducted with the current Oil Ministers of Saudi Arabia, Iraq, Algeria, and His Excellency Abdul Rahman Al-Atiyya the Secretary General of the Gulf Cooperation Council, and with the Secretary General of OPEC and Director of the Venezuelan Oil Company, Alí Rodríguez."

Al-Mehiri emphasized that the ZCCF has decided to arrange this conference at this sensitive juncture of the current history of the Arab world, because of the proliferation of countless political, academic, and popular theories about the power and ability of Arab oil to affect the directions and options of international politics.

The Zayed Centre's Arabic press release announced that "the conference would be an appropriate opportunity for the attendance by the major American politician and a Presidential candidate in earlier and coming elections, Lyndon LaRouche. . . . The invitation of the American Presidential candidate Lyndon LaRouche, according to the ZCCF, was extended to him as an appreciation of the positive stances expressed by LaRouche towards the causes of the Arab nation and just causes in all parts of the world in general."

Contrast With Western Press

Most of the reports briefly covered the theme of LaRouche's speech. *Al-Arab International* was the first Arabic international daily to publish LaRouche's presentation in full on its "economy" pages on June 6 and 7. *Al-Hayat* extensively cited LaRouche's warning regarding the financial-economic system and his proposals for reorganization of the system with new, long-term credit and trade agreements.

The Dubai Business Satellite Channel led its coverage with clips of LaRouche speaking and noted, "The discussion was dominated by the events of Sept. 11." Other speakers, who spoke on the second day of the conference, were interviewed briefly. The British and French international news agencies such as Reuters and AFP, by contrast, tried to avoid LaRouche by reporting only on the second day of conference and its final statement.

Moody's Attack May Be Last Straw for Japan

by Kathy Wolfe

Wall Street's Moody's Investors Service attempted to reverse the Meiji Restoration on the morning of May 31, when it made an unusual downgrade of Japanese Government Bonds (JGB) two levels at once, from AA3 to A2. This puts Japan's government credit below that of all the Group of Seven (G-7) industrial countries, including Italy, and below many Third World nations such as Botswana, down to par with Latvia and Poland.

The action unilaterally rendered Japan's sovereign paper "below investment grade," i.e., to junk level, according to the regulations of the Basel-based Bank for International Settlements (BIS), the privately owned central bank for privately owned central banks, such as the U.S. Federal Reserve and Bank of England. If one other private rating agency, such as Standard & Poors, joins Moody's in this downgrade, banks in Japan and abroad that wish to be well-rated by the BIS, may be forced to dump Japanese government debt. Any bank which does not, could see an international run on its own deposits and bonds.

This foreign intervention into Japan's credit market continued the attempt, under way since January, by the Washington-based American Enterprise Institute (AEI) and related Wall Street hedge funds, to collapse the yen. The \$3.7 trillion JGB market is mostly held by Japanese, in Japan, and denominated in yen. A JGB market collapse could cause a major flight of capital from the country. That, of course, would be a most convenient boost to the sagging dollar just now.

'Financial AIDS'

In fact, the headlines for the week before Moody's partisan action, were on the free-fall of the dollar. Bank of Japan (BOJ) Governor Masaru Hayami warned on May 31, that he is concerned about a "too rapid" drop of the dollar as "it is still unclear whether the U.S. economic recovery can be sustained." Another BOJ official said, "The world economy could be thrown into confusion if investments flowing into the United States reverse course, amid growing worries about the rising U.S. current-account deficit. . . . Discussion is heating up within the BOJ about prospects for the end of the strong dollar."

The BOJ bought \$8 billion over May 22-24. It turned out the dollar is so weak, that the Tokyo market's first reaction to Moody's was to dump more dollars, not yen. On May 31 Japan had to make its largest rescue operation since the post-

Sept. 11 dollar crash last Fall, buying another \$8 billion, then another \$10 billion on June 4-5, a total of over \$25 billion.

The Moody's action could be the last straw, not only for Japan but for other watchful Asian leaders. They are growing tired of "Financial AIDS"—the removal of government regulations, and the "new business models" exported by Wall Street since the 1980s, which have turned world markets over to private interests such as Moody's. The Enron scandal has now exposed this cocktail of deregulation and "creative accounting" as a recipe for bankruptcy, and much of the "privatization" as piracy.

Ministry of Finance (MOF) officials, on June 1, described Moody's action as "completely inappropriate" and "ridiculous." "Despite the rating cut, the yen has risen," Finance Minister Masajuro Shiokawa said. "We have no intention of altering our policies." Haruhiko Kuroda, vice minister for international affairs, wrote in letters to Moody's and other private raters that the downgrades "lack specific explanations" and have "no basis in fact."

Kuroda specifically pointed out that Japan is the world's biggest creditor nation (net foreign assets \$1.5 trillion), with the world's biggest foreign reserves (\$407 billion), and a huge foreign account surplus (\$130 billion estimated for this year).

Financial Services Agency Commissioner Shoji Mori then ruled, on June 3, that "Japanese banks are properly managing the risk of JGB holdings." Mori exercised a loophole in BIS regulations which lets his agency—as chief regulator—insist for now that JGBs are still "no-risk assets," not junk.

Editorials in *Nihon Keizai News*, *Asahi News*, and other Japanese papers implied that the incident has discredited Moody's and the privateer rating system itself. "It has not been long that rating agencies began rating countries, suggesting that they may not have the necessary experience," wrote Nikkei on June 3. "It remains to be seen whether Moody's will be pilloried for its unclear criteria. . . . As many as 37 Japanese companies, including Toyota Motors . . . now have higher ratings than JGBs. It is unusual for private companies to receive a higher rating than the national government. . . . One analyst even suggested that Moody's might have kept ratings for these companies high because they pay rating fees to the agency."

Junk Bond Economics

"It is more the U.S. side which has been increasingly guilty of 'junk bond economics,'" one angry Asian official told *EIR*. Increasingly, he said, Asian analysts believe that, not just a few corporations such as Enron and Vice President Richard Cheney's former employer Halliburton Energy have a "junk financial structure," but that the "core of the Fortune 500, such as IBM, AT&T, General Electric, Xerox, J.P. Morgan Chase, and CitiGroup, have all been engaging in this kind of questionable off-balance-sheet or 'virtual' financing."

Chinese-American investment adviser Henry C.K. Liu wrote in the *Asia Times* issue of May 14, that it was "the

emergence of junk bonds, providing risky ventures with access to institutional money, which was instrumental in bringing into existence” firms such as “MCI, Turner Broadcasting, Dell, AOL, and Microsoft, which constituted the New Economy. . . . Much of the phenomenal increase in indebtedness of U.S. corporations during past decades has been due to junk bond holdings, not bank loans, at least until creative accounting [i.e., Enron] allowed corporations new off-balance-sheet access to virtual money. . . .

“Corporate bonds outstanding in the United States have grown from \$366 billion in 1980 to more than \$2.5 trillion now. It is \$1 trillion larger than municipal debt. It is 50% as large as the outstanding Treasury debt. Corporate bond issuance has increased more than fourfold since 1990 and, for high-yield junk bonds, more than tenfold. A total of \$16.4 billion of junk bonds, or 3.1% of the \$510 billion outstanding, went into default in January and February 2002 alone, . . . on the heels of \$43.6 billion of defaults last year.”

Making the most direct comparison of the sinking dollar to the yen, an Asian financial official asked, “What about the U.S. Treasury bonds?” He referred to recent revelations by Treasury Secretary Paul O’Neill, that the U.S. budget, which was claimed to have a surplus of \$127 billion during fiscal 2001, was actually in a deficit of \$514.8 billion, on an accrual accounting basis. This was learned from a document on the U.S. Treasury website, authored by O’Neill, entitled “Financial Report of the United States Government, 2001,” for fiscal 2001, from Oct. 1, 2000 to Sept. 30, 2001. The document shows that, under accrual accounting, in which the government reports the actual expenses that it incurs, rather than reporting expenses only when the time comes due to pay them in cash, “the deficit was \$514.8 billion in fiscal 2001.”

White House Chimes In

Apparently not quite aware yet that the U.S. side looks increasingly suspect, “Washington also resumed its criticism of Japanese economic policy” the same day as Moody’s action, the London *Financial Times* reported on June 2. “Glenn Hubbard, Chief White House economic adviser, also urged Tokyo May 31 to make changes in its fiscal policy. ‘The outlook is that there are needed changes to be made in fiscal policy in Japan and the sustainability of the economic performance of the country,’ he said.” Hubbard, a disciple of free-market extremist Milton Friedman, has been increasingly vocal in demanding that Japan further deregulate, and simply cut the budget, despite the horrible deflation now gripping its economy.

The fact that the White House and Moody’s are on the same policy line, demanding more deflation in Japan, has not been lost on the Japanese. “These rating services, it should be noted, are after all private firms from the United States,” Yukio Yanbe, professor at Kobe University, wrote in *Asahi News* on June 2. “Credit ratings agencies are selling Japan short. As such, their ratings represent nothing more than a private

investment guide.”

Professor Yanbe’s editorial documented that, if anything, U.S. Treasury bonds are more “junk-like” than the Japanese JGBs. “To be sure, Japan’s government debt, taken as an isolated figure, is 120% of GDP, while figures for the United States and major European countries are about 60%,” he wrote, putting the Japan Government Bond debt at 400 trillion yen (\$3.25 trillion). “But we will miss the big picture if we focus only on the level of public debt. The Japanese government also holds more than 400 trillion yen [\$3.25 trillion] in financial assets, including pension funds and foreign exchange reserves,” making the central government’s net debt zero—while, since the United States has no such assets, its net central government debt is at least the \$5 trillion in outstanding Treasury notes. Even making Tokyo responsible for all of Japan’s municipal and local government debt of another 300 trillion yen, this makes a net debt load of 51% of GDP. “That is lower than the numbers for Italy, Belgium, and Canada. It is also lower than the euro-zone average of 55%.

“From 1991 to 1998, the U.S. government’s net debt load in proportion to GDP stayed at 50%-plus. In 1994, it was 60%. Yet U.S. bonds received the highest rating. If that rating was accurate, then there is no reason why Japanese bonds today should not receive the top rating,” Professor Yanbe concluded.

“Second, the ability to sell bonds completely, is much greater in Japan than it was in the United States,” he insists. “There is an annual fund surplus of over 10 trillion yen in Japan, despite massive bond sales. In the United States, there was an annual shortage of about \$100 billion [12.5 trillion yen], so the U.S. government has had to depend on foreign investors for a considerable portion of [U.S. government bond] sales.

“Third, in terms of future bond absorbability, Japan is more stable than the United States. Japan today is the world’s largest creditor nation, with over 130 trillion yen in external net assets, while the United States in the 1990s was already the world’s biggest deficit country, with about \$1 trillion worth of net borrowing abroad.”

None of this, of course, addresses the underlying physical economic collapse in both Japan and the United States. But neither does the entirely political attack on Japan’s credit launched through the American Enterprise Institute, which failed in March; nor the continuation of that attack by Moody’s in May, which has so far failed to help the sliding dollar.

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Corpse of Free Trade Is Starting To Stink

by Marivilia Carrasco,

The situation in Mexico is dramatic, and will sink even further if the *Titanic* to which we are tied, should go under. The collapse of the flow of foreign investment with which the United States covers its balance of trade deficit, means that the U.S. will continue to reduce its imports and shrink its market, to which Mexico has been sending 90% of its exports.

The *maquiladora* sector, which during the 1990s was the only sector in Mexico which grew at an accelerated rate, and which was supposedly proof of the success of the North American Free Trade Agreement (NAFTA), has been on the decline since late 2000. Worse, the rate of collapse is accelerating, as can be seen in the overwhelming fall in production levels, by 19.6% in the fourth quarter of 2001, and 19.1% in the first quarter of 2002. Employment in the *maquiladoras* fell 17% in 2001 alone, meaning that some 300,000 Mexicans were thrown onto the street, without jobs. The decline is continuing.

Going the Way of Argentina

The same disastrous dynamic is expressed by the fact that the rate of collapse of Mexico's Gross National Product is so precipitous, that the country is on an accelerated entropic spiral similar to that which led to the bankruptcy of Argentina.

The collapse of the *maquiladoras* is due to the fact that the United States can no longer fulfill its role as "importer of last resort." Under the "New Economy," the United States has been transformed from a society of producers, to a society of consumers. But the "New Economy" cannot be sustained. Americans are told over and over again, to the point that it has been adopted as dogma, that "we must fight to defend free trade." And yet today, it is dying, and lies have been invented as a form of artificial respiration, to keep it alive. When U.S. Federal Reserve Chairman Alan Greenspan lied a year ago, before the events of Sept. 11, that there was no recession in the United States, only Lyndon LaRouche refuted it.

A year later, those who denied the recession have had to admit that the successive reductions in interest rates did nothing to prevent it. Today, Greenspan is still trying to pretend that there are "unequivocal" signs of a recovery, but all he can offer as proof are cooked statistics: the supposed 5.6% growth of the GNP in the first quarter of 2002, and the alleged 8.5% increase in productivity. But U.S. unemployment figures gave the lie to such optimism, and point to precisely

the opposite situation; the current unemployment rate is the highest since 1994. Major U.S. companies are reporting multibillion-dollar losses every day.

To conclude that we need only sit back and await the "recovery" of the U.S. economy to save Argentina, Mexico, or whatever country, is "pure dreaming."

The National Institute of Geography and Statistics (INEGI) of Mexico revealed on May 15 that, in the first quarter of 2002, the GNP fell 2% over the same quarter of 2001. The 2% decline rate is not only the worst in recent times, but follows two quarters in which the rates of GNP decline were worse than the preceding ones.

The suicidal policy of the Vicente Fox government, of keeping the budget deficit frozen at 0.6%, is a criminal pretext for imposing new budget cuts each time the tax revenue flow to the government falls. This decline is the inevitable result of the dysfunction of the whole economic model, which is destroying the tax base of the country.

One example is the reduction of income because of the Value-Added Tax (IVA), the result of a decline in consumption which is directly linked to unemployment and to the Banco de México's policy of drastically reducing money in circulation. Budget cutbacks imposed in 2002, are already more than double the cutbacks enforced in 2001, having reached approximately \$3.3 billion. This, of course, ensures that the descending spiral in which we are caught will grow steeper still. Under depression conditions such as those which prevail today, each cutback in public spending produces a consequent reduction of the tax base, leading to less tax money and thus, by decree of the International Monetary Fund, yet more cutbacks. A process of self-cannibalization, leading directly into bankruptcy.

The potential that Mexico will become ungovernable thus grows. Industrial production fell by 7.6% in March, as compared to March 2001, the greatest decline since October of 1995, when the country suffered the ravages of bankruptcy of the national banking system. Manufacturing reported a 9.1% decline, after a 4% decline in the last quarter of 2001. As in Argentina, what will follow bankruptcy in Mexico, will be genocide.

We Must Save the Nation

It is the system itself which is crumbling, and Mexico must urgently recognize this, because it cannot survive more games with the United States and the failed free-trade model. In many ways, it is Mexico's relationship with NAFTA which reflects, more than anywhere else in the world, the true insanity and criminal fraud of the free-trade system. The solution can only come with a new economic policy, such as the New Bretton Woods proposal of Lyndon LaRouche. This includes a system of fixed exchange rates, and protectionist measures for agriculture and industry, as well as an alliance with the other nations of Ibero-America, as proposed by LaRouche in his celebrated 1982 work, *Operation Juárez*.

Desperate African Presidents Court Self-Destruction in Nepad Plan

by David Cherry

Discussion at the dinner table in the ramshackle mansion revolves around how to bring the household to prosperity. The family bookkeeper, known to all as an accomplished loan shark, embezzler, and murderer, is quietly present. Everyone knows what he has done to bring them down, but no one dares mention him, except occasionally to acknowledge his substantial contributions to the household's management. In fact, it is agreed that the way to achieve prosperity is to bring in the bookkeeper's dying patron and mentor, dissolute and penniless, who still operates like a mafia don. Yet, this family's fatal discussion is being led by its most energetic and seemingly brightest member.

The household is Africa; its Presidents sit at the table. South African President Thabo Mbeki leads the discussion. The bookkeeper is the International Monetary Fund (IMF) and the World Bank, acknowledged favorably in the basic document of the new, comprehensive plan for Africa, the New Partnership for Africa's Development (Nepad), which proposes a policy of privatization and free trade, to attract private foreign investment from the current, expiring financial system—the patron of the IMF and World Bank. Why is this happening?

The Group of Eight meeting scheduled for June 26-27 in the Canadian town of Kananaskis, Alberta, is expected to be dominated by discussion and almost certain approval of Nepad. This "new partnership" is a bold and sweeping plan conceived entirely by African leaders as a holistic, comprehensive, integrated strategic framework for the socio-economic development of Africa. It is a call to the rest of the world to provide private investment, and in this way to become a partner with Africa in her own development on the basis of her own agenda and program of action. *It will be African led and managed.* African leaders will not allow any strings to be attached by their partners in the West. Nepad foresees the spending of hundreds of billions of dollars in the next few years on roads, clean water systems, electricity and telecommunications infrastructure, health, and schools. The agricultural plan will enable the reduction of poverty levels by half by the year 2015.

Such, at least, are the claims made by leading African Presidents and by their Nepad documentation. The five initiating Presidents are Thabo Mbeki of South Africa, Abdoulaye Wade of Senegal, Olusegun Obasanjo of Nigeria, Abdelaziz

Bouteflika of Algeria, and Hosni Mubarak of Egypt. Unfortunately, the plan is a fantasy.

It is not difficult for African leaders to succumb to such a mirage: Nearly half of the African population lives on less than \$1 a day. Only 16% of African roads are paved. Less than one in five Africans uses electricity. Yet Africans constitute 10% of the world's people. And now, after two disastrous harvests because of drought and floods in southern Africa, 10 to 19 million Africans face starvation, according to UN estimates.

The Boundary Conditions

What are the *motives* of the Anglo-American powers who are meant to be Africa's partners? In the 1970s, the Club of Rome declared that the world—and Africa—were severely overpopulated. When *EIR* showed the computer modellers that with industrialization, Africa could support a vastly larger population, they responded that their calculations were based on the assumption that there would be no industrialization in Africa! The Club of Rome's conclusions became dogma in Europe and America. Secretary of State Henry Kissinger's National Security Study Memorandum 200 (December 1974) identified population growth in the developing sector as a security threat to the United States.

The depopulation policy is still in effect, as the recent case of Malawi shows. In 2000, the IMF forced Malawi to sell its 167,000 metric tons of grain reserves to service its debt, a clear case of premeditated genocide. Now, after the two disastrous harvests, Malawi, with no reserves, is suffering from famine.

This genocidal intention represents a complete reversal of the plans of President Franklin Delano Roosevelt to force the British and French out of their colonial holdings after World War II. Even into the 1960s, some of the Rooseveltian impulses were still manifest. With the assassination of President John Kennedy, the financial elite accomplished a coup that snuffed out these impulses: It began to channel investment flows into speculative and purely "extractive" activity, and away from productive uses, a shift which has become increasingly severe ever since. The devastating consequences have included the adoption of the Malthusian policy just described.

Another consequence is that the productive and creative *capabilities* of Africa's would-be partners have been, and

are being, systematically destroyed, as *EIR* has documented. They can now finance anything (except production of real goods); they can now produce nothing (except mountains of worthless financial paper, including unpayable Third World debt). They verge upon a militarized world system of “perpetual war,” modelled on the Roman Empire. Any plans of the Anglo-American powers for Africa will have, as a major motivation, the increased exploitation of Africa as a base of operations, a source of oil and gas, and a source of mineral wealth, especially those metals—platinum, chromium, manganese—needed for advanced military technology that are not widely dispersed in the Earth’s crust, but are found in southern Africa.

A State of Denial

Do the authors of the Nepad plan take account of these boundary conditions? Do they recognize the combined process of economic looting and political-military recolonization? The African Presidents show a remarkable state of denial, although African legislators, trade union leaders, and intellectuals are up in arms over the depredations of the IMF and World Bank.

In referencing Africa’s history, the Presidents refer to the legacy of colonialism, but, instead of telling the truth about the current state of IMF/World Bank debt slavery, Nepad’s Article 24 states, “The structural adjustment programs of the 1980s provided only a partial solution. . . . Consequently, only a few countries managed to achieve sustainable higher growth under these programs.”

They do not (and could not) name any that achieved higher growth thus. They politely note that “credit has led to the debt deadlock. . . . The limits of this option have been reached” (Article 3). Nevertheless, they intend to continue cooperating with these deadly institutions.

What is worse, the broad pattern of Nepad is that participating African governments will take collective responsibility for *imposing on themselves* the kinds of destructive, monetarist burdens and controls the IMF and World Bank have so far been solely responsible for. Nepad will “adopt standards and targets for fiscal and monetary policies” (Article 49). A task force of ministries of finance and central banks is to “recommend standards, including of public financial management, and targets” (Article 89). Without a different economic theory and a rejection of the IMF and World Bank, the inexorable logic of the existing system will govern them.



Attempting the impossible—a “new partnership” with the fatal IMF. The five sponsoring Presidents of the New Partnership for African Development (clockwise): Thabo Mbeki of South Africa; Olusegun Obasanjo of Nigeria; Abdelaziz Bouteflika of Algeria; Hosni Mubarak of Egypt; Abdoulaye Wade of Senegal.



Instead of opposing globalization, Nepad considers that Africa has suffered from being left out, “marginalization . . . from the globalization process” (Article 2). It is no surprise that privatization and the elimination of government subsidies for agriculture are on the Nepad agenda.

Nepad also has provisions committing African governments to “good governance” as a way of providing an environment in which investments will bear fruit. The idea is popular with many Africans, who thirst for good governance. These provisions include “allowing for the existence of several political parties and workers’ unions, and fair, open and democratic elections periodically organized to enable people to choose their leaders freely” (Article 79). Economic sanctions may be used to enforce these requirements.

Nothing is said, however, to limit the freedom of the Anglo-American powers to fund and steer opposition parties as a way of controlling African governments, despite the case of Zimbabwe this year, in which British Prime Minister Tony Blair made clear that if the British-sponsored opposition party lost, Britain would not consider it a fair election. Britain and the Netherlands are still broadcasting propaganda into Zimbabwe by shortwave, intended to overturn the elected government.

The Discovery of Africa

The Nepad plan is sometimes called the “brainchild” of South African President Mbeki, its most energetic exponent;

or, it is sometimes said, it was “conceived entirely by African leaders.” Here is a plan hostile to the most fundamental interests of Africans; it coincides, however, with the thinking of the now-desperate Anglo-American financial interests. It is safe to conclude that one thing the African Presidents cannot be blamed for, is the conceptual authorship of Nepad. At least one of the initiators, Nigerian President Obasanjo, has let slip that he smells a rat, even while he plunges ahead. In his address to the March UN Conference on Financing Development, in Monterrey, Mexico, he said, “We must guard that Nepad is not being turned against us as a tool for new conditionality.” Only the desperate can suffer from such delusion.

The intense energy of European and North American governments in working toward Nepad suggests that there is more to Nepad than meets the eye. Africa had been officially and publicly written off by the Anglo-American powers for the past two decades—until now. Consider just some of the diplomacy carried out from February through May: On Feb. 6-10, British Prime Minister Tony Blair and International Development Minister Clare Short visited Nigeria, Ghana, Sierra Leone, and Senegal. On Feb. 8, Several African Presidents met French President Jacques Chirac in Paris; then on Feb. 11, Blair and a high-level representative of Chirac met President Abdoulaye Wade of Senegal in Dakar. A week later, the G-8

contact group for Nepad—including representatives of Blair, Chirac, Canadian Prime Minister Jean Chrétien, and the U.S. State Department—met with the Nepad secretariat (one of six such meetings altogether). Chirac’s representative on the contact group is former IMF Managing Director Michel Camdessus.

On Feb. 18-25, IMF Managing Director Horst Köhler and World Bank President James Wolfensohn toured Africa together, held regional summits in Mali and Tanzania, and visited Nigeria and Kenya. On Feb. 26, the Presidents of Angola, Mozambique, and Botswana met President George Bush in Washington. On April 2-13, Canadian Prime Minister Chrétien made a seven-nation tour of Africa that included the four original sponsors of Nepad—South Africa, Nigeria, Senegal, and Algeria.

And finally, with great worldwide fanfare, in late May U.S. Treasury Secretary Paul O’Neill and Irish rock star Bono made their celebrated tour of Ethiopia, Ghana, Uganda, and South Africa.

Widespread Opposition

There is extensive opposition to Nepad, at least in Southern Africa, but because of the respect still accorded President Mbeki and the strong pressures exerted by his office and his allies in the Nepad undertaking, this opposition is not yet

Nepad History and Organization at a Glance

Nepad is the New Partnership for Africa’s Development, the end result of the merging and revising of previous proposals. The immediately preceding version was called the New Africa Initiative (NAI). NAI was approved by the Organization for African Unity (OAU) summit in July 2001, and approved in principle the same month by the G-8 meeting in Genoa. Its policy framework was finalized on Oct. 23, 2001, in Abuja, Nigeria, when it was renamed Nepad. (NAI was too close to the Afrikaans *naai*, which, when used as slang, means “to screw.”)

The “partnership” in the Nepad name is between the Nepad organization and its member governments, on the one hand, and principally the G-8 group of advanced sector countries, with the Organization for Economic Cooperation and Development (OECD) and European Union (EU) taking a strong cooperating interest. At a meeting in Maputo, Mozambique on May 14-17, G-8 representatives presented to the Nepad Steering Committee their “Africa Action Plan,” which is not expected to be made public until

the G-8 meeting in Kananaskis, Alberta, in late June.

Nepad is a project of the OAU and of its successor, the African Union (AU). It is “the socio-economic development blueprint for the AU to implement its objectives.” The AU, loosely modelled on the EU, is intended to be more successful than the OAU in curtailing national sovereignty, and seeks to unify the continent politically, socially, and economically. The AU founding summit is scheduled for July 2002 in Durban, South Africa. The first head of the African Union is to be South African President Thabo Mbeki.

The Nepad Steering Committee consists of the personal representatives of the five initiating Presidents—those of South Africa, Nigeria, Senegal, Algeria, and Egypt. Its chairman is Prof. Wiseman Nkuhlu, Mbeki’s representative.

The Nepad Secretariat, headed by Steering Committee Chairman Nkuhlu, is located at the Development Bank of Southern Africa (DBSA) at Midrand, near Johannesburg, South Africa. Nkuhlu is chairman of DBSA.

The plan, in 205 points, entitled *The New Partnership for Africa’s Development (Nepad)*, dated Abuja, Nigeria, October 2001, may be found at this web page: www.africaninitiative.org/Documents/AA0010101.pdf The Nepad website is www.nepad.org.

willing to oppose it by name.

One sign of widespread opposition is the announcement by John Nkomo, the national chairman of the Zimbabwe ruling party ZANU-PF, on May 21, that the national liberation parties now in power in Southern Africa plan to hold a summit in Victoria Falls, Zimbabwe, in a few months, to address orchestrated interference in African countries by foreign imperial forces, including globalization. According to the *Herald* in Harare, “Comrade Nkomo said preliminary meetings to examine the threat of a new wave of neo-colonialism” had already been held with several of the parties. The ruling parties of Mozambique, Namibia, Angola, Zimbabwe, and South Africa—all with fresh memories of armed struggle against colonial rule—are to attend. The Botswana Democratic Party and the ruling party of Zambia have also been invited.

President Mugabe knows Nepad is aimed at his government, but does not say so publicly. The Zambian government of President Levy Mwanawasa, which has a good idea of what physical-economic policy should be (see *EIR*, March 22, 2002), is also facing an attempt—by the European Union—to overturn the election that brought it to power in December 2001. So the Zambian government can see through Nepad also. President Mwanawasa has emphatically defended Mugabe’s reelection on the grounds of national sovereignty.

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Indeed, the only major African newspaper so far to oppose Nepad in an editorial, is Zambia’s *Post* published in the capital, Lusaka. But it, too, does not name Nepad. The May 24 editorial, entitled “Western Interests,” says in part: “No matter how attractively these so-called solutions to Africa’s vast problems are being packaged or what they are being named, the Western policies are conveniently put in place not for our benefit, but to continue undermining us. . . . Through this package being called globalization and liberalization, transnational corporations and institutions are fast taking over nearly all sectors.”

The Congress of South African Trade Unions (Cosatu) has criticized Nepad by name, but it has only managed to damn it with faint praise. After a meeting of its Executive Committee on May 29-30, General Secretary Zwelinzima Vavi characterized Cosatu’s conclusions in these terms: “Cosatu welcomes Nepad, but it has been developed without the participation of the masses and popularly elected African ministers. . . . Nepad needs the participation of African trade unions.” But he also pointed out that “democracy is not protected” by Nepad.

Most public opposition attacks Nepad indirectly by treating Zimbabwe as a test case. That is, by attacking the ongoing Anglo-American attempt to impose a government of its own choice on Zimbabwe, the opponents implicitly attack Nepad. Mbeki, Obasanjo, and Nepad Steering Committee Chairman Wiseman Nkuhlu have covered themselves by loudly joining in the defense of the Mugabe government.

