

# EIR

Executive Intelligence Review

November 7, 2003 Vol. 30 No. 43 [www.larouche.com](http://www.larouche.com) \$10.00

American Manufacturing Is Dying, Amid Phony 'Recovery'  
Soros' Drug \$\$ Funds Democratic 'Cheney Protection Racket'  
LaRouche Leads Fight vs. Ashcroft in Philadelphia Election

**Henry Wallace Would Never  
Have Dropped the Bomb**



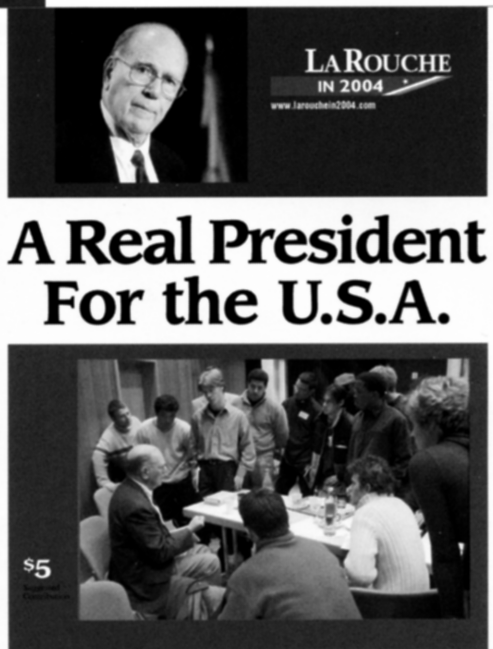
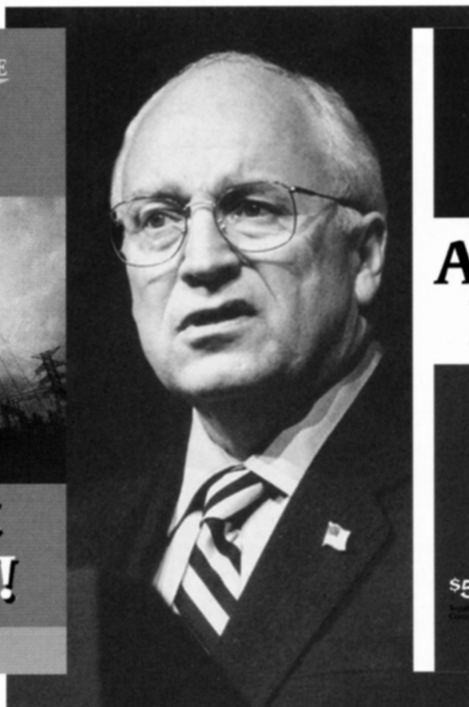
# Get Cheney Out!

# LA ROUCHE

## IN 2004 \*

www.larouchein2004.com

Read and circulate these pamphlets issued by Lyndon LaRouche's Presidential Campaign Committee.



\$5 suggested contribution.

"You want to stop the war? Get Cheney out! Any serious person knows that. . . What Cheney represents is the same kind of threat that Adolf Hitler represented in 1933-34, and beyond. If we don't stop it now, we'll find out what happened in Germany, as our own experience, now."

—Lyndon H. LaRouche, Jr.

Candidate for the Democratic Party Presidential nomination, July 2, 2003

#### RETURN TO SANITY includes:

- Re-Regulate, and Rebuild the California Energy Grid—A Pilot Project for the Nation
- Phase I, Short Term: Cancel Deregulation—Restore the California Energy System
- Phase II, Longer Term: Great Power, Water, and Nuclear Projects
- Phase III: Go Nuclear!

- LaRouche's Record: Re-Regulate Now! Reliable, Safe, Affordable Power

#### A REAL PRESIDENT FOR THE U.S.A. includes:

- LaRouche's July 2, 2003 webcast address, "We Are Now at a Turning-Point in History"
- How Future U.S. Foreign Policy Is Made
- LaRouche Builds a Youth Movement

SEND YOUR CONTRIBUTION TO: **LaRouche in 2004** P.O. Box 730 Leesburg, VA 20178

OR CALL: (toll-free) **1-800-929-7566**

For more information, call:

Toll-free 1-800-929-7566

Leesburg, VA 703-777-9451

or, toll-free, 1-888-347-3258

Northern Virginia 703-779-2150

Washington, D.C. 202-543-8002

Baltimore, MD 410-247-4200

Boston, MA 781-380-4000

Buffalo, NY 716-873-0651

Chicago, IL 312-335-6100

Detroit, MI 313-592-3945

Flint, MI 810-232-2449

Hackensack, NJ 201-441-4888

Houston, TX 713-541-2907

Lincoln, NE 402-946-3981

Los Angeles, CA 323-259-1860

Minneapolis, MN 763-591-9329

Mt. Vernon, SD 605-996-7022

Norfolk, VA 757-587-3885

Oakland, CA 510-839-1649

Philadelphia, PA 610-734-7080

Phoenix AZ 602-992-3276

Pittsburgh, PA 412-884-3590

Seattle, WA 425-488-1045

Montreal, Canada 514-855-1699

Paid for by LaRouche in 2004

Founder and Contributing Editor:

*Lyndon H. LaRouche, Jr.*

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

Associate Editors: *Ronald Kokinda, Susan Welsh*  
Managing Editor: *John Sigerson*  
Science Editor: *Marjorie Mazel Hecht*  
Technology Editor: *Marsha Freeman*  
Special Projects: *Mark Burdman*  
Book Editor: *Katherine Notley*  
Photo Editor: *Stuart Lewis*  
Circulation Manager: *Stanley Ezrol*

INTELLIGENCE DIRECTORS:  
Counterintelligence: *Jeffrey Steinberg,  
Michele Steinberg*  
Economics: *Marcia Merry Baker,  
Lothar Komp*  
History: *Anton Chaitkin*  
Ibero-America: *Dennis Small*  
Law: *Edward Spannaus*  
Russia and Eastern Europe:  
*Rachel Douglas*  
United States: *Debra Freeman*

INTERNATIONAL BUREAUS:  
Bogotá: *Javier Almaro*  
Berlin: *Rainer Apel*  
Caracas: *David Ramonet*  
Copenhagen: *Poul Rasmussen*  
Houston: *Harley Schlanger*  
Lima: *Sara Madueño*  
Melbourne: *Robert Barwick*  
Mexico City: *Rubén Cota Meza*  
Milan: *Leonardo Servadio*  
New Delhi: *Ramtanu Maitra*  
Paris: *Christine Bierre*  
Stockholm: *Michael Ericson*  
United Nations, N.Y.C.: *Leni Rubinstein*  
Washington, D.C.: *William Jones*  
Wiesbaden: *Göran Haglund*

*EIR (ISSN 0273-6314) is published weekly (50 issues),  
by EIR News Service Inc., 317 Pennsylvania Ave., S.E.,  
3rd Floor, Washington, DC 20003. (202) 543-8002.  
(703) 777-9451, or toll-free, 888-EIR-3258.  
World Wide Web site: <http://www.larouchepub.com>  
e-mail: [eirms@larouchepub.com](mailto:eirms@larouchepub.com)*

**European Headquarters:** Executive Intelligence Review  
Nachrichtenagentur GmbH, Postfach 2308,  
D-65013 Wiesbaden, Bahnstrasse 9-A, D-65205,  
Wiesbaden, Federal Republic of Germany  
Tel: 49-611-73650.

Homepage: <http://www.eirma.com>  
E-mail: [eirma@eirma.com](mailto:eirma@eirma.com)

Executive Directors: Anno Hellenbroich, Michael Liebig  
**In Denmark:** EIR, Post Box 2613, 2100 Copenhagen ØE,  
Tel. 35-43 60 40

**In Mexico:** EIR, Serapio Rendón No. 70 Int. 28, Col. San  
Rafael, Del. Cuauhtémoc, México, DF 06470. Tels: 55-66-  
0963, 55-46-2597, 55-46-0931, 55-46-0933 y 55-46-2400.

Copyright © 2003 EIR News Service. All rights reserved.  
Reproduction in whole or in part without permission strictly  
prohibited.

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

## From the Associate Editor

Not many Americans who were not adults in 1944, have any idea who Henry A. Wallace was, or the importance of the fact that his renomination as Vice Presidential candidate of the Democratic Party was blocked, by a British-backed machination. Yet this was one of the crucial turning-points in American history, as Lyndon LaRouche has frequently mentioned. The story has been written out of the history books, but our *Feature* tells it all—and a fascinating story it is. LaRouche points out in his conceptual introduction, that the “non-nomination” of Wallace in 1944 “is still very much with us today”—as in the way in which the 2000 Presidential election was rigged, in both leading parties. How’s that? It’s a case of “the physical geometry of politics.”

That election-rigging is under way again, in the run-up to the 2004 Presidential election. Dope, Inc.—in the person of financier and drug-legalization advocate George Soros—has come out of the shadows to form what is being ludicrously described as a “Democratic alternative” to the failed policies of the Bush Administration. Dennis Small reports on Soros’ big push for drug legalization internationally, in the aftermath of the political shakeup in Bolivia. In *National*, Michele Steinberg has the story of the Soros operation in Washington, known as the Center for American Progress. The center’s conference on “New American Strategies for Security and Peace” was exposed, by *EIR* reporters on the scene, as a protection racket for the policies of Dick Cheney.

On the economic front, newspapers are headlining the supposed “surge” of the U.S. economy, as reflected in a 7.2% quarterly rise in GDP. What a sick joke! This came amidst rising unemployment (see Richard Freeman’s study of the real unemployment situation), state bankruptcies, and increasing debt. The bankruptcy of the global economy is most painfully revealed in the crisis hitting pension systems throughout the Western world. Our *Economics* section has reports from the United States, Germany, Italy, and France. The most apt characterization of the situation is that from Heiner Geissler, formerly the party manager of Germany’s Christian Democratic Union. If we continue with a Social-Darwinist approach to pension reform, he warned, “we will end up where Hitler once was.”

*Susan Welsh*

# EIR Contents

## Cover This Week

*Left to right:  
President Franklin  
Roosevelt, Harry  
Truman, and Henry  
Wallace in 1944.*



### **26 The Geometry of the Henry Wallace Nomination**

Lyndon H. LaRouche, Jr. pinpoints the reasons for the British-led campaign to prevent Henry A. Wallace's July 1944 Democratic Party nomination for a second term as President Franklin Roosevelt's Vice-President. "British lobbying for the dumping of Wallace reflected the heart of the fundamental, historically determined differences between the U.S. Republic and British Empire which had continued despite the temporary 1940-1945 war-time alliance of the two states. The apparent complexities of the ironical Roosevelt-Churchill alliance and mutual-antipathy can be competently understood only as a topic in physical geometry. . . ."

### **32 Henry Wallace Would Never Have Dropped the Bomb on Japan**

By Robert L. Baker. The intent of the clique that ousted Wallace "was not only to destroy Franklin D. Roosevelt's New Deal legacy, and its revival of Alexander Hamilton's American System of economics, but to try to take over the United States with a corporate-fascist policy run by what Eisenhower later called the 'military-industrial complex'—and which led to almost a half-century of Cold War confrontation.

## Economics

### **4 Manufacturing Workforce Dying, Amid Phony 'Recovery'**

The U.S. Bureau of Labor Statistics is reaching deeper into its bag of tricks to cover up the catastrophic unemployment situation, particularly in the manufacturing production workforce.

### **15 U.S. Pension Funds Are Looted and Melting Down**

### **18 Germany's 'Privatization': SPD, CDU Both Go For Pension and Jobless Cuts**

### **19 Italy: 'Face and Solve the Real Economic Problems'**

An interview with Antonino Galloni.

### **22 French Economy: Are the Poor Still With Us? Off With Their Heads!**

### **24 Business Briefs**



## International

### 44 Soros Wins Bolivia Round; Area Slides Toward Drug Empire

The ouster of Bolivian President Gonzalo Sánchez de Lozada has led to an international full-court press for drug legalization, led by Dope, Inc.'s George Soros.

### 45 Soros' Army of Legalizers

### 47 Now, Colombia Is Threatened by Debt Bomb

### 48 U.S., Israel Militaries Caution on Syria War

### 50 Russian President Backs Crackdown on Oil Magnate

The arrest of Yukos Oil CEO Mikhail Khodorkovsky is not the Kremlin power-play that the U.S. media claim, but rather part of the Russian response to lunacy in Washington.

### 52 International Intelligence

## National

### 54 Dems' New Disaster: Soros' Drug Money Funds a 'Protection Racket for Cheney'

At a two-day Washington conference, "New American Strategies for Security and Peace," drug pusher and offshore speculator George Soros unveiled his Center for American Progress, a so-called progressive think-tank, aiming \$10 million up to \$75 million of Soros' blood- and drug-money at the Democratic Party's candidates.

### 57 Why You Don't Want To Take George Soros's Money

### 58 Military Morale: Casualty of Iraq War

### 60 Cheney Coverup of Iraq Intelligence Fakery Unravels

### 62 LaRouche Leads Fight vs. Ashcroft in Philadelphia

### 64 Rumsfeld vs. LaRouche: 'Military Transformation' or Strategic Defense

### 68 A Note on Principles of Strategic Defense

By Lyndon H. LaRouche, Jr.

### 70 Congressional Closeup

### 71 National News

## Interviews

### 19 Antonino Galloni

Economist Antonino Galloni was the Director General of the Italian Labor Ministry during the 1990s. He is currently the chief auditor at INPDAP, the Italian government department which manages pension funds and all properties of state and public agencies.

## Departments

### 72 Editorial

In Honor of Yitzhak Rabin.

**Photo and graphic credits:** Cover, Abbey Rowe Collection. Page 20, CGIL website. Pages 27, 29 (Franklin), U.S. Library of Congress. Page 29 (Shelburne), www.arttoday.com. Page 31, Abbey Rowe Collection. Pages 33, 37 (Russia), 41, 65, National Archives. Page 37 (China), www.clipart.com. Page 51 (Voloshin), UES of Russia website. Page 51 (Khodorkovsky), Open Russia Foundation website. Page 51, Agência Brasil de Notícias/José Cruz. Pages 55, 57, EIRNS. Page 59, U.S. Air Force photo/Jim Spellman. Page 62, EIRNS/videograbs. Page 66, DoD Photo/R.D. Ward. Page 67, DoD Photo. Page 69, www.arttoday.com.

## Manufacturing Workforce Dying, Amid Phony ‘Recovery’

by Richard Freeman

A linked series of developments speak volumes about America: Between July 2000, and September 2003, the U.S. manufacturing workforce lost jobs each and every month, over 38 consecutive months. The most important sub-sector of the manufacturing workforce, the *manufacturing production workforce*—which directly alters nature to provide for man’s existence—lost 18.3% of its workers. This is the single greatest percentage decline in that labor force since the depths of the 1930s Depression.

In parallel, unemployment exploded since July 2000. More than 7 million people became unemployed in 38 months, in the determination of *EIR*’s Economics Staff, refuting the lies of the Bureau of Labor Statistics (BLS), according to which the rise was only 3.3 million.

This barometer of the performance of the labor force tells us that in the three-plus years since the middle of 2000, the U.S. economy has undergone a ferocious contraction. The ongoing depression, which has battered the U.S. physical economy and the labor force since the imposition of the post-industrial society policy 35 years ago, is now sending the United States hurtling into the abyss. This is perhaps the most significant phase-change toward breakdown in the post-World War II period. Yet, the worst is yet to come, as the world financial system undergoes the final phase of *systemic* disintegration.

Still, the fools on Wall Street speak of a “jobless recovery,” an exotic concoction which both Republicans and Democrats parrot. How can there be a recovery, when manufacturing employment contracts 38 months in a row? The real issue is the massive disappearance of jobs. Wall Street has fraudulently framed the debate in terms of a cyclical “recession,” and told each political faction to pick what it thinks will be the best *counter-cyclical* medicine to apply.

Currently, the Presidential campaign has been dishonestly

presented as being between President George W. Bush (and his handler, the fascist Dick Cheney), who have caused most of the damage described above; and the nine recognized Democratic Party dwarves, most of whose policies would be as, or more destructive than those of Bush.

It is imperative that Americans cut through this drivel. Counter-cyclical measures, even if honestly formulated, will have no effect in solving a systemic breakdown crisis. Lyndon LaRouche, the sole candidate running for the Presidency who is qualified for that office, has proposed putting the bankrupt world financial system through a Chapter 11 bankruptcy reorganization. Simultaneously, he would establish a New Bretton Woods monetary system, pivoted on great infrastructure projects of the Eurasian Land-Bridge and development of the Great American Desert.

### Imperial Rome Model

In order to solve this crisis, it is necessary to consider what is its origin, and where it has left the economy.

Under Wall Street’s direction, the U.S. economy has shifted to imitate that of Imperial Rome during its decay, becoming increasingly unable to reproduce its own existence. Rome subsisted by extracting loot from its satraps; America also extracts loot—called imports. It does this through an artificially overvalued dollar. Other nations are obligated to accept these dollars for the goods that they export to America, because the United States presents the aura of being the world’s only superpower, and because 65% of world trade is conducted in dollars.

This Imperial Roman policy is the outgrowth of an earlier policy. In the mid-1960s, the City of London-Wall Street financier oligarchs imposed the policy of a post-industrial society upon the United States. Foolish moves on behalf of this degenerate policy include President Richard Nixon’s Au-

gust 1971 delinking of the dollar from the gold reserve system, which severed financial flows from productive processes, and opened the way for wild unregulated speculation. In October 1979, then-Federal Reserve Board Chairman Paul Volcker raised interest rates into the stratosphere, on behalf of a policy that he called “the controlled disintegration of the economy.” This buckled manufacturing and agriculture. Over 35 years, this policy deliberately razed industrial, agricultural and infrastructural production, and built a gigantic speculative cancer, which sucked dry the underlying physical economy.

Starting in the late 1980s, as industry became more and more crippled, America became increasingly unable to produce goods sufficient for its existence, and shifted to being an importer of other countries’ goods. While industry had tough sledding in the United States, many financier-linked companies found it profitable to ship production to low-wage manufacturing plantations overseas. The depression-induced shrinkage of production intermingled with this outsourcing of work and jobs, to accelerate the contraction of manufacturing employment from the late 1990s to the present.