But this is where push comes to shove. The Anglo-American powers have kept the theme in the press since Mugabe’s reelection, that the credibility of the Africans in the new partnership depends on their arranging a new election in Zimbabwe. The *Washington Post* lead editorial of May 6 declared, “If Africa’s new partnership means anything, it is that the continent’s leaders must tell Mr. Mugabe to stop terrorizing his country and call fresh elections. But Africa’s leaders have equivocated. Mr. Obasanjo and Mr. Mbeki played their part in expelling [suspending] Zimbabwe from the Commonwealth, much to their credit. But, they have not used their partnership as a tool to squeeze him.”

Since the opposition to Nepad has united around the principle that Mugabe not be thrown to the lions, Mbeki, Obasanjo, and Nkuhlu are caught in between. The vise tightened in the last week of May, when the ruling parties of Angola, Botswana, Malawi, Mozambique, Namibia, South Africa, Tanzania, and Zimbabwe—not waiting for the planned Victoria Falls conference—met in Windhoek, the Namibian capital, to pass a resolution congratulating Mugabe on his victory and condemning “attempts to install puppet regimes that guarantee the exploitation of our resources.” They acknowledged that the intense international focus on Zimbabwe was a reflection of British and Western interests in Zimbabwe and Southern Africa. Namibian President Sam Nujoma had the courage to warn of Nepad’s dangers.

Systemic Crisis Runs Through World Economy

by Lothar Komp

This presentation by EIR's economics editor in Europe, was given to a conference in Prague, Czech Republic, on May 9. It is abridged, and subheads are added.

Financial media, economists, and investors in the Western world are right now shaken by an unusual degree of confusion.

Just a few months ago, late last year, we saw widespread concern over a severe and global economic deterioration, something that was characterized as the first simultaneous trilateral recession in 30 years, hitting the United States, Japan and Western Europe at the same time.

While nothing in substance has changed since that time, we are hearing today, at least from some sources, forecasts of an impressive economic recovery, first in the U.S., then in the rest of the world. They tell us, that inventories in the United States are rapidly shrinking, indicating that the bottom of the inventory cycle has been reached, and therefore the next cyclical upswing is already in the making.

These optimistic forecasts are in particular made by exactly the same economists, bank experts, and analysts who proved to be completely wrong during the extreme stock market hype of the late 1990s and early 2000.

Reality however is different from both views: There will be neither a deepening cyclical recession nor a cyclical recovery in the United States and worldwide, because we are dealing with something quite different: a systemic disruption of the global economy finally being caused by fraudulent economic and financial policies. We are dealing with a systemic crisis which requires a fundamental response.

Within the first 12 months of this crash, the market value of Nasdaq firms dropped from \$6.7 trillion to \$3.3 trillion.

The market capitalization of the 5,000 American companies which make up the Wilshire-5000 index, plunged from \$17.0 trillion to \$11.6 trillion. That is, \$5.3 trillion in paper value was wiped out within one year, much greater than the total debt of all developing countries plus the debt of all countries in Eastern Europe and those that belonged to the Soviet Union.

Already before this crash started, *EIR*, in early 2000, published a special report documenting that the "New Economy" was nothing but a giant fraud, based on three ingredients: corporate accounting fraud, "creative" government statistics, and the most excessive credit generation in a century.

Corporate Accounting Fraud

Since the collapse of Enron in December 2001, the widespread practice by top American corporations to "massage" their balance sheets—that is, to artificially boost profit numbers and to hide losses, often aided by accounting firms—was finally uncovered.

There had been outright criminal fraud practices, as in the case of Enron, and probably other large corporations that are now the subject of investigations by U.S. authorities. The methods included setting up subsidiaries or "partnerships," often located in Bermuda, the Cayman Islands, or other uncontrolled offshore centers; contracts between the mother company and the subsidiary were specifically designed in order to fake turnover, profit, and debt figures.

Almost every day, new schemes for manipulating corporate data are being revealed. As an example, in early May, U.S. energy trader Reliant admitted that it was part of a huge operation of so-called "round-trip" trade transactions, whereby companies were selling each other electricity on paper at the same price and at the same time, just to boost turnover figures on both sides. About 20% of Reliant's total turnover last year had been artificially inflated by such practices.

The number of U.S. companies that have been forced to restate their financial accounts, due to threats of an investigation by the Securities and Exchange Commission (SEC), has tripled last year compared to the level of four years ago, and this year is going even further. By restating their earlier accounts, the companies admit that they have practiced "false or faulty accounting."

During the Enron hearings in the U.S. Congress, Sen. Byron Dorgan (D-N.D.) spoke of "almost a culture of corporate corruption" in the U.S.

On top of this illegal accounting fraud, there are the absolutely legal accounting tricks, now routinely used by thousands of corporations. An example for this is the reporting of so-called "pro forma" profits, whereby companies calculate and announce fantasy profits, which theoretically would have been generated if all interest payments, taxes, amortizations and so-called extraordinary costs are ignored.

'Creative' Government Statistics

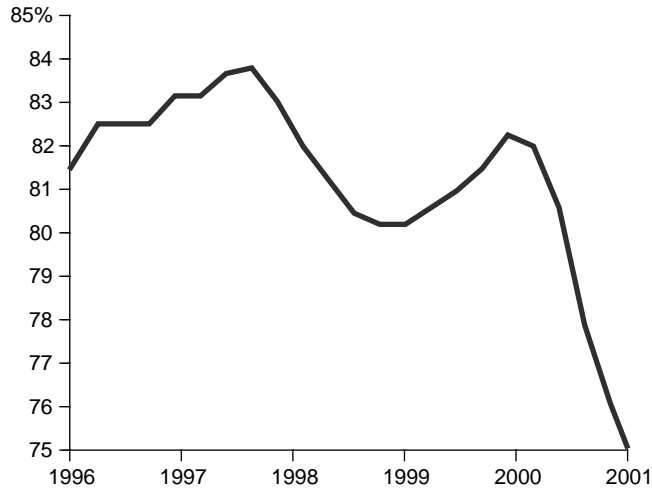
While everybody is now aware of the corporate manipulation of results by it has not yet been fully understood that the whole "New Economy" hype would never had been possible, and investors would not have lost trillions of dollars on the stock market, had there not been the deliberate massaging of economic figures by the U.S. government.

Even for the first quarter of this year, when corporate profits and corporate investments were still melting down, and the number of unemployed workers on benefit rolls reached the highest level in 19 years, the U.S. Commerce Department managed to calculate a 5.8% annual growth rate for gross domestic product (GDP).

FIGURE 1

Capacity Utilization, U.S. Industry

(Percent)



Source: Federal Reserve.

If you take a closer look at the report, you see that two-thirds of this alleged growth has nothing to do with increased spending by consumers or capital investments by companies, but is rather the result of some inventory algebra: Inventories were reduced sharply in the fourth quarter, were basically stagnating in the first quarter, and therefore the economy is rising compared to the previous quarter.

More important than this inventory mathematics, is the very clever method, by which the U.S. government, since the late 1990s, has been deliberately inflating the GDP total—the so-called “hedonic pricing method”: The price of a new computer has been more or less the same now over many years. So, the inflation rate for computers is close to zero. But, argues the U.S. government, the power of computers, in terms of processor speed and memory, is dramatically rising every year. Therefore, the government says, if—in theory—the old computers were still sold, their prices would be much lower than some years ago. Ergo, we have a dramatic deflation in the computer sector.

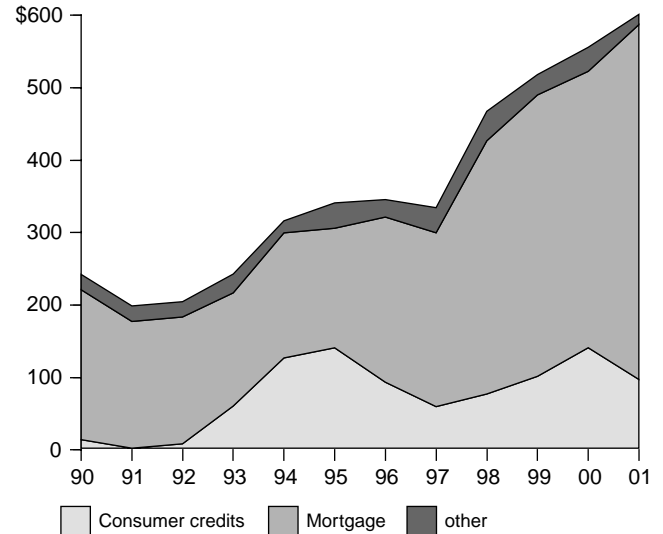
How much? Nobody can tell exactly. There can only be wild guesses. But if you look in the first quarter 2002 GDP report, there actually had been annualized computer purchases of only \$83 billion, but based on the “hedonic” deflation theory, the government adds \$310 billion from computer purchases into its GDP calculation. Similar in the case of software. So, by fictional computers and software purchases alone, the government out of nothing creates an annualized \$396 billion of artificial gross domestic product.

This indeed is very creative. And our German Chancellor,

FIGURE 2

Growth of Debt of U.S. Households

(Billion \$ per year)



Source: “Flow of Funds,” Federal Reserve.

in potentially his last weeks of government, just announced that he wants to take over U.S. government statistical methods, in order to be able to present good numbers as well.

Inflating GDP data is very effective, because they immediately inflate productivity data as well, which are calculated as the ratio of GDP to working hours.

Since the beginning of this year, the U.S. government has discovered a widely used a statistical trick. Each month, when new figures about employment, industrial orders, or retail sales are being released, the figures for the preceding month are being revised downwards, often without giving any reasoning for the revision. By this clever method, you can, every month, report the very same number, but always claim spectacular growth in comparison to the previous month.

Excessive Debt Generation

But even if we take the U.S. government figures as granted, the growth in GDP is ridiculous compared to the growth of debt within the U.S. economy.

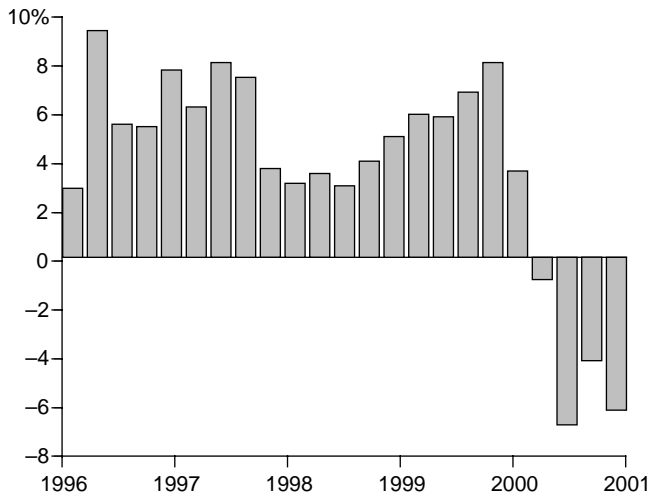
In the year 2001, households added another \$490.7 billion in mortgage debt, about three times as much as the annual average during the 1990-96 period. Total debt by private households and non-financial corporations increased by \$1.109 trillion in 2001. The financial sector increased its debt burden by \$916 billion.

GDP, even including the statistical tricks, only rose by less than \$200 billion last year. That is, in the year 2001, for every single dollar of additional national income, there were

FIGURE 3

Annualized Changes in U.S. Industrial Production

(Percent)



Source: Federal Reserve.

more than \$10 of additional debt.

During the fourth quarter of 2001, the debt volume of households, companies, and the government even rose 65 times faster than the economy, hardly a “healthy path to recovery.”

Capital Flows Spell Trouble for Dollar

By looking at the U.S. foreign trade statistics, the question that arises is, not what could become the trigger of such a dollar crash, but rather why it did not already happen? In the year 2001, U.S. exports amounted to \$721 billion, while U.S. imports totalled \$ 1.147 trillion; that is, \$426 billion (59%) more than the export volume. In terms of consumer goods and automobiles alone, the U.S. economy imported \$300 billion more than it exported.

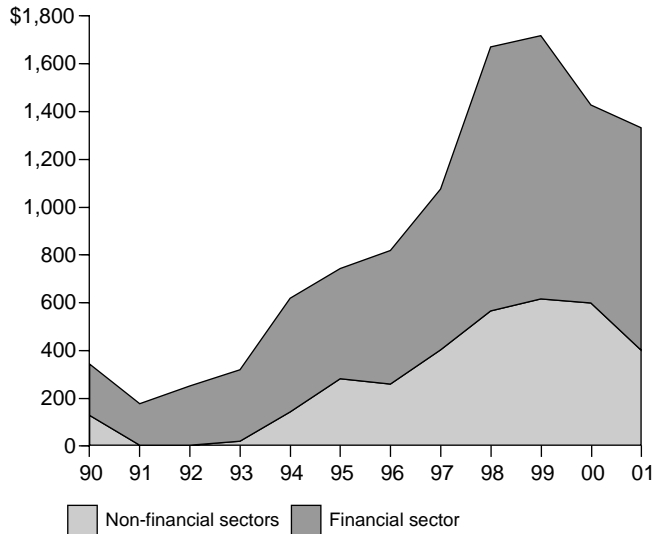
The giant trade gap could be easily financed in recent years by a flood of foreign capital, seeking rescue from numerous financial crises in Russia, Asia, and Latin America, and attracted by the “New Economy” super-hype in the United States. However, already in 2001, the composition of net capital flows into the United States revealed alarming signs of stress.

According to government statistics, U.S.-owned assets abroad increased by \$439.6 billion during 2001, while at the same time foreign-owned assets in the United States increased by \$895.5 billion; that is, by almost \$2.5 billion per day. The combined result was a net inflow of capital of \$455.9 billion into the United States, more or less the same dimension as the

FIGURE 4

Debt of U.S. Corporate Sector Grows

(Billions \$ per year)



Source: “Flow of Funds,” Federal Reserve.

trade deficit.

But due to the stock market crash and the implosion of the “New Economy” illusion, two main resources of capital inflows—foreign purchases of U.S. stocks and foreign takeovers of U.S. companies—already went down sharply last year. Net foreign purchases of U.S. stocks declined from a record \$192.7 billion in 2000 to \$127.2 billion in 2001. Net financial inflows for foreign direct investments in the United States fell from \$287.7 billion in 2000 to \$157.9 billion last year.

What rescued the U.S. economy, and the dollar, last year, was a further expansion of foreign purchases of U.S. corporate bonds, to \$371.2 billion, surpassing the previous all-time record of \$292.9 billion in the year before. This year, U.S. corporate bonds are again set to break historic records—but this time, not in terms of foreign buying, rather in terms of numbers of defaults.

Following the Enron collapse in December 2001, the corporate bonds of dozens of large telecom, media, and other companies have been downgraded to “junk” level. Total defaults on corporate bonds in the first quarter 2002 amounted to \$34 billion, and rating agencies expect a further rise of defaults throughout 2002.

As a consequence, foreign purchases of U.S. securities—including stocks and bonds—have collapsed. In January and February, they crashed by 75% compared to one year ago and hit the lowest level since Autumn 1998. Following the bursting of the stock market-, takeover-, and corporate-bond

bubbles, there is nothing in sight that could induce foreign investors to maintain net flows into U.S. markets of \$400 to \$500 billion—besides perhaps the issuance of giant amounts of high-yield, government-guaranteed “war bonds.”

Once the dollar crashes, the well-known horror scenario might take place. The Fed will have to raise interest rates to defend the dollar, thereby shutting off the engine for the real estate bubble. In the recent few years, rising home prices have played a key role in keeping the United States going, in particular since stock markets were crashing. Sales of both new and used homes hit records in 2001, with year-over-year price gains of 8% in February. Over the past two years, home-price growth alone has added nearly \$2 trillion in wealth to U.S. household balance sheets, partially offsetting a \$4 trillion decline in household stock-market investments over the same period. Rising interest rates would finally burst the real estate bubble, with far-reaching implications for U.S. consumer spending and therefore the U.S. economy, and also for the already very fragile financial system worldwide.

Telecom and Corporate Defaults

The fear factor in the financial system is further heightened by an unprecedented wave of mega-bankruptcies. Almost every day, another large corporation, most often in the telecom sector, defaults on corporate bond obligations or files for bankruptcy.

Already in the first quarter of this year, we saw the bankruptcy of U.S. fiber optic operator Global Crossing, the biggest telecom bankruptcy ever worldwide. The company defaulted on a total debt of \$11 billion after laying 160,000 kilometers of mostly idle fiber optics nets, in 27 countries. Other telecom companies, each with debt of more than \$1 billion, followed.

In the meantime, there is a related bankruptcy wave among the leading European cable television providers. The British cable-TV provider NTL, a few weeks ago, defaulted on \$17 billion of corporate bonds, the largest such default ever, worldwide. Much more is to come. According to rating agencies, the number of defaults on corporate bonds is about to reach historic records this year.

Many chief executives of technology companies no longer worry about any recovery in sales this year or later. They are struggling to prevent their companies from defaulting tomorrow or next week. The list of troubled companies with debt volumes in the range of \$5 to \$30 billion is rising by the day, in particular among the large telecoms:

- WorldCom, the second-largest U.S. long-distance phone company, on May 15 broke the historic record of daily traded stocks, set by Enron last year, as the \$30 billion debt of the company has been downgraded to “junk” by Standard & Poor’s. If WorldCom doesn’t receive new cash from its creditors, it might have to file for Chapter 11 in June. On May 15, the company announced that it would tap its last existing bank credit line worth \$2.65 billion. WorldCom stocks have

fallen more than 90% since the beginning of this year alone.

- Adelphia Communications, the sixth-largest U.S. cable-TV operator, on May 15 defaulted on some of its \$19 billion outstanding corporate bonds. The same day, Moody’s warned that a bankruptcy filing by Adelphia may be “unavoidable,” and the chairman and chief executive of the company, who founded it 50 years ago, resigned. In late March this year, Adelphia admitted that it had built up off-balance-sheet transactions to hide parts of its debt. Since then its stocks crashed by more than 80%.

- KPN QWest, the Dutch-American cable-TV operator, saw its stock price plunging 57% on a single day on May 15, after banks, stockholders, and other creditors refused to bail out the company with new capital. A bankruptcy filing is expected in coming weeks.

- On May 16, Britain’s leading telecom equipment producer Marconi confirmed that it is asking creditors to exchange debt for equity, as probably the last option to prevent bankruptcy. Marconi is right now in emergency talks with creditors to restructure \$6 billion of debt. Its stock prices on that day alone fell by 15%. First quarter new orders fell by 54%.

Other telecoms are still reporting huge losses and are preparing large job cuts. Telecom suppliers such as Ericsson and Lucent were reporting a further 40% crash of new orders during the first quarter. Ericsson will cut 17,000 jobs; Lucent, 6,000; Siemens, 6,500. Cable & Wireless in Britain announced a \$7.4 billion annual loss and its chief executive Graham Wallace warned, “The market we operate in won’t stabilize probably for another 12 months.” Both the chairman and the finance director of the company resigned. Nippon Telephone and Telegraph (NTT), the world’s largest phone company, posted the biggest full-year loss ever by any non-financial Japanese company—\$6.4 billion. Deutsche Telekom in Germany is expected to cut about 30,000 jobs within the next three years.

Poland: ‘We Have A Feeling Like 1939!’

by Frank Hahn

Visiting Poland this Spring, one is shocked at how much more acutely than in Germany, for example, the world crisis is perceived. Voices here, and not only among the elders, repeat in various ways, the same point: “We have the same feeling as in 1939.”

Representatives of the Schiller Institute were invited by political circles to present an alternative to the feared world war and depression: the concept of the Eurasian Land-Bridge.

On May 20, Elisabeth Hellenbroich and this author spoke on this subject before the “Society for Polish Collaboration with the East,” a body which is responsible for the “area between the Bug River and the East China Sea” as one participant jokingly remarked; but which, especially since Russian President Vladimir Putin’s visit to Poland in January 2002, plays an increasingly important role in intensifying the collaboration of Poland with its eastern neighbors.

Some 30 participants from industry, government circles, and the farmers party, PSL, came to engage the Schiller Institute in discussions. Two themes stood out: How can Poland avoid the fate of the Argentines? And, how shall the construction of the Eurasian Land-Bridges be financed, so that the Poles themselves could immediately begin to participate?

Lautenbach Plan or EU Austerity?

Here, of course, the most painfully raw nerve of the current political discussion was jabbed. Since the beginning of the year, several initiatives have been made, including the PSL’s formation of the Council for Monetary Policy (RPP) to modify the National Bank. This reflects the desire to again allocate credit to stimulate the collapsed economy, breaking the ideological fixation on fighting inflation. At the end of May, the Polish parliament deliberated upon this motion. Immediately, loud noises came from the European Union bureaucracy in Brussels. Poland’s EU membership would be placed in jeopardy, in the event that the “independence” of the Polish National Bank from the sovereign national government were no longer to be guaranteed.

The Euro-skepticism of the Poles only grew stronger, for, why should they join the EU, which declares its iron-clad austerity policies to be the highest principle, when their implementation plunges a country into social chaos? In several rural regions of Poland, unemployment amounts to 60%, and malnutrition among children and youth is reported.

The role of the National Bank was passionately discussed at another Schiller Institute seminar at the PSL party headquarters. The presentation dealt with two themes: the background to the crisis in Argentina, and the principle of state credit creation, from Gottfried Leibniz through Alexander Hamilton and up to Germany’s Friedrich Lautenbach in the 1920s-30s. The last communist regime of Poland, in 1989, was already under orders by the International Monetary Fund (IMF) to destroy the Polish National Bank, to split it up into nine private commercial banks. Now, there still is a national bank of sorts, constituted somewhat like the Federal Reserve in the United States: an “independent” currency-issuing bank.

With this arrangement, an “Argentinization” of Poland has been observable. In both countries, 67% of the banks are now in foreign hands. In Poland, many now fear an accelerating, organized capital flight, should the edifice of the overly high interest rates and the overvalued currency crumble under the pressure of the difficult economic crisis, and the “parked” foreign capital investment be withdrawn.

Resistance to IMF, Brussels Growing

That the illusions of early 1990s Poland have long since popped, and that institutional resistance is awakening, became evident in the course of many discussions with parliamentarians, government representatives, and church officials.

In cultural and church circles, there is tremendous concern about the nihilistic cultural turn in the country. The youth are completely in the grip of the most negative aspects of Western culture—violent videos and computer games, drugs, excessive television viewing, and so forth. It is very clearly observed in Poland, that the downward path of this European nihilism is taking a sharp shift toward becoming a fascistic movement. As a result, the question of the significance of religion in the new Europe is important.

On all levels of politics, one encounters an increasing skepticism with respect to the EU, even among those who recommend joining it. The arrogance of the Brussels bureaucracy with respect to patent registration and copyrighting, in the area of infrastructure and new technologies, is viewed with increasing displeasure. As never since the communist days, all sides of the political spectrum stress the intensification of cooperation with Russia, Central Asia, and China.

Beyond nationwide demands to change the National Bank’s policy, discussion is quite fiery on an additional point: The neo-liberal suppression of the most beneficial state intervention to promote the general welfare, against the insolvency of the Szczecin Shipyards. The shipyards had been considered the exemplary industrial firm in all of Poland, the one example of a successful privatization. But now the 5,000 Szczecin workers have not received a single paycheck since January, and, despite the shipyard’s books being loaded with back-orders, it is insolvent. Is the corrupt Polish management responsible, as Poles are told? Rather, investors who do not reside in Poland, but in the United States, refuse to place further credits at the shipyards’ disposal. Poland is now on the verge of renationalizing Szczecin.

Finally, there are interesting new events in the area of infrastructure policy: Reports are circulating that Prime Minister Jerzy Miller intends to resume construction on Poland’s first nuclear power station, which had been interrupted shortly after 1990. To this purpose, a study was produced by the Infrastructure Ministry regarding the relationship between unemployment and the development of infrastructure. The ministry concluded that many people in the countryside cannot find jobs, on account of terrible bottlenecks on scarce rails and roads. Building urgent infrastructure has been impeded by the monetarist austerity ideology. What is necessary is credit generation through the National Bank, directly to the government ministries responsible for infrastructure.

The picture gained of the Polish situation reflects an exciting political vitality. Only the fear of war acts as a paralyzing factor; otherwise, forces are mobilizing themselves with concrete plans to survive the current bankruptcy of the state.

Today's Likud Is The Party of Fascist Vladimir Jabotinsky

by Harley Schlanger

The articles which follow will remove any doubt that it is entirely justifiable to describe Israel's Prime Minister Ariel Sharon as a fascist, who is acting against the interests of the people of Israel.

Sharon, as in the cases of the Likud Prime Ministers who preceded him—Menachem Begin, Yitzhak Shamir, and Benjamin Netanyahu—is a true adherent to the racist, anti-human outlook of Vladimir Jabotinsky, the man whom Israel's first Prime Minister, David Ben-Gurion, called “Vladimir Hitler.” Each of these Prime Ministers from the Likud party, who are referred to collectively as “Jabotinsky's Princes,” shares with their mentor the rejection of the universal outlook of Judaism, as set forth by God in the first book of Moses, Genesis: “Let us make man in our image, after our likeness,” i.e., all men and women are created in the image of the Creator.

They reject as well the teachings of the three great Moses—Moses the Law-giver, Moses Maimonides, and Moses Mendelssohn—for whom the Jews were chosen to serve as a “light unto nations,” and are compelled to offer comfort to the stranger, for the Jews were once “strangers in the land of Egypt.”

Instead, they would degrade the Jews to be defined, as a people, according to a racial criterion, one with a special deal with God, a property title or contract for the Land of Israel, as well as the moral authority to drive out the Palestinian Arabs who live on the land they claim. All of them have been “territorial maximalists,” who arrogantly assert Jabotinsky's claim, as expressed in his newspaper *National Front* in an editorial in 1931, that Greater Israel must be “all of Palestine, including the Transjordan and the Syrian Desert.”

When Menachem Begin founded the Herut party in 1948, as the successor to Jabotinsky's Revisionist Party (Herut later became the Likud party), its platform declared, “There are two banks to the Jordan River. This one is ours; and the other, too.” While Sharon and Netanyahu may quibble today over how much of the West Bank must remain in Israel's hands, both stridently reject the UN resolutions, and



Fascist Vladimir Jabotinsky (left) and the group known as “Jabotinsky’s Princes,” Likud party Prime Ministers (clockwise from upper right) Ariel Sharon, Benjamin Netanyahu, Menachem Begin, and Yitzhak Shamir.



the Oslo Accords, which call for this land to be returned to the Palestinian people.

Anti-Arab Racism

While David Ben-Gurion and his allies accepted the need for a partition of what was then called Palestine into two states (the formula later adopted by the UN in its November 1947 vote)—acknowledging that the Jews were greatly outnumbered by Arabs living there—Jabotinsky was a rabid promoter of “transfer,” that is, driving the native Palestinians out of their homes. In November 1939, he wrote, “We should instruct American Jewry to mobilize half-a-billion dollars in order that Iraq and Saudi Arabia will absorb the Palestinian Arabs. There is no choice: The Arabs must make room for the Jews in Eretz Yisrael.”

This view was shared by another of Jabotinsky’s followers, the late Rabbi Meir Kahane, the founder of the terrorist Jewish Defense League (JDL), whose followers today are members of Kach and Kahane Chai, organizations on the U.S. State Department’s list of terrorist organizations. Several of them were arrested recently in Israel, charged with plans to blow up a school for Palestinian girls.

Meir Kahane’s father had been a fundraiser in the United States for Vladimir Jabotinsky. The younger Kahane, in founding the JDL, and in subsequent activity in Israel, promoted Jabotinsky’s idea of Jewish supremacy. He wrote, “We are different, we are a chosen one, and a special one, selected for purity and holiness. There is no reason to being a Jew,

unless there is something intrinsically different about him. No, we are not equal to Gentiles, we are different. We are higher.”

In a 1972 leaflet, Kahane wrote, “Arabs do not belong here, they must leave.” While running for the Knesset (Israel’s parliament) in 1977, he spoke of “our Arab deportation plan,” of the “enormous contribution to the economy of Israel” it would make, if “Jews lived in thousands of vacated Arab homes.” In his campaign for reelection to the Knesset in 1985, he raved, “No one can understand the soul of these Arab beasts, these roaches. We shall either cut their throats, or throw them out. I only say what you think. In two years’ time, they will turn on the radio and hear that Kahane has been made Minister of Defense. Then they will come to me, lick my feet. And I will be merciful, and allow them to leave. Whoever does not leave will be slaughtered.”

While Kahane may have been more blunt than other followers of Jabotinsky, they share his view of transfer. Sharon has spoken often of “making Jordan the Palestinian state,” while Rehavam Ze’evi, who served as Sharon’s Tourism Minister before he was assassinated in 2001, was an open proponent of “transfer.”

From the Margins. . .