The U.S. physical goods trade deficit became ever larger. Based on the trade conducted during the first eight months of the year, it is projected that for the whole of 2003, the United States will run a physical goods trade deficit of an astounding \$545 billion.

But the Imperial Roman paradigm is on its last legs. Foreign nations and investors are acutely aware of the dollar’s overvaluation, and its potential weakness. When they decide, for self-preservation, to move out of the dollar and dollar-denominated investments, this will collapse the dollar by 40-50%. The dollar-based world financial and banking system will experience a systemic breakdown; America’s manufacturing sector will plummet further; and the Imperial Rome paradigm will shatter like a toppled statue.

## Devastation of the Labor Force

The past three-plus years of breakdown of the economy gravely aggravated the already severely weakened condition of Americans in the lower 80% of households, by income class. Let us consider three matters that vividly show how actually bleak matters are for these households, and how vulnerable they are to a new downward shift.

- According to a report released by the Census Bureau of the U.S. Department of Commerce, 43.6 million people—one-sixth of the population—have no health insurance. But this may be an understatement. A March 2003 study by Families USA found that over 75 million people were uninsured at some point over a two-year period (2000-01). For these, a medium-sized hospital bill produces a crisis. Additional tens of millions of people have only marginal health insurance.

- By making its own adjustment to data released in a Commerce Department report, *EIR* has determined that approximately 64 million Americans have actually fallen below the poverty threshold, representing a stunning 22.5% of the population.

## Findings of This Study

The following are the major findings of this study of the U.S. workforce, with special emphasis on the changes between July 2000 and September 2003.

- The total figure of unemployed, as of September 2003, is over 20 million Americans, as compared to the official figure of 8.97 million.
- The increase in the unemployed, between July 2000 and September 2003, is 7 million, as compared to the official figure of 3.3 million.
- The BLS has used the category of “Not in the Labor Force” to hide up to 700,000 additional unemployed per year, between the period of July 2000 to September 2003.
- The manufacturing production workforce, now at 10.2 million persons, is smaller in absolute numbers today than it was in 1941. This puts it at a level of 7.8% of the total workforce, compared to 33.8% in 1941.

- Living standards are plummeting and in an attempt to compensate, many American households are working three to five jobs. *EIR* documented that since 1963, the purchasing power of an American worker’s average weekly paycheck—measured in physical terms, by a household market basket of goods essential for human existence—has plunged by a staggering 50% (see “Depression Collapses Purchasing Power by 50%,” *EIR*, May 16, 2003).

We turn now to the flood of unemployment, and the attack on the manufacturing workforce.

## Flood of Unemployment

The rise in unemployment is one of the biggest in recent history. The Bush Administration, which is completely unable to handle the world financial disintegration and the domestic economic breakdown, is determined to cover up the full extent of unemployment. After each monthly announcement about unemployment, Commerce Secretary Dan Evans and Labor Secretary Elaine Chao issue statements trying to put an even more favorable spin on the already-doctored BLS unemployment statistics.

The BLS is the Federal agency that records unemployment. In the past, it has lied about the unemployed, whether the administration was Republican or Democratic. But this time, it has resorted to a wild trick it appears never to have used before.

The BLS official unemployment measure is the unemployment report based on a survey of 50,000 American households every month, known as the “household survey.” Based

on this survey, the BLS reported that in July 2000, official U.S. unemployment stood at 5.65 million; by September 2003 (the latest month for which data are available), it had risen to 8.97 million unemployed Americans. The BLS's conclusion: an increase of unemployment of 3.32 million—a substantial increase, even using these fudged figures.

But the growth of unemployment was far greater than the BLS's faked figures. *EIR* has chosen July 2000 as its starting point, because that is when the unemployment floodgates started to open. The New Economy stock market and economic bubble had gone bust in March-April 2000. Those working in dot.coms, Internet, and IT companies started losing their jobs, and the unemployment spread to the companies that manufacture the computers, IT hardware, etc., as we shall see.

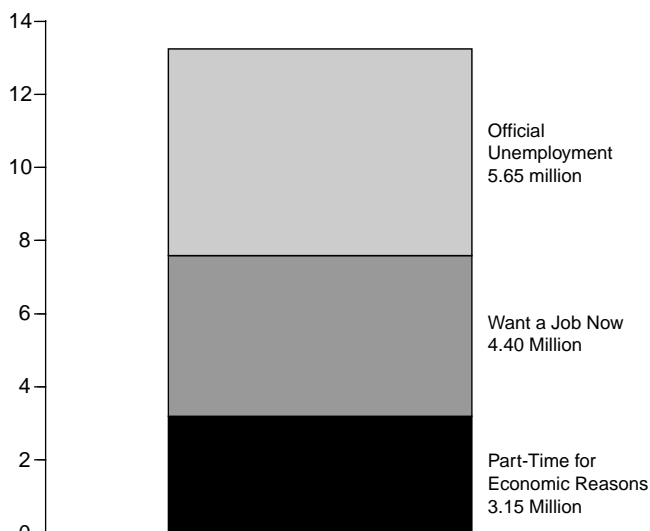
Long aware of the BLS's legerdemain, *EIR* looked into the hiding places where the BLS has previously concealed unemployed workers, and constructed an unemployment measure that accurately measures unemployment: the *EIR* Real Unemployment Measure. The measure has three components. The BLS's official unemployment level is used as a starting point. The two other components are:

- The workers placed in the BLS category "Part-Time for Economic Reasons." This represents a worker who would work a full 35-40-hour work week, were the work available; but because of economic conditions—layoffs, plant closings, short-time, etc.—is only able to obtain a part-time job. The person whom the BLS classifies as "Part-Time for Economic Reasons," may work as few as two hours per week; but ludicrously, the BLS will still count such a person as *employed*. In reality, the workers who have been forced to work "Part-Time for Economic Reasons" work for fewer than 20 hours per week, and many only 5-15 hours. They are, in reality, much closer to being unemployed.

- The workers placed in the BLS category, "Want a Job Now, But Not in the Labor Force." This represents a worker who wishes to work, but doesn't have a job. Here is the catch: The BLS classification of "Want a Job Now" is in the broader category, "Not in the Labor Force." But to be counted as unemployed, one must be in the category, "In the Labor Force." Therefore, *workers in the category, "Want a Job Now" are not counted as unemployed.*

To fathom the weird workings of this process, consider the following example. Say that an individual who has spent 20 years as a full-time steel worker, is fired. He searches the want ads and can find no steel jobs or jobs of comparable skill and pay in his region. After months of seeking work, he stops actively looking. Assume further, that this unemployed steelworker is interviewed by a trusty BLS analyst, who asks the standard question, "Have you actively looked for work during the past four weeks?" The steelworker answers, "No." The analyst asks, "Have you looked for jobs at Walmart or McDonalds?" The steelworker answers, "Well, I'm a skilled worker and I don't want to flip hamburgers for \$6.50 per hour." The BLS analyst says, "Thank you," and then checks

FIGURE 1  
**Unemployment Is At Least 13.20 Million**  
(July 2000)



Sources: U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.

a box that says that this steelworker is "Too Discouraged To Look for Work."

However, "Too Discouraged To Look for Work" is in the category, "Want a Job Now," which, under the BLS's hierarchy, is located in the still-broader category, "Not in the Labor Force." The BLS has constructed "Want a Job Now" as a chute leading to oblivion. Through the process of dumping a worker into the category "Want a Job Now," the BLS has taken a worker who is actually unemployed, *but will never be counted as unemployed*. All those in the category "Want a Job Now," will not be counted as unemployed.

In its assessment of real unemployment, *EIR* found the workers that the BLS refused to count. **Figure 1** shows real unemployment for July 2000. In that month, there were 5.65 million Americans officially unemployed, as reported by the BLS; there were, as well, 4.40 million workers in the category "Want a Job Now," and also 3.15 million who were "Part-Time for Economic Reasons." *EIR's* total real unemployment tallied 13.20 million. This was easily more than twice the official unemployment level of 5.65 million that the BLS reported. In parallel, the real unemployment rate was 9.1%, also twice the official rate.

*EIR's* next task was to compare the real unemployment level of July 2000 to that of September 2003. This would disclose the extent of the breakdown. Here, we came upon a singular difficulty, which revealed that the BLS had made use of a new trick, to cover up the true extent of unemployment.

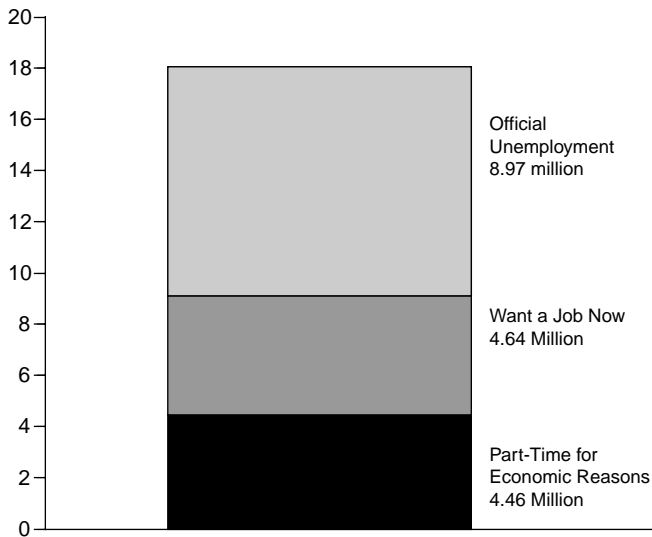
**Figure 2** shows a first approximation of real unemploy-



FIGURE 2

### Real Unemployment, the First Approximation

(September 2003)



Sources: U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.

ment for September 2003. *EIR* added up the three components of the measure, and found that real unemployment tallied 18.05 million. But something was disturbingly wrong. Comparing Figures 1 and 2, one can see that the categories of official unemployment and “Part-Time for Economic Reasons” grew by substantial amounts—the former by 3.32 million, the latter by 1.31 million. But the category “Want a Job Now” scarcely grew at all—less than one-quarter of a million workers. This defied reason. If anything, “Want a Job Now” should have experienced the highest rate of increase. It is known that many workers had exhausted their 39 weeks of unemployment benefits, and their supplemental benefits, and should have ended up eventually in the category “Want a Job Now.” But the BLS manipulated “Want a Job Now” statistics to argue, at least on the surface, that this had not happened.

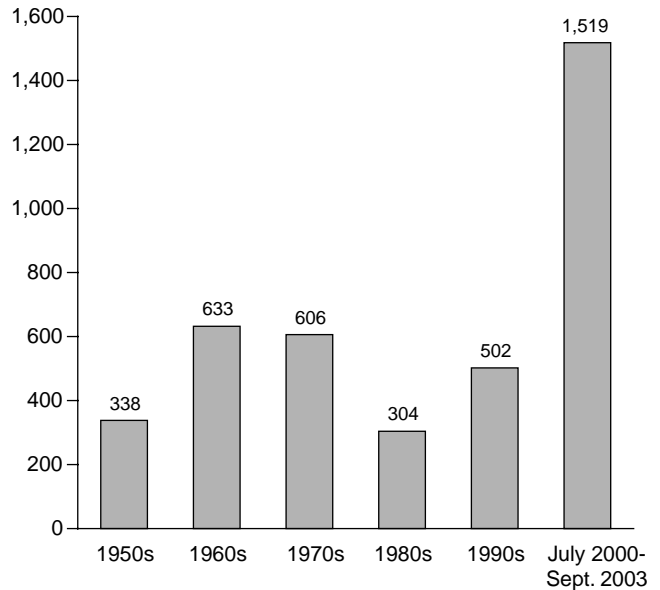
But if unemployed workers had really exhausted their unemployment benefits, and then disappeared from the unemployment rolls, where had they gone? After much searching, *EIR* found them dumped into “Not in the Labor Force” categories *other than* “Want a Job Now.”

To understand what comes next, it is necessary to grasp that the real purpose of the category “Not in the Labor Force” is to count people who are not in the labor force *principally for demographic or health reasons*. In evaluating a nation’s population, one divides it into two groups. There are those who are eligible to be in the labor force, usually in the age range of 16-65; there are also those who are not in the labor force, including those who are too young and are in school,

FIGURE 3

### Annual Growth in the Number of People Classified as ‘Not in the Labor Force’

(Thousands)



Sources: U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.

and students above the age of 18 who are in college or graduate school. Not in the labor force also includes those who have retired from work (although some of these people work past the age of 65). It also includes housewives, who nurture children; the physically disabled; and others. “Not in the Labor Force” is a natural division; there is nothing illegitimate about it, as it exists in all societies.

It should not be a dumping ground to hide unemployed workers! However, this is exactly what the BLS did. It dumped unemployed workers into categories of “Not in the Labor Force” other than “Want a Job Now.” It was hoped that nobody would detect this.

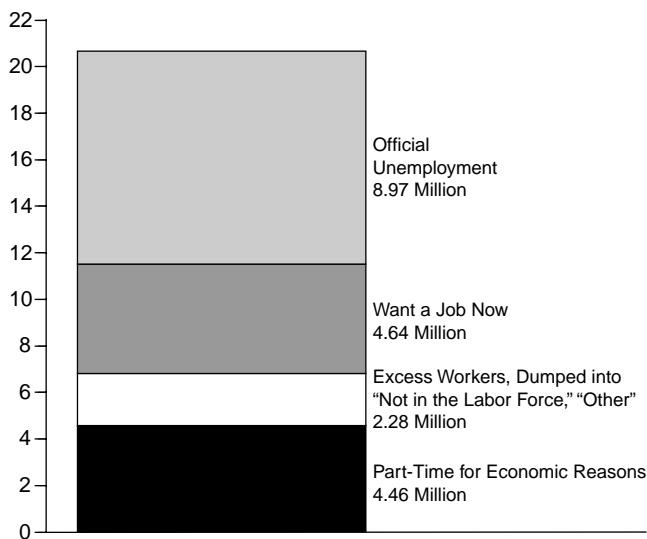
**Figure 3** unearths the BLS’s dirty trick. It shows that, on average, during the decade of the 1960s, the category “Not in the Labor Force” grew by 633,000 persons every year. This was for natural demographic reasons. This slowed down to, on average, 602,000 people per year during the 1970s, and 304,000 during the 1980s. There was a “recovery” of sorts in the 1990s, when, on average, 502,000 people every year entered the “Not in the Labor Force” category.

However, notice an anomaly. Between July 2000 and September 2003, the BLS reports that, on an average annualized basis, 1,519,000 people were entering the “Not in the Labor Force” category every year. There was no reported surge in the number of handicapped people, nor in the number of young people suddenly going to school (although there is

FIGURE 4

### Real Unemployment Is At Least 20.34 Million

(September 2003)



Sources: U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.

usually a marginal increase in the number of people who stay in school during a depression).

There is only one explanation for this development: a desperate BLS, trying to cover up the explosion in unemployment, dumped millions of unemployed into the "Not in the Labor Force" category.

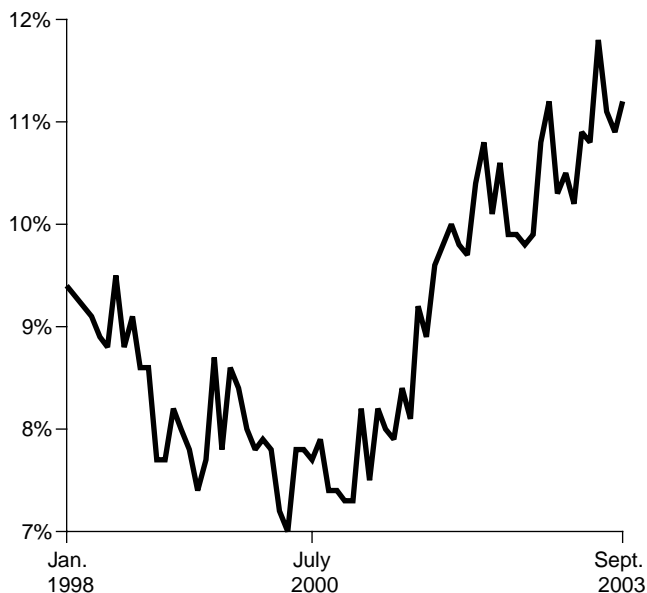
The question is, how many unemployed did the BLS dump? First, one must determine a relatively "normal" growth rate for "Not in the Labor Force." Prior to now, the highest extended growth of "Not in the Labor Force" occurred in the 1960s, when it grew by 633,000 people every year. In order to be very conservative (and to take account of some statistical changes), *EIR* assumed that the normal growth of "Not in the Labor Force" for the period July 2000 through September 2003, should have been 800,000 annually.

Any increase in "Not in the Labor Force" above 800,000 per year would *not* be natural, but would represent the BLS's statistical fraud. That means that during July 2000 through September 2003, when "Not in the Labor Force" grew by an astounding 1,519,000 every year, there was an increase of 719,000 per year above the natural level, which represents the BLS dumping of unemployed into "Not in the Labor Force." Extracting out those who were actually unemployed, but wrongfully dumped into "Not in the Labor Force," cumulatively for the period July 2000 through September 2003, shows that there were an additional 2.44 million who were actually unemployed.

Incorporating this discovery, *EIR* reassessed the real unemployment for September 2003. **Figure 4** shows that adding

FIGURE 5

### 'Official' Unemployment Rate for Afro-American Workers Surges



Sources: U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.

up the three basic components—official BLS unemployment; "Want a Job Now"; and "Part-Time for Economic Reasons"—with the 2.44 million who were wrongfully dumped into "Not in the Labor Force," in September 2003, a staggering 20.27 million Americans were unemployed. This represents an unemployment rate of 13.2%, far above the official rate of 6.1%.

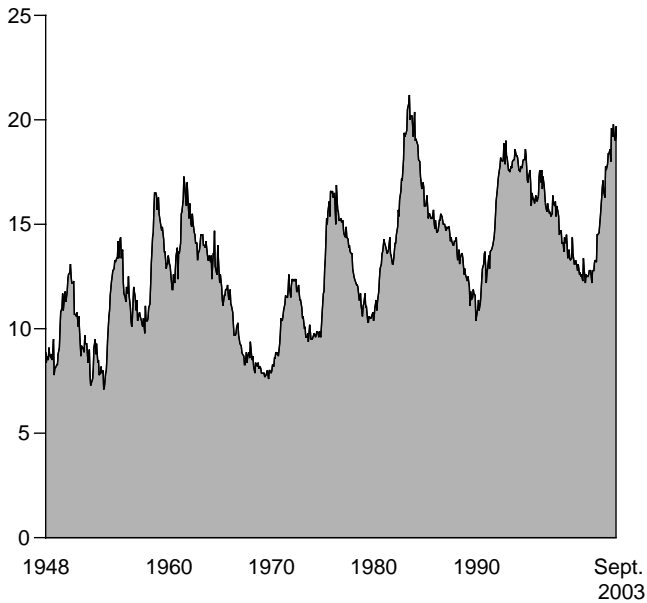
That means that real unemployment increased by 7.07 million from July 2000 to September 2003. This huge scope of unemployment is deeply and bitterly felt by the population; it also shows the dimensions of the overall physical economic breakdown.

However, there are other indicators that show just how deep the unemployment really is during this period. **Figure 5** shows that the official unemployment rate for Afro-American workers had fallen from 9.4% in January, 1998, to 7.0% in April 2000, and then rose slightly to 7.7% in July 2000. However, since then, it has risen steadily, reaching 11.2% in September 2003. Afro-American and other minority workers are usually the last hired, and first fired. If the official unemployment rate for Afro-American workers is 11.2%, then based on what is shown above, the real rate is likely 20% or more.

**Figure 6** shows the duration of unemployment for those whom the BLS acknowledges as officially unemployed. In September 2003, the average number of weeks of an unemployed person was 19.7, just 0.1 weeks short of the level in July of this year, and the second-highest sustained level since

FIGURE 6

### Average Number of Weeks an Unemployed Worker Is Unemployed



Sources: U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.

1983. When workers are out of work that long, that indicates not a passing Summer shower of problems; these workers are having serious difficulties. Remember that of those 2.44 million unemployed who had been dumped wrongfully into “Not in the Labor Force,” many likely had been unemployed for six months to a year, or even longer.

### Manufacturing Production Collapse

The depressionary downslide, which has gathered force since July 2000, has cut an immense swath of unemployment, but it is not undifferentiated. It has concentrated its greatest force on the *production manufacturing workforce*, which has been contracted by 18.3%, the greatest percentage of decline in almost seven decades.

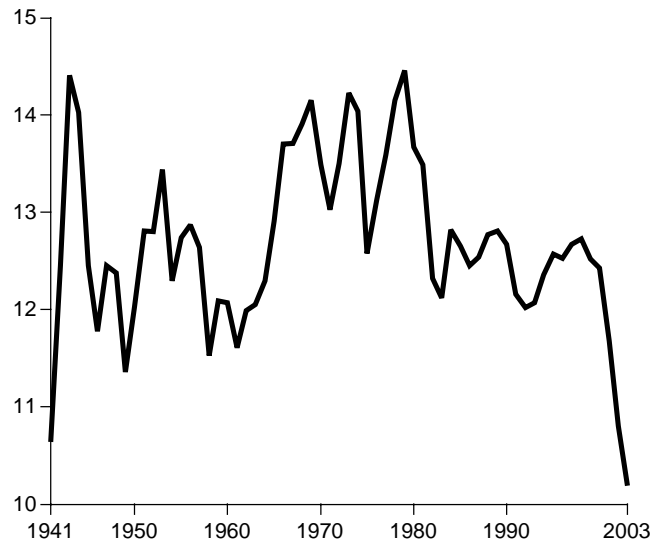
When the Bush Administration and professional economists prattle on about “a temporary downturn,” they are in complete fear and denial. Such a large destruction of the manufacturing workforce can only occur within the geometry of a wrenching new phase-shift of bottomless breakdown. Unless we intervene to halt it, the destruction of manufacturing will become permanent, rendering America unable to function as an economy or a nation.

The difficulty is that the recent 18.3% contraction represents a sharp downward plunge within the broader decline of the size of the production manufacturing workforce since 1979. The United States has suffered nearly 25 years of damage on this account, amid a culture of resignation and accep-

FIGURE 7

### U.S. Manufacturing Production Workforce

(Millions)



Sources: U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.

tance. However, as the civilian labor force increases each year, the United States would need a rising production manufacturing workforce just to do all the useful work America needs, and to keep it at the same percentage relative to the total civilian labor force. In fact, the manufacturing production workforce as a percent of the total labor force should be four times higher than it is now, which is 7.8%.

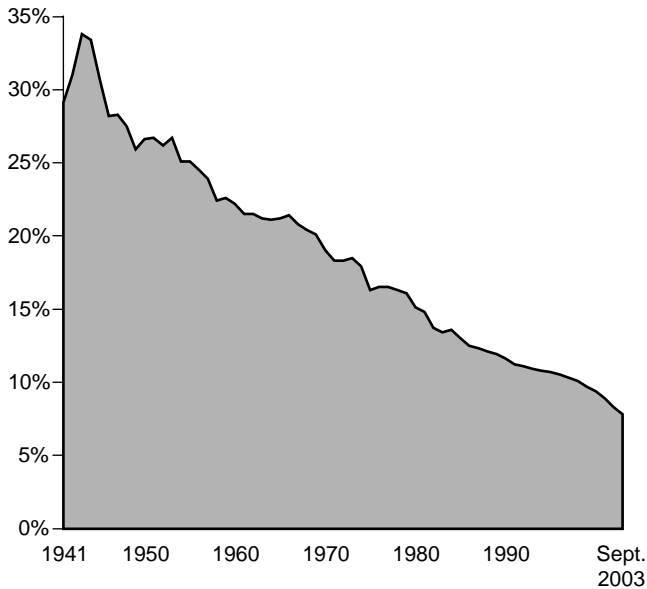
The larger issue is, how does manufacturing function to advance growth of the economy? To grasp this, one must throw out decades of false teaching by schools and universities.

The manufacturing process takes the raw copper or iron ores and the unprocessed lumber from nature, transforms them into the semi-finished products, such as steel, wood, and rubber, and then transforms them again into the finished products, such as machine tools, tractors, electric generating systems, clothing, and transportation equipment, which are consumed by the production process itself and by mankind. Mankind consumes these products directly, and indirectly through the production process, to advance itself cognitively and materially.

This is subsumed by a higher principle. Economic wealth is not the value of stocks, nor the market value of homes. The source of all economic wealth is the creative capacity of the sovereign human mind, which makes revolutionary scientific discoveries of fundamental principle. These discoveries are transmitted to the economy, through a productive labor force, which has been enriched by Classical education, and through

FIGURE 8

**Manufacturing Production Workers as a Percent of Total Labor Force**



Sources: U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.

a machine tool-design sector, which has incorporated the most advanced scientific ideas. In the work process, this productive labor force is conjoined to the machine-tool design sector and other scientifically advanced machinery, to generate real anti-entropic economic development. This is the source of all real productivity growth in manufacturing.

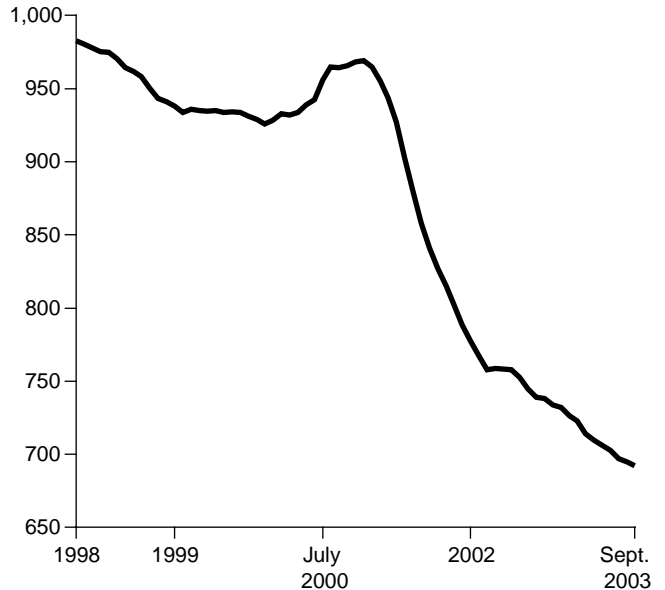
This manufacturing capacity, with its advanced assembly lines, has been torn down. It has been either crippled by the depression; or the banker-controlled companies, such as General Motors and Ford, have shipped the capacity overseas. At the same time, the skilled labor force that once worked at these plants is now driving taxi cabs or has learned new skills and is working as computer programmers. The loss is immeasurable. Idiot publications such as the *Wall Street Journal* and *Fortune* brag that this capacity is never going to be restored or come back, and was not necessary; that America will now be “leaner.” Indeed, it has become leaner, like the victim of the Auschwitz concentration camp, who has been reduced to skin and bones, and soon will be dead.

To understand what has occurred, a distinction is necessary. The manufacturing workforce has two groups of workers. First, white collar workers, who serve as supervisors, clerks, engineers, etc. The second group comprises the *manufacturing production workers*, who, by working on assembly lines, machine shops, etc., directly alter nature for mankind’s advancement. These are the indispensable workers spoken of above, whom we concentrate on here.

FIGURE 9

**Computers and Electronic Products, Production Workers**

(Thousands)



Sources: U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.

**Figure 7** shows the trend of manufacturing production worker employment, from 1941 through the present. During President Franklin Roosevelt’s economic mobilization for World War II, the manufacturing production workforce reached a peak of 14.45 million in 1943. It slid, and then rose to match that peak again, at 14.46 million manufacturing production workers in 1979. Immediately after 1979, this workforce experienced a significant decline, and then levelled off to a range of 12.0-12.5 million workers by the late 1980s, and continuing through the end of the 1990s. In July 2000, America had 12.475 million production manufacturing workers.

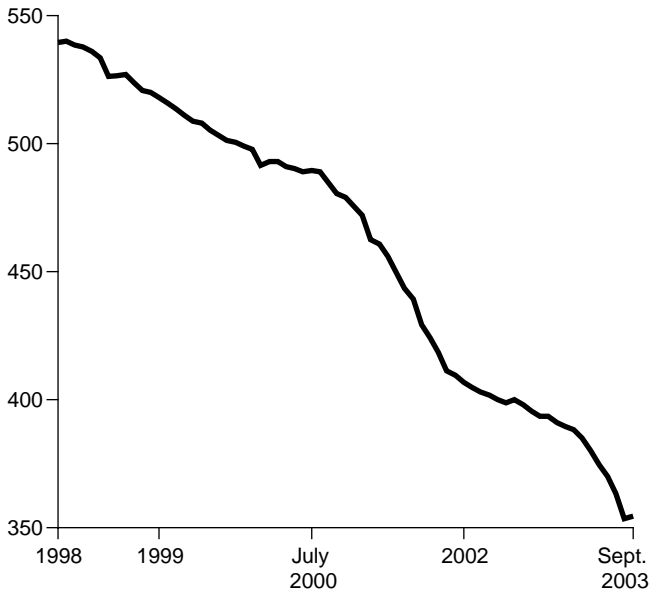
However, a series of financial-economic forces combined to deliver a shock to the manufacturing production workforce, starting July 2000. In March-April of that year, the New Economy stock market and economic bubble burst. Computer programmers and Internet moguls lost their jobs in droves. But soon thereafter—and less well observed—the manufacturing plants that produced the goods used by the New Economy—computers, transmission systems, cable fiber-optic, etc.—began to shut down, as their order books shrank. Another vitiating force was the insane policy of Federal Reserve Board Chairman Alan Greenspan. Since the misnamed Asia Crisis of 1997-98, and the near meltdown of the world financial system following upon the failure of the Long-Term Capital Management hedge fund in September 1998, Greenspan had



FIGURE 10

**Textile Mills and Products, Production Workers**

(Thousands)

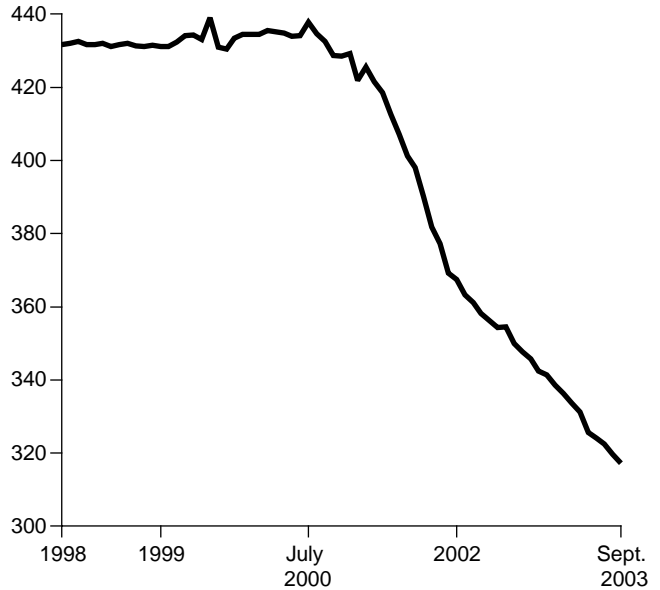


Sources: U.S. Dept. of Labor, Bureau of Labor Statistics; *EIR*.

FIGURE 11

**Electrical Equipment and Appliances, Production Workers**

(Thousands)



Sources: U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.

implemented a policy of turning on the printing presses, with large-scale money emission. Though this may have seemed helpful, as it lowered interest rates, that had nothing to do with Greenspan's purpose. Greenspan was propping up the over-leveraged world speculative financial system, thereby enabling it to loot the underlying physical economy even more, thus ravaging it.

Starting late 2000, the fiscal budgets of the state governments started blowing out. In desperation, the states cut back state budget expenditures for many infrastructure projects, which cut back on the demand for tractors, machine tools, structural steel, etc.

A self-feeding process was set off. One manufacturing sector would implement production cutbacks, which led to the cancellation of orders to other manufacturing sectors, which then implemented production cuts, and so on. The demolition of manufacturing intensified.

Figure 7 shows that in July 2000, America had 12.475 million manufacturing production workers. For the next 38 months, the manufacturing production workforce contracted. By September 2003, it had plunged to 10.219 million workers, a fall of 2.256 million workers, or 18.3% of the total. This is the steepest decline, by percentage, since the 1930s Depression. This is depicted at the end of the curve in Figure 7, as almost a straight downward plunge.

Today, the U.S. manufacturing production workforce, in absolute numbers, is smaller than it had been in 1941. However, compared to 1941, the size of the U.S. civilian labor

force has nearly tripled. This presents a tremendous problem. The ratio of production manufacturing workers as a percent of the civilian labor force, should ideally be what it was in the early 1940s, a very healthy 33.8%. The reason is that over the years, the American household's standard of living should have increased, to keep up with the skill levels needed for technological advance. This would require a the production of wide variety of goods, of improved quality. At the same time, the United States should be producing those goods needed for world development.

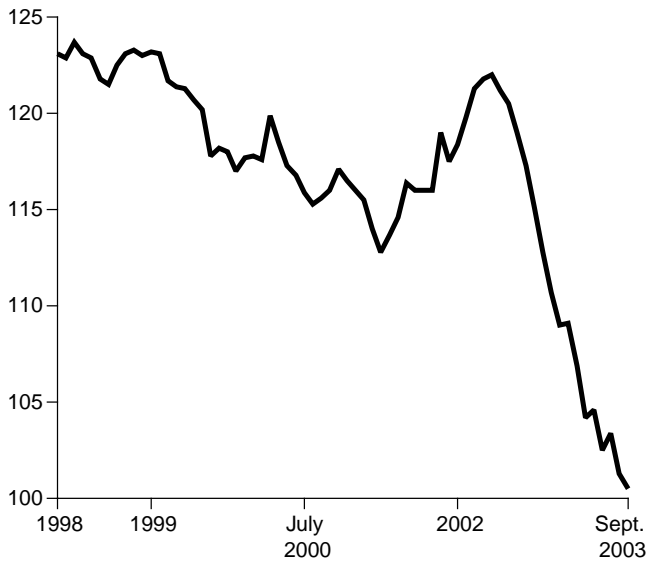
**Figure 8** shows that the size of the U.S. manufacturing production workforce as a percent of the size of the U.S. civilian labor force reached its peak, in 1943, at 33.8%. Thus, one out of every three U.S. workers was employed as a manufacturing production worker, producing goods. But from then on, there was an almost unbroken decline. By July 2000, the manufacturing production workforce constituted a mere 9.4% of the civilian labor force. By September 2003, that percent had tumbled to 7.8%.

Consider the serious and perplexing implications of the process shown in Figure 8. In 1943, each manufacturing production worker manufactured enough goods to support himself and his family, and two other workers and their families. Today, each manufacturing production worker would have to manufacture enough goods to support himself

FIGURE 12

**Beverage and Tobacco Products, Production Workers**

(Thousands)

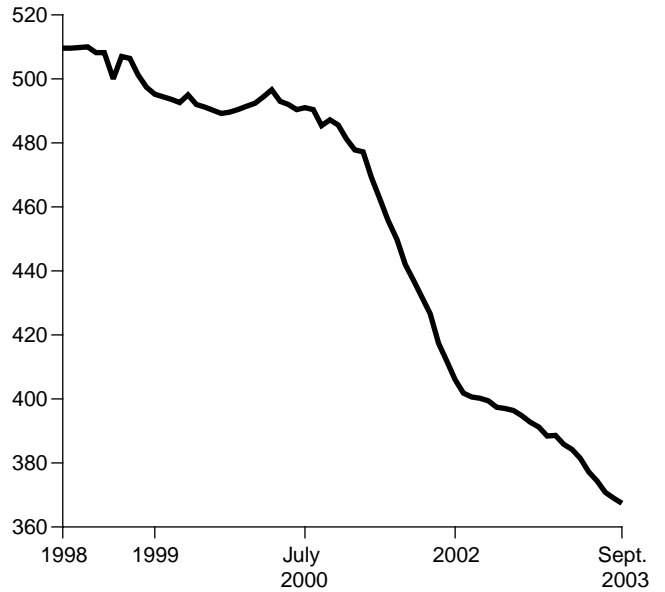


Sources: U.S. Dept. of Labor, Bureau of Labor Statistics; *EIR*.