Throughout the long history of the Jewish people, this racist outlook expressed by Jabotinsky and his followers has been rejected by the vast majority of Jews, who held firmly, instead, to the universal outlook of the three Moses.



The late Meir Kahane, founder of the terrorist Jewish Defense League and an ardent follower of Jabotinsky. It was he who referred to the Arabs as “these roaches,” saying, “We shall either cut their throats, or throw them out.”

Following the dispersal from Palestine by the Romans in 70 A.D., the Jews faced other expulsions, and, at times, virulent and deadly anti-Semitism. Yet always, the hope for a better future remained, and leading Jewish figures, such as Maimonides and Mendelssohn, led movements to improve not only the conditions facing Jews, but all of society.

The Zionist movement was launched at the end of the 19th Century, with its commitment to “restore” a Jewish homeland in Palestine, to shelter Eastern European Jews from outbreaks of anti-Semitism—outbreaks often created by the British and allied elites, who used pogroms and other anti-Jewish measures to convince Jews to emigrate to Palestine, where they could be used as geopolitical tools in inter-imperial rivalries. This Zionism was ignored, initially, by most Jews, who preferred to remain in their existing homes, or to come to America. The Jews of Eastern Europe were influenced far more by the movement initiated by Moses Mendelssohn, for Jewish emancipation, than they were by the prospect of relocation to Palestine by Zionist ideologues.

Mendelssohn, a philosopher, scientist, and statesman, led a revolutionary movement, which affected not only the Jews of Germany and Eastern Europe, but had a profound influence on the development of the German Classical period of Schiller, Goethe, Mozart, and Beethoven (see *Fidelio*, Summer 1999, for an in-depth study). It was characterized by two aspects: a battle in Germany and Austria to gain the Emancipation of the Jews, including full rights of citizenship and equality, which was won in the first decades of the 19th Century; and secondly, the fight to bring the Jewish community out of its internal insularity, into full participation as citizens in their nation.

This battle in Germany was spread to Eastern Europe (Poland and Russia, which each had large Jewish popula-

tions), by the *maskilim*. These were the teachers who were responsible for the flowering of the Yiddish Renaissance, centered on the creation of a Jewish literary culture, which included the works of authors such as I.L. Peretz and Sholem Aleichem. Yiddish had previously been a “jargon,” a mish-mash of languages. In the hands of the great writers, it was made capable of conveying profound ideas. Its political expression was most keenly developed in the Bund, the Jewish workers association, which fought for rights for all Poles and Russians.

It was to counter this movement that Jabotinsky’s brand of Zionism—arising from the same roots as the Fascism of Mussolini whose followers included Jabotinsky—was deployed. In addition to preaching the axioms of Jewish “separateness” and superiority, Jabotinsky demanded an end to Jewish participation in the Diaspora. “Eliminate the Diaspora before it eliminates you,” was one of his slogans.

... To the Mainstream

How did this outlook, which was accepted only among fringe elements in the Jewish population, become dominant, as reflected in the elections of Begin, Shamir, Netanyahu, and Sharon—all adherents to this perversion of Judaism—as Prime Ministers of Israel?

The key to this dramatic change was the process initiated following the success of the Israel Defense Forces (IDF) in the June 1967 “Six Day War,” which was reinforced by the victory in the October 1973 “Yom Kippur War.” The stunning victory in 1967, in which the armies of Egypt, Syria, and Jordan were routed, gave Israel control over respectively, the Sinai, the Golan Heights, and, most important, the whole West Bank and a unified Jerusalem.

It was the takeover of Jerusalem, in particular, which triggered a frenzied messianic fervor among certain marginal religious networks. The most significant of these was that of Yeshiva Merkaz Harav, which had been established by the first Chief Rabbi of Israel, Abraham Itzhak Hacoen Kook, who believed that the founding of the Zionist movement signalled the beginning of the redemption of Israel. Kook’s son, Rabbi Zvi Yehuda Hacoen Kook, had declared the month before the Six Day War, that the partition of Israel had been an abomination, and it was necessary for Jews to settle in Hebron and Nablus, which were still under Jordanian control.

With the victory in June 1967, Rabbi Kook was taken to the Wailing Wall, the holy site alleged to be the western wall of the Second Temple, which had been destroyed by the Romans at the beginning of the Dispersion. Rabbi Kook proclaimed, “We hereby inform the people of Israel and the entire world that under heavenly command we have just returned home in the elevations of holiness and our holy city. We shall never move out of here.”

The messianic Zionists of Merkaz Harav were soon joined by the secular Jabotinskyites, in forming the Land of Israel movement in September 1967. They produced a manifesto, which proclaimed, “The whole of Eretz Yisrael is now in the



Israeli Prime Minister David Ben-Gurion (right) gives a gift to U.S. President Harry Truman in May 1951 (as Ambassador Abba Eban looks on). Ben-Gurion, who was in the humanist tradition of Moses Mendelssohn, accepted the idea of partitioning Palestine into two states, and branded Jabotinsky with the nickname "Vladimir Hitler."

hands of the Jewish people, and just as we are not allowed to give up the State of Israel, so we are ordered to keep what we received from its [the IDF's] hands: the Land of Israel."

Rabbi Kook declared that the State of Israel had become the "Kingdom of Israel in the Making." The IDF is an instrument of God, he proclaimed. Every Israeli is imbued with righteousness, every grain of soil is holy. He told his students, "Be not afraid. This land is ours; here are no Arab territories or Arab lands, but only Israeli territories—the eternal land of our forefathers, which belongs in its Biblical boundaries to the government of Israel."

Settlers and Assassins

With a new alliance between the messianic Jews—who believed the 1967 war would, at long last, bring the Messiah to the Holy Land—and the racist Jabotinskyites, who believed the Arabs were interlopers on Jewish lands—a movement was launched to establish new "facts on the ground," i.e., to permanently displace the Palestinians and guarantee Jewish control. The Gush Emunim—the Bloc of the Faithful—was founded under Kook's spiritual guidance, to settle the occupied territories.

"I tell you explicitly," he stated to them, at their founding meeting, "that the Torah forbids us to surrender even one inch of our liberated land. There are no conquests here. We are not occupying foreign lands. We are returning to our homes, to the inheritance of our ancestors. There is no Arab land here, only the inheritance of our God, an exclusive God. The more the world gets used to this thought, the better it will be for all of them, and for all of us."

The emergence of this movement received the full sup-

port, both political and financial, of the Likud party, which rode the euphoria of the military victories and the settlement process to a victory for Begin in 1977. From the beginning, two of the leading backers of Gush Emunim, and the settlers' movement more broadly, were Jabotinsky's acolytes Benjamin Netanyahu and Ariel Sharon. To this day, the two are fighting over who can best fulfill the dreams of Jabotinsky, to create a Kingdom of Israel, cleansed of Palestinians, from the Tigris and Euphrates in Iraq, to the Nile River.

It was from the ranks of these extremists, nurtured by the supremacist hatred of racist rabbis and the allied Jabotinskyite politicians, that the assassin of Yitzhak Rabin emerged. Rabin, a tough and popular military leader, who as candidate of the Labor Party defeated Shamir for Prime Minister in the elections of 1992, had demonstrated the *chutzpah* to break with the demented axioms of this gang. Instead of killing Palestinian youth, to defend the occupation, he chose to make peace.

The successful negotiations with Arafat, which produced the Oslo Accords, so enraged Netanyahu that he welcomed demonstrators to his rallies, who carried signs depicting Rabin in a Nazi SS uniform, and who chanted "Death to Rabin." Rabin's assassin, wrote his widow, Leah Rabin, was led to believe that "he was fulfilling a holy mission sanctioned by them—that the 'holy land' of Judea and Samaria [the West Bank] is more holy than the life of the Prime Minister who was willing to compromise on this land for peace."

The assassin, Yigal Amir, did not act alone. There are still many more like him, prepared to stop at nothing to achieve the ultimate victory envisioned by Israel's first fascist, Jabotinsky.

Rabin's Assassins: The Jabotinsky Gang

The intellectual authors of the Nov. 4, 1995 assassination of Israeli Prime Minister Yitzhak Rabin, were the group identified in the previous article as "Jabotinsky's Princes," most prominently Benjamin Netanyahu and Ariel Sharon, whose rise to power was the direct result of that murder. The story is graphically detailed in a book by Michael Karpin and Ina Friedman, Murder in the Name of God: The Plot To Kill Yitzhak Rabin (New York: Metropolitan Books, 1998), which was reviewed by Michele Steinberg in EIR, March 8, 2002. The authors provide an extensively researched report on the network of rabbis who control the Jewish terrorists, and who pronounced a religious death sentence on Oslo peacemaker Rabin—and on the meetings where discussions of the "duty" to kill Rabin took place. The following quotes from Steinberg's review and from the book give a good idea of what fascists we are dealing with.

Karpin and Friedman write:

"By early evening [of Oct. 5, 1995, date of the Knesset parliamentary debate on Oslo II], tens of thousands of right-wing protesters had made their way to Jerusalem's Zion Square for a demonstration called by the opposition parties, the Yesha Council, the Joint Staff and the Action Headquarters. . . . A bearded young man in a yarmulke was caught on tape holding a picture of Rabin in one hand and beating it with his fist while shouting. . . . 'Because of this dog, this country is going to be destroyed.' . . . The microphone caught a voice saying, 'Instead of filming, will you come to the funeral? Will you come to the funeral tomorrow?' . . .

"As loudspeakers blasted patriotic songs, the crowd began working itself up to a frenzy even before any of the scheduled speakers had begun. . . . Wild young men in yellow Kach T-shirts carried Meir Kahane's son, Benyamin, on their shoulders. . . . Supporters of the Likud set Rabin's portrait on fire. Two bearded young men hoisted a banner reading 'Rabin, Arafat's Dog.' Standing near them a woman waving a blue and white Likud flag shouted, 'Death to Rabin!' over and over like a mantra. Shouts of 'Nazis!' 'Collaborators!' and 'Judenrat!' were levelled at the cordon of policemen. . . . Overlooking it all, on the balcony of the Ron Hotel, stood a gallery of right-wing politicians gazing with satisfaction at the maelstrom below. [Then-Likud chairman] Benjamin Netanyahu waved his hand at the demonstrators in encouragement. Ariel Sharon, Tsomet's Rafael Eitan, and Rehavam Ze'evi—all masters of anti-Arab and anti-government invective—flanked him. Tsachi Hanegbi, Netanyahu's liaison with the Action Headquarters, stood beaming with pride at the



The late Israeli Prime Minister Yitzhak Rabin, who was assassinated in 1995 by an extremist from the Jabotinskyite milieu. The high-level instigators of the murder have been protected by a coverup by the subsequent Likud administrations.

turnout and tenor of the crowd. The heart of the capital had been turned into a scene of fevered abandon. . . .

"The climax of the evening was Netanyahu's speech. . . . Throughout the speech the violence kept escalating. Demonstrators threw lit torches at policemen. Groups of Kach supporters jumped up and down screaming, 'Rabin is a dog. . . . In blood and fire we'll drive Rabin out' . . . [Netanyahu] thundered, ' . . . we will bring the government down.'"

Karpin and Friedman tell how the violence escalated, especially after a leaflet with a photo-montage of Rabin dressed in an Nazi SS uniform began circulating, and the chant rose, "Rabin is a Nazi." In this frenzy, the demonstrators marched to the Knesset, where they attacked Rabin's empty limousine. . . ."

A month later, Rabin was shot and killed at a campaign rally by Yigal Amir, a fellow traveller of the Kach movement, who had been harassing Rabin at his home for over a year.

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Will Israel Outlive Its Fascists? Jabotinsky: Mussolini's Favorite

by Steven Meyer

What has brought Israel to its current path of self-destruction is the resurrection of the fascist Vladimir Ze'ev Jabotinsky, whose 1923 "Iron Wall" thesis—a Jewish military force that would dash Arabs' hope for a nation-state—is the basis for Israeli Prime Minister Ariel Sharon's and the Israeli Defense Forces' (IDF) Nazi-like policies today. Sharon is an avowed follower of Jabotinsky, and every Likud prime minister, from Menachem Begin to Benjamin Netanyahu, has been a protégé of Jabotinsky, either as an extremist leader within his movement, or a family member of such leaders. Collectively, they are called Jabotinsky's "Kindergarten." They often refer to themselves as Jabotinsky's "Princes" (see Steven Meyer, "Jabotinsky Wrecked Zionists' Hope for 'Water for Peace' in Mideast, *EIR*, May 24, 2002).

A number of courageous individuals within the Jewish community have been outspoken against this atrocity. In 1996, Rabbi David Goldberg, the senior rabbi of the Reform Synagogue of London, published *To The Promised Land, A History of Zionist Thought From Its Origins to the Modern State of Israel* (New York: Penguin, 1996). Goldberg includes a section on Jabotinsky, which is unique in detailing how Jabotinsky's Zionism did not come, as he puts it, from an inner contact with Judaism, nor did Jabotinsky ever "breathe the atmosphere of Jewish cultural tradition." Rabbi Goldberg proves, through Jabotinsky's personal letters, published articles, and autobiography, that his Zionism came from an affinity for various Italian Romantic movements and specific individuals who helped launch the career of Benito Mussolini.

Jabotinsky admits in his autobiography: "If I have a spiritual homeland, it is Italy, much more than Russia. . . . All my views on nationalism, the state, and society were developed during those years under Italian influence; it was there that I learned to love the art of the architect, the sculptor, and the painter, as well as the Latin song. . . . At the university my teachers were Antonio Labriola and Enrico Ferri, and the belief in the justice of the socialist system, which they implanted in my heart, I kept as self-evident until it became utterly destroyed by the Red experience in Russia. The legend of Garibaldi, the writings of Mazzini, the poetry of Leopardi and Giusti have enriched and deepened my superficial Zionism; *from an instinctive feeling they made it into a doctrine*" (emphasis added).

Author Shmuel Katz, a leader of Irgun (the Jewish terrorist movement against the British occupation of Palestine),

who travelled with Jabotinsky as his personal secretary for part of 1937, revealed the extent of Jabotinsky's fervor for this Romantic milieu in *Lone Wolf, A Biography of Vladimir Ze'ev Jabotinsky* (New York: Barricade Books, 1996). Born on Oct. 17, 1880, Jabotinsky attended the University of Rome for approximately two years, leaving in the Summer of 1901. He took classes with Enrico Ferri, who was the founder of the science of criminal sociology, and studied philosophy and history with Antonio Labriola, one of Italy's leading Marxists. He attended Labriola's nightly salon at the Aranyo Cafe in the Corso. To his friends, he was "Vladimiro Giabotinsky."



Attack on a civilian target by a Palestinian suicide bomber? No: This is the King David Hotel in Jerusalem, which was bombed by Jabotinsky's terrorist Irgun Society in 1946.

His affinity for Italian political figures continued, and he made a detailed study of Garibaldi's life, for whom he developed a great admiration.

Rabbi Goldberg provides a most crucial psychological detail of the influence of these Italian movements on Jabotinsky the Zionist. In 1920, when Palestinian Arabs attacked Jewish settlers in Jerusalem during the Passover celebrations, Jabotinsky led a reprisal attack as the nascent leader of the underground defense force Haganah. Jabotinsky's role-model for the reprisal was Gabriele D'Annunzio, the Italian poet, novelist, and soldier (Jabotinsky was also a poet and writer), and an early supporter of fascism who was then mounting a "gallant but futile" defense of the mini-state of Fiume. D'Annunzio was defeated but allowed to retreat to Lake Garda, where he set himself to writing about patriotism and entertained Mussolini.

Existentialism and Fascism

Jabotinsky's Zionism was existentialism, and he chose to recruit followers by attacking traditional Judaism. In 1907, he and a handful of collaborators formed *Rasvyett* (*New Dawn*), a Jewish weekly, in St. Petersburg, Russia. It became the organ of the Revisionist movement. Irgunist author Katz describes *Rasvyett* as making a revolution in the thought and mood of the Russian Jewish community. "The Jew—*Rasvyett* taught—demanded equality not because he represented an ancient civilization nor because he could name so many great Jews who had contributed to the progress of humanity in a variety of fields. The Jews did not demand equality because of their being especially virtuous or because they were so useful to the Russian economy. . . . They did not set out to be anybody's teacher, or to be a 'light unto nations' [the Biblical injunction which David Ben-Gurion, an opponent of Jabotinsky and the father of Israel, held dearly—ed.]. Demanding civil rights for all, they demanded for themselves equality in those rights for the sole reason that, like everybody else, they were human beings."

Rabbi Goldberg also provides a survey of Jabotinsky's writings to show how he developed into a fascist. In 1910, Jabotinsky published an article entitled "Homo Homini Lupus" ("Man Is a Wolf to Man"), which shows how deeply ingrained was his existentialism, as was his hatred for the intellectual tradition of Moses Mendelssohn and Mosaic Judaism. Liberalism is dead, Jabotinsky argued. Liberalism is "a broad concept, vague because of its all-encompassing nature; it is a dream about order and justice without violence, a universal dream woven of sympathy, tolerance, a belief in the basic goodness and righteousness of man." There is no foundation whatsoever for the view that "anyone who has himself suffered for a long time under the yoke of a stronger one, will not oppress those weaker than he. . . . Only the Bible says, 'thou shalt not oppress a stranger, for ye know the heart of a stranger, seeing ye were strangers in the land of Egypt.' Contemporary morality has no place for such childish humanism. . . . Stupid is the person who believes in his neighbor,

good and loving as the neighbor may be; stupid is the person who relies on justice. Justice exists only for those whose fists and stubbornness make it possible for them to realize it. . . . Do not believe anyone, be always on guard, carry your stick always with you—this is the only way of surviving in this wolfish battle of all against all."

In 1912, Jabotinsky published an article entitled "Reactionary," which embraced the fascist and corporatist view of the state. In writing about the nationalist fervor of Garibaldi, he declared: "One's whole strength was consumed solely by national questions and '*amor patriae*,' but today's socialists would dismiss Garibaldi as divisive, a reactionary chauvinist, an obfuscator of class consciousness, a seducer of youth from universal human ideals. Did Garibaldi remind his compatriots to love the Germans like brothers? On the contrary, his every action was to intensify their hatred of the foreigner; he demanded unity of rich and poor in the name of the homeland; he demanded that they forget all conflicts and put aside all internal quarrels, until the nationalist ideal is realized."

Racial Theories of Zionism

Jabotinsky incorporated his racial theories of Zionism from the international eugenics movement, whose leading proponents wrote Hitler's racial theories. In 1913, he wrote a document that could have been used by the German Nazi Party. "Let us draw for ourself the ideal type of an 'absolute nation,'" he wrote. "It would have to possess a racial appearance of marked unique character, an appearance different from the racial nature of that nation's neighbors. It would have to occupy from time immemorial a continuous and clearly defined piece of land; it would be highly desirable if in that area there would be no alien minorities, who would weaken national unity. It would have to maintain an original national language, which is not derived from another nation."

His corresponding adherence to racialist dogma was evidenced as early as 1904. In a letter, he wrote: "The source of national feeling . . . lies in a man's blood . . . in his racio-physical type, and in that alone . . . a man's spiritual outlooks are primarily determined by his physical structure. . . . For that reason we do not believe in spiritual assimilation. . . . All the nations that have disappeared (apart from those . . . who were massacred . . .) were swallowed up in the chasm of mixed marriages. . . . Autonomy in the *Golah* [exile] is likely to lead . . . to the complete disappearance of the Jewish nation as such from the face of the earth. . . . Just imagine . . . when our offspring will be living at peace among a strange people. . . . These conditions will lead naturally and freely to an increase in mixed marriages. . . . This will mean the inception of complete assimilation. . . . Without those physical roots, the spiritual flower is bound to wither. . . . This will mark the end of the battle waged by the Jewish people for national existence. . . ."

"A preservation of national integrity is impossible except by a preservation of racial purity, and for that purpose we are in need of a territory of our own. . . . If you should ask me in



Italy's "Il Duce," Benito Mussolini (left) and Vladimir Jabotinsky. Mussolini praised the Zionist project, saying that the person to achieve it is "your fascist, Jabotinsky." *The Stern Gang* advocated an alliance with Mussolini, and, as late as 1941, sought a treaty with Hitler.

a sense of revolt and outrage: But surely in that case you want segregation at all costs! I would answer that one must not be afraid of words and not of the word 'segregation.' The poet, the scholar, the thinker . . . must cut himself off and remain alone with himself. . . . No creativeness is possible without segregation. . . . The nation, too, must create. . . . A creative nation is in need of segregation . . . it will create new values in segregation . . . it will not keep them to itself but will place them on the common international table for the general good, and so its segregation will be looked upon with favor by humanity."

Jabotinsky's views were endemic to his brand of Zionism. Wolfgang von Weisl, the financial director of Jabotinsky's New Zionist Organization (the Revisionists' world congress) and its diplomatic representative to Eastern Europe, in an interview with a Bucharest diplomatic paper, said that "he [Weisl] personally was a supporter of Fascism, and he rejoiced at the victory of Fascist Italy in Abyssinia as a triumph of the White races against the Black." Von Weisl was a life-long personal friend and collaborator of Menachem Begin.

In 1933, Jabotinsky published "A Lecture on Jewish History," which furthered his race science. As Rabbi Goldberg noted, it was a crucial text that would allow for Jabotinsky's followers, who had become well established in Palestine, to believe that they were superior to the Arabs. "Every race has a different spiritual mechanism," Jabotinsky wrote. "This has nothing to do with the fact whether there exist 'pure' races or not; of course, all races are 'mixed,' and this includes us, the Jews. But the mixture is different from case to case. . . . The nature of the spiritual mechanism depends on race; the degree of intelligence, a stronger or weaker tendency to look for novel experiences, the readiness to acquiesce in the existing

situation or the courage to make new discoveries, the stubbornness or, conversely, the kind of character which gives up after the first unsuccessful attempt: *all these modes are themselves a product of race*" (emphasis added).

What Is the 'Iron Wall'?

Jabotinsky's "Iron Wall" is the exact thesis by which Israelis such as Sharon have deployed against the Palestinians, and especially Palestinian Authority President Yasser Arafat, today. It is this thesis which was embraced by the political networks that killed the Oslo peace process and authored the assassination of Israeli Prime Minister Yitzhak Rabin. (See, in particular, Lenni Brenner's book, *The Iron Wall, Zionist Revisionism from Jabotinsky to Shamir* [London: Zed Books, 1984].)

Listen to Jabotinsky: "A voluntary agreement between us and the Arabs of Palestine is inconceivable, now or in the foreseeable future. . . . We can not promise any reward either to the Arabs of Palestine or to Arabs abroad. A voluntary agreement is unattainable, and thus, those who regard an accord with the Arabs as a condition *sine qua non* of Zionism, must admit to themselves today that this condition cannot be attained and hence we must eschew Zionism. We must either suspend our settlement efforts or continue them without paying attention to the mood of the natives. Settlements can develop under the protection of a force which is not dependent on the local population, behind an iron wall which they [the Arabs] will be powerless to break down."

The Iron Wall was a Jewish military force whose purpose Jabotinsky explained as follows: "As long as there lingers in the heart of the Arabs even the faintest hope that they may succeed in ridding themselves of us, there are no blandish-

ments or promises in the world which have the power to persuade them to renounce their hope—precisely because they are not a mob, but a ‘living nation.’ ” Think again of murderer Sharon. Jabotinsky argued that only when the wave of Arab opposition had been broken against the “iron wall,” would moderate elements with more measured response come forward to negotiate with the Jews. Then talks could take place about mutual concessions. “But the sole way to this agreement is through the iron wall, the establishment in Palestine of a force which will in no way be influenced by Arab pressure. In other words, the only way to achieve a settlement in the

future is total avoidance of attempts to arrive at a settlement in the present.”

Jabotinsky then published *The Morality of the Iron Wall*, a Nazi-like propaganda piece akin to Nietzsche’s *Triumph of the Will*. He wrote: “Zionism is a positive force, morally speaking—a moral movement with justice on its side. . . . If the cause is just, then justice must triumph, without regard for the assent or dissent of anyone else. . . . [The world] does not belong only to those who have too much land, but also [to] those who have none. Requisition of an area of land from a nation with large stretches of territory in order to make a home

Affirm the Mendelssohn Defense of the Soul

by Lyndon H. LaRouche, Jr.

The following is an excerpt from a May 13 memorandum from Lyndon LaRouche to his associates, urging “a specific type of fresh emphasis” on the global relationship between the Phaedon of Moses Mendelssohn (1729-1786) and the dialogues of Plato. “This must situate Mendelssohn,” he wrote, “as a central figure of those influenced by Abraham Kästner’s crucial role in the mid-Eighteenth-Century launching of the German Classical movement of Lessing, Mendelssohn, et al.”



Moses Mendelssohn

. . . Now, the hope for Middle East peace hangs implicitly on the implications of Moses Mendelssohn’s legacy. That hope for peace depends, to a crucial degree, upon the increasing number of Israelis opposing the fascist police-state policies of a Sharon and Netanyahu. The latter have, as it is said, “crossed the Rubicon”; that, in a way more than slightly similar to those proposing a North American Command. (In short, both the Likudniks and the proponents of a kindred U.S. military policy, are in the process of replicating the “SS state” of Hitler-Himmler.) Do the Israeli opponents of the military policies of the Likudniks and the fascist rabble of the predominantly racist U.S. “Christian Zionists” represent a plausible “Jewish principle,” or do the Israeli opponents of the Israeli Defense Forces command’s carnage? The possibility of imple-

menting a durable peace, even any peace at all, depends upon the proper answer to that question of Israeli legitimacy.

After one has sorted out the carnage of Hitler’s efforts to exterminate the legacy of Mendelssohn and the Yiddish Renaissance, the authorship of what has been since called the Shoah, is traced proximately to the existentialist followers of the anti-Semite and syphilitic dionysiac Friedrich Nietzsche, including such as Nazi philosopher Martin Heidegger and the degenerate Jews of Heidegger’s cronies among the Frankfurt School circles of Theodor Adorno and Hannah Arendt. (An angry Jew might erupt with the remark against all those heathen existentialists: “Be like Nietzsche: die of syphilis!”)

The crucial benchmark from with which to begin mapping the task before us, is that a fascist Jew, such as Jabotinsky, is like any other fascist, such as Hitler, Mussolini, Franco, or the Brzezinski-Huntington crew. He is only accidentally a Jew, and essentially a fascist like Hitler, as the worst of Israel’s Likudniks are demonstrating that currently. Indeed, such Likudniks are carrying on Hitler’s work, in effect, by turning their Jewish recruits into fascists; soon, were they successful, there would be no real Jews left.

Thus, the hope of a durable peace hangs upon an ecumenical solidarity among Christians, Muslims, and those Jews who accept the principle of Genesis 1: that men and women are each made equally in the image of the Creator, set apart from, and above the beasts, to exert the Creator’s dominion in the universe about us. Historically, there is no more relevant exponent of such an ecumenical basis than Lessing’s real-life “Nathan der Weise” (“Nathan the Wise”), his friend and collaborator, Moses Mendelssohn.

However, the river of blood which has flowed between Israeli and Arab for the greater part of a century, will not be staunched with a mere literal doctrine. There must be a deeper, actually cognitive insight of the type expressed by Mendelssohn’s *Phaedon*. This is, first and foremost, my personal responsibility, since I am the only leading political figure on the world-scene presently, who efficiently

for a wandering people, is an act of justice, and if the land-owning nation does not wish to cede it (and this is completely natural) it must be compelled. A sacred truth, for whose realization the use of force is essential, does not cease thereby to be a sacred truth.”

Jabotinsky Allies With Mussolini

By 1934, Jabotinsky and his Betar youth movement had made an alliance with Il Duce, when the Betar established a naval training academy at Civitavecchia, Mussolini’s naval base north of Rome. *L’Idea Sionistica*, Betar’s Italian-lan-

guage magazine, described the dedication ceremonies which launched the academy: “The order—‘Attention!’ A triple chant ordered by the squad’s commanding officer—‘Viva L’Italia, Viva Il Re! Viva Il Duce!’ resounded, followed by the benediction which Rabbi Aldo Lattes invoked in Italian and in Hebrew for God, for the King, and for Il Duce . . . ‘Giovinezza’ [the fascist party’s anthem] was sung with much enthusiasm by the Betarim.”

Mussolini endorsed Jabotinsky in 1935, saying, “For Zionism to succeed, you need to have a Jewish state with a Jewish flag, and Jewish language. The person who really un-

represents the same Platonic standpoint from which the work of Leibniz, Kästner, Lessing, and Moses Mendelssohn flowed.

We have recently emerged from a century in European civilization, whose characteristic has been that growing philosophical mediocrity, that low-life pragmatism and single-issuism, which is also typified (you should blush) by those formerly among us who succumbed to compromise with the same fascist gnosticism rampant in the Arlington [Virginia, U.S.A.] Diocese. The world has few left, who could be described as “philosophers” without an epidemic of blushing throughout the halls of a witting academia. I need make no broad claims, other than being virtually “the last of the Mohicans” inhabiting a land where real philosophical minds once lived.