FIGURE 13

**Primary Metals, Production Workers**

(Thousands)



Sources: U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.

and his family, and 13 other workers and their families. This simply cannot be done, and has not been possible for the last several decades, as the ratio of production manufacturing workers to civilian labor force has been dropping. *This puts into high relief America's inability to manufacture its own physical existence.\**

The destruction of the domestic manufacturing production workforce helped foster a shift to the import of manufactured goods, moving deeper onto the path of Imperial Rome. The more the disastrous Imperial Roman model gained policy dominance, the more it ravaged the manufacturing production labor force, triggering a self-feeding cycle.

Further, even as the Wall Street banks and the Bush Administration wave aloft faked Gross Domestic Product (GDP) figures, claiming that there is a recovery—two-thirds of GDP consists of services and speculation, and it is this portion of the GDP that is growing—the collapse of the manufacturing production labor force strikingly verifies that the country is actually in a depression.

Indeed, the sharp curtailment of manufacturing has left U.S. manufacturing functioning at only 73% of capacity.

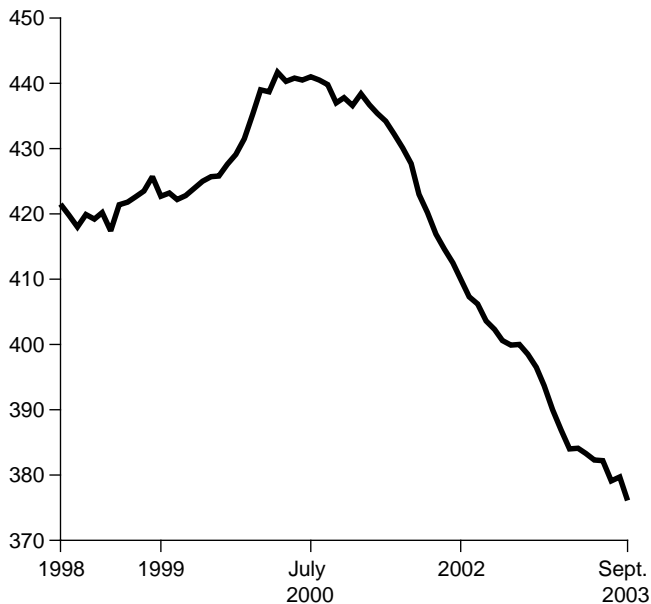
\* The argument that “rising productivity” makes such a large ratio of manufacturing production workers unnecessary, is another hoax, which *EIR* will take up in forthcoming articles.

The collapse of manufacturing production employment is widespread across categories of production. The BLS divides manufacturing into 20 principal sub-sectors. Stun­ningly, since July 2000, of these 20 sub-sectors, there is not one in which manufacturing production worker employment did not fall. During other periods in the post-World War II era, which are described as “economic downturns,” some manufacturing sectors fell, but some kept growing. This time, every single one has fallen. Further, the states in which manufacturing is still a significant force—California, Ohio, Michigan, Illinois, Pennsylvania, and others—have been devastated.

The extent of loss of employment in the manufacturing sector is mind-numbing. It struck consumer goods production, intermediate (semi-finished) goods manufacture, and capital goods production. In the case of almost every one of the 20 manufacturing sub-sectors, manufacturing production worker employment started to fall either at, a few months before, or a few months after, July 2000. A survey of key sectors shows the depth and breadth of the fall.

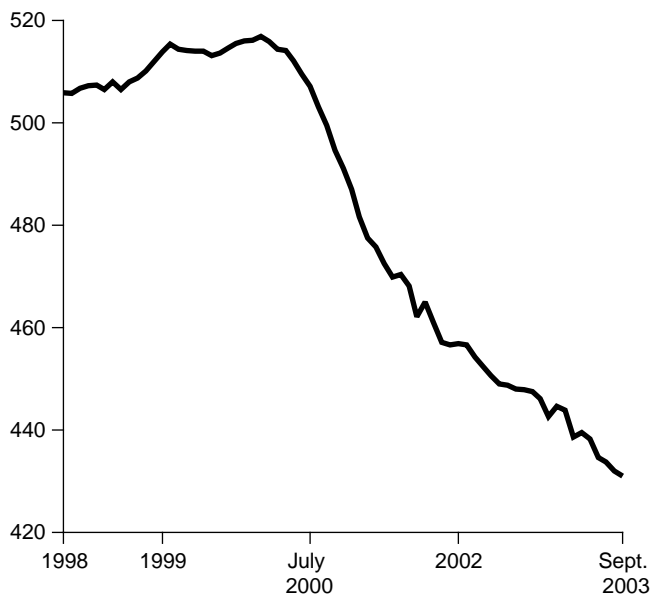
Take the case of Computers and Electronic Products, which represents the manufacture of computers and peripherals, including printers and components. **Figure 9** shows that starting in 1998, this sector started losing manufacturing production employment, but then at the start of 2000, it started to regain it. A few months after July 2000, it reached its peak

FIGURE 14  
**Stone, Clay and Glass, Production Workers**  
 (Thousands)



Sources: U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.

FIGURE 15  
**Wood and Related Products, Production Workers**  
 (Thousands)



Sources: U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.

employment, and then fell like a stone. To be able to make comparisons amongst the different sub-sectors, we will use July 2000 as the month against which to make comparisons. In July 2000, Computers and Electronic Products had 956,200 production workers; by September, 2003, it had 692,000, a loss of 264,200 workers, or 27.6%.

Consumer goods production manufactures the goods that are crucial to the household market basket. We look at this sector, selecting three examples. **Figure 10** depicts Textile Mills and Products. Clearly, this manufacturing sector had already been in decline. Between January 1998 and July 2000, this decline had been rather steady. But notice that starting in July 2000, the rate of decline accelerated; between July 2000 and September 2003, this sector's manufacturing production workforce plunged by 27.6%. In the discussion that follows, we shall characterize this period between July 2000 and September 2003 as the crucial interval. **Figure 11** depicts the Electrical Equipment and Appliances manufacturing sector, which manufactures refrigerators, stoves, air conditioners, and televisions. During the crucial interval, it lost 27.4% of its manufacturing production workforce. **Figure 12** shows that Beverage and Tobacco Products did not exhibit a sharp downturn in manufacturing production employment until the first quarter of 2002; nonetheless, during the interval July 2000-September 2003, it shed 13.3% of its manufacturing production employment.

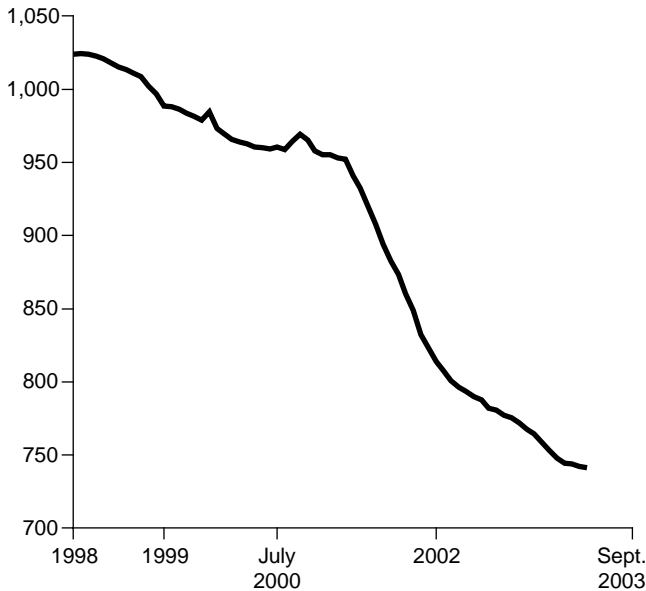
Intermediate products are vital for production. They start out as ores, or unprocessed lumber in nature, and are put through the manufacturing and/or refining process to become intermediate goods. They will be put through a second manufacturing process, to be machined into finished products, such as machine tools, automobiles, appliances, etc. **Figure 13** shows Primary Metals, one of the major intermediate goods sectors. It includes the manufacture/refining of steel, copper, aluminum, zinc, lead, etc. During the crucial interval, primary metals manufacturing production employment collapsed by 25.2%. **Figures 14-15** show that for Stone, Clay and Glass, and for Wood and Related Products, during that interval, the manufacturing production workforce fell by 14.7% and 15.6%, respectively.

Producer goods are a driving force of the economy, and for the most part, comprise the capital goods sector. **Figure 16** shows the Industrial Machinery and Equipment sector, which includes some of the most important manufacturing processes, including the manufacture of machine tools, power generator systems, food-processing equipment, etc. In the 38-month interval, their manufacturing production employment plummeted 23.5%. **Figure 17** displays the Transportation Equipment sector, which produces both consumer goods, such as cars, but also capital goods, such as aircraft, aerospace equipment, ships, and trains. Its relevant labor force collapsed

FIGURE 16

**Industrial Machinery and Equipment, Production Workers**

(Thousands)

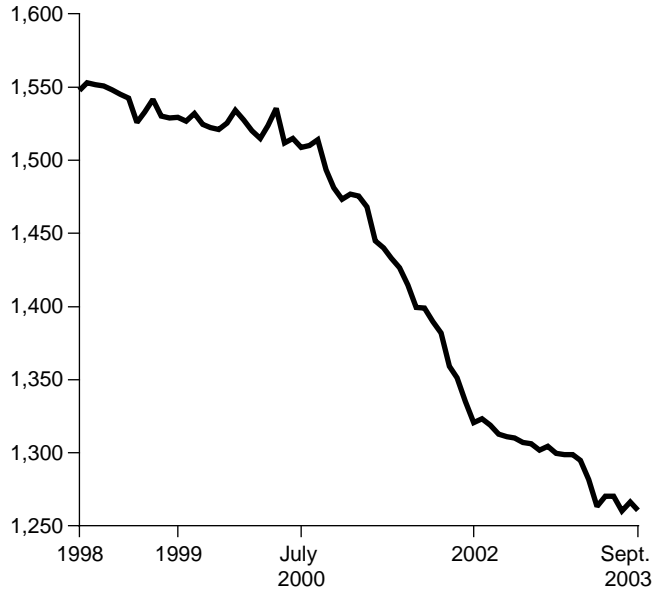


Sources: U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.

FIGURE 17

**Transportation Equipment, Production Workers**

(Thousands)



Sources: U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.

15.6%. **Figure 18** demonstrates that for the Fabricated Metals sector, during the crucial interval, the manufacturing production employment declined by 18.8%.

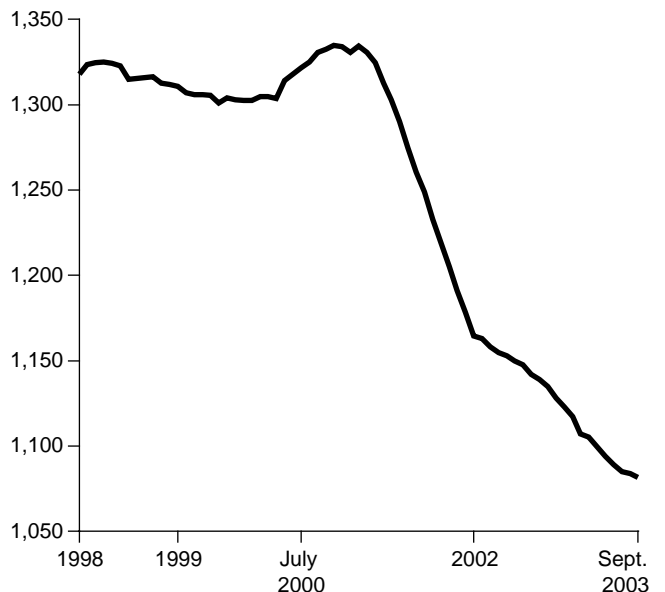
For the past 38 months, unemployment has continued to spread, and the assault on the manufacturing sector and its production workforce is unrelenting. While the population is lured to discuss the questions, “Will GDP rise?”; or, “Will the stock market go back up?”; or, “Can I refinance my home before mortgage rates rise?”; right beneath their noses, something far more profound is taking place: a breakdown that will take away what remains of America’s manufacturing capacity.

This is not a cyclical event: Something very fundamental has shifted. The composition and change in the labor force is by far the most accurate barometer of what is happening. America has been shifted onto an Imperial Roman model, premised upon an overvalued dollar. This model has temporarily fed America’s addiction to imports. The dollar is poised to fall by 40-50%, and the model is about to be shattered. Unless the financial system is put through bankruptcy reorganization, America’s existence as a manufacturing nation will soon be a faint glimmer—like the sheen of Rome’s imperial “glory.”

FIGURE 18

**Fabricated Metals, Production Workers**

(Thousands)



Sources: U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.



# U.S. Pension Funds Are Looted and Melting Down

by John Hoefle

With the soaring rise of the U.S. stock markets in the 1990s, came a boom in the values of pension funds. The sharp appreciation of the values of the stocks in America's pension portfolios made any corporate pension funds appear, then, to be temporarily overfunded. Observing this apparent surplus, many corporations began looking for ways to grab some of that cash.

One popular method was to terminate "overfunded" plans, and replace them with cheaper plans such as insurance annuities. "Defined benefit" plans, in which the employer promises to pay the employee a set retirement income, were increasingly replaced by "defined contribution" plans, in which the employer makes a fixed contribution to an investment plan. The difference is crucial: in the defined benefit plans, the company must make up the difference if the pension plan suffers investment losses; while in the defined contribution plans, the employees take the losses in the form of reduced pension income.

The flip side is also true, namely that if stocks were to keep rising, the employees would benefit more under defined-contribution plans. That was a major selling point in inducing employees to accept these new plans last decade. After all, stocks only go up, right?

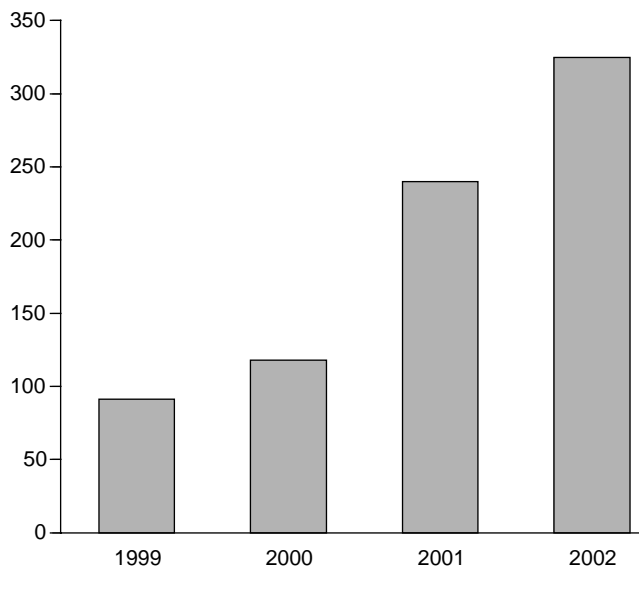
## Pensions Diverted to Corporate Earnings

In 1990, faced with the wholesale looting of corporate pension funds by the takeover bandits operating through Drexel Burnham Lambert's junk-bond machine, the U.S. Congress imposed a 50% excise tax on corporate withdrawals from pension funds. While this was good for the employees, it annoyed the speculators; and in 1995, Texas Republican Bill Archer, then chairman of the House Ways and Means Committee, proposed a repeal of that tax. Archer claimed that allowing companies to pull "surplus" cash out of their pension funds would not only boost corporate incomes, but also Federal tax receipts.

The Pension Benefit Guarantee Corporation (PBGC), the Federal agency which guarantees corporate pensions, was aghast at Archer's proposal. PBGC estimated that some \$20 billion had been drained out of corporate pension funds during the 1980s by corporate raiders, with many pension funds cashed out and replaced by portfolios of soon-to-be-worthless junk bonds. PBGC executive director Martin Slate denounced the measure as "open season on pensions," pointing out that

FIGURE 1

## Number of Companies in the S&P 500 With Underfunded Pensions



Source: Credit Suisse First Boston.

for the measure to generate the \$9 billion in new Federal tax revenues promised by Archer, some \$30-40 billion would have to be removed by employers from employees' pension funds.

Secretary of Labor Robert Reich was equally blunt, saying that if the Archer proposal became law, "We are going to see raids on pension assets that will make the train robberies during the days of Jesse James pale in comparison. . . . Companies are being given license to reach into retirement funds. This is a pension grab, and we will not stand for it." At the time, the Labor Department was investigating more than 300 companies for diverting funds from their pension plans to pay other bills.

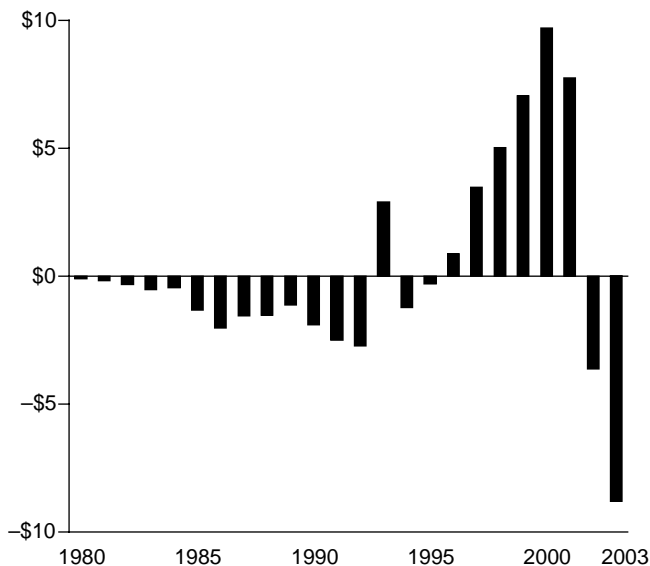
Fast-forward to today, with the stock markets well below their 2000 peak. After a series of tax and pension "reforms" designed to help Wall Street at the expense of ordinary Americans, America's pension system is in shambles. The surpluses have disappeared, leaving pensioners in the lurch, and the PBGC facing hefty costs to cover the payments on failed pension plans.

As of 2002, according to a study by Credit Suisse First Boston, 325, or 65% of the companies in the S&P 500 had underfunded pensions, up from only 81 such companies in 1999 (see **Figure 1**); only 33 of the 500 companies had "overfunded" pensions, compared to 261 in 1999. CSFB estimated that the companies in the S&P 500 had \$904 billion in their pension plans, while facing \$1,147 billion in projected pen-

FIGURE 2

### Pension Insurance Shortfalls of PBGC-Insured Single-Employer Plans

(\$ Billions)



Source: PBGC.

sion payouts—a shortfall of \$243 billion in employee pensions among America’s top 500 companies.

The Federal PBGC itself paints an even more dismal picture. “As of Dec. 31, 2000, total underfunding in the single-employer defined-benefits system was less than \$50 billion,” PBGC Executive Director Steven Kandarian told a U.S. Senate hearing Oct. 14, 2003. “Because of declining interest rates and equity values, as of Dec. 31, 2002—two years later—the total underfunding in single-employer plans exceeded \$400 billion, the largest number ever recorded. Even with recent rises in the stock market and interest rates, PBGC projects that underfunding still exceeds \$350 billion today.

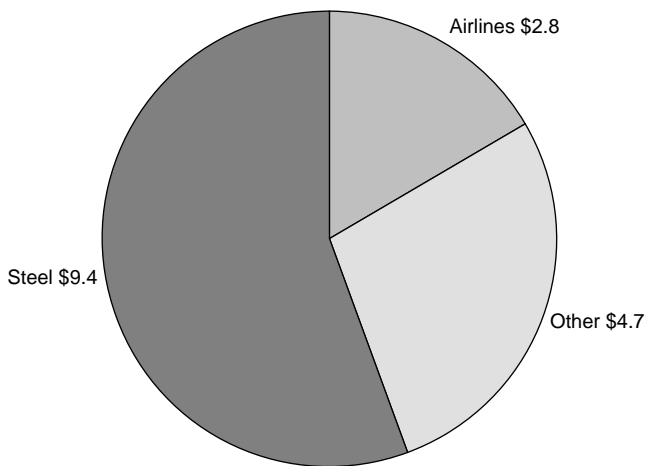
“PBGC’s financial position has deteriorated sharply in the last two years,” due to record pension underfunding, and the failure of a number of pension plans, Kandarian testified. During Fiscal Year 2002, the PBGC’s single-employer insurance program “went from a surplus of \$7.7 billion to a deficit of \$3.6 billion—a loss of \$11.3 billion in just one year. The \$11.3 billion loss is more than five times larger than any previous one-year loss in the agency’s 29-year history.” Kandarian also stated that the latest figures show that the deficit had grown to \$8.8 billion as of Aug. 31, 2003, a whopping \$18.5 billion decline from the program’s peak surplus of \$9.7 billion in 2002 (Figure 2).

Kandarian noted that, as of Fiscal 2002, plans sponsored by “financially weak” companies had \$35 billion in unfunded

FIGURE 3

### Steel and Airlines Lead Pension Blowout PBGC Claims, FY 1975-2003

(\$ Billions)



Source: PBGC.

vested benefits, and that the agency expects “underfunding in financial troubled companies to exceed \$80 billion at the end of FY 2003. If companies do not fund the pension promises they make,” he concluded, “someone else will have to pay—either workers in the form of reduced benefits, other companies in the form of higher PBGC premiums, or taxpayers in the form of a PBGC bailout.”

### Deregulation and Decay

The perilous state of the U.S. pension system is a reflection of the “controlled disintegration” of the economy over the past three decades, with its shift out of industrial production into information, services, and consumerism, and the concurrent dismantling of the regulatory apparatus built since the 1930s, which had protected the nation from speculative looting.

The pension benefits of workers in the American steel industry have been most devastated as virtually the entire steel sector has sunk into bankruptcies and sell-offs of companies to corporate raiders. Some 40 American steel firms are in Chapter 11 bankruptcy or in outright liquidation. Of the \$17 billion in claims paid out by the PBGC during the Fiscal Years 1975-2002, \$9.4 billion—56% of the total—came from steel companies (Figure 3). That includes \$3.9 billion for Bethlehem Steel, \$1.9 billion for LTV Steel and \$1.3 billion for National Steel, with lesser amounts for Acme, Empire, Geneva and RTI. In addition, the PBGC announced on Oct. 21 that it would assume responsibility for the pensions of 9,200 workers and retirees of the bankrupt Weirton Steel Co.

Weirton's retirement fund is only 39% funded, with assets of \$530 million to cover nearly \$1.35 billion in liabilities.

The assumption of the pension plans of these bankrupts, by PBGC, involves cutting down the pension benefits of their workers, including those already retired and living on those pensions. In many cases, such as the recent buyouts of LTV and Bethlehem Steel by financier Wilbur Ross, or that of National Steel by U.S. Steel, the health-care benefits of retirees are completely wiped out.

The latest of the 40 steelmakers to declare bankruptcy is Rouge Steel in Michigan, one so established and critical to the auto industry—and during World War II, to military aircraft production—that its location is officially a national historical site.

The airlines account for the next biggest chunk of PBGC claims: \$4.7 billion, or 28% of the total. This includes the pension plans of TWA and the U.S. Airways pilot's plan, with more to come. The PBGC estimates the underfunding in the airline sector at \$26 billion as of the end of 2002, and that shortfall is likely to increase.

The PBGC also paid claims for a number of failed retailers, including Bradlees, Caldor, Grand Union, and Payless Cashways.

Overall, pension claims against the PBGC in 2002 alone were greater than in all previous years combined (it was founded in 1974); and PBGC's own estimates is that it would take about 12 years of insurance premiums at the current rate just to cover the claims from 2002.

Making up pension shortfalls in a failing economy is a difficult task, and while some companies may be able to do it, many will fall further behind. Overall, the situation can only get worse.

General Motors, whose \$78 billion pension plan is the nation's largest, contributed \$4.8 billion to its pension fund in 2002, and expects to contribute \$3-\$4 billion annually in 2003 and 2004, and \$2-\$2.5 billion for the next three years after that.

## States, Too

State pension funds also face huge shortfalls. According to a Wilshire Associates study released earlier this year, the 123 public pension funds which operate statewide, covering both state and local workers, had a shortfall of \$180 billion in their plans. Wilshire said that these plans lost 6% of their assets in 2002 due to stock-market declines, while their liabilities grew by 10%.

The United States has some 2,200 state, city, and county pension plans, which cover about 17 million employees and 6 million retirees; and *as a whole, those plans are operating at a loss*. In 2001, the plans took in \$65 billion in contributions while paying out \$101 billion in benefits. The worst-funded public pension plan in the country, according to *USA Today*, is the West Virginia teacher's retirement system, which as of August had only 19% of the funds needed to pay current and

future benefits. The State is planning on trying to borrow \$4 billion to plug the hole.

Other states will follow suit. A *USA Today* survey of the 12 state retirement plans each having assets of \$40 billion or more, shows that they had to pay—in the face of large and growing overall-budget shortfalls in each of these states—a combined \$7 billion in state contributions in 2002, and will add \$8 billion in 2003 and \$9.6 billion in 2004. The largest such fund, the California Public Employees Retirement System (CalPERS), has \$147 billion in assets and covers 1.4 million employees, retirees, and their families.

During the 1990s, CalPERS made a great deal of money on its investment portfolio, pulling in \$12.5 billion in Fiscal 1994, \$13 billion in FY 1995, \$20.5 billion in FY 1996, and a record \$23.5 billion in Fiscal Year 1997.

But its income declined to \$17.6 billion in FY 1998 and \$16.6 billion in 1999, and then the bottom fell out. CalPERS lost \$12.2 billion in Fiscal 2000 and another \$9.7 billion in FY 2001, before the stock market resurgence of Fiscal 2002 returned it to briefly to “the black” with a profit of \$6 billion.

## Systemic Weakness

Looking at the numbers, it seems simple enough: when the stock market goes up, so do the values of the pension funds, and when the markets decline, the pensions decline with them. When the Dow-Jones Industrial Average was down below 7,300 back in October 2002, things looked pretty grim; but with the Dow back up in the 9,700s, the worst for American workers' pensions should be over, should it not?

The answer to that question is an unfortunate but emphatic “No!”

The case of Enron is exemplary. According to many Enron employees, one day their pensions were worth millions, and the next day they were worthless. On paper, that might have been true; but in reality it was not, since the pension funds filled with Enron stock were never actually worth what they were reported to be. Their value was ephemeral, and when the illusion that Enron was a solid company vaporized, so did the value of its stock, and the value of its pensions. It was all a fantasy.

That is essentially the situation with the U.S. economy and the pension funds of American workers today, as the employees of the bankrupt steelmaking corporations have been learning with the greatest pain. Pensions, like all debt, are claims upon the future performance of the economy; claims upon future economic growth. Today, our economy is collapsing, with production dying, debt soaring and the country dependent upon foreign production and capital.

The figures in this article are grim enough, but the truth is much grimmer. Without an industrial recovery centered around public infrastructure investment and jobs—the policy called “Super TVA” by Presidential candidate Lyndon LaRouche—the whole economy is going the way of Enron, and many millions of hard-earned pension are gone.

# SPD, CDU Both Go For Pension and Jobless Cuts

by Rainer Apel

Since the national party executive of the German Christian Democrats (CDU) adopted, at the beginning of October, the Herzog Commission's neo-conservative proposals for abolition of the traditional public social insurance system (see *EIR*, Oct. 31) the public debate on the issue has turned into a political divide through the middle of the parties and other institutions. The CDU's decision has provoked great opposition within the party. But the Social Democrat (SPD) government of Chancellor Gerhard Schröder followed it, on Oct. 10, by pushing labor market/unemployment insurance "reform" legislation through the German parliament; then on Oct. 12, the SPD decided to present its own "reform" of the social welfare system as a "lesser evil" than the CDU/Herzog Commission full privatization scheme for pensions and social welfare.

So bad is the German economy, and the parliamentary leadership alike, that the policy of slashing unemployment benefits has been swallowed by most of the SPD. But the plans for privatizing part of the social insurance system are still drawing immense inner-party opposition. About half of the SPD's parliamentary group is opposed to the government's plans; and also inside the CDU, there is an uproar against the neo-conservative line of former State President Roman Herzog and party chairwoman Angela Merkel, an open ally of the Cheney faction in the United States.

Going far beyond the usual initiatives for deep cuts in the social welfare and pension budgets, the Herzog-Merkel policy is a paradigm change, a neo-conservative counter-revolution against the social insurance which has protected the German labor force through its decades as the economic powerhouse of Europe, and through the slumps and mass unemployment of the last decade. The great national consensus on the pension system, established in 1957, was built on the background of the experience with the brutish Nazi austerity, euthanasia, and mass extinction policies. That consensus, which kept postwar Germany stable, and a world beacon of social security, is now under neo-conservative attack.

### 'Thatcherism' and Social-Darwinism

A harsh denunciation of these "reforms" came from Heiner Geissler, formerly the CDU's general party manager, and Family and Health Minister during the 1980s. Interviewed by *Die Zeit* on Oct. 16, Geissler rejected the Herzog-

Merkel proposal for a new pension system based on private revenues from the capital market: "You cannot have an industrial state with 82 million inhabitants and more than 50 million employees rely on capital stocks in two crucial insurance branches. We have to avoid a situation like in America, where millions of citizens have been robbed of their pensions. The proposal of the CDU is an insurance system modelled on Russian Roulette, in which people can wait for the next crash, the next breakdown of asset prices. You simply cannot tell normal people today anymore that their future health and care insurance should be secured through assets." Geissler also warned Merkel against becoming a second Maggie Thatcher: "Thatcherism has mainly brought misery over Great Britain: lower productivity, derailed railways, collapsing subway tubes caused by a privatization orgy, and an increase of the number of social welfare recipients by 60%."

Geissler used even harsher words to Germany's public national radio station DLF on Oct. 12, saying, "The western-style capitalist system has arrived at its very end," but that politicians are drawing the wrong conclusions from that. "If we continue with this Social-Darwinist policy, we will end up where Hitler once was," Geissler warned.

Strong opposition is also coming from the CSU (Christian Social Union), the autonomous Christian Democratic party in the State of Bavaria. Its chairman, Bavaria's Governor Edmund Stoiber, a longtime rival of Merkel, has become an outspoken defender of the social welfare system—although he endorses deep budget cuts—10-15% in his own state, for example—in that system! Stoiber said on Oct. 6 that the social safety net, as such, must not be abolished, because it "has guaranteed the cohesion of society and the state for decades."

A spectacular development underlines how the neo-con austerity drive is turning the traditional party divide upside-down: the Oct. 27 meeting in Munich between Stoiber and the national chairman of the German Labor Federation (DGB), Michael Sommer. The latter, a strong opponent of his own SPD Chancellor's "reforms," and even more so of the Herzog-Merkel version, found a common line of defense with Stoiber. The DGB and Stoiber's CSU are committed to work out, within a month, a draft policy counter-proposal to the health and pensions reform packages. Also extraordinary was Stoiber's statement on Oct. 27 that "Germany needs strong labor unions"; and Sommer's reply that Stoiber's CSU "was seen by the voters as the protector of the little man during the Bavarian state elections" (of Sept. 21, when the CSU won more than two-thirds of the seats in the state parliament).

Even if these new political constellations involve "tactics," the fact that they occur, shows that the neo-con attack has hit the core of the German economic system. And by far the strongest opponent of the neo-cons, the LaRouche Youth Movement—which is growing in Germany and held very successful actions in Bavaria just before the state elections—and the LaRouche BüSo party, are dramatically expanding their organizing.



## ‘Face and Solve the Real Economic Problems’

*Economist Antonino Galloni was the Director General of the Italian Labor Ministry during the 1990s. Previously, he had served in other economic departments of the government. He is currently the chief auditor at INPDAP, the Italian government department which manages pension funds and all properties of state and public agencies. Galloni is the author of several books, the latest of which is dedicated to a critical analysis of “sustainable development.” He was interviewed on Oct. 20 by Paolo Raimondi of EIR in Rome, who is Italian chairman of Lyndon LaRouche’s International Civil Rights Movement/Solidarity.*

*The Italian government, like others in Europe following the European Union’s and International Monetary Fund’s “Lisbon guidelines,” has announced a “pension reform.” It would increase the retirement age by a full five years, starting in 2008, and gradually to transform the pension system from a public “pay-as-you-go” system into a privatized one with payouts dependent on speculative returns.*

*On Oct. 24, a four-hour general strike took place, organized by all Italian trade unions, to protest against the “pension reform.” Demonstrations with tens of thousands of workers each took place in Rome, Bologna, Milan, Turin, Naples. Trade unions threaten to keep up this mobilization if the government does not withdraw its reform plans.*

**EIR:** Overall, in Europe, nations are implementing pension reforms. Pressures in this direction have come from the European Union, from the European Central Bank, but also from the International Monetary Fund. It has been reported that even rating agencies threatened to downgrade the Italian public debt if Italy does not proceed with the pension reform.

**Galloni:** I believe that the idea to downgrade the Italian public debt is very stupid. . . . What is more worrisome is the fact that these agencies—these so-called international economic experts, who often propose policies leading to disasters—can heavily affect the economic policy of a country. Often they have a negative effect.

Let us take the problem of the pensions in Italy and in other parts of Europe, including Germany. Undoubtedly, we have presently a problem in being able to sustain pensions in Italy, a problem which is directly related to the level of the national income, to GDP. We have to consider two aspects: One is the problem of the short-term sustainability, and in this, the reform implemented in 1994-95 by then Prime Minis-

ter Dini functions in a satisfactory way. The problem in Italy lies not in the area of pensions. Our problem is located in the functions of the operator, INPS, which is responsible both for the distribution of pensions and for social assistance, that is unemployment checks, short work subsidies, disability pensions and other forms of social assistance.

If we analyze the budget of INPS from the standpoint of the employees alone, we find out that INPS has a surplus! It has a surplus for good and bad reasons. The good aspect is the existence of an equilibrium between the payments from the working population and the pensions which are currently paid; the bad one is represented by the fact that there are millions of workers who pay contributions, about 13% of their gross income—young workers, who will reach the retirement age in about 30 years—and it is already clear that they, then, will not receive adequate pensions. Presently they are supporting and financing the system [of public assistance]. . . .

If we look at the assistance expenditures in Italy, you should keep in mind that we do not have real subsidies for the unemployed, but unemployment is taken care of by a mix of pensions, which in the past have been distributed with excessive generosity as fallout costs of large industrial restructurings and reconversions which have generated short-work and related costs. One should also remember that with this method, we have implemented a number of needed restructurings with fewer “tears and blood” consequences.

The second aspect is much more important than this monetary one and is the structural, macro-economic one. We are moving towards a so-called society of the elderly. This society is a good thing when the elderly have a significant income capacity; because an elderly population with an adequate income level, equal to other layers of society, will demand services (health care, transport, culture, food, etc.) and goods of higher quality. If we deprive the future elderly of a large chunk of their income (for example, the current [pension] reform will additionally take away 12 billion euros from their income), then we will depress even more the demand and the economy by a corresponding dimension. Consequently, private investors will make less investments in the productive sectors. . . . This touches also the so-called pact among the different generations.

During the past Summer, I read an interview with a responsible figure of the youth organization of the CDU [Christian Democratic Union] in Germany, who insisted that society should not have paid for an operation to implant a plastic, technologically advanced hip for a 80-year-old man; but, taking in consideration the age of the person, society should have spent less resources and given him a cane to support himself. This theory—leaving aside the moral and ethical aspect—reveals complete ignorance of how the economy works. The point is that if the elderly can have a plastic hip, and everything else containing the most sophisticated technologies, micro-technologies, etc., which are clearly more costly, then we will have more investments in these sectors, more qualified jobs



*Demonstrations and strikes by the Italian trade unions—this one by the CGIL confederation in Turin—continued for the second day on Oct. 27, to stop the Berlusconi government’s “pension reform.” The privatizations are in fact ordered by the International Monetary Fund and the European Union bureaucracy. Economist Galloni says they represent the destructive speculative economy.*

in these sectors, with a higher income. This helps to create more qualified and more stable jobs for the young generations. If we give to the elderly only a wooden stick, this will be produced by a less qualified worker with a lower income. . . .

Two concepts are counterposing themselves: the merely financial one related to short-term sustainability—which we should not ignore completely, because we have financial limitations which we must take in consideration and solve, but this is a limitation, not an objective. And . . . the economy needs a frame of investments in productive sectors and purchasing power, also for the elderly layers, which can generate new productive and better paid jobs for the youth and better social service for the elderly.