Treaties, programs, and doctrines will not provide a durable basis for Middle East peace. Such attempts have already failed all too often. There must be an elementary, deep-going philosophical basis for a peace; nothing superficial can staunch the decades’ rising tide of blood. Mendelssohn typifies that basis: partly because he is a true ecumenical figure, an ecumenical Orthodox Jew to the time of his death. More important: he understands the meaning of the soul, as I do. Only when we put forward the concept of the cognitive nature of the immortal soul, as Mendelssohn speaks to Plato, does history make moral sense. Only when we attempt to balance the account of our dead from our past, with our obligation to the future to come after our mortal existence, can we define that kind of quality of immortal self-interest embodied in our momentary, mortal selves, which is needed to bring forth a great instrument of peace, something akin today, to the 1648 Treaty of Westphalia. The Jew must find his soul’s place in a peace of the Middle East, as the existence of Germany today depends still upon the deep principle adopted as the first article of agreement to the Treaty of Westphalia.

The nub of the matter is a clear, cognitive comprehension of the immortal historic interest of a brief mortal existence.

We come, born to the present, as a visiting traveller in

time. We must come as an angel, to bring some good, a good which may help to heal the wounds of the past, console the living, and bring forth progress to a better future. We come, briefly, to dwell thus in past, present, and future, all at once. In that respect we are immortal, yet, the paradox is, that we can act so only through the medium of our mortality.

Yet, if we bring the discovery of what are truly discovered, or rediscovered universal physical principles, and if we cause those to be shared and transmitted, several wonderful, immortal consequences are gained. Such ideas not only change the present and future; they also fulfill the implicit hopes of those from the past, who may have suffered horribly in the course of their struggle to make the present possible, and thus change the outcome of their having lived. Thus, we act with the determination, that nothing good which occurs in the simultaneity of eternity shall ever be wasted. Then, perhaps, there will come a time, in which we shall understand more fully what time itself was all about.

While you are mastering the deeper implications of Gauss’s discoveries from the period leading to the publication of his *Disquisitiones*,¹ read the relevant work of both Plato and Moses Mendelssohn from that vantage-point in cognitive practice. With that in view, remember that Moses Mendelssohn did more than anyone to free the Jew of Austria and Germany to become a citizen of his nation; today, his work is a crucial selection of rallying point to rally Israel and Arabs alike for an urgently needed escape from a Likudnik existentialists’ Hell. Put the *Phaedon* on the table, and say, ever so simply, to Israeli and Arab like: Let there be perpetual peace and fraternity between us.

The combined will and power of the U.S.A. and other nations could stop the war; but only ecumenical bonds can secure the peace.

1. See Lyndon H. LaRouche, Jr., “Dialogue on the Fundamentals of Sound Policy,” *EIR*, May 3, 2002; Bruce Director, “Fundamental Theorem: Gauss’s Declaration of Independence,” *EIR*, April 12, 2002, and “Bringing the Invisible to the Surface,” *EIR*, May 3, 2002.

derstands that is your fascist, Jabotinsky.”

Il Duce gave his personal endorsement to the project in 1936, when he visited Civitavecchia and reviewed the Betar cadre force. It was not a mere coincidence that the universal uniform of Betar was the fascist brownshirt.

Although Jabotinsky was careful not to endorse Mussolini directly, he nonetheless publicly defended him. In 1935 during a lecture tour of the United States, Jabotinsky wrote several articles which appeared in the New York *Jewish Daily Bulletin*. “Whatever any few think of Fascism’s other points, there is no doubt that the Italian brand of Fascist ideology is at least an ideology of racial equality. Let us not be so humble as to pretend that this does not matter—that racial equality is too insignificant an idea to outbalance the absence of civic freedom. For it is not true. . . . Equality comes first, always first, super first; and Jews should remember it, and hold that a regime maintaining that principle in a world turned cannibal does, partly, but considerably, atone for its other shortcomings.”

That same year, Jabotinsky founded the New Zionist Organization and sought to hold its first convention in the Venetian port city of Trieste. According to sources, associates dissuaded him, arguing that it would be a public endorsement of Italian Fascism, which was not politically appropriate. (The congress was held in Vienna.)

‘From a Fascist’s Notebook’

Other leaders within Jabotinsky’s movement were publicly avowed fascists. During the early 1930s, the Betar newspaper in Palestine, *Doar Hayom*, contained a weekly column entitled “From a Fascist’s Notebook,” which was written by Abba Achimier. Achimier’s articles referred to Jabotinsky as “Our Duce,” and they embraced Mussolini for transforming Italy from a weak-willed people into a vital nation. Achimier also embraced Hitler’s National Socialism for saving Germany from civil war and the dictatorship of the Soviets.

Achimier was a major influence within the Revisionist movement. Prime Minister Menachem Begin, a protégé of Jabotinsky, was a close associate of Achimier as well. When Begin and other Revisionists created the Herut party after Israeli Independence, Begin recruited Achimier and Weisl to write for its newspaper.

Nor was Begin the only Likud prime minister with ties to Achimier. To celebrate the 50th anniversary of Israel, Benjamin Netanyahu, the father and political mentor of then-Prime Minister Benjamin Netanyahu, and who had been Jabotinsky’s personal secretary in the 1930s, gave a lecture in Jerusalem to commemorate the life of Achimier, whom he praised as his political role model.

Achimier was not only a publicly avowed fascist, but in 1933 he was arrested and charged with inciting to murder Chaim Arlosoroff, the head of the political department of the Jewish Agency, who was negotiating with leading Arabs to establish a binational state and an economic program that would uplift the entire region.

An Alliance With Hitler

The LEHI organization, known also as the Stern Gang, was a splinter group from Jabotinsky’s Revisionists, and Likud Prime Minister Yitzhak Shamir became one of its leading figures. According to authenticated documents, Avraham Stern, the leader and founder of LEHI, drafted various proposals for an alliance with Mussolini. Documents also prove that as late as 1941, LEHI sought a treaty agreement with Hitler, that would allow for LEHI to establish a totalitarian state in Palestine.

The details of LEHI’s fascist philosophy and its politics was revealed in “Yitzhak Shamir, Then and Now,” an article by Israel Shahak (Middle East Policy Council, 1992). Shahak, an authority on Israel’s religious and political right wing, provided detailed information and source material. Although it was known in Israel, Shahak’s article marked the first time that it had ever been published in English, or circulated outside Israel. Shahak is a Holocaust survivor and a retired professor of chemistry at Hebrew University in Jerusalem, and was chairman of the Israeli League for Human and Civil Rights.

Shamir embraced LEHI’s philosophy, “Principles of Renaissance” (of the Jewish nation), and, according to Shahak, they were his guiding light as Prime Minister.

The “Principles of Renaissance” were written by Avraham Stern, and they are the basis for understanding LEHI’s attempted alliances with Mussolini and Hitler. All LEHI members and recruits were to learn them by heart. The principles are known today because they were printed in various books by LEHI veterans, but the most authoritative version appears in *Unknown Soldiers*, a book published by the Association of LEHI Veterans, and the preparation of whose contents was overseen by Shamir personally.

Principle A, “The Nation,” reads: “The Jewish nation is unlike any other nation: [it is the] founder of monotheism; the legislator of prophetic morality; the sole bearer of universal culture; great in tradition and self-sacrifice; [great] in its will to live and its capacity for suffering, in its unique spiritual radiance and its assurance of its Redemption.” (Shahak, a Holocaust survivor, remarks that this concept of Jewish uniqueness is horrifying, because it is so strikingly similar to Nazi concepts of German uniqueness.)

Principle D, “The Mission,” reads: “The [Jewish] nation cannot undergo a renaissance without restoration of the monarchy.”

Shahak specifically notes that the word “peace” appears not once in any principle; to the contrary, there is an emphasis on perpetual war. Principle I, “War,” reads: “An eternal war shall be waged against all those who satanically stand in the way of the realization [of our] aims,” while Principle J, “Conquest,” reads: “The conquest of the homeland by force from aliens for perpetuity”—note that “aliens” refers to the Arabs.

Principle N, “The Fate of the Aliens,” reads: “The problem of the aliens will be solved through population ex-

‘Vladimir Hitler’ And Rabbi Kook

Shortly before Prime Minister Rabin was murdered by a Jewish underground assassin, Yigal Amir, who was associated with the radical West Bank settlers and the Temple Mount crazies, Rabin had described the Jewish fundamentalist fanatics as an “errant seed,” that had nothing to do with Judaism. The Judaism to which Rabin was referring, was the Mosaic tradition, carried into the founding of the state of Israel by such followers of Moses Mendelssohn as David Ben-Gurion, Abba Eban, and Rabin’s “peace partner,” Shimon Peres.

But, under the sponsorship of the British Crown, the Club of the Isles, and the British masonic structures, the “errant seed” had been injected into the religious and political life of the Jewish community in Palestine long before the launching of the current Temple Mount project. And not surprisingly, that irrationalist theological current closely paralleled the Jewish fascism of Vladimir Ze’ev Jabotinsky—the founder of the so-called Revisionist movement, that spawned the Likud bloc and the Gush Emunim of today’s “fundamentalized” Israel, and the man whom David Ben-Gurion, the founding father of the state of Israel, referred to as “Vladimir Hitler.”

British imperial occult designs on Jerusalem and the Temple Mount first surfaced prominently in 1865, with the founding of the Palestine Exploration Fund, under British royal sponsorship, and the first archaeological expeditions to the Holy Land. Prince Edward Albert, the son of Queen Victoria who would succeed her as King Edward VII, had visited Jerusalem in 1862, and put his imprimatur on the launching of the Palestine Exploration Fund immediately thereafter. Prince Edward Albert, known as the “Prince of the Isles,” was a dominant figure in Britain’s imperial designs of the late Nineteenth Century, and Jerusalem and



Irgun fighters in British uniform prepare for an attack. Jabotinsky’s legions fought for the British in both World Wars.

the Holy Land was one of his personal priorities.

The first excavation of the holy sites in Jerusalem, centered on the Temple Mount, was carried out by the Palestine Exploration Fund, under the direction of Gen. Sir Charles Warren, during 1867-70. This expedition launched the British Freemasonic “Temple Mount project.” In 1884, Warren was one of only nine Freemasons who *founded* the Quatuor Coronati Lodge, and he became its first head.

Within occult Judaism, the pivotal religious figure in this British-sponsored saga was Rav Abraham Isaac Kook. According to Kook’s autobiography, in pre-World War I London, he was an intimate collaborator of Jabotinsky, recruiting and raising funds for Jabotinsky’s Jewish Legion, which fought the Ottoman Turks on behalf of the British Empire.

After the British Mandate was established over Palestine, Rabbi Kook was appointed by London to serve as Palestine’s Ashkenazic Chief Rabbi, a post he held until his death in 1935. Rabbi Kook revived Jewish mysticism, the teaching of the Cabbala, and the prophecies relating to the Third Temple.

changes,” i.e., there shall be an ethnically pure homeland.

Principle R, “The Temple,” commands “the construction of the Third Temple as a symbol in the process of Total Redemption.”

Shahak says that it was only by reviewing the fundamentalist “Principles of Renaissance,” which Shamir committed to heart as a young Stern Gang member, could he understand what motivated Shamir’s policies over years as Prime Minister. For him, Shamir was a “secular Khomeinist.”

LEHI was a warped bunch of *meshugunehs* (crazies) who extravagantly praised the Nazis for locking the Polish Jews into the ghettos, and who contrasted this favorably to the conditions of Jewish life in Poland before the Nazi invasion.

Shahak quotes historian Yosef Heller, an authoritative source who wrote *LEHI: Ideology and Politics 1940-1949*. According to Heller’s research, LEHI’s praise was extended on the assumption that “in the Warsaw Ghetto there existed Jewish police, Jewish courts, Jewish tax collection . . . [which looked like] a nascent Jewish state,” which was much preferable to those conditions in Mandatory Palestine!

As late as 1941, unlike all other Zionist groups, LEHI still respected Hitler, and sought to forge an alliance with the Nazis, which included establishing a totalitarian Jewish state in Palestine. In late December 1940, a draft proposal for an alliance with Hitler was unanimously adopted by the LEHI command. LEHI member Naftali Lubenchik delivered

the proposal to Otto Werner von Hentig, the senior officer in the German Consulate in Beirut. He forwarded the proposal to Berlin. The document was found in German archives after World War II, and authenticated by former LEHI members.

The proposal reads in part: "It is often stated in the speeches and utterance of the leading statesmen of National Socialist Germany that a New Order in Europe requires as a prerequisite the radical solution of the Jewish question through evacuation. The evacuation of the Jewish masses from Europe is a precondition for solving the Jewish question. This can only be made possible and complete through the settlement of these masses in the home of the Jewish people, Palestine, and through the establishment of a Jewish state in its historic boundaries. . . . The NMO [LEHI's military arm] . . . is well acquainted with the good will of the German Reich Government and its authorities towards Zionist activity inside Germany and towards Zionist emigration plans. . . . The establishment of the historical Jewish state on a national and totalitarian basis and bound by a treaty with the German Reich would be in the interests of strengthening the future German position of power in the Near East. . . . The NMO in Palestine offers to take an active part in the war on Germany's side. . . . The cooperation of the Israeli freedom movement would also be in line with one of the recent speeches of the German Reich's Chancellor, in which Herr Hitler stressed that any combination and any alliance would be entered into in order to isolate England and defeat it."

Subsequent LEHI proposals forwarded to Hentig and listed by him in his own memorandums suggest further collaboration, including "cooperation with the Nazis in military, political, and intelligence domains within Palestine, and after suitable organizational preparations, also outside Palestine."

Jabotinskyites 'Then and Now'

Ariel Sharon started his election campaign on Sept. 28, 2000, with a provocative march to the "Temple Mount," which created tension and helped provoke the current Intifada. Sharon was literally walking in the footsteps of Jabotinsky, who had initiated such provocations as early as 1929, when 300 Betarim marched on the Temple Mount and the Wailing Wall, armed with explosives. The provocation set into motion a wave of violence on both sides, which saw 116 Arabs and 133 Jews killed.

In the early 20th Century, Jabotinsky and the Young Turk movement, which he helped lead, were created and set into motion by the British and Venetians for the purpose of breaking apart the Ottoman Empire, which then controlled the Middle East. Later, after the British took power over the region during World War I, they launched Jabotinsky and his movement into Palestine to ensure British political control of the region and its access to oil. Whenever a peace was near that would change the region, Jabotinsky and his followers were set into motion to oppose the peace and destabilize

both Arabs and Jews.

In 1933, three Revisionists, including Abba Achimier, were arrested for the murder of Chaim Arlosoroff, the head of the political department of the Jewish Agency, the quasi-Zionist government in Palestine. Arlosoroff had been secretly negotiating for a binational state, with Emir Abdallah of Transjordan and leading Palestinian Arabs. The negotiations included the creation of massive water projects that would bring fresh drinking water and water for agriculture to the most remote Arab villages. The plans were written by Elwood Meade, the chairman of the U.S. Bureau of Land Reclamation, who determined that a dam built in the upper Jordan River Valley would provide electricity for modern cities and water that could create an agricultural area as rich as the formerly-desert Imperial Valley of California. Arlosoroff also discussed with his Arab partners, creating an independent economic federation that would link a binational Palestine with other states in the region. The plans threatened to dismantle British control of the region.

In 1948, after decades of terror and fascism, Prime Minister David Ben-Gurion, the father of Israel, who had publicly labelled Jabotinsky "Vladimir Hitler," outlawed the Revisionist party as a threat to the fledgling state. But, today, the "Great Game" is being played much as it was in the 1920s and 1930s. Jabotinsky's followers were brought back as the Herut party, which later became the Likud. After manufactured scandals rocked the Labor Party government in 1976, Jabotinsky's "Princes" were brought to power for the first time, with the 1977 election of Menachem Begin. It occurred under the watch of U.S. National Security Advisor Zbigniew Brzezinski, as an essential component of what would become known as Samuel Huntington's "Clash of Civilizations" policy.

Much of the support for today's fascist Jabotinskyites, the Likud party, and many of the splinter groups on the right, including the late Meir Kahane's Kach movement, comes from the United States. Prime Minister Begin established ties to the U.S. "Christian" religious right, and in 1980, at the centennial celebrations of Jabotinsky's birth, Begin pinned the Jabotinsky Medal on the Christian Coalition's Jerry Falwell. Numbers of American right-wing Jewish financiers, members of the "Mega" group, have financed the candidacies of every Likud prime minister. (Recent changes in Israeli election laws prevented Sharon from receiving direct financial support.)

As U.S. Presidential pre-candidate Lyndon LaRouche observed in his May 1, 2002 webcast, if one wants to look at what unleashed the current reign of terror against the Israeli civilian population, it was the murder of Prime Minister Yitzhak Rabin. That singular act, authored by Jabotinsky's heirs, unleashed the events that have led to the current bloody wave of war and destruction which is killing both Jew and Arab, and it has all but snuffed out Rabin's long-awaited "peace of the brave."

Vladimir Jabotinsky: A Creature of Lord Palmerston's Zoo

by Joseph Brewda

Editor's Note: On Feb. 20, 1994, at the annual Presidents' Day Weekend conference of the Schiller Institute, a team of EIR historians presented a panel discussion, titled "The Solution to the Paradox of Current History." The panel, presented as a series of dramatic accounts of historical events, profiled the "Palmerston Zoo." This was the network of spies, traitors, and terrorists, established by mid-19th-Century British Prime Minister and Foreign Secretary Lord Palmerston, who championed sophisticated methods of counterinsurgency, to secure the hegemony of the British Empire over its continental Hapsburg and Ottoman rivals, and to wage war against the hated democratic republic, the United States.

The panel developed the "Palmerston Zoo" thesis by going back in history, to the beginning of the 16th Century, when the Venetian oligarchy launched its takeover of the Netherlands and England on behalf of a rentier financial system, which persists, to this day, in the Anglo-Dutch realm.

In one of the presentations of the panel, Joseph Brewda presented a case study of how Palmerston launched the Young Turk movement, to grab permanent British imperial control over the Near East. A central player in that British-sponsored insurgency was Vladimir "Hitler" Jabotinsky, the founder of the Revisionist Movement in Zionism, and the godfather of the present generation of Israeli fascists, led by Ariel Sharon and his ostensible rival "prince," Benjamin Netanyahu.

Each presentation was introduced by a "Chorus," who established the dramatic context. We reprint here Brewda's presentation, which was published in the April 15, 1994 edition of EIR.

How Palmerston launched The Young Turks

Chorus: *It is clear that the B'nai B'rith is an abject tool of British intelligence, run and directed to serve the interests of British imperial policy, and not the interests of Jews, nor even of B'nai B'rith members. The one peculiarity of B'nai B'rith in comparison to the other organizations launched by Palmerston and his three stooges, is that B'nai B'rith will be used for a wider variety of tasks in various countries and*

epochs. Therefore, the B'nai B'rith will be more permanent in its continuous organization than its Giuseppe Mazzinian counterparts, among which it stands out as the most specialized.

At the end of this century, one of the tasks assigned to the B'nai B'rith will be to direct, with the help of other Mazzinian agents, the dismemberment and partition of the Ottoman Empire. This is the state the British will call "the sick man of Europe." Historically, the Ottoman Empire offers surprising tolerance to its ethnic minorities. In order to blow up the empire, that will have to be changed into brutal racial oppression on the Mazzini model.

In 1862, during the time of the American Civil War, Giuseppe Mazzini will call on all his agents anywhere near Russia to foment revolt as a way of causing trouble for Alexander II. A bit later, with the help of Young Poland, Mazzini will start a Young Ottoman movement out of an Adam Smith translation project in Paris. In 1876, the Young Ottomans will briefly seize power in Constantinople. They will end a debt moratorium, pay off the British, declare free trade, and bring in Anglo-French bankers. They will be quickly overthrown; but the same network will soon make a comeback as the Young Turks, whose rule will finally destroy the Ottoman Empire.

In 1908, the Committee for Union and Progress, better known as the Young Turks, carried out a military coup, overthrew the sultan, and took power in the Ottoman Turkish Empire. Once in power, they carried out a racist campaign of suppressing all non-Turkish minorities. Within four years, their anti-minority campaigns provoked the Balkan wars of 1912-13, among Turkey, Greece, Bulgaria, and Serbia. By 1914, these wars had triggered World War I, with Turkey becoming an ally of Germany.

Within seven years of coming into power, the Young Turks destroyed the Ottoman Empire. British intelligence had manipulated every nationalist group in the Empire, both the Young Turks, and their opponents.

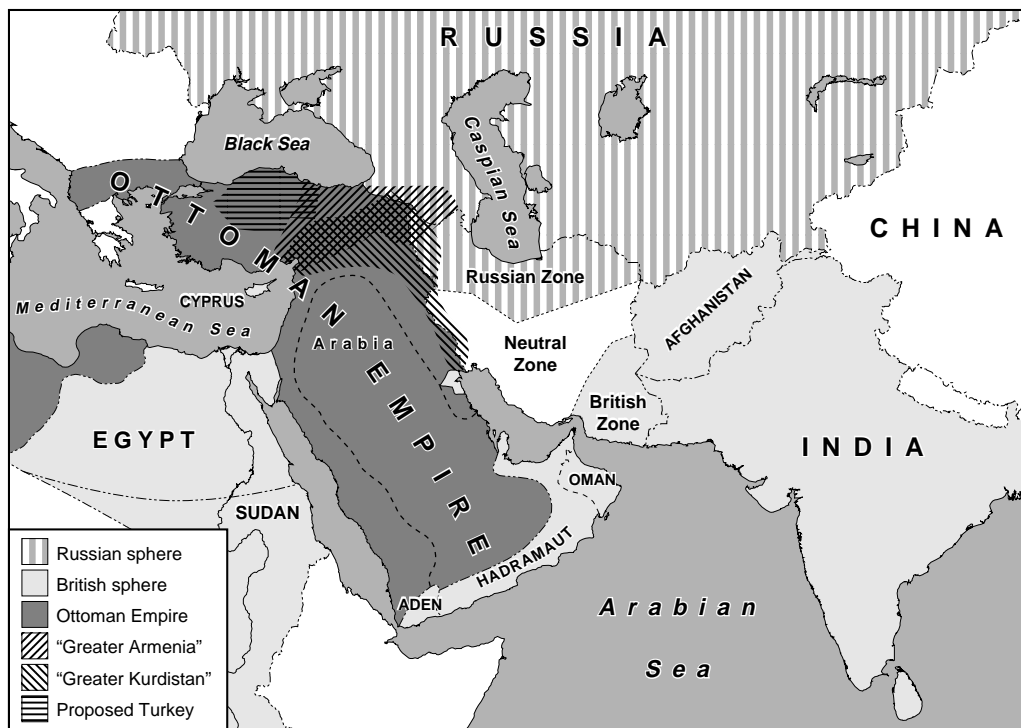
When the Young Turks took power, the Ottoman Empire still included Syria, Iraq, Jordan, Palestine, and the Arabian Peninsula. The empire still included much of the Balkans: half of Greece, half of Bulgaria, half of Serbia, and all of Albania. Its land area was much bigger than present-day Turkey.

Although most of the population of the Ottoman Empire were Turks, there were also large numbers of Slavs, Greeks, Arabs, Armenians, and Kurds. The Ottoman Empire was a multi-ethnic empire, as were the nearby Austrian and Russian empires.

The Young Turks came to power waving the banner of democracy, but they soon picked up the banner of pan-Turkism. The idea was to form a state that included all the Turkic peoples of Asia. Since half of these people lived in Russia, this policy meant a collision with Russia.

But pan-Turkism was not created by the Young Turks or

Self-contradictory British schemes for breaking up the Ottoman Empire



Like a two-bit real estate huckster, Britain offered overlapping chunks of territory to different rival ethnic groups within the rotting Ottoman Empire, guaranteeing decades of inter-ethnic strife. Turkey was to be reduced to a small area along the Black Sea coast.

even in Turkey. It was first called for in the 1860s by a Hungarian Zionist named Arminius Vambery, who had become an adviser to the sultan, but who secretly worked for Lord Palmerston and the British Foreign Office. Vambery later tried to broker a deal between the Zionist leader Theodor Herzl and the sultan, over the creation of Israel.

The Young Turks also raised the banner of a pan-Islamic state. The idea was to bring all the Muslim peoples of the world into one empire, whether or not they were Turkish. This was another goal that meant conflict with Russia.

This idea was also not created by the Young Turks or in Turkey. It was first called for in the 1870s by an English nobleman named Wilfred Blunt, whose family had created the Bank of England. Blunt was a top British intelligence official who advocated using Islam to destroy Russia. Blunt's family later patronized the British KGB spy "Kim" Philby.

While the Young Turks were pushing the pan-Turkic and pan-Islamic movements, the British were also boosting all the anti-Turkish independence movements within the empire. They were supporting Arab nationalism, led by Lawrence of Arabia. They were supporting Serbian nationalism, led by the British agent Seton-Watson; Albanian nationalism, led by Lady Dunham; and Bulgarian nationalism, led by Noel Buxton. All of these peoples wanted to break free from the Ottoman Empire; but they also claimed the land of their neighbors.

For example, the British supported the idea of carving a "Greater Armenia" out of Turkey, Iran, and Russia. This

"Greater Armenia" had no possibility of existing. None of the Great Powers, including Britain, really wanted it. The Kurds, who lived in the same area, didn't want it. But the British told the Armenians they supported their plans.

At the same time, the British were also telling the Kurds they supported the idea of "Greater Kurdistan." As the map shows, the proposed territories of "Greater Kurdistan" and "Greater Armenia" were almost identical.

In 1915, during World War I, the Kurds killed about 1 million Armenians. The Young Turks, who had been put in power by the British, used the Kurds (who thought they had the support of the British) to slaughter the Armenians (who also thought they had the support of the British). The British then used this genocide as a justification for trying to eliminate Turkey.

In fact, the next year, the British and French got together to plan the division of the Ottoman Empire between themselves. According to the plan, which only partially worked, Turkey itself would be reduced to a tiny area on the Black Sea. The rest of the empire would go to Britain and France.

B'nai B'rith and the Young Turks

But who were these "Young Turks," who so efficiently destroyed the empire?

The founder of the Young Turks was an Italian B'nai B'rith official named Emmanuel Carasso. Carasso set up the Young Turk secret society in the 1890s in Salonika, then part

of Turkey, and now part of Greece. Carasso was also the grand master of an Italian masonic lodge there, called "Macedonia Resurrected." The lodge was the headquarters of the Young Turks, and all the top Young Turk leadership were members.

The Italian masonic lodges in the Ottoman Empire had been set up by a follower of Giuseppe Mazzini named Emmanuel Veneziano, who was also a leader of B'nai B'rith's European affiliate, the Universal Israelite Alliance.

During the Young Turk regime, Carasso continued to play a leading role. He met with the sultan, to tell him that he was overthrown. He was in charge of putting the sultan under house arrest. He ran the Young Turk intelligence network in the Balkans. And he was in charge of all food supplies in the empire during World War I.

Another important area was the press. While in power, the Young Turks ran several newspapers, including *The Young Turk*, whose editor was none other than the Russian Zionist leader Vladimir Jabotinsky. Jabotinsky had been educated as a young man in Italy. He later described Mazzini's ideas as the basis for the Zionist movement.

Jabotinsky arrived in Turkey shortly after the Young Turks seized power, to take over the paper. The paper was owned by a member of the Turkish cabinet, but it was funded by the Russian Zionist federation, and managed by B'nai B'rith. The editorial policy of the paper was overseen by a Dutch Zionist named Jacob Kann, who was the personal banker of the king and queen of the Netherlands.

Jabotinsky later created the most anti-Arab of all the Zionist organizations, the Irgun. His followers in Israel today are the ones most violently opposed to the Peres-Arafat peace accords.

Another associate of Carasso was Alexander Helphand, better known as Parvus, the financier of the 1905 and 1917 Russian revolutions. Shortly after 1905, Parvus moved to Turkey, where he became the economics editor of another Young Turk newspaper called *The Turkish Homeland*. Parvus became a business partner of Carasso in the grain trade, and an arms supplier to the Turkish army during the Balkan wars. He later returned to Europe, to arrange the secret train that took Lenin back to Russia, in 1917.

Of course, there were also some Turks who helped lead the Young Turk movement. For example, Talaat Pasha. Talaat was the interior minister and dictator of the regime during World War I. He had been a member of Carasso's Italian masonic lodge in Salonika. One year prior to the 1908 coup, Talaat became the grand master of the Scottish Rite Masons in the Ottoman Empire. If you go to the Scottish Rite headquarters in Washington, D.C., you can find that most of the Young Turk leaders were officials in the Scottish Rite.

But who founded the Scottish Rite in Turkey? One of the founders was the grand master of the Scottish Rite in France, Adolph Cremieux, who also happened to be the head of the B'nai B'rith's European affiliate. Cremieux had been a leader of Mazzini's Young France, and helped put the British stooge Napoleon III into power.