**EIR:** The Italian government has presented its plan for a pension reform. On Friday, Oct. 24, there was a general strike against it. Can you tell us more about the proposed changes and the current pension system in Italy?

**Galloni:** The Italian pension system is currently almost entirely composed of a compulsory public system that is financed as a pay-as-you-go system. It is divided into almost 50 different schemes, although five of them cover about four-fifths of the total. Over 70% of the total pension expenditure is attributed to old age and early retirement. After a number of reforms in the '90's, the entire system has been moving towards a “contribution-based regime,” which takes into account both the amount of contributions paid throughout the entire working life, and the life expectancy of the pensioner at retirement age. That is, the lower the age of retirement, the lower is the pension, and *vice versa*.

The new regime proposed will be fully operating in the years 2030-35. Also, the eligibility requirements are gradu-

ally increasing: a minimum age of 65 for men and 60 for women. Pensions are indexed to price changes instead of real wage growth. All pensions are then taxed as labor income, allowing for deductions for lower-income brackets.

After 1992, new forms of integrative insurance, like the privately-funded pension system, began to take off, particularly in pension funds whose participation is done on a voluntary and personal basis. The Italian Treasury Ministry has indicated a number of criteria for a “healthy and prudent management” of the private pension funds, and has detailed by law a number of limits to the use of financial instruments, like the limits to the use of derivatives contracts. One cannot underestimate, or forget, the disastrous effects of the bankruptcy of the speculative funds, the Long-Term Capital Management Corp., or the new economy collapse, and the involvement of many pension funds in these financial disasters.

**EIR:** How do you see the future?

**Galloni:** I have two developments before my eyes: The first one is that the Italian economy is collapsing, even if, in the best scenario, at a slow speed. It is collapsing particularly in the traditional productive sectors, based on small and middle-sized industries; the same ones that were able to sustain the productive competitiveness of Italy. . . . If we cut, drastically and in a generalized way, demand and consumption—and this will happen with an excessive pension reform—then we will provoke a macroeconomic problem as well. The paradox is that I will bet more on the “System Italy,” on its GDP and on its public debt, if this reform did not cut too much on future pensions; I would bet against the survivability of the system if the pension reform undercuts the income and the future purchasing power of the elderly and future pensioners.

It is time to turn attention away from the mere financial or monetary fixation, in the economy and in the pension system in specific, and get back to the fundamentals of the real and physical economy and production of goods and services. It is only through the increase of labor productivity that more wealth is created in the society. This is why I fully support programs for new and large investments in infrastructure projects, in real production, in science and technology, in education and health care. I know that this is also on the agenda of Lyndon LaRouche, who has presented a very ambitious worldwide plan of large infrastructure, like the Eurasian Land-Bridge, combined with a courageous and much needed global reform of the international monetary system, a new Bretton Woods. I had myself the opportunity to participate in a number of conferences on these issues.

**EIR:** Recently, the IMF and the free-market system have been challenged in many parts of the world, also because of the collapse of the economies of entire nations.

**Galloni:** Let me pick up a political aspect in our Western countries in this regard. Let us take Blocher in Switzerland. This person is not a Le Pen or a Haider, but is an ultra-free-

marketeer. Here we have free-market populism and a form of Catholicism all together. And we do not understand any longer which Catholicism we are dealing with. I consider myself a democratic Catholic and I do not feel part of the free-market tendencies which want to eliminate the elderly because they cost too much, and want to cut pensions and other similar measures.

Behind such developments, and similar ones which raise worries also in Italy, is that people are afraid of the effects of the economic crisis. This is coming out in Italy in relation to the immigration question. If there is a problem of criminality related to illegal immigration, this has to be dealt with. But there is a problem of uncertainty of the economic future. . . .

We have then two conservative types: One is the ultra-free-market approach, which is manifested in people like Blocher and also in the Berlusconi government, which does not consider macroeconomic aspects properly. In Italy there are some exceptions, like the Tremonti Plan for large infrastructures.

And there is also a left-wing conservative approach that does not admit that we are in a process of changing. Globalization is like gravity. It exists; one has to see if it is built on price-competition—and in this case the Italian textile products are no longer competitive with Chinese products—or if it is built on quality. And then one has to look at the global environment, with education, culture, and science on the front line.

These are the big perspectives of the future which could create some uncertainties. On one side, we have to help the countries of the Mediterranean, and of the South in general, in their own development; and at the same time, we have to accept the idea of living together with them.

In this respect, I believe that the way the fight against international terrorism is being conducted, is very dangerous. Had we in Italy, in the '70s and '80s, faced the Red Brigades terrorists with the same approach which Bush and Cheney today are using to face pseudo-Islamic terrorism, we would have lost that war; with the probable result, today, of having the Red Brigades recognized as an institutional force. The U.S. administration is supplying justifications and resources to terrorism, instead of fighting against it and separating terrorists from the people.

**EIR:** How do you see the political situation in Italy in the coming months?

**Galloni:** It depends on the solution to a big problem dominating Italian political life. After the semester of the Italian chairmanship of the European Union ends in December (until then, there will be no significant internal development), a group of experts will have to express their opinion on State President Ciampi's proposal to guarantee immunity to the five most important institutional persons of the Country—the President, Prime Minister, President of the Senate, President of the Chamber of Deputies, and President of the Constitutional Court. If the [immunity] bill is declared unconstitutional, then

Berlusconi, who is facing a trial in Milan, could be convicted. Berlusconi will resign and will try to convince Ciampi to call for early elections, hoping to win with some type of plebiscite.

It appears that against this, there is Gianfranco Fini, leader of Alleanza Nazionale and vice premier, who—in agreement with Ciampi and part of the center and the left—will try to create a Fini government to complete the legislative session. In this period, the court could sentence Berlusconi—who would thus lose all chance to be a future political leader, opening a new political era.

**EIR:** Do you have a proposal for a serious pension reform?

**Galloni:** There are primary and secondary problems. Secondary does not mean irrelevant or unimportant problems: Here we are dealing with limits, financial compatibilities, etc. which have to be solved. But the most important aspect is to face and solve the real macroeconomic problems.

I am proposing a pension system based on three levels: a minimum “redistribution” pension for everyone, of 1,000 euros monthly, even if the person has been able to make only very modest social insurance payments; a pension up to 1,500 euros for those who have made larger payments; and a so-called “capitalization” pension for those who had a higher income and paid to have a higher pension. Society has to govern this system, among other things, to maintain a higher level of consumption.

But the fundamental point is to bring a productive policy back in the government of society and the economy. . . . Instead of financial investments in the markets at very high risks, as we have seen in the past, we should use these [pension] funds to sustain investments in real production, in infrastructure, in services which retired people will require later. In turn, such investments will create more wealth, additional tax revenues, and new jobs for the young generation. I have recently presented such proposals and I am studying specific projects along these general lines.

As to the persistent pressures for a drastic privatization of the pension fund: One should consider the behavior of the stock markets, whose movements notoriously do not always reflect real economic processes. And also, that we have the problem of speculation.

If the system is in a real development phase, without deflation or depression policies—without cutting, for example, the level of future pensions—in the long term the market will increase its value. But in the very long term, this increase cannot exceed the level of interest rates. In the middle term, capitalization and market gains will be higher in comparison with a simple investment in a bond portfolio. The big risk is that financial speculation tries constantly to pump capital gains beyond the real development possibilities, using up resources and savings, and at the end threatening to destroy investments. We have to sterilize this speculation, as the primary and indispensable condition to thinking of a possible, partial privatization of pension funds.

# Are the Poor Still With Us? Off With Their Heads!

by Jacques Cheminade

While in foreign policy, the French President Jacques Chirac and his Prime Minister Jean-Pierre Raffarin continue to cleave to the notion of natural law—Jacques Chirac has yet again confronted the U.S. government, on the matter of Ariel Sharon's bombing of Palestinian camps in Syria—nevertheless, French domestic policy remains an unmitigated disaster. Its ideology reflects nothing less than a perfervid attempt to legitimize inequality and sacrifice the poor—the whole expressed in terms that recall, most unpleasantly, certain politicians of the Nineteenth Century. At some not-so-far-off point, so glaring an incoherency between foreign and domestic policy must necessarily lead to a blowout: With so ill-advised a domestic policy—“going along to get along” with an intrinsically unjust international financial system—how can the Government expect to mobilize Frenchmen behind its foreign policy, bold and fair as the latter may be?

## Feed Rich, Starve Unemployed

The most worrisome statements have been issued by the Minister of Economy, Francis Mer, who “trained” for the post by dismantling France's steel industry. This past Sept. 15th, on a France 2 Radio program, he went so far as to state that high wage-earners are more deserving, “because they bring greater value into our society than those who earn less.” Whereupon, he announced an austerity plan to be implemented once the regional elections have been held. Mer is, or is said to be of the same mind as the economist Nicolas Baverez, who has been spouting forth on “the decay of France” (Cf. his book-length essay, *La France Qui Tombe*, Editions Perrin, 2003). As for Renaud Dutreil, Secretary of State for Small and Medium-Sized Industry, he believes the French tax system must be altered so as to be less dissuasive to “those who have a lot of money.”

In recent months, we have been treated to endless speechifying, on how the rich would be “better able to take care of the poor” were the rich to be “better served” by the state. Income tax will be cut back by 3%, the Wealth Tax reformed, and it will be made more fiscally worthwhile to employ domestic servants! Meanwhile, we learn that the population has got to be “sent back to work”; the unemployed must be got to “shoulder their responsibilities”; and the mass media are denouncing the “fakers” drawing unemployment benefit,

sickness benefit, or income support.

Thus in July, 15,000 unemployed were simply struck from the lists of the ANPE (Agence Nationale Pour L'Emploi, the State Employment Agency), for having failed to turn up for meetings with agency officials, after three summons had been issued them. But, as Margareth Maruani, head of a research department at the National Center for Scientific Research (CNRS) has written, “Striking people off the ANPE lists, or slashing benefits, may well alter the way the figures look, but it does nothing whatsoever to actually bring unemployment down.” Thus, the men and women who—having given up all hope of finding a job—throw in the towel, find themselves on the rubbish heap of so-called polite society.

Worse still, a new UNEDIC agreement (the Union Nationale Pour L'Emploi dans L'Industrie et le Commerce, the agency that runs the national unemployment fund known as the ASSEDIC) has been signed by labor and management: A man who is out of work, and had previously been entitled to draw 30 months' benefit, will henceforth be entitled to draw but 23 months, if he be under the age of 50; if he be over 50, he may henceforth draw benefit for only 36, rather than 45 months. The aforesaid scheme came into force on Jan. 1 of this year, and applies now to those who will now be joining the ranks of the unemployed. It will shortly apply also retroactively, to those who were already out of work.

How were the trade unions coerced into signing on? The alternative was that unemployment benefits would have been made regressive, across the board.

Depending on the date they began receiving ASSEDIC unemployment benefits, between 613,000 and 856,000 French men and women have just lost between one day and nine months' benefits. Some 60% of the unemployed lost six or more months' benefits, at the stroke of a pen.

According to trade union statistics, once the new scheme comes into force, between 250,000 and 300,000 people will be barred from drawing unemployment benefit from the ASSEDIC. Some will find themselves with nothing to live on save the Allocation de Solidarité Spécifique, of roughly 410 euros per month, which is afforded the unemployed whose entitlement to benefit has run out.

## Defense, Security Get Funds

In the past, there has been no cut-off point for the publicly-financed Allocation de Solidarité Spécifique (ASS). But henceforth, people who have just lost their jobs will, once their entitlement to unemployment benefit runs out, be covered by the ASS scheme for only two years. Current beneficiaries (420,000 persons) will be covered by the scheme for three years only.

Overall, it is estimated that by Jan. 1, 2004, about 250,000 unemployed whose right to draw benefits will have run out, will be expelled from the ASS scheme. The situation will worsen in 2005. Dreadful as this is for the individuals concerned, there is more behind it: it is a maneuver, by the state,

to shuffle off the burden onto the Conseils Généraux, the regional authorities out in the provinces. The latter are already compelled to finance Income Support, and, lacking as they do the needful financial means, they will have no option but to apply draconian selection criteria to those who apply for Income Support! On Sept. 21, François Fillon told the Sunday paper *Journal du Dimanche*, “One simply cannot go on financing the unemployed indefinitely.”

Who would dispute for a moment that paid employment is real value; or, as the Government puts it, one must “revalue work?” Fine! But there have got to be jobs in the first place, and those who work at them should be paid a fair wage. At the present time, that is far, far from the reality. Over the past decade, one after the other, the giant trees in the industrial forest have been felled: Metaleurop, Deawoo, Orion, Air Lib, Tati, Alstom, all would have gone under, had they not been salvaged *in extremis* by the Government, and mass redundancies are greatly to be feared. The country has been hit by an avalanche of job-reduction plans: STMicroelectronics, Matra, Schneider Electric, Doux, Alcatel, Giat Industries, Altadis.

Clearly, then, hypocrisy is the watchword for Messrs. Mer, Dutreil, and Fillon: if the government has failed to expand the country’s economy, and thereby create jobs, then to stop financing unemployment benefits is a crime against the workforce. What are France’s true priorities? In the Finance Bill for the year 2004, the tax chapter is most telling: Although the “happy few” are to enjoy tax cuts amounting to something like EU2.20 billion, other levies will be jacked up, hitting everyone, including the poorest of the poor. Thus, heating fuel will be more heavily taxed, as will tobacco, while the charge for each day’s hospital stay will be sharply increased. The interest yield in the popular savings-bank scheme, known as the Livret A, used essentially by low wage-earners, will be slashed, as will a special scheme known as State Medical Assistance, on which many illegal immigrants entirely depend. In total, the state will increase mandatory fees and taxes by roughly EU3.2 billion in 2004, which will more than make up for the tax breaks afforded the privileged classes.

Similarly with budget options: Spending on the public weal will be cut, the only exception being police measures. The Department of Labor is to be the worst hit, alongside Aménagement du Territoire (the Department responsible for regional and provincial industrial development and planning); and the Infrastructure and Transport Departments. The Government is about to do away with the bedrock subsidy designed to improve public transport, known as Transports en Commun en Site Propre (TCSP) and Aides aux Plans de Déplacement Urbain (PDU).

Only two Ministries remain unscathed: Defense, and Interior.

As for research, officially “the workforce will, overall, remain as is”; but the reality is that one out of every three permanently-employed scientists who retire or leave Govern-

ment research institutes, will be replaced by someone holding a three- to five-year contract. In other words, major bodies such as the CNRS, the National Institute for Health and Medical Research, and the National Institute for Agronomic Research will lose out on 550 permanent research workers, out of the 1,600 persons expected to leave. The budget outlines “four major themes that will enjoy funding priority,” and in favour of which, research foundations may be set up.

In other words, the State intends to withdraw from research! Within but two short years, the CNRS will have lost almost EU400 million, the equivalent of a year’s operating credits.

## Downsizing Government

As for the Department of Education, a 2.8% increase in credits will do no more than cover the scheduled wage increases. Administrative jobs are to be cut, mainly in supervisory and oversight positions, while no further contingent of school doctors, nurses, or social workers are to be recruited.

France’s future is on the chopping block. What the Government’s very sorry choices reflect, is a depressive belief that financial constraints are an act of God. The type of society looming on the very near horizon, is one that is soft on the rich, and very, very hard indeed, on the allegedly unfit. So-called intellectuals, like Nicolas Baverez and François Mitterand’s former advisor Jacques Attali (the latter writing in *L’Expansion* in October 2003), clamor for yet another round of tax cuts to “let capital circulate freely, and encourage innovation,” while axing public expenditure and reforming the state by “down-sizing” it.

In other words, France is looking at a full-scale return to the Anglo-Dutch Nineteenth-Century model. Its citizens are expected to believe that lining the pockets of the wealthy must necessarily, somehow, someway, be “good for business”; and that in so doing, society is being “equitable”—which is not quite the same concept as that of equality!

Not a peep from Chirac’s and Raffarin’s Government as to what might actually change the rules of the game: a grand, over-reaching infrastructure scheme (as has been suggested by Finance Minister Tremonti of Italy and the van Miert Commission); investments into industry; European Investment Bank subsidy to research and innovation; and, overall, a new productive credit system; so that Europe will, once again, find her way to a mission on this earth.

If Europe is to pursue her current fair and generous foreign policy, the course of her economic strategy must be sharply altered, now.

**To reach us on the Web:  
[www.larouchepub.com](http://www.larouchepub.com)**

# Business Briefs

## Monetary System

### Brazil/IMF Talks On New Loan Package

Finance Minister Antonio Palocci reported Oct. 28 that Brazil and the IMF are discussing a new loan package. No dollar figure has yet been mentioned publicly. Brazilian officials insist that Brazil doesn't really need a new accord, but that it would help strengthen market confidence. Reasons not to believe that:

- The public debt hit its highest level since 1999 in September, at R\$707.74 billion (over \$235 billion), with 32% of that debt being short-term (less than a year). The debt keeps rising, despite the government paying off higher amounts, through the "savings" gouged out by reducing spending drastically on everything but debt payments. So far in 2003, the public debt has risen by almost R\$71 billion, an amount equal to 35% of the total revenue collected by the government in taxes and payments in the first nine months of the year.

- Foreign Direct Investment in Brazil in 2003 so far, is half of what it was in 2002, falling to a mere \$6.5 billion.

- On Oct. 22, the Central Bank lowered its SELIC benchmark interest rate to 19%, but industry immediately protested that this would not be sufficient to revive the economy. Banks then lowered interest rates on loans to consumers and industry, but the lowered rates for one popular loan category are still 8.38% *per month* for consumers, and 7.5% per month for companies. *O Globo* reported Oct. 28, that while consumer indebtedness continues to grow, most of the new debt is not taken on for new purchases, but to get out of arrears on old debts. Consumer debt arrearages were 5.9% more in January-September 2003, over the same period the year before; corporate debt arrearages rose by 4.7% in the same period.