The British Controller: Aubrey Herbert

You can find the story of the Young Turks in the B'nai B'rith and Scottish Rite archives, but you cannot find it in history books. The best public account is found in the novel *Greenmantle*, whose hero is a British spy who led the Young Turks. Carasso appears in the novel under the name Carusso. The author, John Buchan, who was a British intelligence official in World War I, later identified the novel's hero as Aubrey Herbert.

In real life, Herbert was from one of the most powerful noble families in England. The family held no fewer than four earldoms. His repeated contact with Carasso and other Young Turk leaders is a matter of public record. Herbert's grandfather had been a patron of Mazzini and died leading revolutionary mobs in Italy in 1848. His father was in charge of British Masonry in the 1880s and 1890s. His uncle was the British ambassador to the United States. During World War I, Herbert was the top British spymaster in the Middle East. Lawrence of Arabia later identified Herbert as having been, at one time, the head of the Young Turks.

The U.S. State Department also played a role in the conspiracy. From 1890 through World War I, there were three U.S. ambassadors to Turkey: Oscar Straus, Abraham Elkin, and Henry Morgenthau. All three were friends of Simon Wolf. And all three were officials of B'nai B'rith.

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Argentina Offered Alternative To National Economic Suicide

by Gretchen Small

As a new wave of financial crisis engulfed the countries of South America, *EIR*'s Ibero-America Editor, Dennis Small, representing U.S. Democratic Party Presidential pre-candidate Lyndon LaRouche, delivered a critically needed message of optimism, and a kick to some backsides, in a visit at the end of May to Argentina and Uruguay.

Argentina's extraordinary crisis has not only ripped apart its physical economy, once one of Ibero-America's most productive. As a result of the sudden descent into mass poverty, and the disintegration of national institutions, the Argentine people are succumbing to a deep cultural pessimism which, if not reversed, will make the country's disintegration unstoppable.

Political ferment in Argentina is enormous, but it is largely characterized by rage, and dominated by an overriding concern for people's personal money—stolen by the banks, with what remained then frozen by a government desperate to keep the banking system from disappearing.

The seeds of this moral decay were laid in the 1990s, when Argentines went along with economic policies which gutted the physical economy, simply because they stopped (for a time) the hyperinflation which had made money worthless by 1989.

Rather than impassioned concern over how to defend the general welfare of the nation itself, an "every man for himself" attitude has taken hold. Citizens banging impotently on lamp posts with hammers, as occurs at regular intervals in Buenos Aires on any given day, or barging into banks with blow torches and hammers to try to retrieve frozen savings, typify the protests of the enraged populace.

The political class, by and large, is no better. Eduardo Duhalde is still the President because when he threatened to resign, no one wished to replace him. The same goes for the head of the Central Bank. Neither the President, nor Congress,

nor provincial leaders deny that the International Monetary Fund (IMF) policies they try to impose are murdering Argentines and Argentina; but they repeat, zombie-like, that they must kill themselves as demanded, because "to break with the IMF system would be suicidal."

It Has Been Done Before

Thus, when *EIR* organized a seminar in Buenos Aires for Dennis Small to speak, on "There *Is* an Alternative to Economic Suicide: The LaRouche Plan," more than 200 people attended on May 23. European and Asian diplomats, military officers, judges, members of different political parties, students, and many subscribers and old friends who have followed LaRouche since the 1980s, were present.

"There once was a country where one in three people were unemployed, and its banks were closed," Small told them. "It had been a proud country, which had made many contributions, but its people were demoralized and frightened—until a President came forward to provide leadership. That country was the United States, and the President was Franklin Delano Roosevelt."

Small identified the critical issue crippling the country, as a lack of intellectual courage. People admit IMF policies have destroyed the country, but argue that the policies of LaRouche demand a leap into the unknown: "Better stick with the evil we know, the IMF. Let us not risk ourselves." This Hamlet-like cowardice is captured in a pernicious Spanish saying, "a known evil is better than an unknown good."

Small urged Argentines to examine how FDR rescued an economically devastated and demoralized United States in the 1930s, by exerting *moral* leadership, and mobilizing the economy on the basis of Hamiltonian reforms. The same thing can be done in Argentina today, if people join LaRouche's international movement for a New Bretton Woods.



Dennis Small addressed EIR's largest public forum in years in Buenos Aires, as Argentina's national collapse crisis was clearly spreading effects into Brazil and Uruguay.

Grounds for optimism exist. On May 26, Small was invited to give a radio interview jointly with Msgr. Héctor Aguer, Roman Catholic Archbishop of La Plata. Aguer is no Hamlet, but the most outspoken bishop of the Argentine Church on the debt issue. He issued an open letter on "The Debt Explosion" on Dec. 20, 2001, in the midst of the crisis which brought down the government of President Fernando De la Rúa. In that letter, Msgr. Aguer reminded his countrymen that he had warned them Argentina would soon be buried, should it continue paying foreign debt, most of which it had never even received, but represented debts simply "multiplied through financial alchemy" and "murky accounting entries." The Small-Aguer interview on the popular "Dos Reinos" program on Radio Provincia was heard throughout the province where more than a third of Argentina's population lives, and in the nation's capital (Interview follows).

Those willing to fight in Argentina are gathering around LaRouche. This was the message conveyed by Malvinas War hero Col. Mohamed Alí Seineldín in his greetings to LaRouche's May 28 webcast (see *EIR*, June 7). From his prison cell, where he has been held since receiving a life sentence in 1991—a prisoner not of any Argentine government, but of the British government, as he often points out—Seineldín is inspiring others to take a bold stand. The ferment for his release has grown so extensive, that on May 28, Defense Minister Horacio Jaunarena commented to the press that it were "prudent," in his view, to pardon Seineldín, "to calm spirits."

A Pack of Fools

The issue of leadership is being called across the region, as every South American nation faces imminent Argentine-style breakdown. The latest wave of crisis has drowned the

self-deluding, oft-repeated lie that Argentina could be left to disintegrate, without significant effects upon other countries, even its immediate neighbors. Brazil, Ibero-America's biggest debtor with \$500 billion in foreign obligations, begins to look the way Argentina did in July 2001, when the final fall into financial disintegration began. The *Miami Herald's* Ibero-American commentator, Andrés Oppenheimer, admitted on June 3 that a debate has begun in the hemisphere, over whether Ibero-America faces "a generalized collapse."

For months, Ibero-American leaders pompously blamed the Argentines as responsible for what hit them. They and their countries, other leaders said, would never make the same mistakes. Heaven forbid that they would admit that there never was an "Argentine" crisis, per se, but that Argentina was felled

by the crisis of the global system to which they, too, have tied the fate of their nations.

Now, some of those leaders are disintegrating faster than their economies. Take the case of Jorge Batlle, President of Uruguay, where the financial system is melting down. Foreign reserves have dropped by over 40% since the Argentine crisis detonated, bank deposits by a fifth. In a June 3 interview with Bloomberg wire service, Batlle banged on the table, and shouted at reporters sitting across from him, "Don't compare Argentina with Uruguay, or you're absolutely ignorant! . . . Argentines [are] a bunch of thieves from the first to the last." The next day, after the Argentine government and his own, Argentine-born 96-year-old mother had demanded an apology, Batlle flew to Buenos Aires. He appeared on national television next to a stony-faced Duhalde, wiped his eyes in tearful contrition, and made the excuse that he was under pressure, having "just come from five continuous months of stress and pressure in which Uruguay was really on the edge of an almost unredeemable situation."

No wonder there was such interest in Small's May 27 presentation to Uruguay's Center for National Advanced Studies (CALEN), the country's strategic studies graduate school for civilians and military. Some 85 people attended, as the word went out that "LaRouche's rep" would be speaking. Small's presentation, similar to that given at the Inter-American Defense College in Fort McNair, Virginia on April 26 on the "World Economic Crisis and Its Effects on Continental Security," addressed the nature of the world crisis; the significance of Sept. 11 and the way it has been used by the utopian "permanent war" faction in the U.S.; the West Point tradition versus the utopians; and LaRouche's solution. Attendees received copies of *EIR's* Spanish translation of Alexander Hamilton's 1791 *Report on Manufactures*.

Argentina's Monsignor Aguer: Here, Too, LaRouche's Thinking Finds an Echo

The following is the text of a May 26 dialogue on the Buenos Aires radio program "Los Dos Reinos" ("The Two Kingdoms") of Radio Provincia, among: La Plata's Roman Catholic Archbishop Monsignor Héctor Aguer; guest speaker and EIR's Ibero-America editor Dennis Small; and Fernando de Estrada, the host of this popular Sunday radio talk show. The transcript has been translated from Spanish.

De Estrada: Last Thursday in Buenos Aires, an extremely interesting event took place, where the possibility of an alternative to what could well be called an economic catastrophe, which is not only Argentine but global, was presented. We, of course, are living through our own catastrophe in a most intense way. Because of the nature of the current situation, Argentina is news. But if we analyze this a little, we see that this news has been around for a while. One always assumes that news is what is happening right now, but what is going on in the world economy has been occurring for a long time, and every once in a while, there are particular outbreaks in certain countries. These are often presented as if they were separate developments, but in reality, there is but one process behind it all.

Dennis Small, the speaker at that event, whom we have here today on our program, said some very interesting things. Before turning to him, I want to remind listeners that he is the General Director of *Resumen Ejecutivo*, a bi-weekly summary of *Executive Intelligence Review (EIR)*, and is also spokesman for American politician Lyndon LaRouche, frequently a Presidential pre-candidate of the Democratic Party. Thus far, he hasn't succeeded in becoming the [official] candidate, but we shall see: If he keeps it up, it just might happen.

Welcome, Dennis, to "Los Dos Reinos."

Small: Thank you very much. I'm happy to be here.

De Estrada: As we are to have you, and also so that you can present to our listeners a summary of what you said last Thursday, which will also help them to understand the Argentine situation.

It's Only Money, and It Disappears

Small: My pleasure. I think that the point of departure for discovering what the alternative is—and there is one—to what we would call the national economic suicide that is occurring right now in Argentina, is first to analyze and draw conclusions as to the nature of the crisis that is afflicting Ar-

gentina. As you said in your introduction, [the crisis] is not independent from the international financial crisis. Further, what I would say is that the Argentine crisis is a manifestation—an extremely important symptom for Argentines, obviously—but also a symptom of a much deeper international economic crisis, a systemic crisis. In other words, the entire system is disintegrating.

The quick explanation of what is happening is that, on an international scale, this system has generated approximately \$400 trillion—not billion, but trillion—of financial instruments internationally.

De Estrada: Pardon, but the international economy cannot be measured by \$400 trillion. The real economy, of industries, of trade in real goods—

Small: Exactly, and therein lies the problem. Because there is a speculative bubble of that size, of \$400 trillion, while the Gross Domestic Product of all the countries in the world, added together, is not more than \$40 or \$42 trillion. So we are talking about a bubble that is ten times larger than the GDP of all the countries combined.

Monsignor Aguer: These are virtual dollars, like the ones the depositors lost in Argentina's "corralito" [bank deposit freeze imposed in December 2001—ed.].

De Estrada: That's how to explain how they have been victims of a genuine swindle, because in reality, the people in Argentina deposited what they thought were dollars.

Monsignor Aguer: It was real paper that they deposited, it evaporated . . .

De Estrada: Of course, because they entered a system that was not geared to production. I think that must be it.

Small: Right, exactly. Because this \$400 trillion international bubble, of which the Argentine bubble is a part, is also growing at an annual rate of 20-22%, more or less. And of course, the production that should sustain this bubble is not growing at that rate; rather, real production is disintegrating.

The result is that there is no way to maintain this speculative bubble, and we have symptoms, like the case of Argentina. Another very similar case is that of the famous Enron company, which supposedly produced electricity, or energy, or distributed it. But it turns out they weren't doing that. It was simply gigantic financial speculation, one vast swindle equal to Argentina's—where it was thought that there was a tremendous amount of money, but it disappeared, it simply



The Argentine Workers Confederation (CTA) on May 25 in Buenos Aires, one of many forces fighting national economic suicide in the country; the demonstrations immediately preceded the major forum in the city by LaRouche representative Dennis Small.

evaporated, because it wasn't backed by any productive activity. The same thing is happening in Argentina, the same with the Wall Street stock market, the same thing is happening everywhere, internationally.

The Common Good

De Estrada: It is often said that the enemy of the current neo-liberal policy is inflation, but that it has it under control. But what you are talking about is real inflation, that is, a hyperabundance of liquidity that has nothing to do with the goods that money should represent.

Small: That's right. In 1998, the international financial "establishment" made a decision on how to deal with the gigantic crisis they faced with the disintegration of the Long Term Capital Management hedge fund, and when the Russia crisis hit. At that point, they had to decide whether to proceed with a structural reorganization, a new architecture, a new international economic order, like that proposed by Lyndon LaRouche, the founder of this magazine.

De Estrada: A New Bretton Woods.

Small: A New Bretton Woods. That is, to return to the system that was established in Bretton Woods, a small American town where representatives of the entire world met to establish a post-war world order.

That Bretton Woods system had certain positive aspects: It had fixed exchange rates, fixed parities; that is, there were not floating exchange rates against which one could speculate; and national currencies were defended through exchange and capital controls, so that the national currency of each country would be used for that country's national development. That

is why we must now create a New Bretton Woods.

But the decision made in 1998 was not that. Rather, faced with the growth of the bubble, it was decided to feed it more and more with the printing press, and credit. In other words, hyperinflation. A lot of money, a lot of credit, a lot of speculation, and no production. The result is that we have countries like Argentina, which are totally bankrupt.

Monsignor Aguer: That is a perversion of the philosophy of economy, because it attributes to money an intrinsic productivity apart from its reference to labor and real economic development, to production.

Small: Yes, absolutely. And what this does is eliminate completely the fundamental conception of an economy, which is that of the general welfare, or the common good, as it is known in the Social Doctrine of the Church.

It is noteworthy that the Declaration of Independence of the United States itself is based on this principle of the general welfare; that is, that the purpose of the nation and the state is to guarantee the general welfare of the entire population and its posterity, that is, those yet to be born. To do this, one must necessarily achieve industrial development and production. This is what must be emphasized, not making money and speculation the priority.

So, what is the International Monetary Fund doing today? The strategy of these gentlemen, the international bankers, can be summarized in a few words. Given this tremendous bubble, and the demand to pay the debt to maintain this bubble, the bankers say: "First, pay the debt; second, pay the debt; and third, pay the debt." Clearly, after this, there won't be any population.

The United States and the IMF

De Estrada: How can we understand the position of the United States? Because there is a difference of opinion in that great country. We see, apparently, that the Monetary Fund answers to the U.S. Federal Reserve, and in some way, it is the United States which is behind this situation of the financial bubble and the demands imposed on debtor countries like ours.

Small: In effect, that's true. The person who controls the IMF has historically been that institution's number-two officer. The number-one officer is a general manager who deals with the public, but the person in control is the number-two person, and is always an American. Previously it was Stanley Fischer; today it is a woman, Anne Krueger, who is a total neo-liberal, and who works very closely with the Federal Reserve, but also with the U.S. Treasury Department.

This is an American who is speaking to you right now. I am American, I live there, and I consider myself a patriot of the United States; and the question that always arises is what you have just asked.

It is important to understand that the national interest of the United States is *not* the same as the interest of Wall Street and the international banks. The role of our government in recent years, in these past decades, has been almost as an appendage of the International Monetary Fund, and of Wall Street. But Lyndon LaRouche, the Presidential candidate who founded our magazine *EIR*, represents a United States very different from that of Wall Street. It is the United States of George Washington, its first President; of Alexander Hamilton, the first Treasury Secretary, who conceived of, and created, an economic system in the United States based on protectionist measures.

De Estrada: [This was] early American capitalism, in any case.

Small: It was an industrial capitalism, very different from today's speculative "capitalism."

Hamilton, who created the first Bank of the United States, has writings that are extremely important and relevant for today. This American tradition of industrial capitalism was later further developed by Abraham Lincoln, our best President in my opinion, and in this century, there have been Presidents such as Franklin Delano Roosevelt, who also represent that tradition.

De Estrada: There has been a lot of talk here recently about Roosevelt and the New Deal, above all because the crisis that we are living through, including in its international dimension, has been compared with that of 1929 and 1930. And, in fact, the policies that Roosevelt applied in his time, enabled the United States to escape from that apparent catastrophe—or that real catastrophe. But the fact is that here, today, he is discussed a lot, but not followed. Precisely the opposite policy is followed.

Small: It's interesting that you mention this, because last Thursday, in the public forum we held, I began my presenta-

tion with a story, without naming the country and without naming the President of country "X." I explained that, in a certain year, there was a catastrophic situation in that country, a country which had been a great producer but which had fallen into economic depression; that one in three workers were unemployed; banks were unable to operate, were totally bankrupt, etc. But then the President of that country announced that it *were* possible to rebuild the economy. He declared a banking holiday and reorganized the banking system . . . of the United States. We were talking about Franklin Delano Roosevelt! The same would work in Argentina today—it's a valid lesson.

Concretely, Argentina needs its own currency, not convertible to the dollar, because the dollar today is the transmission belt for this whole international cancer of speculation, which some have taken to calling "financial AIDS." If there is a fluid interchange with the dollar, the only thing that will happen to Argentina is that capital will begin to flee, as has already begun to occur.

With its own currency, defended by capital and exchange controls, national credit could be generated, establishing a national bank, as Hamilton did in the United States, and that national bank would issue long-term, low-interest credit for national productive activity. And that national currency will not be allowed to be changed for dollars and taken out of the country.

With an orientation toward technological development, and of infrastructure, industry, and agriculture, the whole technological and productive apparatus of the country could be awakened. Argentina has a gigantic, enormous capacity—I don't have to tell you that—in terms of agriculture, industry, and labor force, which today is suffering unnecessarily.

Argentines Threatened by Pessimism

Monsignor Aguer: This is truly dramatic, because what we have seen is the destruction of the real economy, I would say the physical economy, due to financial speculation.

Small: That's right. What is happening in Argentina, from what I have seen—and I would dare to comment on it as a foreigner who has come to visit the country. I know [the country] somewhat; I have visited Argentina about ten times since 1982, when I came for the first time to express LaRouche's support for Argentina in the Malvinas War. We were the only U.S. political group that did this. But I would dare to say that I have found in Argentina these days—while there is a rejection, even a fury and an anger over what is happening, there also exists a profound cultural pessimism—

De Estrada: That's true.

Small: —over whether this can be resolved or not.

De Estrada: It is a kind of skepticism, and that can be fatal.

Small: Right, because what is needed instead is an optimism, but an optimism founded on knowing that there is an answer. It is possible for Argentina to overcome this problem,

and for Argentina to establish, on an international level, political and economic relations with those sectors and countries which are doing the same.

The problem is that people believe here, as they do in my country, that globalization is eternal, is omnipotent, and cannot be changed. But that's not true. The majority of the world's population has rejected globalization. China wants nothing to do with it: They have their own economy, their currency is not convertible to the dollar; and they are protected. In India, the rupee is not convertible to the dollar: They don't want anything to do with it, although they are of course being pressured by the International Monetary Fund.

But India, together with China and Russia, have put together a development project that is very important for countries like Argentina, which is the construction of a Eurasian Land-Bridge, a vast project of railroads and development corridors that will bring industrialization to the interior of the Eurasian continent. To put this in practical terms for Argentina, this is a gigantic market for Argentine exports.

If Argentina were to join with Brazil, for example, and reject the IMF, protect national industry, establish its own currency, there are international interlocutors who would share that outlook.

De Estrada: What you have mentioned is the majority of humanity.

Small: That's right.

De Estrada: If these three mega-countries are not part of what is called globalization, one could ask, where is globalization?

Small: Not very global.

De Estrada: That's right, not very global.

Monsignor Aguer: What's happening is that there's a kind of atavism here. Our relationship is with the United States and with Europe. The President has just returned from a trip to Europe that went badly, everyone says, because the sovereign nations of Europe ordered him to make a deal with the International Monetary Fund. But of course, here we are inside that limited globalization, and they tell us we shouldn't be isolated from the world—that is, their limited globalization—when the real world exists outside that.

Small: Right, exactly. It is strange, because many people have said to me, "What LaRouche proposes is a leap into the void, into the unknown. It can't be done." They say, "Better a bad known, than a good unknown." I hate to say it, but this is really a cowardly view.

Monsignor Aguer: That's the way slaves think.

Small: Exactly. But clearly, what LaRouche proposes is not a leap into the void, because it has been done historically. There are historic points of reference, not only in the United States, but in Germany, in Japan, in Argentina itself, with [Carlos] Pellegrini, and in other cases. Rather, those who are not in the real world are those who insist that one has to stay on the financial *Titanic* just when it is sinking.

So, what is needed is a sense of optimism in seeing that

there is an alternative, and run the risks, because neither can one be ingenuous.

That is, the world right now is dangerous: Argentina would undoubtedly suffer reprisals, but that would be nothing compared to the genocide going on right now.

Becoming Like Africa

De Estrada: The real reprisals are what is happening.

Monsignor Aguer: But of course. In a country like ours, where there are malnourished children, this is a terrifying thing.

Small: Perhaps ten years ago, when we said that the "Africanization" of Argentina and of all Ibero-America was coming, LaRouche was told, "No, you're exaggerating, you're apocalyptic, that can't be. We aren't Africa." But today, one can see the children in Tucumán and in other areas: Argentina is becoming like Africa, and Africa today is disappearing from the face of the Earth.

So, with this IMF policy, at the end of the road, the money isn't there! There is no money for Argentina. The IMF is not going to give it money. The only thing it will perhaps give, if Argentina commits suicide in a manner acceptable to the Fund, is that it might give enough money to refinance what Argentina already owes to the Fund.

Monsignor Aguer: Yes, money on a computer screen. Truly, this is virtual money.

De Estrada: It's very strange, but this loan from the IMF that is so anxiously awaited is for the IMF itself. That is, it is a self-loan. Or perhaps, it were better seen as the debt with the IMF growing without any reason for it, and without Argentina receiving any benefit.

Small: Yes, we have been studying this phenomenon of the foreign debt of countries like Argentina, and the numbers document exactly what you are saying. This is virtual arithmetic, "bankers' arithmetic."

In the case of Argentina—and the statistics I will cite are taken from the World Bank; official statistics presented by the Argentine government—in 1980, Argentina had a foreign debt of \$27 billion. And in the next 22 years—that is, from 1982 until today—against these \$27 billion, Argentina paid in pure interest on the debt, \$120 billion. That is, it paid between four and five times what it owed, and after all this process of paying the debt five times over, Argentina ends up owing \$142 billion, six times more than it owed to begin with.

Very strange arithmetic, where 27 minus 120 equals 142. This is bankers' arithmetic, and it would be laughable if it didn't mean the destruction of an entire population. Because this arithmetic reflects the quantity of Argentine wealth that has left the country, in exports, in the destruction of its labor force and of the existing capital in the country. And what is happening in Argentina, is also happening in Brazil, in Mexico, in Nigeria, in Russia.

The entire financial system is rotten. It must be replaced

by a New Bretton Woods. This is feasible, not a leap into the void. It is a leap toward something that can work.

Will U.S. Policy Change?

De Estrada: The Monsignor asked at the beginning of our dialogue, what is the situation in the United States? Because clearly, no country in the world, not even the United States, could benefit from financial corruption like this.

Small: Right. Few people know it, because the media only lies, but the effects of these IMF policies are disastrous for the physical economy of the United States as well, where there has been a collapse in the real economy. For example, the production of steel is half of what it was 20 years ago, in per-capita terms. The production of machine tools, the same. In the labor force, the only new jobs are in service and in unproductive things.

The U.S. economy is in bad straits. What there has been is a financial bubble in the stock market, in the “dot-coms” of the so-called “New Economy.” And now it’s all falling apart. This Wall Street bubble, which before had managed to sustain itself through a certain amount of consumer indebtedness, all this is now ending.

A period of crisis is coming in the United States, where many people are going to have to recognize that Lyndon LaRouche was right in what he said and did. We are a part of the Democratic Party. LaRouche is a Democratic pre-candidate for the Presidency, not very beloved by the Democratic Party’s officialdom, because of what we are discussing today. LaRouche is not very beloved by Wall Street either. But Franklin Delano Roosevelt also did what he did in the United States based on a fight with Wall Street, defending the interests of the nation first.

And so there is a very intense battle going on in the United States. What is coming out today as a net result of the Bush government’s policy, both in economics and in foreign policy, is very bad, very destructive, in the Middle East and in the rest of the world. But the United States is also in a critical moment, as with other countries, and I am hopeful and optimistic that we can even change the United States itself.

De Estrada: And that it will react in time.

Small: I hope so. But who knows? One doesn’t enter into political activity with the guarantee or security that one is going to win. One enters out of the knowledge that, morally, there is no other way, and that the other path leads to Hell.

I am optimistic because I know that this is the only way to achieve this. I believe that we can do it, but only time will tell if we succeed or not.

De Estrada: Well, thank you very much for this intervention. We have had Dennis Small with us.

Monsignor Aguer: And may [LaRouche’s] thinking find an echo also in Argentina. I believe that there are people who are effectively warning that this path is the path of genuine independence.

Peru Upset as National Heroes Are in the Dock

by Luis Vásquez Medina

“We are not assassins; we offered our lives for our country, and we have nothing to repent.”

—Gen. Jaime Patiño

On May 17, retired Gen. Augusto Jaime Patiño, who had led the celebrated 1997 operation which freed 72 hostages held by terrorists at the residence of the Japanese ambassador to Peru, was arrested—for this heroic action itself—and put behind bars at the offices of the Anti-Terrorism Unit of the National Police, where he remains. This arrest has triggered a furor in the nation, including among Peru’s Armed Forces. Four days earlier, a Lima judge had issued arrest warrants against 11 members of the Peruvian Armed Forces, who had participated in the daring raid of April 22, 1997 which freed the hostages whom the MRTA narco-terrorists had held for 126 days. The warrants were issued on the request of anti-corruption prosecutor Richard Saavedra and associate prosecutor for human rights Ronald Gamarra Herrera, the latter an underling of the current Alejandro Toledo government.

Among those accused by Toledo’s prosecutor, on charges of “aggravated assassination, are two retired generals and nine active-duty officers, who among them represent the elite of the Peruvian military.

Rigorously organized and impeccably carried out, the 1997 rescue operation in Lima, which was dubbed “Chávin de Huántar,” was considered by experts one of the most successful rescue actions in recent military history worldwide. It was carried out by a commando force of more than 100 men, the majority of them colonels and generals of the Peruvian Army and Navy. The operation succeeded in freeing all but one of the hostages unharmed, although two officers also gave their lives along with the unfortunate hostage. One of the officers killed, Col. Juan Valer, a member of then-President Alberto Fujimori’s Presidential bodyguard, died while using his body to shield then Foreign Minister Francisco Tudela, when a terrorist shot him at point-blank range.

‘One of the Few Successful Operations’

The national and international campaign to jail the Peruvian heroes who saved the nation at its most difficult moment, is clearly intended to serve as a death blow to the Peruvian Armed Forces. But more than this, its intent is to degrade and demoralize the Peruvian people themselves, if they can be induced to accept such immorality. In this very special sense,

the very existence of Peru is under attack.

At the time, the rescue operation had been praised by everyone, starting with U.S. Presidential candidate Lyndon LaRouche, as well as others, such as then U.S. Southern Command Commander Gen. Charles Wilhelm. In 1998, Wilhelm characterized the operation as “one of the few successful operations against international terrorism in the past 20 years.”

However, the Peruvian judiciary, thoroughly terrorized today by the government of Harvard-trained banker Toledo, which in effect is permitting the resurrection of narco-terrorism in Peru, remains committed—despite the rejection of 80% of the population, according to polls—to jailing the heroes of “Chávin de Huántar.”

The pro-terrorist prosecutors filed their case against the officers on the basis of statements made by Hidetaka Ogura, a Japanese diplomat of leftist persuasion, who is known to have openly collaborated with the MRTA kidnapers during the siege. Ogura’s statement that he had seen several MRTA kidnapers surrender, and later turn up dead—as proof that the military command had carried out extrajudicial executions—was corroborated by another hostage, Peruvian police general Máximo Rivero, who was head of the Police Anti-Terrorism Unit at the time of the embassy seizure. Rivera, who was psychologically broken and, according to other hostages, spent his entire captivity “in a lamentable state,” had been a prisoner of the “Stockholm syndrome,” whereby kidnap victims psychologically identify with their captors.

The accusations are also based on reports from a committee of forensic experts brought in from England, with money from Amnesty International. Among these experts is Peruvian forensic specialist José Pablo Baraybar, who had worked for the International Court which studied war crimes in Yugoslavia. Baraybar’s forensic work in identifying the remains of victims in Kosovo has been strongly criticized by the scientific community, which places his trustworthiness and impartiality in doubt.