- Unemployment in urban centers remained essentially unchanged nationwide in September, at 12.9%. In the Sao Paulo metropolitan region, Brazil's industrial heartland, unemployment rose back to 20.6% of the economically active population in September, the same as it was last April and May, which is its highest level since 1985.

- Average income was 14.6% less in

September 2003, than in September 2002, as an increasing number of the labor force lose stable salaried jobs, and are forced to take temporary jobs, become self-employed, etc. The drop in average income for self-employed workers was a whopping 19.8%, this year over last.

## Germany

### A Doubtful 'Upswing' In Wage Cuts

Whereas Germany, like other western governments these days, tries to sell the broader public on the idea that 2004 will be a "year of economic upswing," reports on Oct. 29 showed the hard facts of economic depression hitting the German workforce in several sectors. On that day alone, wage cuts for about 150,000 workers and employees were announced. These cuts are coming via reductions of working hours per week, in the following companies:

- Opel, Rüsselsheim plant: 19,600 workers will have work for only 30 hours until the end of 2004, instead of the 35 hours which their working week has been to date. As Opel will compensate some of the lost income, workers will lose "only" 7%-8% of their income;

- Telekom will reduce the working week from 38 to 34 hours, which affects 120,000 workers and implies a cut of 10% in income;

- EnBW, the biggest energy producer in Germany's southwest, will introduce a 4-day working week, which will affect close to 30,000 workers and even with compensation, implies a 10% cut in income, as well.

## Manufacturing

### Congressmen Lament Lost Productive Jobs

On Oct. 29, Rep. Don Manzullo (R-Ill.), the chairman of the House Small Business Committee, chaired a roundtable discussion on the collapse of manufacturing in the United

States. After noting that 2.8 million manufacturing jobs have disappeared in the last 38 months, he reported that things are so bad in his district in northern Illinois, that two factories shut down in one week recently, laying off 1,200 people. He said that the official unemployment was 11.7% before the lay-offs, but is probably over 12% now; however, Manzullo estimated the *effective* unemployment rate 15%-17%, because there are so many people who have been unemployed so long that they've exhausted their unemployment benefits. Rep. John Peterson (R-Pa.) reported that in his district, he counted 17,376 manufacturing jobs lost in 2001 and 2002, with the rate continuing in 2003. He said his district, which encompasses 17 counties in northern Pennsylvania, is losing a company almost every week.

While there was a great deal of discussion on the difficulties that manufacturers are facing in doing business, such as skyrocketing energy and health care costs, unfair foreign competition, and lack of government support in procurement and in research and development, there were no substantial ideas put forward at the Committee, as to what to do about the problem.

## Labor

### California Grocery Strike May Spread

The grocery employees' strike in southern California ended its third week on Oct. 29, and may soon spread to central part of state. No progress is reported in the United California Food Workers' (UCFW) strike against three major grocery chains. The issue, from the beginning, has been the attempt by management to renegotiate the employer contribution to health care benefits of employees. Spokesmen for the grocery chains have taken a hard line, saying that the level of benefits demanded by the union is impossible in "today's competitive environment."

The *Los Angeles Times* reports that the underlying concern of management is the entrance of Walmart's cut-rate grocery operations into the region. Walmart, which pays the lowest wages in the business, and offers virtually no benefits to employees (using

**HALLIBURTON** profits fell by 38% in the third quarter compared to last year, despite big (39%) revenue gains from its KBR subdivision's no-bid Iraq oil contracts, which have been effectively extended by the Army Corps of Engineers. Further, the Corps has boosted the maximum value of the contract in the South to \$1.2 billion, well above the \$500 million limit set in July; and to \$800 million in the North.

**CHINA, THAILAND** are planning to build a trans-national highway linking Kunming city with Bangkok. Construction will start soon, Chinese state press reported on Oct. 28. The road will begin in Kunming, the capital of southwestern Yunnan province in China, and run for 1,890 kilometers through Laos to the Thai capital, China's Minister of Communications Zhang Chunxian was quoted as saying, by the Xinhua news agency.

**SONY** announced plans on Oct. 27 to eliminate 20,000 jobs, or 13% of its workforce, over the next three years, and to shut down all cathode-ray television manufacturing plants in Japan by March 2004, as well as slashing the number of its suppliers. The measures are designed to cut costs by \$3 billion over the next three years. The world's second-largest consumer-electronics maker, has reported its second-quarter net income fell 25%, while operating profit dropped by 34%. China is slated to become Sony's main manufacturing center in Asia. Japan would lose 7,000 jobs, mainly in manufacturing.

**MEGASPECULATOR** Warren Buffett warned on Oct. 25 of a dollar collapse due to the soaring U.S. trade deficit. Buffett, says that since Spring 2002, his Berkshire Hathaway firm "has made significant investments in—and today holds—several currencies," a shift from having "lived 72 years without purchasing a foreign currency. To hold other currencies, is to believe that the dollar will decline," he cautioned, quoted in an article to appear in the November 10 issue of *Forbes*.

"part-time" employment to avoid minimum payments), has announced plans to saturate southern California with stores in 2004.

The UCFW has escalated, announcing they may walk off the job in central California (Sacramento, Fresno, etc.) next week. The Teamsters have begun honoring the picket lines, and the stores have reported a significant drop in business, despite offering huge discounts.

Another strike, against the Los Angeles Metropolitan Transit Authority, continues, and there is a report that Los Angeles County workers may begin a work stoppage in the next days. In all of these sectors, health benefits and pension cuts are the major issues.

## Defense

### Key Cruise Missile Producer Closes

According to news reports on Oct. 27, the Pentagon may soon need to send orders for crucial military components, which have been supplied by plants in Indiana, to China. On Sept. 15, the precision manufacturing company Magnequench shuttered its last plant in Indiana, fired its 450 workers, and began shipping its machine tools to a new plant it is opening in China.

The neodymium-iron-boron magnets made by Magnequench are a crucial component in the guidance systems of cruise missiles, and of the Joint Direct Attack Munition or JDAM bomb, which is made by Boeing and had a starring role in this Spring's bombing of Baghdad.

Indeed, Magnequench enjoys a near monopoly on this market niche, supplying 85% of the rare-earth magnets that are used in the servo motors of these guided missiles and bombs.

## Space

### Congressional Ctte. Says No on Space Plane

In an expression of Congressional bankruptcy, the same Committee leaders who had

criticized NASA after the Columbia disaster for "doing too much" with the aging Shuttle fleet, on Oct. 27 moved to cut off funds for the more advanced Orbital Space Plane (OSP) NASA is developing. In particular, Rep. Sherwood Boehlert (R.-N.Y.), Chairman of the House Science Committee, called on NASA to stop further work on the OSP, citing "budget concerns." Ranking Democrat Ralph Hall (Tex.) joined Boehlert in a letter released Oct. 27, which said that because national space goals have not been set—not the responsibility of NASA, but of the President and Congress—"neither the mission nor the benefits of the OSP are knowable at this point."

## Energy

### Foreign Utilities Treat Argentina Like California

More in a recent wave of electricity blackouts occurred in Buenos Aires on Oct. 25, affecting 400 people, and on Oct. 27, affecting 3,000—further enraging both the population and the Kirchner government. According to the power company Edenor, owned by Electricité de France, the blackouts were caused by a medium-tension wire going out of service, in the first case, and a faulty transformer in the second.

According to *Clarín*, the government and allied congressmen are planning "a surprise" for the privatized utility companies. They are preparing a bill which would allow the government to rescind privatization contracts, in the event that utilities interrupt service without adequate technical justification. According to the privatization contracts signed with the Menem government in the 1990s, had the government even considered such a move, it could have been sued by foreign utilities for violating "juridical security." But the legislation under discussion now, would allow President Néstor Kirchner to rescind the contracts, particularly if foreign companies haven't invested what they had originally promised—which is clearly the case.

ON THE NON-NOMINATION OF 1944

## The Geometry of The Henry Wallace Nomination

by Lyndon H. LaRouche, Jr.

October 18, 2003

The reason for the British-led campaign to prevent Henry A. Wallace's Summer 1944 Democratic Party nomination for a second term as President Franklin Roosevelt's Vice-President, was solely that Wallace was determined to continue the policies of a Franklin D. Roosevelt who was not expected to live out a fourth term as President. For that reason, and that reason alone, the Senator Harry S Truman whose views were acceptable to the British monarchy, was nominated to replace Wallace on that ticket.

On all crucial strategic issues, as President, from the beginning of his completion of President Roosevelt's term, through his own term, Harry S Truman lived up to the expectations of his British partners.

This British lobbying for the dumping of Wallace reflected the heart of the fundamental, historically determined differences between the U.S. Republic and British Empire which had continued despite the temporary 1940-1945 war-time alliance of the two states. The apparent complexities of the ironical Roosevelt-Churchill alliance and mutual-antipathy can be competently understood only as a topic in physical geometry, as I have defined the role of physical geometry in politics, in earlier locations.

Briefly, the mind-set of Churchill and his associates had a long history. It was a mind-set defined by what had been that nation's increasing tendency, since near the beginning of the Seventeenth Century, a tendency toward the empiricist world-outlook which we associate with Francis Bacon, Thomas Hobbes, John Locke, Isaac Newton, et al. This has been an increasing trend in British culture and its radiated influence, from the early Seventeenth Century to today's typical classroom. That empiricist outlook belongs to a different universe than the mind of





*Franklin D. Roosevelt and Sir Winston Churchill at Casablanca in 1943: The mind-sets and policy principles they represented were opposed; their cooperation waned when British and U.S. Synarchist financial circles realized the defeat of Nazi Germany was at hand and they no longer needed or wanted to “tolerate this fellow Roosevelt.” The tell-tale was the knock-out of Henry Wallace’s renomination as Vice President in 1944.*

American patriots in the tradition of the followers of such as Benjamin Franklin, Abraham Lincoln, and Franklin Roosevelt. The physical universe in which both the British empiricist and our leading patriots have dwelt is the same; but, the way the mind sees, and reacts to that physical universe is different. It is qualitatively different in certain crucial aspects. The two compared mind-sets represent intersecting, but axiomatically different physical geometries.

The British mind-set’s geometry is essentially that of Aristotle and Euclid, as reflected in the cases of Descartes and the followers David Hume, Hume’s follower Immanuel Kant, Lord Shelburne’s propagandist Adam Smith, Jeremy Bentham, and the radical empiricist Bertrand Russell. The founders of the U.S.A. were influenced by a contrary geometry, that of the followers of the pre-Euclidean constructive geometry of the Pythagoreans and Plato; this was the Classical tradition as imparted to the circles of Benjamin Franklin by, most immediately, the followers of Gottfried Leibniz on the European continent.

For example, the British mind-set is reflected in the Preamble of the Constitution of the Confederate States of America, in John Locke’s doctrine of “property”; the U.S. Declaration of Independence was based axiomatically on Leibniz’s explicitly anti-Locke conception “the pursuit of happiness,” as this is echoed as the principles of sovereignty, general welfare, and posterity in the Preamble of the U.S.

Federal Constitution.

To put a fine political point on that explanation of the roots of the British hostility toward Henry Wallace’s 1944 candidacy, the typical British empiricist joins Thomas Huxley and Frederick Engels, in denying any axiomatic principle defining the difference between man and ape; whereas, the American founders’ tradition of Plato, Christianity, and Moses Mendelssohn, for example, emphasized an absolute, axiomatic quality of principled difference between the mind of man and the potential of the ape. We, when we are in our right mind, reject any policy of practice which degrades any class of human beings to the status of virtual human cattle; the reductionists, such as Hobbes, Locke, and the Physiocrat Quesnay, insist on forms of society which reduce the majority of human beings to the status of human cattle, in practice. Colonialism and imperialism are examples of the same class of practices of bestiality expressed by the followers of Hobbes, Descartes, Locke, David Hume, Quesnay, Adam Smith, Bentham, Kant, et al.

The importance of introducing this point of view to a description of the hatred against Henry Wallace by the British establishment of that time, is to lay to rest the nose-picking sorts of attempted explanations of that hostility to Wallace’s candidacy. It was not any one or several points of Wallace’s policy which prompted the British reaction. These points were of that significance only to the degree that they repre-

sented the traits of a species they considered alien to the kind of universe in which they were disposed to live.

Look at this story on two levels, each the story of the 1944 U.S. Democratic Party nominating convention. First, as a matter of description of the historical issues expressed in that conflict. Second, examine the same issues on a scientific level.

### **Britain's Wars Against the U.S.A.**

During past centuries, the United Kingdom of Great Britain conducted a series of wars against the existence of our U.S.A. The first, were the so-called Indian wars organized by both French and British agencies. The second, was the American 1776-1783 War of Independence. The third, was the series of oppressions against the United States during the period preceding and accompanying the 1812-1815 War of 1812. The fourth, was the U.S. Civil War, with the associated conquest of Mexico by the combined forces of Britain, France, and Spain. This is the broad picture of the situation, but only a partial listing.

After President Lincoln's victory, a further attempt at destruction of the U.S.A. by military means was no longer feasible. With one special kind of exception, during the 1930s, Britain shifted its strategy to financial warfare and subversion. From the beginning of the Twentieth Century—from 1901, the time of the assassination of U.S. President McKinley on—the British policy was, usually, the intention to use British influence on the U.S. private financial institutions as the chief foothold for assimilating the U.S.A. into a kind of "commonwealth status" within a British system.

These wars, near-wars, and so forth, reflected a species-difference between our republic and the British Empire. On the surface, the nature of the species-difference between the relevant British and U.S. types, can be simply and fairly described as follows.

Despite changes in secondary features, the British system is, still today, a hereditary descendant of the Eighteenth-Century, Anglo-Dutch Liberal system of parliamentary government under the British East India Company's (and Barings Bank's) Lord Shelburne, and such notable Shelburne lackeys as Adam Smith, Edward Gibbon, and Jeremy Bentham. That Anglo-Dutch Liberal form of parliamentary government is shaped axiomatically as an agency of the power represented by a so-called independent central-banking system; the latter system is, in turn, an outgrowth of the form of *de facto* imperial maritime power which medieval Venice exerted over Europe and adjoining areas until the close of the Seventeenth Century.

The forced fusion of this Dutch and English form of merchant-banking power under William of Orange, and the establishment of the British monarchy on this basis with the 1714 accession of George I, established Barings and its British East India Company as the reigning force in the United Kingdom, a force self-described by its insiders and knowledgeable adversaries, alike, as "The Venetian Party." The term "Venetian

Party" was essentially interchangeable with the philosophically empiricist "Eighteenth-Century Enlightenment."

For example. The long-standing opponent of such forms of pro-imperial financier-oligarchical power was the emergence of the modern form of sovereign nation-state. This form of state came into being during the course of the Italy-centered Fifteenth-Century Renaissance. The exemplary such states which emerged during that century were Louis XI's France and Henry VII's England. Shakespeare's English histories typify the long struggle of humanity against Venetian-Norman tyranny over Europe, through the overthrow of the Nero-nic tyrant Richard III. The judicial murder of Sir Thomas More by the Venetian interests represented by Cardinal Pole, Thomas Cromwell, and Henry VIII's Venetian marriage counselor Zorzi (a.k.a. Giorgi), typifies the English side of the long 1511-1648 struggle of Venice to drown Europe in the blood of religious and related warfare, rather than endure the continuation of the modern form of sovereign nation-state.

The axiomatic issue of all that Venice-led bloodshed, and of the wars of France's Louis XIV and of the Eighteenth Century, was the conflict between, on the one side, the principles of sovereignty, general welfare, and posterity—the principles introduced by the Renaissance—which define the modern sovereign nation-state as the U.S. Declaration of Independence and Federal Constitution did; and, on the opposing side, the claims of rentier-financier consorts to practice usury, and even deploy actual, or virtual chattel slavery ("debt-slavery") against even the nominally sovereign nation-state. That is the same issue posed against entire nations—including, soon, the U.S.A. itself—by the concert of financier interest which controls the present International Monetary Fund and World Bank systems.

Nonetheless, the United States came to the rescue of Britain and France in 1917. But for that U.S. military intervention, Germany would have defeated both France and Britain on the battlefields that year. The ominous power which the United States presented, as the crucial victor in World War I, provoked the formation of an anti-U.S. effort from Europe—an effort associated with an association known as the Synarchist International, the organization which produced the 1922-1945 wave of fascist movements and regimes in Europe, and in South and Central America.

This Synarchist International was the outgrowth of an organization organized by the British East India Company's Lord Shelburne during the 1763-1789 interval, the so-called Martinist freemasonic association which created the French Revolution, its Jacobin Terror, and its Napoleonic tyranny. This operation was launched under the direction of Shelburne, beginning approximately 1763, deploying Adam Smith and other agents with the explicitly stated intention of destroying both the economies of France and the English colonies in North America. It was a group of private financier interests, deployed under the impetus of Shelburne et al., which acted during the 1789-1815 period.



*The British hatred of Roosevelt reflected the fundamental opposition of views of mankind, between the American constitutional tradition and that of Anglo-Dutch Liberalism, which first expressed itself in the political and diplomatic warfare between America's leader Benjamin Franklin (right) and Britain's Third Earl of Shelburne, the leading opponent in action of the American Revolution's influence.*

Later, during the later Nineteenth Century, this continuing Martinist association adopted modified trappings, becoming known then as Synarchism; and, around the time of the Versailles Treaty, as the Synarchist International.

So, by June 1940, with the tattered British expeditionary force expecting German armor to advance and capture them all at Dunkirk, British Prime Minister (and Minister of Defense) Winston Churchill appealed to President Franklin Roosevelt for closer cooperation to prevent the United Kingdom, and British naval forces, from joining Hitler's forces: for destruction, first, of the Soviet Union, and then the U.S.A. Adolf Hitler, waiting for his admirers in Britain to bring about a virtual alliance among the naval powers of Germany, Italy, France, and Britain, held back his tanks long enough for the British Expeditionary Force to escape. The new world war not only continued, but spread; but, Hitler's dream of conquering both the Soviet Union and the U.S.A. with help of Britain and France died around those events of June 1940.

The crowd around Churchill and other Transatlantic right-wing circles—within Britain, the U.S.A., and elsewhere—which had allied with Roosevelt until July-August 1944, had never given up those principles which made them adversaries of what the U.S. Constitution represented. With the allied breakthrough in Normandy in 1944, the affinities to Roosevelt of the Churchill and like-minded circles waned. Roosevelt was no longer needed; what the President represented now became, in their eyes, the new, most deadly adversary of Liberal financier-oligarchical power.