Soros Behind the Manipulations

The arrest orders against the officers, who have not yet been tried, have triggered widespread outrage within the Peruvian community. Given such a response from the population, the Toledo government has tried to clean up its act, but the facts clearly prove that high-level figures in the Toledo government are up to their eyeballs in this attack on the Peruvian military. For example, prosecutor Ronald Gamarra, an MRTA sympathizer and key figure in this infamous operation, is a paid employee of the government. Gamarra comes from the ranks of non-governmental organizations sponsored by mega-speculator and drug-legalization enthusiast George



Peruvian army commandos on the terrace of the Japanese Ambassador’s residence on April 22, 1997. The commandos who saved 72 hostages from MRTA terrorists in this lightning raid, are now on trial for it! President George W. Bush, visiting Peru last year, asked for freedom for one of the MRTA terrorists, American Lori Berenson.

Soros: the Legal Defense Institute (IDELE) and the Association for Human Rights (APRODEH).

The IDELE is a multimillionaire NGO, financed by the Ford Foundation; the U.S. State Department’s Agency for International Development (AID); the U.S. National Endowment for Democracy, otherwise known as Project Democracy; the German Catholic Church; and by Amnesty International of British intelligence. IDELE has on its board a number of officials of the current government, such as Susana Villarán, formerly in Toledo’s cabinet, who is a follower of “Theology of Liberation” founder Father Gustavo Gutiérrez and an advocate of cocaine legalization in Peru.

As for APRODEH, the other NGO—which through its director, Francisco Soberón, has sponsored prosecutor Ronald Gamarra—its own board of directors boasts Toledo’s cabinet minister Fernando Rospligiosi Capurro, as well as Pedro Francke, who until recently was the director of the Toledo government’s anti-poverty program. APRODEH is financed by the German Church, the Ford Foundation, and Amnesty International, as well. And then there is Toledo’s Foreign Minister Diego García Sayán, George Soros’ contact man in Peru, who referred to the situation with the commandos in a statement made from Germany on May 18, where he declared that it is “proven that there have been extrajudicial deaths, and therefore there must be an investigation.”

Military Fights Back

After the affront of seeing General Patiño held in the same jail where the terrorists are, on May 27, the commandos who participated in the 1997 rescue travelled from the headquarters of Fort Hoyos Rubio del Rímac, from the Special Forces

Division of Chorrillos, and from other military dependencies, to Army General Headquarters. They travelled in Army vehicles, and were guarded by soldiers. One hundred and thirty-six commandos met with the General Command of the Army and with the head of the Joint Chiefs of Staff of the Armed Forces, Gen. Víctor Bustamante. During the meeting, the officers told General Bustamante of generalized discontent within the military ranks in the face of this mad assault. General Bustamante responded by assuring the commandos of the Army's decision, as an institution, to assume the defense of the commandos. "No one is going to surrender. . . . First they'll have to take me, but I will not allow a single Army commando to be taken prisoner," sources report the general as stating.

It is also known that every officer with an outstanding arrest warrant against him is remaining in his barracks, to avoid arrest. The warrants incredibly include Gen. Williams Zapata, head of the chiefs of staff of the second military division. Gen. Williams Zapata is today commanding special troops in pursuit of a Shining Path column in the region of Ríos Ene and Apurímac, where these narco-terrorists—with the probable help of the Colombian Revolutionary Armed Forces (FARC)—have taken 400 hostages among the Asháninka Indians.

Retired Gen. Luis Alatrística, who was head of the commandos during the Peru-Ecuador War of Cenepa, and is considered one of its heroes, has declared himself in open rebellion against the judicial witch-hunt.

In the context of the generalized protest against this judicial persecution, the May 23 edition of the newspaper *La Razón* published an interview with this author, who reported that prosecutor Ronald Gamarra was in the legal apparatus of the MRTA itself, serving, according to official documents from the military trials, as a lawyer for both Shining Path and MRTA terrorists who had been convicted.

Whatever direction these developments take, the damage has already been done; in the case of the commandos who liberated the Japanese compound in 1997, as in the case of the "faceless judges" who sentenced the terrorists, names have been revealed, and photographs of the military commandos who carried out the operation have even been published. The wife of General Alatrística, another of the commandos facing an arrest warrant, has charged that she has received threatening phone calls, apparently from MRTA terrorists.

In the *EIR* book published in 1993, entitled *The Plot to Annihilate the Armed Forces and Nations of Ibero-America*, it is charged that the globalist assault against the Armed Forces of the continent, not only seeks to materially undermine them through draconian fiscal austerity, but also seeks to destroy their morale, and to alter the positive perception that Ibero-American society has of its armed forces. The book warns that to achieve these objectives, the globalists want to demolish the key value of that military morale, which is the concept of heroism.

In Memoriam: Thor Heyerdahl

A Man Who Was Both Humble, and Proud

by Rick Sanders

On April 18, 2002, Thor Heyerdahl (born Oct. 6, 1914) breathed his last, after 87 years of life well spent. Before World War II, Heyerdahl had already abandoned an "island paradise" in the Pacific, because he had an idea, and could not rest without testing it. When the war broke out, he was soon recruited to carrying out irregular war against Nazi Germany in his native Norway. After the war, he became famous—and feared by academia—for building ships to test hypotheses about ancient navigation, and sailing them himself.

He had an idea, a concept, that man's history stretched back much further than most people think, that man was travelling the oceans long before the present. So, Heyerdahl was not arrogant and blind like so many people today: He took seriously the stories, the "myths" that he heard on his early travels in the South Seas. The Peruvian "myths" told of red-bearded men, whom some called "gods," who had shown up in Peru a long time ago, and then sailed away westward along with their "Sun-king," Kon-Tiki, never to return. The South Sea "myths" which led to Captain Cook's being thought of by the Pacific islanders as a modern reappearance of Kon-Tiki.

Heyerdahl looked at the Humboldt Current, which flows counterclockwise between Peru and certain Pacific islands, and calculated that under the most optimistic conditions—given a steady wind and current—it would take about 90 days to make landfall after leaving Peru. To test his idea, he needed a raft and a crew. He wrote a telegram to Torstein Raaby, a radio operator who had crossed his path in World War II, when they were both fighting behind Nazi lines in Scandinavia: "Am going to cross Pacific on a wooden raft to support a theory that the South Sea islands were peopled from Peru. Will you come? I guarantee nothing but a free trip to Peru and the South Sea Islands and back, but you will find good use for your technical abilities on the voyage. Reply at once."

The next day the following telegram arrived: "Coming. Torstein." They found four other crew members, built a 40-foot-long balsa raft, organized support for it among military and diplomatic circles, and travelled 4,300 miles in 101 days, from Peru to the island of Raroia. The feat showed that, in principle, this same trip could have been made many thousands of years ago, so that South America could have been in contact with the Pacific Islands, at least from east to west.

And They Did Not Sink!

Was it a fluke? Was it something any old gang of rambunctious young folk could have done? Neither. Heyerdahl was both humble and proud; he knew when to listen, and when not. For example, common sense would have said to use bone-dry logs, to provide greater buoyancy; common sense would have said, that the ropes used to lash the logs together would chafe through very quickly, and that chains or wire rope should be used instead.

But Thor believed in human history: “I knew all the time in my heart that a prehistoric civilization had been spread from Peru and across to the islands at a time when rafts like ours were the only vessels on that coast. And I drew the general conclusion that, if balsa wood had floated and lashings held for *Kon-Tiki* in 500 A.D., they would do the same for us now if we blindly made our raft an exact copy of his.”

A couple of storms proved him right: “After two storms the *Kon-Tiki* had become a good deal weaker in the joints. The strain of working over the steep wave-backs had stretched all the ropes, and the continuously working logs had made the ropes eat into the balsa wood. We thanked Providence that we had followed the Incas’ custom and had not used wire ropes, which would simply have sawed the whole raft into matchwood in the gale. And, if we had used bone-dry, high-floating balsa at the start, the raft would long ago have sunk into the sea under us, saturated with sea water. It was the sap in the fresh logs which served as an impregnation and prevented the water from filtering in through the porous balsa wood.”

Following the explosive success of the *Kon-Tiki* Expedition, Heyerdahl organized and led the Norwegian Archaeological Expedition to the Galapagos Islands (1952); and a major archaeological expedition to the Pacific’s most isolated island: Easter Island (1955-56).

Academia Takes It On the Nose Again: The ‘Ra’ Expeditions

Heyerdahl continued his research on ancient navigation and turned his attention to the ancient reed-boats made of papyrus. Academia believed these boats would become water-logged after less than two weeks on open water; but Heyerdahl talked to the people who still today build and use these reed boats: in Peru, on Lake Chad in Africa, and the Marsh Arabs in Iraq. They look the same still today as those found depicted on the pyramids in Egypt.

Heyerdahl gleaned from them, and from his own experience with the balsa logs, that the most important problems to solve to keep the reeds from becoming waterlogged, are what kind of reed is used, and *when it is cut*. The first boat, launched as *Ra I* from the old Phoenician port of Safi, Morocco in 1969, sailed 5,000 kilometers (2,700 nautical miles) in 56 days, until storms and deficiencies in the construction caused the team to abandon its target only one week short of Barbados. Ten months later, in 1970, Heyerdahl—using another reed ship,



Thor Heyerdahl (1914-2002)

Ra II—succeeded in crossing the widest part of the Atlantic, 6,100 km (3,270 nautical miles), in 57 days, from Safi to Barbados.

The assertion, dignified as a “theory,” that no one could have crossed the Atlantic much before Columbus because they did not have the ships, etc., was thrown on its head. But more than that, Heyerdahl used a ship modelled on those that were being built 4,000 years, or even much longer, before Columbus. Now the academic fairy tale, that North and South America were uninhabited until the forerunners of the Indians and Eskimos crossed the Bering Straits, about 12,000 B.C., was in jeopardy.

Heyerdahl continued to organize expeditions, and write books about them, all of which are worth reading: to the Tigris River (1977), the Maldives Islands (1982, 1983, and 1984), and the Canary Islands. Thor Heyerdahl will be sorely missed by all those who delight in pointing out that the Emperor (i.e., those who persist in promoting historical frauds), basking in the adoring gaze of his courtiers, was not wearing any clothes.

Eurasian Diplomacy Reviving At Almaty and St. Petersburg

by Mary Burdman

Leaders of 16 Eurasian nations met in Almaty, Kazakstan on June 3-4, at the first multilateral Eurasian summit since September 2001. They met at the initiating summit of a new organization, the Conference on Interaction and Confidence-Building Measures in Asia (CICA), which had been proposed by Kazak President Nursultan Nazarbayev at the UN General Assembly in 1992. The CICA founding meeting was to have been convened in November 2001, but this was preempted by the launching of the U.S.-led "war on terrorism" against Afghanistan.

The CICA member-states are Afghanistan, Azerbaijan, Egypt, China, India, Iran, Israel, Kyrgyzstan, Mongolia, Palestine, Pakistan, Russia, Tajikistan, Turkey, and Uzbekistan. These nations have a population approaching 3 billion people, 40 million square kilometers, and 40% of the world's petroleum reserves.

Immediately afterwards, on June 6-7, the leaders of the six Shanghai Cooperation Organization (SCO) nations—Russia, China, Kazakstan, Kyrgyzstan, Tajikistan, and Uzbekistan—were scheduled to meet in St. Petersburg for their annual summit.

The member-nations of the CICA face great—and in many cases, enormous—economic, security, and political problems. Nevertheless, there were certain highly important developments around this meeting.

How To Eliminate Terrorism

On June 4, the CICA nations adopted a Declaration on "Eliminating Terrorism and Promoting Dialogue Among Civilizations," and the "Almaty Act," calling for the CICA to become a forum for dialogue and consensus on security issues in Asia. The ideas, at least those put forward in the declaration, stand in stark contrast to the stated "Clash of Civilizations" policies of the hegemonic elites in Washington.

The declaration emphasizes that a *dialogue* of civilizations is the only way to meet the menace of terrorism. "We consider, not to allow terrorism [to] involve us in the conflict of civilizations, religions, [and] cultures, principally important," the declaration states.

It concludes that the CICA is "a unique Asian forum, including countries of different cultures and traditions, which makes it one of most important mechanisms [for] civilizations' and cultures' dialogue development. . . . We confirm our full support to . . . UN General Assembly [Resolution]

56/6, on Dialogue of Civilizations, and we are convinced that its implementation contributes to international efforts for achieving development of peace, well being, and stability in the entire world. CICA national participants intend to develop such a dialogue, taking into consideration that Eurasia is not only the cradle of the biggest world civilizations, but also serves as the bridge among them."

The CICA Declaration also states "that elimination of terrorism is a common goal of all cultures and civilizations. . . . We stress that terrorism cannot be identified with any religion, nationality, or civilization. . . . We take [as] an obligation, to take care, that the purpose of battling global terrorism, is not turned into a war, targetted against cultures, religions, and nations. We are united in this struggle. . . . We are also against using the fight against terrorism, as a cause for interference in the internal affairs of sovereign states. We reject use of force against sovereign states."

There has also been a level of Russian and Kazak diplomatic initiative, and Russian-Chinese cooperation, in the context of the Almaty meeting, which had not been seen since Sept. 11. These are indications that the much-touted expansion of U.S.-Russian and Russian-NATO relations, are not the only strategic developments in the current situation. What the future course will be, remains to be seen. However, the "sole hyperpower" status of the United States, is eroding, in the view of many in Beijing, New Delhi, and, increasingly, Moscow.

Dialogue, Not Clash

The Eurasian situation has changed since last Autumn. The United States and its "anti-terror" allies remain enmeshed in their war in Afghanistan, while still deployed far forward into South and Central Asia. These military operations exacerbated the already-high tensions between India and Pakistan. Since the beginning of May, Washington and London, especially, have been approaching frenzy, about the dangers of nuclear war on the Indian Subcontinent. More and more lurid allegations, by government officials, "experts," and journalists, warn of nuclear exchanges, mega-deaths, and mass destruction, in terms that recall the writings of H.G. Wells, the British Empire's "one-world" visionary who promoted devastating warfare to achieve his one-worldist aims. There are hysterical demands for some 65,000 U.S. and other Western citizens to flee the Subcontinent.



Left, Russian President Putin (at left) and Pakistan's President General Musharraf; and (above) Chinese President Jiang Zemin (right) and Indian President Vajpayee, at the June 4 Almaty summit. Putin and Jiang are actively attempting to reopen a dialogue to reduce tensions on the Subcontinent.

In this situation, there was a concerted, coordinated effort initiated by Russian President Vladimir Putin and closely supported by Chinese President Jiang Zemin, at Almaty, to lower tensions and reestablish a dialogue between the two sides, which had been broken by the Kargil war of 1999.

As the danger of conventional war between India and Pakistan grew in the last week of May, President Putin announced that he had invited both Indian Prime Minister Atal Behari Vajpayee and Pakistani President Gen. Pervez Musharraf to meet him at the Almaty summit, with the aim of encouraging them to hold a direct bilateral meeting. Putin announced this initiative as U.S. President George Bush was visiting Russia. There was close coordination with China on this effort as well.

India is committed to its “no-first-strike” nuclear policy, and war avoidance. Since the wild threats made by the Pakistani Ambassador to the United Nations in New York in May, Islamabad has also distinctly cooled down the rhetoric. However, internal pressures related directly to the U.S. and allied military presence in Pakistan and other regional countries, has put Pakistan in a “dual-power” situation. Conventional war would cause severe problems, not only in Pakistan and India, but which would also spill over into Central Asia and western China.

Putin and Jiang held meetings with both Prime Minister Vajpayee and President Musharraf. The results were useful, and Eurasian diplomacy is continuing. Vajpayee has already been invited to visit China later this year, and Musharraf was invited by Putin to Russia.

Also, Russian Defense Minister Sergei Ivanov visited Beijing at the end of May, his first visit as Defense Minister. On May 31, he had an extensive meeting with Jiang Zemin, and the next day met his Chinese counterpart Chi Haotian for further discussions on military exchanges. Chi Haotian had been in Moscow on May 13-16, at the pre-SCO summit defense ministers meeting.

Future of Eurasian Ties

Questions had been arising, in both Beijing and New Delhi, on the overall direction of Russian policy. There have been certain initiatives on the Russian side toward Pakistan, including statements made by the Russian Ambassador to Islamabad and discussions on the possibility of constructing pipelines using the Afghanistan-Pakistan route, which raised concern in India. In China, whose longer-term relationship with Russia has been more checkered than the Indian one, there has been more concern about Russian commitment on the future of Eurasian relations. China is also worried, with good reason, about its future oil security, a problem in which the continuing U.S. military presence in China's neighbor Kyrgyzstan, as well as in Uzbekistan and its close ally Pakistan, plays a big role.

Recent commentaries in the official Chinese press have been warning that the U.S. “unilateral superpower” policy is going too far, and is a risk, not only to world security, but also to the security of the United States itself. A Xinhua news agency commentary of June 3, criticized the Bush Administration's “aggressive diplomatic posture” on the Indian Subcontinent as “more based on self-interests” than any genuine intention to help India and Pakistan solve the conflict over Kashmir. Beijing began to publicly question the purpose of the U.S. deployment into Central Asia, when Jiang visited Iran in late April. On June 4, Jiang told the CICA summit, “If we want to manage Asian affairs well, we need to rely on none others than the Asian people ourselves and on the solidarity and cooperation among all Asian countries.”

More than solidarity will be necessary to create the conditions in which what the Chinese call the “problems left over by history” in Eurasia, can be resolved. The future of Jammu and Kashmir is only the most prominent of these at this time. The development of the Eurasian Land-Bridge—economically as well as culturally—has been dealt a heavy blow since last September. This initiative now must be revived.

Israel's Beilin Forms New Political Movement

by Dean Andromidas

Yossi Beilin, former Justice Minister and a leading dove in the Israeli Labor Party, announced the formation of a new political movement on June 3, to be known as Shahar, which means “dawn” in Hebrew, and is also an acronym for peace, education, and welfare. This is a bold initiative, by one of the architects of the Oslo peace accords, to unify the pro-peace opposition into a powerful political movement that can stop Israel's march to war and self-destruction.



Yossi Beilin

Speaking to some 1,000 supporters, Beilin told the crowd, “You called me to run, and I call on you to join me in forming a new movement with the goal of uniting the peace camp and guaranteeing that the state will be founded on democracy, social justice, and peace.”

Beilin lashed out at former Labor Party Prime Minister Ehud Barak for the failure of the July 1999 Camp David summit: “Barak convinced the world of a lie. Camp David failed because Barak did not know how to negotiate, not because peace is unattainable. If Camp David had been handled properly, this debilitating war could have been avoided.” He blamed Barak for convincing the public that the Intifada began as a result of the Palestinians' rejection of peace. He called for a peace plan along the lines of the Saudi initiative and the Clinton proposals, and said that the Palestinian-Israeli conflict is the only one with an obvious solution. “Achieving peace is not difficult at all,” he said, but it entails the Israeli withdrawal from the West Bank and Gaza Strip, the evacuation of Israeli settlements, and the establishment of a Palestinian state.

Beilin also attacked Foreign Minister Shimon Peres and Defense Minister Binyamin Ben-Eliezer for keeping the Labor Party in the unity government of Prime Minister Ariel Sharon. Beilin reiterated that, while the polls show a majority of the electorate support Sharon, a larger majority also support a negotiated settlement. He expressed confidence that the right wing, led by either Sharon or former Prime Minister Benjamin Netanyahu, both Likud party leaders, could be defeated.

Other speakers at the event included Peace Now founder

Tzali Reshef; Haredi peace activist Tzvia Greenfield; the mayor of Daliat al-Carmel, Ramzi Halabi; actor Moshe Ivgi; and Brig. Gen. (Reserves) Giora Inbar, a former head of the Israeli Defense Forces liaison unit in southern Lebanon.

The event was organized by the “Run Beilin Run” organization, which was formed three months ago by Beilin supporters in an effort to convince him to run for the office of prime minister.

Beilin's initiative comes amid a raging debate within Israel on how to unite the peace camp into an effective political force, one that could defeat the rising right wing. Attempts at achieving this unity have so far failed because of Labor's continued presence within the national unity government, where it has rubberstamped Sharon's most extreme policies, including turning the West Bank into eight bantustans modelled on the Warsaw Ghetto. Labor is also deeply split, with some members sitting at the same Cabinet table with the likes of “Butcher of Lebanon” Sharon and Brig. Gen. (Reserves) Efi Eitam, Israel's up and coming Benito Mussolini, who calls for the “transfer” of Palestinians to Jordan and Egypt. Most of the Labor Party back-benchers in the Knesset (parliament) want to leave the government.

This split in Labor has had a negative impact on the peace movement, which has traditionally been backed strongly by Labor. Peres, the Nobel Peace Prize laureate now serving as Sharon's Foreign Minister, has contributed to the deep demoralization within the peace camp over the last year and a half, a process that has begun to reverse itself only in the last few months.

Beilin was correct to attack Barak, who has become one of the biggest mouthpieces for those denouncing Palestinian Authority President Yasser Arafat as no longer a “partner for peace.” This treachery by those who claim they are keeping alive the memory of slain Prime Minister Yitzhak Rabin, has contributed to the “consensus” within the Israeli elite that keeps Sharon in power.

For several months, Beilin and his Labor supporters have been in discussions with the pro-peace Meretz Party, led by Yossi Sarid, the official head of the opposition in the Knesset, and the ethnic Russian-based Democratic Choice Party, led by Roman Bronfman. They have been discussing the possibility of forming a new party along social democratic lines, which would not only deal with the peace process, but also the grave socio-economic crisis that has hit Israel as a result of the war policies of Sharon and the global economic crisis. Polls say that such a party could capture 20 to 25 seats in the 120-seat Knesset, which would make the new formation at least the second-largest party in the Knesset.

Meretz Party chairman Sarid welcomed Beilin's call for forming Shahar. “Meretz has worked hard for this,” he said. He commented that he sees Beilin and his Labor allies as “important partners.”

Support for Beilin's initiative goes beyond Israel. For the last year, Beilin has been travelling internationally, especially to Europe and the United States, in an effort to gain support.

In the last few months he has made high-profile trips to South Africa, France, Germany, and Great Britain, where he has been holding discussions with Palestinian representatives including Palestinian Minister and former peace negotiator Yasser Abed Rabbo, in an effort to renew back-channel efforts for peace. Israeli sources report that Beilin has received particular encouragement from French political and Jewish circles.

Forming an Effective Electoral Force

Beilin's announcement comes as the Labor Party is preparing for its convention in July, which could witness a major challenge to the leadership of party chairman and Defense Minister Binyamin Ben-Eliezer. Not yet a political party as such, Shahar is calculated to force the pro-peace Labor members to either force the party to pull out of the national unity government with Sharon, or to split from Labor and form a new party with Meretz and Democratic Choice. Within the Labor camp are leaders such as Speaker of the Knesset Avraham Burg, Haim Roman, and others of the younger generation, who share many of the same positions as Beilin, and want Labor to leave the government, but have yet to jump ship. Beilin has said he will not attend Labor's July conference, but he has not yet formally left the party. If Haim Ramon unseats Ben-Eliezer as party chair, Beilin hopes he would lead the Labor Party out of the government, where it could prepare for elections on a pro-peace and social justice program. A rejuvenated Labor Party could cooperate with Meretz and the Democratic Choice in mounting an effective opposition to Sharon and the right wing.

If Ramon fails to unseat Ben-Eliezer, then Beilin will act. Beilin told the London *Financial Times* on June 5, "If Ben-Eliezer remains, there will be a split in the party and I will lead it." Beilin said that the leadership of Peres and Ben-Eliezer has "tainted the Labor Party in Israel irreparably," and that they are responsible for damaging the peace process and failing to provide a real alternative to the Likud and its allies.

Although Israeli elections are not scheduled till 2003, the Sharon government could fall at any moment. There are many on the right who want to challenge Sharon and take even more extremist positions. At the top of this list is Netanyahu, who has strong backing in the ruling Likud party and among the Christian fundamentalist and Zionist right wing in the United States. This support extends to hard-liners in the Bush Administration.

A senior Israeli intelligence source pointed to the strong tie between the U.S. November mid-term elections and the prospects for early elections in Israel. This source said, that Sharon and Netanyahu prefer that Israeli elections be held after the U.S. elections, where they are hoping for a strong right-wing Republican victory, which would ensure continued support by the Christian and Zionist right. But, if the liberal Democrats were to win, it would split the American Jewish community, allowing for more support for the peace camp.

Addressing Israel's Economic And Social Collapse

The formation of a movement not only for "peace" but "education and welfare" is crucial. Sharon has not only turned Israel and the occupied territories into a slaughterhouse, but is destroying the economy and the fabric of Israeli society. There have never been as many attacks against Israeli policy from within Israel since the 1948 war. These attacks have escalated dramatically under Sharon's premiership. The psychological impact on the population cannot be underestimated, as the average person lives in constant fear that he or she, or their children, will not come home alive on any given day. The anxiety is such that cigarette consumption has increased fivefold in the past year. Sharon has manipulated this fear to keep himself in power. But his Achilles' heel is the economy.

Recently, Sharon's government almost collapsed when he ousted the ministers of the ultra-Orthodox Shas and United Torah Judaism parties, who refused to support the austerity budget Sharon had submitted to the Knesset. Although the budget is expected to pass, and the government has not fallen, the economic collapse continues.

The Israeli currency, the shekel, continued to inch up to five to the dollar, a 20% devaluation since last year. The depreciation has been fuelled by massive capital flight. In the six months ending April 2002, Israeli investments abroad increased by 50%, to NIS98.76 billion (\$20 billion), as compared to NIS65.49 billion at the end of October 2001. An Israeli intelligence source indicated that this figure is understated, because the "gray market lenders" who operate outside the system have been responsible for capital flight four or five times bigger than the official figure. Many Israelis use these lenders as a way of transferring money out of Israel to avoid taxes. The assessment is that the international credit rating agencies are artificially maintaining Israel's triple A rating, knowing that if it were lowered it would lead to a collapse of the banking sector. It is now reported that Israeli authorities are clamping down on the gray-market lenders for tax evasion. The Israeli daily *Ha'aretz* reports that billions of shekels worth of taxes are involved.

Moreover, gross domestic product continues to collapse. This year it will contract by 1%, and possibly by much more. GDP per capita has dropped from \$18,500 in 2000 to \$14,500 this year. Unemployment stands at 10.6%.

Beilin knows that none of the parties in Sharon's government, including Labor under its present leadership, has any solutions for the security situation or the economy. Despite huge budget cuts in social services, including national insurance payments—health, unemployment, and pensions—the hundreds of millions of shekels that pour into the settlements have hardly been touched. In fact, that budget line has massively expanded, since much of the military has been deployed to protect the 200,000 settlers, while some 3 million ordinary Israeli citizens are the targets of terrorist bombings within Israel itself.

Philippines Power Shift Puts U.S. on Notice

by Michael Billington

The Western press is filled with the news of U.S. Deputy Secretary of Defense Paul Wolfowitz's visit to the war zone in the Philippines on June 1-2, and his reported agreement with the Philippine government to extend and expand U.S. military operations in the southern province of Mindanao, including the deployment of U.S. Special Forces troops into combat operations as part of a "training mission." But there is an even hotter story from Manila—one which could potentially disrupt Wolfowitz's utopian war plans, and cause consternation to a number of other Philippine and Western oligarchs and tycoons.

A political shock hit the Philippines on the morning of June 3, just as Wolfowitz was planning to announce the results of his meetings the previous evening with President Gloria Macapagal-Arroyo. Sen. John Osmena suddenly switched his allegiance from the government party to the opposition, thus shifting the balance of power in the 24-seat Senate to 12 for the government, and 12 for the opposition. However, with one Senator from the government side currently in the United States for surgery, the opposition held a temporary majority of 12-11.

The new majority lost no time, calling the Senate into session, electing new Senate officers, and replacing committee chairmen. Sen. Aquilino Pimentel, the former Minority Leader, became the Majority Leader, while Sen. Blas Ople was elected Senate President Pro Tempore. Only Senate President Franklin Drilon could not be replaced, since the rules call for 13 votes for that office, rather than a majority of those present. Drilon denounced the entire process as "illegal," and attempted to adjourn the session, in a rump meeting of only seven Senators, far below quorum. But the actions taken by the new majority have closely followed Senate rules. The Presidential Palace has refused thus far to intervene—a tacit acknowledgment of the legality of the transfer of power—and is grabbing for straws, such as possible "power sharing."

High Stakes: The Economy

The implications of this legal coup go far beyond party politics. Senator Osmena, even while in the government party, was engaged in a fight with his fellow Senators and others within the administration who are trying to protect former President Fidel Ramos, the Philippines' top spokesman for Anglo-American interests, from a potentially devastating Senatorial investigation. Ramos, *EIR* has documented over the past years, and as has become front-page news in the

Philippines over the past weeks, was the local comprador for Enron and dozens of other foreign energy companies during the "hot-money days" of his Presidency in the mid-1990s, signing corrupt contracts (with sweet payoffs for the compradors) which gave away the nation's sovereign control over its economy. The energy pirates demanded and received contracts, in the Philippines and elsewhere, which shifted the entire risk onto the developing nation, such that the government was required to purchase the entire electricity output capacity, whether or not it was needed! Following the 1997-98 speculative attack on the Asian economies, the Philippines National Power Company, Napocor, was compelled to purchase twice as much energy as it actually used, draining the depressed nation of billions of dollars.

Although this corruption was well known (if not in the details), Ramos and his cronies escaped justice, in part through political intrigue, in part by blaming the losses at Napocor on "inefficient state ownership," and demanded deregulation and privatization as the solution. In the Fall of 2001, after Ramos orchestrated a military coup against former President Joseph Estrada on behalf of his London and Washington allies, the new President, Gloria Macapagal-Arroyo, immediately introduced a bill to privatize and deregulate Napocor, and rammed it through a disoriented Congress.

The deregulation and privatization bill led to further price increases and further bankruptcy of Napocor and the government. When Senator Osmena joined with opposition Senators in attacking the underlying problem of the Ramos contracts, Ramos arrogantly refused to appear before the Congress, protected by his assets in the Senate. This, said Osmena, was the reason for his decision to join the opposition.

Osmena, who will now head the energy committee himself, told the press that the probe into the Ramos contracts will proceed immediately, and that if Ramos continues to refuse the call to answer for his crimes, then "he will be ordered arrested, because I will ask the Senate President to issue a summons or a subpoena that would effectively be the warrant of his arrest."

A Window of Opportunity

The situation is very fluid, both in regard to the economic and strategic crises facing the nation, as well as the political showdown now erupting. Political commentator Herman Tiu Laurel, in his regular column in the *Daily Tribune* on June 5, sent a word of hope, but also a warning, to the Philippine people: If you think small, if you address only local and personal interests in this kind of volatile situation, you will be easily defeated or bought off. But if the real issues of global depression and the threat of war are directly addressed, great changes are possible. Laurel, a close collaborator of *EIR*, reviewed the actions planned by the new majority in the Senate, and then continued:

"All these inquiries that may result in legislation are welcome, but there are broader policy questions that must be addressed. This is particularly true for the energy sector where



Philippines President Gloria Macapagal-Arroyo on the stump in Quezon City. Her measures to privatize and deregulate the national power company, Napocor, are under fire in an increasingly volatile political situation.

intractable problems have been created by the deregulation and privatization of the energy sector. . . . If the Senators are not ready to rescind the Epira [the energy deregulation bill] and the IPPs [independent power producers] take-or-pay proviso, there will be no real solution to the energy crisis. There is also the vital and fundamental issue on the economy: How to start reversing the trade and economic policies based on the GATT-WTO [General Agreement on Tariffs and Trade/World Trade Organization]. There is no longer any doubt that globalization is now in its death throes. The U.S. has imposed steel tariffs and the EU, China, and Japan are following suit. Bush has increased farm subsidies. The EU and China are coming up with their own. The U.S. as the importer of last resort of the export-based economies has collapsed as hard as Greenspan's last 'recovery' hot air balloon. A sea change is happening in the global economic conditions. If the Philippines does not anticipate and shift gears then the Philippine crash will accelerate. . . . The IMF [International Monetary Fund] is pressing an increase in the VAT [value-added tax] from 10% to 11% and excise taxes by 21%. Increasing taxes in these times will further depress economic activity, speed up the already deep tailspin of the economy. The Senate can save the people from the tax-hungry IMF and its collectors. . . . The free-market economics that crept in and dominated our government policies in [former President] Corazon Aquino's time drastically cut government revenues. The dismantling of tariffs on thousands of products, the constriction of our domestic agricultural and industrial enterprises by globalization, the privatization of the most profitable state enterprises in oil, energy, and water, have caused extreme reductions of government resources. . . . The people's expectations of the Senate's new majority cannot be fulfilled with-

out a reversal of this trend. We hope the new Senate majority recognizes this."

Will the Senate Reject the Wolfowitz Plan?

Thus far, the new Senate majority has not responded to the public reports regarding President Arroyo's agreement to allow U.S. troops to join search-and-destroy missions in the south. However, when Wolfowitz took the proposal back to Washington, Defense Secretary Donald Rumsfeld began a cat-and-mouse game, saying that perhaps he would not approve the idea, that he needed more information. This is bunk, since Rumsfeld was ready to deploy the troops several months ago, but for fierce opposition from the Philippine Congress, based on the clear constitutional ban on foreign troops fighting on Philippine soil, which stalled the implementation of the plan. Opposition Sen. Rodolfo Biazon, a former Chief of Staff of the Philippines military, led that effort. Senator Biazon has now become chairman of the Defense and Security Committee, a post he held during the Estrada Administration.

Wolfowitz arrived in the Philippines directly from a conference in Singapore of defense ministers and experts from across Asia, together with the United States, the United Kingdom, Australia, Canada, and France. The conference was sponsored by London's International Institute for Strategic Studies (IISS), and is intended to create a new structure to replace the Association of Southeast Asian Nations (ASEAN) Regional Forum (ARF), as the primary strategic body for the region. The colonial vision of this British Commonwealth-American utopian faction considers the ARF as too much restrained by the Asian tendency to respect the principle of non-interference in the internal affairs of other sovereign nations—an attitude expressed in numerous commentaries in the regional press by Western "experts" who attended the conference. What is demanded by the IISS and Wolfowitz, and by such Asian spokesmen for Anglo-American interests as Singapore's Lee Kuan Yew, is a force like NATO, which submerges national sovereignty and the nation-state into a supranational institution under Anglo-American control, ready to carry out "preventive diplomacy" and "conflict resolution" within sovereign nations, under the guise of the "war on terrorism."

The keynote speech by Wolfowitz at the meeting was titled "The Gathering Storm," a phrase borrowed from Winston Churchill. In a speech to the Hoover Institution on June 5, Wolfowitz justified this title as follows: "I do not believe it is an exaggeration to say that this evil of terrorism that has grown up in the world on a particularly massive scale over the last ten years threatens some of the same kinds of evil and destruction that fascism and Nazism threatened nearly a century ago [sic]."

This policy statement for "perpetual war" was the mindset Wolfowitz brought to the Philippines. The new majority in the Philippines Senate may not be willing to watch passively as their nation serves as a target of Wolfowitz's utopian madness.

Can East Timor Beat The Odds Against It?

by Gail G. Billington

It is hard to imagine a more difficult context than today's global pre-occupation with the G.W. Bush Administration's campaign against terrorism, and the evidence of the impending collapse of the post-Bretton Woods U.S. dollar-based monetary system, for a new nation to come into being. But at the stroke of midnight on May 20, United Nations Secretary General Kofi Annan transferred authority over East Timor to Francisco Guterres, Speaker of the Parliament of the Democratic Republic of East Timor, or Timor Loro'Sae, at a site named Taci Tolu.

The first President, a poet and former leader of the Cold War-era radical leftist guerrilla army, the Front for the Liberation of East Timor (Fretelin), is still best known by his *nom de guerre*, Jose Alexandre "Xanana" Gusmao. President Gusmao administered the oath of office to his Prime Minister Mari Alkatiri, former Secretary General of Fretelin, and a 24-member cabinet, with representatives of 92 nations watching, including former U.S. President William J. Clinton, Prime Minister John Howard of Australia, and President Megawati Sukarnoputri of Indonesia.

The inauguration of President Gusmao and his cabinet ends the 33-month rule by the UN since the August 1999 "consultation" (a referendum on the status of East Timor). It legally ends some 450 years of Portuguese colonial rule, and 24 years as a Province of Indonesia, from 1975-99. Indonesia retains the western half of the island it now shares with independent East Timor.

Brother People to Indonesia

Many of the Western powers which brought about the separation of East Timor from Indonesia were motivated, not by good-will for the East Timorese, but by the intention to split up Indonesia (as part of the speculative assault on the Asian economies generally between 1997 and 1999), and to create a permanent nexus of instability. In a statement released during the U.S. Presidential campaign of 2000, Democratic candidate Lyndon LaRouche warned against "this ill-conceived, hypocritical East Timor caper of the UNO." He pointed out that events in Timor since 1975, had reflected a continuing operation by former colonial powers Britain, the Netherlands, and Portugal, and that the British monarchy and its colonial allies planned a major oil-and-gas theft by London-based petroleum interests, while at-

tempting to break up Indonesia into helpless, looted micro-states.

The challenge ahead for East Timor is daunting. Perhaps its greatest resource is the intention expressed by President Gusmao in his inaugural address: to seek reconciliation, cooperation, mutual respect, and forgiveness. He delivered the speech in English, Portuguese, and Bahasa Indonesian, extending special gratitude to Secretary General Annan, and to "the courage of [former Indonesian] President B.J. Habibie, the efforts of Australian Prime Minister John Howard, and the decisiveness of President Clinton," and former colonial power Portugal for its support of independence. For better or for worse, each of these played a unique role.

The most spontaneous and sustained applause broke out when Gusmao and Indonesia's President Megawati Sukarnoputri came on stage, clasped hands raised, and Gusmao said, "We warmly welcome your presence here among us, not only in your capacity as head of state of the brotherly and neighboring country with which we share common borders, but also as a symbol of the democratic yearnings of the brotherly people of Indonesia. The Indonesian people and the Timorese people have endured 24 years of difficult relations. Today we all agree that the strains in our dealings were the result of an historical mistake, which now belongs to history and to the past. And this past . . . should not continue to stain our spirits or to hamper our attitudes and conduct. Together, Mrs. President, the two peoples should contribute to the construction of a better world."

To his constituents, Gusmao pledged: "Today you are witness of the resolve to build a democratic foundation of development for the entire Timorese society and . . . to the hope for the future based on the active and permanent struggle against poverty in all its forms. Today, with humility, and before the international community, we take upon ourselves the obligations towards our people. . . . Today we are a people standing on equal footing with all other people in the world. To the international solidarity, we extend a profound word of thanks from our people. We continue to count on you, to receive other forms of support, geared towards alleviating the hardships of our most needy populations and to the strengthening of the ties of friendship among people. Our independence will have no value if all the people in East Timor continue to live in poverty and continue to suffer all kinds of difficulties. We gain our independence to improve our lives."

Living Up to Promises

East Timor starts out as one of the poorest nations in the world, and perhaps the poorest in Asia. The population of between 740-830,000 occupies an area of 14,874 square miles. Major "industries" include coffee, logging, fisheries, spices, and coconuts. Agriculture accounts for 25% of total economic output and 75% of employment. Annual estimated per-capita income is \$263-431; one out of three households

lives below the poverty line; life expectancy for women is 50 years, 49 for men; and infant mortality is 135 per 1,000 live births. An estimated 60% of the population are illiterate. At least three languages are in common use among the 90% Catholic population: Portuguese by the older generation, Bahasa Indonesian by children educated during the 24 years of Indonesia's governance, and the local dialect, Tetum, which pre-dates the other two.

Since the "consultation" of August 1999, UN rule has introduced further distortions into the local dollar-dominated economy, which recorded an 18% leap in GDP in 2001. The UN is the leading employer of East Timor! But unemployment runs as high as 90% in "urban" areas, such as the capital, Dili, and Baucau. Dili is still building out from under the widespread destruction of infrastructure that occurred in the violence that erupted after the August 1999 consultation, while around 200,000 refugees, who sought refuge in West Timor in 1999, have been repatriated, with perhaps another 60,000 still to return.

With the new government sworn in, the UN has begun to scale down its functions. As of January 2002, the UN-East Timorese civil service was reported to have shed 75% of its international staff, taking a nasty chunk out of the local service economy.

The job of running the country will largely fall to Prime Minister Alkatiri, former Secretary General of the Fretelin party and the son of Yemeni immigrants, a practicing Muslim whose brother leads the Dili Muslim community. The constitution adopted by the 88-member national assembly does not invest the President with executive power. Next to Alkatiri, Foreign Minister and Nobel Peace Laureate Jose Ramos Horta and Finance Minister Fernanda Borges will have the most clout. Numerous reports point to frictions within the new administration, including widespread reports that President Gusmao has dissociated himself from Fretelin, and that he supports amnesty for those accused of post-consultation violence.

The UN force in East Timor, at about 9,000, will be reduced to around 5,000, while a 1,000-strong UN police force will remain until the newly formed East Timor Police Service is fully operational. That police force, as well as the East Timor Defense Force, have largely been recruited from the ranks of the political (Fretelin) and military (Falintil) wings of the former guerrilla movement. A senior Indian diplomat, Kamallesh Sharma, has been appointed to head the smaller UN operation, whose focus is to provide expertise.

Annan recommends the UN military contingent be cut from 6,000 to 3,870 by November 2002; to 2,780 by June 2003; and to 1,750 by November 2003; with final withdrawal in 2004, at the end of the UN's remaining two-year mandate.

In the last eight months, the Timorese have drafted their own National Development Plan, in a process that included consultation with over 40,000 citizens, 10% of the adult population. A shortened version of the plan, "Our Nation, Our

Future," has been made available to every household. It outlines the plan, goals, and strategies for the first five years within a 20-year development perspective.

Whether East Timor survives as a nation, however, will depend more on developments outside the boundaries of the tiny nation itself. Rather than the source of instability referenced by LaRouche, East Timor could become a new paradigm of Asian development.

Within Australia, there are minority factions, including the Citizens Electoral Council, the co-thinkers of LaRouche, who propose linking the industrialized South of Australia with Asia, via high-speed rail connections to Darwin, the port city in the North, only 90 miles across the Timor Sea from East Timor. From there, with the necessary development of high-speed catamarans and other forms of modern shipping technology, East Timor would sit upon the crossroad of an extended north-south, rail-sea Asian Road, linking up with the multi-branched Eurasian Land-Bridge transport corridors running from the Atlantic to the Pacific. It is with this vision of the future that President Gusmao's dedication to peaceful cooperation and mutual forgiveness with Indonesia is crucial.

The new administration has set up an independent Commission for Reception, Truth, and Reconciliation, in an attempt to establish the truth of what happened during the 24 years since Indonesia intervened in 1975, when the Portuguese colonial administration simply abandoned its colony. The aim of the commission is to reintegrate and reconcile the island as a whole.

A Distant Pot of Gold?

The Asian Development Bank predicts economic growth in East Timor will slow to zero this year, as the initial burst of foreign aid tapers off and money is tracked into grassroots development projects. International donors pledged \$360 million over the next three years in May, plus \$81 million in the Trust Fund for East Timor, after which royalties from oil and gas fields in the Timor Sea are expected to begin.

On Inauguration Day, Prime Minister Alkatiri signed a treaty with Australia over future revenues from oil and gas fields in the Timor Sea. Revenues are not expected until gas from Bayu-Undan, the first of two offshore fields, begins shipment to Japan in 2006. East Timor could receive revenues of \$180 million per year. Development of a second field, Greater Sunrise, reported to have 9 trillion cubic feet of natural gas, could vastly raise revenue. Under the terms of the new Timor Gap treaty, East Timor stands to receive 90% of total proceeds, worth \$6 billion over the next 20 years. However, East Timor has already raised the issue of redrawing the maritime boundaries with Australia, which could give the new nation control of the entire field. Australia is resisting, and claims by Indonesia could also arise. Moreover, this national income will not provide jobs and necessary skills, as Australia will control the downstream processing of the resources, since Timor lacks production capacity.

Ashcroft Police-State Moves Destroying Law Enforcement

by Edward Spannaus

Since Sept. 11, Attorney General John Ashcroft and his Justice Department policy staff have launched a sweeping drive to reverse all the restrictions and guidelines that were imposed on the FBI and Justice Department since the 1970s, and to give the FBI sweeping new powers that go beyond what existed in the decades preceding the 1970s reforms.

The most recent steps were the May 29 announcement of reordered FBI priorities, and the May 30 revision of the Attorney General Guidelines for FBI investigations, which scrapped the investigative guidelines established in 1976. This was followed by the announcement of new rules and procedures for immigrants and visa holders, which will target visitors and immigrants from Arab and Muslim countries.

Going along with these new police-state measures, is the destruction of the traditional law enforcement capabilities of the United States. Within weeks after Sept. 11, Ashcroft and the Justice Department were already proclaiming that the priority of the FBI should be “prevention” and “disruption,” not solving and prosecuting crimes. On May 29, Ashcroft and FBI Director Robert Mueller announced a sweeping reorganization of the FBI, in which the top two priorities are now to “protect the United States from terrorist attack,” and to “protect the United States against foreign intelligence operations and espionage.” Combatting international and national criminal organizations and enterprises, is now priority number six, and combatting violent crime is number eight.

When Mueller appeared before the Senate Judiciary Committee on June 6, Sen. Joseph Biden (D-Del.) went after him on this change of priorities. Biden told Mueller that “the single biggest problem we have facing America every single day is the drug problem,” which, he said, causes 68% of all the violent crime in the United States. “More people are killed in drug-related occurrences than have occurred in all the terrorist acts combined,” Biden stated, adding that the comparison is “not even close.”

Biden pointed out that 400 FBI agents are being taken away from drug cases as part of the latest reorganization, and that this is going to create a \$100 million-plus hole in the war on drugs.

Then, that evening, came the President’s announcement of his intention to create a new Department of Homeland Security, which takes a number of agencies with traditional law enforcement functions—such as the United States Customs Service, the Secret Service, and so on—and combines them willy-nilly into a new department whose priority is not law enforcement, but “prevention” of terrorist attacks.

Indications are that the planning of the contemplated Department of Homeland Security was carried out among a small circle within the White House, with the Cabinet members who head affected agencies not consulted, or even informed of the reorganization, until the day before the President’s announcement.

Some Congressional Objections

The move toward “prevention” and “disruption” is reminiscent of the manner in which the FBI operated in the 1950s and ’60s, with the infamous “Cointelpro” operations of disruptions and dirty tricks. For example, a famous 1968 FBI memo laying out the “Counterintelligence Program—Disruption of the New Left,” described the purpose of the program as “to expose, disrupt and otherwise neutralize the activities of this group.” One of the reasons that Cointelpro was eventually officially shut down, was that it had no legitimate law-enforcement purpose.

Yet, this is precisely the direction in which the new “reforms” are going.

The justification Ashcroft offered for his wholesale revision of the guidelines for FBI investigations, was the need to free FBI field agents “from the bureaucratic, organizational, and operational restrictions and structures that had hindered



Attorney General John Ashcroft (second from right) and FBI Director Mueller (left) are announcing measures almost daily, in the name of anti-terrorism, which hurt law-enforcement and tear up constitutional or Congressional guidelines.

them from doing their jobs effectively.”

Although it received almost no news coverage, Senate Judiciary Committee chairman Patrick Leahy (D-Vt.) opened the June 7 hearings by criticizing Ashcroft’s scrapping of the guidelines, and the manner in which it was done.

Leahy said that Senate Judiciary Committee was taken by surprise by the Attorney General’s *fait accompli*. “It seems that Chairman [James] Sensenbrenner [R-Wisc.] and our counterparts in the House Judiciary Committee were likewise surprised by the unilateral actions taken by the Attorney General in revising long-standing guidelines that have worked for decades,” Leahy said.

“And no matter what the short-term gains might be, no one in the Congress or in the administration can ignore the Constitution of the United States,” Leahy declared. He objected that the guidelines which had been followed “in the Ford Administration, the Carter Administration, the Reagan Administration, the first Bush Administration, the Clinton Administration . . . suddenly with the stroke of a pen should be changed.”

Leahy suggested that “we shouldn’t throw out decades of wisdom just because of a bad week or two in the press,” adding: “I agree with Chairman Sensenbrenner these important safeguards of American privacy and freedom should not be significantly altered without careful consideration and a full explanation of the reasons for any changes.”

The New FBI Heroine

Closely related to this, is the fawning enthusiasm shown toward Minneapolis FBI agent Coleen Rowley by the news media, Congress, and even by Mueller himself—which is aimed at weakening the requirements for obtaining secret “national security” wiretaps and search warrants. Rowley’s

complaint was that she was frustrated by officials at FBI Headquarters in her efforts to obtain a search warrant against “20th hijacker” Zacarias Moussaoui’s computer and other property. But a close reading of her letter to Director Mueller, shows that she was trying to circumvent constitutional and legal safeguards which had been adopted by Congress back in 1978 with the passage of the Foreign Intelligence Surveillance Act (FISA).

Rowley’s memo argues, that since there was deemed to be insufficient evidence of criminal activity by Moussaoui to obtain a search warrant under normal criminal procedures, the FBI should have gone to the secret FISA Court instead, with its looser standards—since the FISA Court does not require a showing of probable cause. This was rejected by FBIHQ, and this forms the core of Rowley’s demand that the FBIHQ officials involved, should be disciplined.

Right-wing columnists have picked up Rowley’s complaint, and are demanding that the 1978 FISA law be dumped, to make it even easier for the FBI to conduct wiretapping and searches. This was also the thrust of much of the discussion during Rowley’s appearance at the Senate Judiciary Committee on June 6.

Next: Concentration Camps?

We cannot be certain what the ultimate intent of the Ashcroft “reforms” are—nor can we be confident that Ashcroft and the White House even know, themselves, where they are headed.

But, the direction they are going is clear, and at the rate they are moving toward “preventive” measures, it is not far-fetched to suggest that it may not be long before Ashcroft is demanding the reestablishment of concentration camps like those used against Japanese-Americans in World War II, and which were again readied for use against “security risks” in the 1950s and ’60s.

Ashcroft’s current targeting of Muslims and Arab-Americans reminds us of what happened in 1942-45, when ethnic Japanese living on the U.S. West Coast were relocated from coastal areas, and then held in detention camps in isolated areas during the war. This was done at the demand of Secretary of War Henry Stimson and his Assistant Secretary John J. McCloy.

Then in 1950, Congress passed a law entitled “Emergency Detention of Suspected Security Risks,” providing for emergency detention camps, which were created and maintained by the U.S. Bureau of Prisons until 1971, when Congress repealed the measure. But, for a number of years after this—by some accounts until 1978—the FBI continued to maintain an index of thousands of persons to be rounded up and detained as security risks. All in the name of “prevention.”

Ashcroft as Attorney General Threatens Constitutional Rule

This testimony in opposition to the nomination of John Ashcroft to the post of U.S. Attorney General, was delivered to the Senate Judiciary Committee, Jan. 16, 2001, by Dr. Debra Hanania Freeman as spokesperson for Presidential candidate Lyndon H. LaRouche, Jr. The draconian emergency measures announced by Ashcroft and FBI Director Robert Mueller on May 29, 2002, following a fraudulent "crisis management" debate over Sept. 11 and threats of new terrorist attacks, prompts EIR to republish most of this prescient testimony now. It was published in full in EIR, Jan. 19, 2001.

My name is Dr. Debra H. Freeman. I appear before the Committee as the national spokesperson for Lyndon H. LaRouche, Jr., to voice the strongest possible opposition to the nomination of John Ashcroft as the next Attorney General of the United States. My opposition to Mr. Ashcroft's confirmation is shaped by two considerations that go beyond the normal factors that one would weigh, in considering a candidate for the top law enforcement post in the U.S. Federal Executive Branch.

The first of those factors is the extraordinary global financial and monetary crisis that will be the first and overriding order of business confronting the incoming Bush Administration, as even President-elect Bush and Vice President-elect Richard Cheney have limitedly acknowledged in public statements. The scope of the onrushing world financial and economic crisis, however, goes far beyond anything that anyone in the incoming Administration now anticipates, and it will require a dramatic reversal of most of the policy axioms that have governed U.S. official policy over the past 35 years, if the United States is to survive in its present, albeit weakened, Constitutional form. Unlike the so-called "Asia Crisis" of 1997-98, and the so-called "Russia" and "Brazil" crises of 1998-99, the epicenter of the current phase of global monetary and physical economic disintegration is the advanced sector, specifically the United States, with our skyrocketing balance of trade deficit, negative household savings, and collapsing real industrial output. Thus, the crisis phase that we have now entered has the most profound implications for the well-being of the American population, and goes to the heart of our domestic tranquility and the common good.

The second factor, in this context, is the role that the next

Attorney General will play, as a leading member of the Executive Branch crisis team, dealing with the global financial and monetary crisis, and the other consequent regional and domestic crises, that will arise from these extraordinary circumstances. As the chief law enforcement official of the Federal Executive Branch, the next Attorney General will have responsibilities in this broader crisis-management team setting, that will often supersede his more immediate role within the Justice Department and subsumed Federal law enforcement agencies, proper. Thus, no assessment of Mr. Ashcroft's qualifications can be competently made, without first considering his role within a Presidential team, focussed on dealing with this now unavoidable series of crises.

The Administration's Choices

The incoming Administration will be faced, immediately, with the choice between: 1) abandoning the current economic and monetary policy axioms and returning to policies that, in the past, have led the United States and the world out of the path of disaster, as during the Presidency of Franklin D. Roosevelt; or, 2) under the guise of "crisis management," imposing a form of brutal bureaucratic fascism on the United States, that bears striking similarities to the conditions under which Adolf Hitler seized power in Germany in 1933. It was Hitler's "crisis management" of the Reichstag fire and other events, real and manufactured, that established the dictatorship that no one in Germany had anticipated, even weeks before the coup was carried out. Unlike "normal times," the realities of the present crisis period mean that there is no middle ground between these two polar extremes. The luxury of "muddling through" for the next four years is no longer on the table.

These rather blunt words are necessary at this time. They underscore the danger represented by the confirmation of John Ashcroft, under circumstances compounded greatly by the Scalia-Rehnquist majority on the current U.S. Supreme Court, which further increases the danger of a Hitler-style crisis-management dictatorship. Lyndon LaRouche discussed this specific danger, during a Jan. 3, 2001 public symposium in Washington, D.C., in response to a question from members of the U.S. Congress. I quote from Mr. LaRouche's response to the question about the Ashcroft nomination:

“First of all, when Bush put Ashcroft in, as a nomination for the Justice Department, he made it clear, the Ku Klux Klan was riding again. That’s clear. Now, maybe Bush didn’t know what he was doing. But somebody in the Bush team did. And a lot of them had the voice to say something about it. Ashcroft was an insult to the Congress. If the Democrats in the Congress, capitulate to the Ashcroft nomination, the Congress is finished.

“This is pretty much like the same thing that Germany did, in Feb. 28, 1933, when the famous *Notverordnung* (emergency decree) was established. Just remember, after the Reichstag burning, the Reichstag fire, that Göring, who commanded at that time, Prussia—he was the Minister-President of Prussia at the time—set into motion an operation. As part of this, operating under rules of Carl Schmitt, a famous pro-Nazi jurist of Germany, they passed this act called the *Notverordnung*, the emergency act, which gave the state the power, according to Schmitt’s doctrine, to designate which part of his own population were enemies, and to imprison them, freely. And to eliminate them. This was the dictatorship. . . .

“If you give those kinds of powers, of a Justice Department, to that Ashcroft, and what he represents, under that flag, you don’t have any justice left in the United States. . . .

“We’re going into a period in which either we do the kinds of things I indicated in summary to you today, or else, what you’re going to have, is not a government. You’re going to have something like a Nazi regime. Maybe not initially at the surface. What you’re going to have is a government which cannot pass legislation, meaningful legislation. How does a government which cannot pass meaningful legislation, under conditions of crisis, govern? They govern in every case in known history, by what’s known as crisis management. In other words, just like the Reichstag fire in Germany.

“What you’re going to get with a frustrated Bush Administration, if it’s determined to prevent itself from being opposed, you’re going to get crisis management. Where members of the special warfare types, of the secret government, the secret police teams, will set off provocations, which will be used to bring about dictatorial powers and emotion, in the name of crisis management.

“You will have small wars set off in various parts of the world, which the Bush Administration will respond to, with crisis-management methods of provocation. That’s what you’ll get. And that’s the problem. And you have to face that. You’ve got to control this process now, while you still have the power to do so. Don’t be like the dumb Germans, who, after Hitler was appointed to the Chancellorship, in January 1933, sat back and said, ‘No, we’re going to defeat him at the next election.’ There was never a next election—there was just this ‘*Jawohl*,’ for Hitler as dictator. Because the *Notverordnung* of February 1933, *eliminated* the political factor.”

Mr. Ashcroft has a long-standing record of public policy positions that contradict the fundamental Constitutional provisions of the General Welfare Clause of the Preamble, that

demand of the Federal Government, nothing less than the zealous pursuit of the inalienable rights of every individual citizen to “life, liberty and the pursuit of happiness.” As Missouri Attorney General, as Governor, and later as U.S. Senator, Mr. Ashcroft has fought against the rights of all Americans to equal educational opportunities, he has been a zealous advocate of the death penalty, has placed states’ rights above the proper role of the Federal Government, and has labored to undermine the U.S. Constitution through a series of efforts to remove safeguards against frivolous or radical amendments.

An Unfortunate Legacy

One of the unfortunate legacies of the Clinton Administration is that the Department of Justice and the Federal Bureau of Investigation, today, enjoy greater unchecked bureaucratic power than at any time in recent memory. Early efforts by the Clinton Administration to curb the excessive powers of the DOJ and the FBI, built up during previous administrations, were successfully thwarted, to the point that the Presidency, itself, became a first-order target of Federal law enforcement agencies, rendering later reform impossible. In the past, I have presented testimony before this Committee, documenting the shameful pattern of judicial abuses by the FBI and the Department of Justice Criminal Division, in Operation *Fruehmenschen* (which targetted thousands of African-American elected officials for judicial frame-up), in the Waco and Ruby Ridge massacres, and, most emphatically, in the railroad prosecution of Lyndon LaRouche and dozens of his political associates. The LaRouche case was described by former U.S. Attorney General Ramsey Clark, in 1995 testimony before an independent commission on Justice Department tyranny: “I believe [the LaRouche case] involves a broader range of deliberate and systematic misconduct and abuse of power over a longer period of time in an effort to destroy a political movement and leader, than any other Federal prosecution in my time or to my knowledge.”

In 1998, a bipartisan majority of members of the House of Representatives backed the McDade-Murtha bill, which attempted to place serious constraints on the Justice Department, the FBI, and other Federal law enforcement agencies—to prevent the continuing pattern of official criminality and abuses, targetted against American citizens. That effort was only partially successful. Much remains to be done to assure that the U.S. Justice Department no longer serves as a government-sponsored political police and assassination bureau.

Were John Ashcroft to be confirmed as Attorney General, he would only augment the horrible abuses of power and criminal tyranny, already rampant within the Justice Department and FBI bureaucracies, especially under the global crisis conditions I have outlined above. For all of these reasons, the appointment of John Ashcroft must be rejected by this Committee.

Thank you.

Who Did Kill Cock Robin, After All?

by Lyndon H. LaRouche, Jr.

The following was issued by the LaRouche in 2004 campaign committee for Presidential pre-candidate LaRouche, on June 5, 2002.

Who is to be blamed for not preventing September 11th? It is clear that there are some people, Democrats and others, in the U.S. Congress, and elsewhere, who are as quick to blame President George W. Bush for not acting to prevent the true horrors of Sept. 11, 2001, as some Democrats, and others, were to impeach President Clinton for the sake of what was, at bottom, merely a disgusting bit of personal fiddle-faddle.

Every sentient adult alive in the United States today knows, like most leading literate folk around most of the world, that I am stoutly opposed to President Bush's current, foolish economic and military policies; but, neither I, nor any other sane and honest person, is going to resort to the purely factitious fraud of blaming the President of the U.S.A. for errors he did not commit. I am not some corrupt opportunist, like those donkeys who staged an attempted lynching of President Clinton—or some of the same donkeys, and others, now attempting to pin the donkey's tail on President Bush for Sept. 11, 2001.

For example. Where is the proof that Al-Qaeda organized and conducted the horrors of Sept. 11, 2001? No government anywhere has yet presented plausible proof that Osama bin Laden was the author of that attack on the U.S.A. Close examination of the physical evidence of the crime itself, proves that bin Laden could not have organized such an operation. Apparently, no one among those self-important critics of the President, has even asked the crucial question which I asked publicly, in a live broadcast interview, during the moments the attack on those towers was being announced: Why did the attackers hit the New York towers first, when they were in a position to choose to hit the nation's capital first? I said then, that I hoped no one would be silly enough to blame Osama bin Laden for these attacks.

Evidence be damned: Now, in the Congress, and in much of the mass media, the dog-and-pony show rambles on, and on, and on.

A Matter of Competence

Before accusing either the CIA or Justice Department of incompetence in this matter, why not begin with what should be the obvious first question to be asked: Is the Justice

Department usually competent in its report of any important investigation? Consider a few glaring examples of that problem.

The customary practice of the Justice Department, as in the case of Sept. 11, is to try the evidence in secret, and then present an indictment and conviction without any display of actually truthful evidence supporting that claim. Often, relevant evidence is simply excluded, on grounds that it might tend to prevent the jurors from returning the pre-programmed "guilty" verdict.

Or, take the evidence of massive Israeli spying against the U.S. military and other targets, even on the territory of the U.S.A. Or, take the role of George Soros and other Wall Street figures' support for drug trafficking into the U.S.A. and elsewhere from Central and South America. Or, take the related case of end-runs to protect the money-laundering of such drug money through financial-derivatives channels.

In these and other ways, government institutions, such as the Justice Department or Congress, choose their findings first, and then select, or concoct their evidence to fit such biased pre-judgments. One can hear the prosecutor shouting: "We are going to hang Joe Doaks; it is your job to invent the testimony and other evidence needed to convict him before a rigged jury."

In the case of Sept. 11, the pattern of crucial known facts about the attacks themselves, shows that no one outside of a handful of very high-level inside plotters had any actual knowledge of that operation beforehand. It is known that intelligence and law-enforcement agencies did have foreknowledge of a potentially terrorist "anti-globalization" riot in Washington, D.C. for later in September.

In any case, since bin Laden et al. were intrinsically incapable of organizing the actual operations of Sept. 11, no U.S. intelligence/security agency not complicit in the attacks could have had relevant knowledge warning of such attacks.

Truth, Not 'Spin'

The lesson to be learned from the furor about the presently rewarmed old gossip about "Who lost us China?" is that until we have security and intelligence services which are committed to discovering and telling the truth, and a Congress which wishes to hear plain truths—contrary to its perceived factitious self-interest—the intelligence and security processes of the U.S. government will continue to stink. A competent intelligence service tells us truthfully what we need to know, not what we prefer to hear.

The Executive and Congress should make truth, not "spin," the standard for intelligence work. It would be a wonderful change!

This brings us to current intelligence on the subjects of Senators McCain and Lieberman. There, is a really juicy story, about which much important evidence is already available. Why not practice the search for truth in such a readily accessible matter as that, to begin with?

LaRouche: Don't Try To Impose Kashmir Agreement

At his May 28 international webcast, Lyndon LaRouche answered question by Elias Hassan Choudhry from the weekly Mirror International in Houston: "India is on the verge of attacking Pakistan, the leading ally of the United States in the ongoing war on terrorism. What do you have to say about this issue?"

First of all, there is a high risk of an Indian military move in Kashmir. What is happening at the same time, is, there is something that is being said, which is highly *improbable*: That this state of tension could lead to a nuclear war attack by Pakistan, or a nuclear war in the Subcontinent. That I do not believe is possible. Why are people saying that? Because people in the U.S. government and other governments know exactly what was done to prevent the Pakistan use of nuclear weapons. The Indians know about it, are fully informed about it. The agreement is, among the nations of the area, that Pakistan weapons are sealed, so a nuclear attack from Pakistan can not occur at this time. And Pakistan is operating under guarantees—implicit guarantees and actual guarantees, from the United States and other countries, which say, "There's nothing for you to worry about."



It was only last July 14, that Pakistani President Gen. Pervez Musharraf was inspecting an honor guard of the Indian Army, during a summit with Indian Prime Minister A.B. Vajpayee in New Delhi. "Policies of Sept. 11" have changed all that. The West should now "keep its snout out," insists LaRouche.

Now, there is a problem in Kashmir. And, the problem is this—and some people in the United States are making *stupid* errors on this thing: One thing you do not insist upon, in the Kashmir question, as an American or any outsider, you do not tell them, they must negotiate a settlement on the Kashmir question between India and Pakistan. *No such pressure from outsiders must be made. Leave the situation alone.* The Kashmir issue is a long issue; the division goes back to 1946-47. It's been heated up since then. The only two parties, who should initiate any discussion on Kashmir as such, are India and Pakistan, *on their own initiative.* No outsider should stick his nose into it.

Now, if both parties want guarantees, for what they both want, then you should help them. But, if they don't invite you in, don't stick your snout in the situation. But, the problem is, that there are elements which the Pakistan government does not efficiently control. The United States government and British are more responsible. . . . [T]his kind of terrorism, which is talked about in Afghanistan and so forth, was introduced to the area *by the United States and Britain*, back under Brzezinski. Brzezinski was the guy who started the terrorism in Afghanistan, and operated, in a sense, through Pakistan to set up this thing, as a trap for the Soviet Union. Which worked.

Now, what they've done: They've gone in, and bombed Afghanistan—the worst, stupid thing they could do. But they did it! They said they had to do it, for the war against terrorism, because of what happened in New York and Washington. It had *nothing* to do with what happened in New York and Washington! New York and Washington was used as a *pretext*, for this bombing of Afghanistan. There's a geopolitical operation, which is called the Clash of Civilizations, which is the controlling operation for this, as described by Huntington and others; the new Roman Empire operation, which is going into place, which might lead to a general war. But, neither Pakistan nor India wants a nuclear exchange, and they want a stable situation. *However*, the Kashmir situation is inherently unstable, and we just hope now, that we get through June without any war fighting.

Problem of Pakistan's Economy

There are no simple solutions! There's no simple right or wrong in this thing. This is an old, ugly wound. Our concern should be, to keep stability and peace in that area. That one of the big problems, is that Pakistan's economy is in terrible shape. The condition of the people of Pakistan is desperate,

in large part. The economy depends, to a large degree, upon Afghan drug-trafficking! Which is still going on, full force, bigger than ever from the area! The United States bombing of Afghanistan did not decrease the drug-trafficking, it *increased* it! You're going to have any government you try to set up in Afghanistan, is going to be less stable, than any previous government, since the last Afghan war started. The United States will never win the war in Afghanistan! *Never!* It will get worse, and worse, and worse. And the effects of continuing the war will spread, into the adjoining regions. The best thing the United States could do, is get out of there. Make that kind of decision: Get out of there. We made the mess. The best thing to do, is concern ourselves with helping Pakistan to build its economy up again, so it doesn't depend upon drug-trafficking, and so the drug traffickers in Pakistan do not have control in Pakistan politics. And, to find ways, with aid of other countries, such as China, and its discussion idea, to bring about some kind of equanimity in the situation. . . .

The long-term solution is, Pakistan's economy must be rebuilt. And Pakistan is going to be an inherently unstable country, until that is done.

The issue with India, and operations which were run from outside, into India, are also dangerous. There are forces in India, which are dangerous. And, you have to think about what you are doing, when you meddle in Indian affairs. Do you want the extreme right wing turned loose in India? The people who killed Gandhi, or that type? You want them turned loose? You can have Hell on the Subcontinent. Do you want the operation that the British and others are running in Nepal? Do you want that operation? . . .

This is likely the ugly Yankee, the "Ugly American" in Laos, years ago. We are bad! Get the picture clearly: The United States around the world today, is a bad guy! The U.S. military around the United States, and U.S. policy is a bad guy! Not liked; hated, and resented, and feared—in the Balkans! Increasingly hated in Europe, in Western Europe, in France, and Germany, and elsewhere! If they had their courage, in Germany, they'd speak up, but they don't. They've been through two wars with the United States; they don't want to have a third one. The hatred of what's happened in Poland, and Eastern Europe, the same. What the United States has done to Central and South America is *hated!* We're not the good guys! What the United States has done in Africa: We're not the good guys! Yes, the British have done things, too, of the same evil type. We're bad guys!

So, instead—I may be a good guy, but my government is not a good guy, right now. You want to me to intervene? Well, unfortunately, I don't have any means. But, I'll do anything to help these guys, if they want me, to help them get some peace; to have some amity. But our government is not of that disposition. Our government is trying to find "rogues." It's trying to find bad guys to bomb! But, they're the bad guys. . . .

Brookings Demands U.S. Troops in Kashmir

by Umberto Pascali

Only days after Lyndon LaRouche's webcast warning to Western nations to stay out of the India-Pakistan crisis—largely triggered in its current form by the U.S. "war on terrorism"—two of the most notorious Washington think-tanks joined forces on June 3 to demand an immediate U.S. military deployment, both in Afghanistan and Kashmir.

The Brookings Institution and the International Crisis Group (ICG), both dedicated to the annihilation of the idea of national sovereignty—threatened every sort of divine punishment if the Bush Administration listened to rational advice. Their forum was entitled "The War In Afghanistan: Is It Over? Did the U.S. Win? What's Next?"

New U.S. Military Doctrine?

The speakers' *leitmotif* was to call their forum a factional intervention in Washington, aimed at breaking the last formal resistance within the administration to a massive military operation. In particular, Brookings' Stephen Philip Cohen put all his hopes in the figure of Deputy Secretary of State Richard Armitage, pushing him, so to speak, to reveal himself.

Armitage, Cohen insisted, has a new plan and is going to make it public during his visit to India during the first week of June. Part of the ostensible Armitage plan is to make the Indians accept the deployment of foreign military monitors on their territory, considered unacceptable and insulting to Indian leaders. Cohen said, "The Indians have been putting pressure on the United States and Pakistan to change Pakistani behavior. It's the Indians who have been the judge, the jury, the accusatory, and presumably the executioners in this spirit. I think the Indians are going to have to concede some international or American or other monitoring of the Line of Control," which separates India and Pakistan in Kashmir.

Not surprisingly, Pakistan's President Gen. Pervez Musharraf was instigated to make the same suggestion in the same words on June 4 in Almaty, Kazakstan.

Cohen presented an eerily precise scenario: "As sure as we can predict that the Sun will rise, when Armitage arrives in India, there's going to be an atrocity someplace up in Kashmir. Indians will blame the Pakistanis, the Pakistanis will blame the Indians. It will probably be caused by an independent group of radicals who would like to foment a larger crisis." This will launch a new American interventionist policy in Asia, Cohen claimed: "I think there's a realization growing that we cannot go on like this—crisis, after crisis,

after crisis, with two nuclear-weapon states, indefinitely, because that's what will happen. I suspect that Rumsfeld, or Armitage in particular, is probably going to bring some new idea with him. Otherwise it makes no sense in sending him out there."

"The best thing the world can do right now is to have an American B-52 bomber fly overhead once a day," cried Martti Ahtisaari, the former Finnish President and ICG Chairman, in his introductory speech. Ahtisaari explained that he is no expert on Afghanistan, but he has much experience in the Balkans. How, he asked, can anybody imagine that America can withdraw from Afghanistan when Bosnia, Kosovo—not to mention the formally independent East Timor—are still protectorates of the "international community," years after a humanitarian war?

The self-styled "win-the-peace" intervention of Ahtisaari—who is also a top official in several George Soros-run foundations—was followed by an array of calls for further military intervention in the Afghan area. Brookings' Roberta Cohen began her speech with these words: "My work is in the humanitarian area, but one cannot discuss humanitarian or human rights and development issues in Afghanistan independently of the war." Conclusion: an expanded role for the international security forces is required. "The Pentagon has rejected an expanded role, but this refusal ignores and contributes to the absence of security."

Gathering the New Legions

Michael O'Hanlon, another Brookings' Senior Fellow specialized in military issues, approved of the use of the B-52s as stressed by Ahtisaari, and mentioned other possible ways to achieve the goal: "For example, the recent attempt to assassinate the warlord [Gulbuddin] Hekmatyar—which I fully approve of, by the way, because he had allied himself with the Taliban." O'Hanlon also presented a plan for the deployment of about 30,000 troops in Afghanistan, which is "more than simple peacekeeping or simple monitoring." He admitted: "That's a tough force in and of itself to come up with. The United States would have a hard time generating the contribution. . . . I would propose one specific idea: that we contribute some of the forces, some of the Marines that are now at Okinawa, Japan."

O'Hanlon called for what LaRouche has been denouncing regularly, as the transformation of professional national armies into international mercenaries on the model of the Roman legions. He urged participation of Japanese, South Korean, and European militaries "that are not presently engaged as heavily in Afghanistan"; and beyond that, to go around "looking for countries who can give some soldiers. The best potentials appear to be within the future NATO aspirants." The Brookings plan seems to be to demand a pound of military flesh from all those countries who are deluding themselves they will find stability and economic survival once they are in the NATO club.

FDR Embodied American Intellectual Tradition

Among the questions during Lyndon LaRouche's May 28 webcast, was a question put together by several former members of the Clinton Administration, which was read by moderator Debra Hanania Freeman.

Q: Mr. LaRouche, there's no doubt that the challenge of the moment poses a question of courage. But, it also poses a question of what will work, and what is effective. And, since none of us is inclined to sacrifice ourselves for the mere sake of it, it's useful, when there is an historic precedent to lean on. You spoke often of the example of Franklin Delano Roosevelt, and his actions that brought us out of the Great Depression. What, in your mind, is key, from FDR's '33-'45 recovery strategy, for us to look to today?"

LaRouche: I don't think there's anything *in particular* you should look to. I think *everything* should be looked at. Because, we've done this report ["Economics: The End of a Delusion," issued by the campaign committee "LaRouche in 2004"], which Richard Freeman has pulled together, in large part, on what the lessons are of the recovery programs of Franklin Roosevelt, particularly during the 1930s. And, we've also done earlier studies, which we've published on the same matter, of what the effect was, the relationship between the economic potential, which was developed in the United States under the recovery program, which made possible the mobilization for strategic victory in World War II, in the way it was done.

We emerged from World War II as the *only world power*. And, we could have done a lot of good, if Roosevelt had lived. So, you have to look at the whole man, and his knowledge, to see what the precedent is.

Now we have, you know—like Harold Ickes, each of them did their part. Each of them did a mission for Roosevelt. They were good people. They did an excellent job. But, there's something behind it: Look for the driving force, not just for the detail. Don't try to get the package. You get the image, of Roosevelt's *way of thinking*, applied to the problems as they presented themselves to him, concretely, at the time. That's what we have to do, now.

Now, Roosevelt's thinking—what is it? And, people know it, especially of my generation, and earlier—they know it. I represent, though a different individual, as Franklin Roosevelt represented, and Abraham Lincoln represented before me, and John Quincy Adams represented before him—I represent an embodiment of the American Intellectual Tradition, which I referred to at the beginning of my remarks today:



The Richmond Times-Dispatch, a Republican newspaper in Virginia's capital, rubs in the state Democratic Party's failure to run a candidate for U.S. Senate, and Democratic Gov. Mark Warner's virtual endorsement of Republican Sen. John Warner's re-election. This is where "pragmatic politics" has gotten the Democratic leaders, and not only in Virginia. The decision was protested, and State Democratic Committee members wanted to know why, as the Times-Dispatch reported, "Nancy Spannaus . . . gathering signatures to run as an independent against John Warner . . . was rebuffed as a potential candidate by the Democratic leadership."

that, I had a contemporary, the Rev. Daniel Wood, a Quaker minister, who started his career in the Carolinas fighting slavery, and he had to get out of there. He went up to Ohio, and just north of Columbus, Ohio, he set up shop, married into one of the families up there; and, he set up his own operation there. And he ran the Underground Railroad in Delaware County, north of Columbus, during that relevant period, of the escaped slaves running to Canada. And, he had his church, and barn, and school—which he set up—they were all used to house the slaves, as they were being moved north, toward Canada. Now, he was a contemporary of Lincoln. He was also a contemporary of Henry Clay, with whom he had an encounter on one occasion.

And, you had this American Whig tradition, which emerged around President Monroe, John Quincy Adams, the Careys—Mathew and his son, Henry C. Carey; to some degree Friedrich List, though he was somewhat of a different case, even though he was important to the Congress. And, they had a protégé. And, their key protégé was Abraham Lincoln, who was the spokesman used by John Quincy Adams, in delivering the Spot Resolution, in the Congress, against Polk's fraud in starting the Mexican-American War. And it was that Lincoln, who was a highly educated man—he was no dummy—one of the most brilliant men in all American history, part of the process.

So, those of us who remember, who studied, who lived, who know what the American Revolution was, who know the tradition, act in a certain way; as opposed to those who have what was called the American Tory tradition, which is hegemonic in the United States today. And, what one has to understand, is that Roosevelt—read Roosevelt's graduation paper, or his final paper at Harvard, on this tradition: Look at his studies, while he was fighting poliomyelitis, studies of his legacy. Look at his ancestor, Isaac Roosevelt, the collaborator of Alexander Hamilton.

And, the point was, that Franklin Roosevelt had two things: He represented a family tradition, an embodiment of the American Intellectual Tradition, the tradition on which this nation was founded, the tradition of Benjamin Franklin. He also represented a man of extreme courage. And, those are the two qualities that are needed. You need a person like a great general. MacArthur had that same quality in a completely different dimension. The quality of a true leader, who knows something needs to be done. And, if he knows it needs to be done, he will *seize the opportunity to do it*, with resolution. He will seek out collaborators, who want to take a chunk of the job. And he will give them backing to do the job, as

he did Harry Hopkins, for example.

And, that's the way you do it. You get the essence of the American tradition. The American economic tradition: You have to have, above all—for example, to understand the *distinction* between the roots of the American Constitution and Declaration of Independence, which are found in Leibniz, in such writings as "New Essays on Human Understanding"—this was the doctrine, which was posed by Leibniz, in opposition to that fascist scum, John Locke, who is the patron saint of slavery in the United States. The Confederate Constitution contains in the preamble, the affirmation of "life, liberty, and property," the doctrine of John Locke: the constitution of slavery. The constitution of degradation; the constitution of treason against the United States.

Whereas the Declaration of Independence and the Preamble of the Federal Constitution, uphold two principles: The sovereignty of the United States must be defended, and that sovereign power used, under all circumstances; secondly, the general welfare of present and future generations' posterity must be promoted. That is the fundamental constitutional law of the United States (which is not exactly being observed these days!). And those two principles, which express this legacy, the whole legacy of the struggle against conditions under which some people are treated as human cattle, to create a society in which we have a society fit for men, women; a society in which people are all equally *human*; in which they participate, equally, in society; in which we do not make a differentiation between the rulers, who behave like beasts, toward the ruled, who are treated like human cattle.

And, the American Intellectual Tradition reflects the use of European philosophy, European accomplishments, to bring forth that kind of idea in this nation. And, those of us who understand that, and who understand how important it is, *and who are prepared to fight and die for it*, and to make ourselves *competent* in doing that, we can do the job. And,

Spannaus: 'Put a Real Democrat on Ballot'

Nancy Spannaus, the only Virginia Democrat with courage enough to run for the U.S. Senate seat held by Republican John Warner, issued the following statement on June 4, entitled "Spannaus: The Democratic Party Has Abdicated; Now Put a Real Democrat on the Ballot."

On June 1, the official Democratic Party of Virginia declared itself irrelevant to the election process, and to the real interests of the citizens of Virginia, by declining to run a candidate against U.S. incumbent Sen. John Warner. In light of this decision, I have determined to put my name on the ballot as an Independent. In fact, putting me on the ballot is the only way of putting a "real Democrat" before the Virginia electorate this fall.

As a close LaRouche associate, I have the unique qualifications to be your Senator. I will engage Virginia voters in the kind of discussion required, to solve the policy crises before us. LaRouche, who is running for President in 2004, is the only leader who has earned the respect of U.S. citizens, and the world, on the question of the economic crisis, and its solution. His solutions represent the core of my platform: the application of the principle of the general welfare to a world depression collapse which will, otherwise, take us into a global religious war, and a New Dark Age.

There will be much more to say once I get on the ballot.

we have to see that side of Franklin Roosevelt, and look at his courage, look at his tradition, and really understand him *from the inside*, not from his externalities. And, then all his externalities and some of the questionable aspects of them, all fall neatly into place.

This man was a great man. He was a man who tried to walk in the footsteps of Abraham Lincoln, in restoring this nation to itself, after the Presidency of the pro-Confederacy Teddy Roosevelt, the Ku Klux Klan fanatic Woodrow Wilson, and that all-around scoundrel Calvin Coolidge—together with Andrew Mellon—had ruined the United States, in the course of the earlier part of the 20th Century.

Evoked the Best in Our Citizens

That's the picture we have to grasp. You can not design, you can not make a Lara Croft President. You can't fit together a "morph" of parts, and make it human. You have to touch the inner-most humanity of the individual, evoke it *in* the

individual, and you will get out of that, a leader. But, that's why I said, at the beginning: In times like this, you have to ask, "Who am I? And, what am I? Where do I belong in the scheme of eternity? What is the meaning of my having had parents and grandparents, and so forth? What is the meaning of this nation? What are its accomplishments? What do I represent, for this nation? Not for what I get for my satisfaction, now; but what I am supposed to do? What did God put me here to do?" And do it! Then you find in yourself, the courage to do what's necessary.

Obviously, Franklin Roosevelt found that. But, while I can recommend and detail many things that Roosevelt did, which I would defend as models, that is not the force, the mainspring that makes the clock tick. The mainspring lies in the character of the individual, and the development of that character. Franklin Roosevelt admired his great ancestor Isaac Roosevelt, and he worked to defend the United States *for* the American Intellectual Tradition—the actual tradition behind our Declaration of Independence, our struggle for freedom, and the Preamble of our Constitution. Once you've got that, and then you know the technicalities, you know what to do. It's just a matter of training.

We've got plenty of people, among former Clinton people, who have the skills, or can get them from others—people they know—we can do the job. If you work for me, you get the job done.

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- that Washington and Franklin championed Big Government?
- that the Founding Fathers promoted partnership between private industry and central government?

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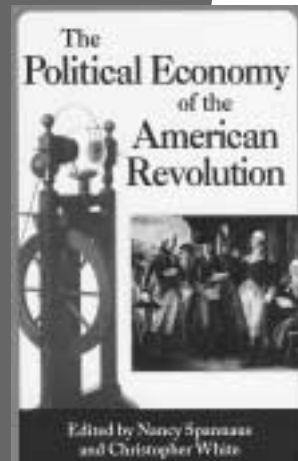
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McCain's White House 'Mole Hill'

As Lyndon LaRouche notes in “Who Did Kill Cock Robin, After All?”—his campaign statement of June 5 on the fraud of current “who knew?” investigations in Washington—there is some unspun truth worth telling about the continuing treacherous partnership of Senators and Presidential candidates John McCain and Joe Lieberman. Operating inside the Bush Administration, right under the noses of top officials, is a veritable McCain “mole hill”—in the State Department, the Pentagon and elsewhere. It operates with the same evil intent as the Lieberman-Gore efforts formerly waged against President Clinton. These moles wish to paralyze the institution of the U.S. Presidency at a moment of even greater national and global crisis than was the case when the Gore-Lieberman duo tried to force Clinton to resign in September 1998, in what would have been the worst palace coup in American history since the McKinley assassination installed Teddy Roosevelt in the Oval Office.

Chief among the McCain-Lieberman moles is David Wurmser, who has been recently posted as the special assistant to State Department arms control chief John Bolton. Recall that it was Bolton who put out the story about the Cuban bio-warfare program, on the eve of Jimmy Carter’s recent trip to Havana, directly contradicting Secretary of State Powell and other senior State Department officials; and it was Bolton who also first claimed that the United States had abandoned its policy of non-use of nuclear weapons against non-nuclear powers.

Wurmser is a hard-core Jabotinskyite, who spent years as a leading “intellectual” within the right-wing Zionist apparatus in Washington and Jerusalem, working for such outfits as Americans for a Safe Israel, which was founded by Herb Zweibon, who also co-founded the Jewish Defense League with lunatic Meir Kahane. Wurmser also worked for the Washington- and Jerusalem-based Institute for Advanced Strategic and Political Studies, which crafted the strategy for then-Israeli Prime Minister Benjamin Netanyahu to trash Bill Clinton’s peace efforts. Wurmser was plucked from AEI to join Bolton at State, after writing dozens of articles for

Daniel Pipes’ *Middle East Quarterly* and the Americans for a Safe Israel journal, demanding war against Iraq and Syria.

What makes Wurmser an even nastier “mole” is that his wife heads the Center for Middle East Policy at the Washington office of the Hudson Institute, the center of the John McCain “Bull Moose” operation. Meyrav Wurmser is also linked to Yigal Carmon’s Middle East Media Research Institute (MEMRI), an outright front for the most extreme right-wing Israeli military intelligence circles.

Meyrav Wurmser completed her PhD at George Washington University with a glowing thesis on Vladimir Jabotinsky and the history of his fascist Revisionist movement. She recently hosted a Hudson Institute event, promoting a Palestinian opponent of Yasser Arafat in the next elections, at which the other key speakers were Bernard Lewis and Richard Perle.

Complementing Wurmser in the McCain-Lieberman mole hill is Doug Feith, a top Pentagon official who, in 1999, penned a chapter of a book (published by the Zionist Organization of America, ZOA) on why there can never be a Palestinian state. Its introduction was written by Sen. John Kyl (R-Ariz.), who is McCain’s junior partner and former attorney for Sam Bronfman’s local Arizona mob boss, Kemper Marley, the grand patron of McCain’s family fortunes.

The Americans for a Safe Israel group and the ZOA both participated in the July 2001 blackmail session at the White House—with representatives of Jerry Falwell, Pat Robertson, and Ed McAteer—where Bush was threatened with a revolt by the Christian evangelical voters unless he gave Ariel Sharon a green light to go after the Palestinians.

By any standards, the presence of Wurmser, Bolton, Feith, and other such moles, is not healthy for anyone out to help the President do the right thing about the Mideast, or about terrorism. One might as well let Jonathan Jay Pollard out of jail and assign him to head up the new “homeland defense” counterintelligence bureau. *EIR* will deal with this problem in much greater detail in future issues.

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