Was this duplicity on Churchill's side? Yes, and no.

There were many in the British Establishment prepared to join with Hitler for a fascist takeover of the world. However,

some, like Churchill, were not prepared to accept the British Empire's submission to the status of a lackey of Hitler's regime based in continental Eurasia. The U.S.-British alliance, soon joined by the Soviet Union, ensured Hitler's pending defeat. When that defeat was nearly in hand, Roosevelt was no longer wanted by those pro-monetarist doctrinaires.

So, today, the attachment to British traditions impels conservatives and others in the U.K., to deplore the thought of coming under even the kind of U.S. imperial fascist domination which "beast-men" Cheney, Schwarzenegger, and their neo-conservative cronies typify.

Such was the logic of the British scheme for bringing about the dumping of Henry Wallace's candidacy at the Summer 1944 Democratic convention. The alignments of today are different, but the British leading circles' predominant rejection of submission to any other power than its own, remains.

### **The Physical Geometry of Politics**

The human mind has two principal aspects. One aspect is of a type we share with the beasts, sense-perception. The other is the aspect which distinguishes us from the beasts, the power of discovery of experimentally validated universal physical principles. Typical of the human mind, is Johannes Kepler's unique achievement of the original discovery of universal gravitation. The understanding of the interaction between the two—sense-perception and universal physical principles not directly perceived—is, narrowly, the basis for a modern derivative of pre-Euclidean Greek Classical constructive geometry known as *constructive geometry*, or *physical geometry*.

Physical geometry is the appropriate way of defining the

relationship of the individual mind to man's increasing mastery of the physical universe, as by technological progress. However, the way in which human minds interact to improve cooperation in managing the possibility of technological progress, also involves discoverable principles which are essential to society's progress, as discovery of physical principles is for technological progress as ordinarily defined. Classical principles of artistic composition, as typified by Classical tragedy and Plato's dialogues, have been the appropriate basis for informing the design of principles of government and law since ancient Classical Greece. Classical artistic principles typify the kinds of principles of relevance to social progress, as distinguished from bare technological progress.

The combined accumulation of both kinds of sets of efficiently universal principles, defines a *science of physical economy*, in which the combined physical effects of both physical and Classical-artistic types of principles are the focus of attention.

No adequate insight into the way in which the political mind functions were possible, without examining more deeply the way in which sense-perception and discovered physical principles complement and oppose one another within the individual mind generally, and the popular mind most emphatically. The achievements and pathologies of mass behavior within and among nations can not be adequately understood without understanding the way in which the negative and positive features of sense-perception interact with the human will to action or passivity. The case of the 1944 candidacy of Henry Wallace can not be adequately understood without taking that deeper aspect of the matter into mind.

Our senses are functions internal to our biology; on this account, they do not show us the actual universe which lies, so to speak, outside our skins. They show us the impact of the universe upon those biological functions. Thus, it may be said that our senses show us only the shadows which reality casts upon our sense-perception, not the reality which casts the shadows. It is only through certain crucial inconsistencies, called ontological paradoxes, in our sense-experience, that we are provoked, and able to discover the unseen universal physical principles—as in Kepler's richly detailed elaboration of his discovery of gravity (as in his 1609 *The New Astronomy*)—which act to cause the paradoxes which our senses observe.

In mathematical-physics language, this relationship between sense-perception and unseen but efficient physical principle is represented by the view of the complex domain which Carl Gauss presented (as refutation of the empiricist method of Euler and Lagrange) in his 1799 *The Fundamental Theorem of Algebra*. The fuller development of Gauss' work along that line, is accomplished by his student Bernhard Riemann in, most notably, Riemann's 1854 habilitation dissertation. On this account, the successive development of Kepler's proof of gravitation, as Leibniz's uniquely original discovery

of both an actually infinitesimal calculus (contrary to that of Euler and Lagrange) and the universal physical principle of least action, laid the necessary stepping-stones to the work of Gauss, Abel, Dirichlet, Wilhelm Weber, Riemann, et al.

Therefore, for Classical science and art, truth is found only in the complex domain, rather than the shadow-world of sense-perception. The corollary implication is that, as for the empiricist Immanuel Kant and his existentialist followers such as Theodor Adorno and Hannah Arendt, truth does not exist for those who regard the physical subject of the complex domain as unknowable.

Nonetheless, even if the existence of that domain, as so defined, were denied, the domain exists. The human mind will either fill up that domain with discovered principles, or may dump all sorts of refuse, even arbitrarily, into the space available. Typical refuse is the work of Thomas Hobbes, of John Locke, Mandeville's *The Fable of the Bees*, Quesnay's *laissez-faire*, and Adam Smith's favored pick-pocket, the so-called "invisible hand."

The foremost significance of that view of a physically defined complex domain, is that physical science, so practiced, provides the simplest sort of conclusive proof that the human individual, as a species, is absolutely apart from, and above all other forms of life. It is by the discovery, application, and transmission of that class of discovered universal physical principles, that man has been enabled to reach above the several millions living individuals possible for higher apes, to produce a reported six billions living persons today. This power of willful increase of potential relative population-density as a species-characteristic of mankind, is the principle underlying a science of physical economy.

Man uses these discoveries to change nature, and to change his own behavior in a qualitatively efficient way. This requires not only the employment of technologies derived from discovery of physical principles; it also requires similar kinds of principles of social relations, principles which are most efficiently defined and studied by means of works of Classical artistic composition. The principles of sovereignty, general welfare (common good), and posterity embedded in the Preamble of our Federal Constitution are examples of this study of history and Classical art combined.

These three principles of republican statecraft have the quality of effect of universal physical principles. The defense of sovereignty, general welfare, and posterity define a set of rules of mass behavior, rules akin to universal physical principles, which will tend to promote the maintenance and improvement of the human condition, while promoting cooperation, rather than beastly conflict among nations.

### Defining a Species of Difference

From the vantage-point which I have just presented, in summary, above, we may fairly describe the U.S. and British models as different species of society, as they were different species of animal life. I conclude with an explanation of that

point and of its bearing on the case of Henry Wallace's nomination.

The essential principle of the "independent central banking system" has the directly opposite effect. The conflict is: Which shall be supreme, money expressed as usury, or human welfare? If the former, then the relationship of the state to its subjects is systemically predatory.

In all known cases of exceptions to the primary authority of the principle of the general welfare, the practiced form of government is implicitly imperial. Man is axiomatically beast to man, under which some are rulers and others are human cattle. To such wicked ends, societies adopt certain arbitrary rules as more or less "self-evident," as the definitions, axioms, and postulates of a school-book Euclidean geometry or an arithmetic are treated as "self-evidently" required practice. All such systems are therefore rightly known as utopian in the same general sense implied by the pathetic output of "Robinson Crusoe models" in teaching of some gambler's mini-max doctrine of "economics."

The very notion of an "independent central banking" system is, by virtue of the associated acquiescence by governments, a predatory variety of utopian model imposed upon governments and their subjects.

The array of utopian axiomatic assumptions built into the way in which the British system has functioned since 1714, is reflected as an integrated mind-set in the development of any of the relatively privileged British subjects, a mind-set reflected in the behavior of less fortunate ones as having the implicit lawful authority of ruling opinion. Thus, all who share faith in that particular sort of utopian dogma, upper and lower classes alike, imagine themselves to be paragons of right-thinking ways of a free people. They are habituated to living in that sort of ideological fish-bowl, and find its boundaries to be nothing other than natural ones. Analogous, but also different particular sets of opinions are found among inhabitants of the currently conventional American fish-bowl.

So, in the customary case, the individual member of a society associates his or her opinion with the whole effect of all of the principled sorts of rules which that culture, or sub-culture has currently adopted. He reacts, as if instinctively, to the whole effect of those rules, more than to any particular feature. It is the whole effect which evokes notions of "rightness" or "wrongness"; the particular feature is defended on



*"The reason for the British-led campaign to prevent Henry A. Wallace's Summer 1944 Democratic Party nomination for a second term as President Franklin Roosevelt's Vice-President, was solely that Wallace was determined to continue the policies of a Franklin D. Roosevelt who was not expected to live out a fourth term as President. . . . Sen. Harry S Truman, whose views were acceptable to the British monarchy, was nominated to replace Wallace on that ticket." Truman between Roosevelt and Wallace in 1944.*

grounds of the implied moral authority of the perceived rightness or wrongness of that mind-set considered a whole.

Thus, once the notion that "We are no longer dependent upon this fellow Roosevelt" had been introduced to the political equations of mid-1944, the already existent differences in post-war policy between the U.K. and U.S.A. came to the surface as particular points of perceived "wrongness" about the patriotic tradition expressed by President Roosevelt. That "wrongness" was then considered, thus, as "no longer something we had to tolerate for the time being." Wallace, therefore, had to go. Those who were in sympathy with the Mellon-Morgan-Dupont plot against the 1933-1934 Franklin Roosevelt, joined with their relevant leading British co-thinkers to bury Roosevelt and his tradition as rapidly as might be possible.

Perhaps no set of evidence makes this point more clearly, than the way in which U.S. General Draper and his co-thinkers hastened to cover up those lines of investigation of the financing of the Nazi war-machine, which would lead back to the Anglo-American accomplices of the Synarchist International plots of the 1920s and 1930s. That is the chief significance of the way in which the 2000 Presidential election was rigged, in both leading parties. The case of the Henry Wallace nomination of 1944 is still very much with us today.

# Henry Wallace Would Never Have Dropped the Bomb on Japan

by Robert L. Baker

In 1944, Henry A. Wallace, Vice President of the United States, was, next to President Franklin Roosevelt, the most popular New Deal Democrat; the number-one promoter of FDR's New Deal programs; and was poised to become the post-war President to carry on FDR's anti-colonial world economic development vision. Wallace had, by Summer of that year, toured South America, China, the Soviet Union, and elsewhere, representing FDR, as part of the preparations for the intended post-war program for full-scale, U.S.-led worldwide economic growth.

Wallace had written book-length documents—approved by FDR—on post-war development perspectives, both for the domestic economy and internationally. His books, such as *Our Job in the Pacific* (1944), the *Soviet Asian Development* (1944), and many others, explained that there must be nation-building, not empire. “The Century of the Common Man,” is what his international New Deal perspective came to be popularly termed, after a speech by Wallace in June 1943.

Thus it was that, especially in early 1944—at the time it was clear that Hitler would be defeated militarily—Wallace became the focal point of a massive political assault by those opposed to FDR's outlook; namely, by a rabid right-wing Anglo-American Synarchist International opposition. They put puppet Harry S Truman into office. Their intent was not only to destroy Franklin D. Roosevelt's New Deal legacy, and its revival of Alexander Hamilton's American System of economics, but to try to take over the United States with a corporate-fascist policy run by what Eisenhower later called the “military-industrial complex”—and which led to almost a half-century of Cold War confrontation.

It is vital to understand how and why Henry Wallace, a man most Americans today don't even know existed, was politically destroyed in the immediate post-war period (1944-46), making way for the Truman Administration, which proceeded to toady to the British Empire. Put in terms of one single, dramatic instance: Wallace would never have dropped the bomb on Japan.

Wallace's own performance in office was never an issue. He was a “natural” in terms of qualifications and dedication. His “crime” was, he did FDR's bidding. From 1933 to 1940 as Agriculture Secretary (a follow-on to his father's 1921-24 years in the same office), and then as Vice President, 1940 to 1944, Henry Wallace was well known to have worked

tirelessly and creatively for the FDR policies. This is the point. The background and merits or demerits of Henry Agard Wallace as a person, were not the offending issue for those opposed to FDR's post-war plans. In their view, FDR's plans had to be stopped, so Wallace had to go.

As the effort to restore FDR's tradition to the Democratic Party today, takes center stage, the history of what happened to Wallace is essential knowledge for the American patriot.

From that perspective, we here give a brief review of the character of the domestic and international New Deal, and how Wallace carried out FDR's plans; and secondly, we look at the 1944 political machinations, and the events of the July 1944 Democratic Party nominating convention period which dumped Wallace as Vice President, and began the downslide of the Democratic Party. Then followed the effort to drive Wallace out of government altogether.

## Wallace Served FDR's New Deal

To underscore why Wallace was ousted in 1944, and what was the character of those forces intervening in the United States to prevent a post-war FDR development perspective from prevailing, it is useful to review the commitment and record of Henry A. Wallace in carrying out FDR's efforts.

First, what was FDR's concept of the New Deal? In brief, it refers to Roosevelt's steering a course out of the worldwide 1930s Depression, through modern application of the founding principles of the United States; and specifically, the general welfare: that government must take responsibility to create a situation for all citizens and the nation as a whole, to participate in the creation and benefits of economic growth and security.

We look at three aspects of Wallace's involvement in FDR's domestic New Deal—agriculture, natural resources, and full employment; and then at his involvement in Roosevelt's international development perspective.

**Agriculture.** In 1932, when Franklin Delano Roosevelt nominated Henry Wallace, then age 45, for Agriculture Secretary, he was not picking some unknown “out of the blue.” Wallace, born and resident in Iowa, was the editor of *The Wallace Farmer*, the most influential agricultural journal in the Midwest. Henry Wallace himself was editor of the weekly starting in 1921, when his father, also named Henry Wallace, left Iowa to go to Washington, D.C. to serve as Agriculture



*The Synarchist International, determined to prevent anti-colonialist Franklin Roosevelt's legacy from continuing after his death, engineered the replacement of Henry A. Wallace as 1944 Vice Presidential candidate, with their puppet Harry Truman. Left to right: James F. Byrnes, Truman, and Wallace during Roosevelt's funeral, April 14, 1945.*

Secretary in the Harding Administration. His father continued in the two subsequent Administrations—Coolidge and Hoover—dying in office in 1924. Even before him, Agriculture Secretary Jim Wilson, from Iowa, served Presidents McKinley and others from 1897-1913, and was the designee for the job by his influential friend, another Henry Wallace—the grandfather of FDR's third Vice President.

The Wallace family were prominent institution-builders, based in the Midwest: including, for example, expanding Iowa State University; backing George Washington Carver, an Iowa State graduate and professor, for Tuskegee Institute; and many other programs. Trained in plant science, Henry A. Wallace founded the Hi-Bred Corn Co. in 1921, which went on to become Pioneer Hi-Bred International, Inc., the largest seedcorn company in the world. The *Des Moines Register* included Henry A. Wallace in its list of 100 Most Influential Scientists of the Century, released Dec. 31, 1999.

Thus, Wallace had the grounding to excel in the New Deal environment in Washington. He had the experience from growing up in three generations of politically active farmers, leaders and economic policymakers, gaining an understanding that you had to fight against political and financial obstacles preventing prosperity. Wallace wrote frequently about what he was trying to do in office, to rescue and build up the economy. In 1934, he published a book titled *New Frontiers*, in which he said he was trying “to condense into broad material objectives the philosophy of the New Deal.”

The immediate problems in the 1930s in the farm sector were low commodity prices, little credit, debt, and farm foreclosures. Addressing the crisis, Wallace, during his service from 1933 to 1940, revamped the U.S. Department of Agriculture (USDA) entirely, both farm programs and credit agencies, according to FDR's mandate to raise prices and stop foreclosures. In addition, FDR's Agricultural Adjustment Act (AAA) called for creating county-committees, made up of farmers who elected their own officers and made determinations on crop choices. Wallace promoted the involvement of black farmers on these committees, thus incurring the wrath of many—but obviously fulfilling the desires of FDR.

Wallace administered a vast set of operations, and managed billions of dollars of loans. He used the credit agencies of government to by-pass the Federal Reserve. He was involved directly in both new USDA agencies, and collaborating agencies including the Farm Credit Administration (FCA), Rural Electrification Administration (REA), Soil Conservation Service (SCS), and Commodity Credit Corporation (CCC), which ran the Ever-Normal Granary and the Farm Security Agency (FSA). Through these, Wallace loaned over \$6 billion, made 11.5 million separate commodity-credit loans, 1.2 million rural-rehabilitation loans, 20,184 tenant farmer purchase loans—all geared to keeping the farmer in business.

The FCA stopped farm foreclosures and bailed out farmers by loaning four times as much money to farmers in the first seven months of the new program, as in all the previous

year, and also lowering interest rates. Between 1932 and 1936, farmers' prices went up 66% while farm debt went down \$1 billion, by shifting creditors from private banks and insurance companies to Federal agencies.

Of special note is the implementation of FDR's "parity" commodity pricing mechanism, to give farmers an income on a par with other industrial sectors of the economy, and on a par with their expenses of farm production. The Wallace family had fought for this for two generations. It became law with the passage of the McNary-Haugen Act on May 12, 1933.

But by Wallace's own description, the Ever-Normal Granary was the "action of which I was most proud as Secretary of Agriculture." This component was added to the AAA in 1938, and called for maintaining reserves of designated vital food commodities, and carryover stocks from year to year, for national security. Wallace said he got the idea from studying Confucius, and it proved a boon when it came time for the nation to begin stockpiling for the war effort in the early 1940s. It also had a great influence on what became the UN Food and Agriculture Organization.

**Natural Resources.** Wallace saw to the passage and implementation of many new laws concerning the resource base of the nation. One of them makes the general point—the passage in April 1935, of the Soil Conservation Act. Congress accepted the prevention of soil erosion as a national responsibility, and mandated that, with state approval, soil conservation districts would be created cross-country, managed by local farmer-directors, and making decisions on how to provide for the care of the water and land resource base in their area. Federal money would then be forthcoming for approved projects, and implemented in a first-ever, local-Federal partnership.

FDR mandated Wallace to work with the states to see to the earliest possible implementation of these new districts, which Wallace accomplished in less than two years. Well before the law, Wallace, in a 1933 speech, "The Coming of the New Deal," looked forward to this very kind of program, as part of the time when people would think of "this whole country as a good farmer thinks of his farm."

**Full Employment.** Not confined to agriculture as such, Wallace worked in tandem with the 1930s large-scale infrastructure programs in land, water, and for agriculture, industry, transportation, etc.; such as the great dam-building programs on the Columbia, Colorado, and Tennessee river systems, and also the many Civilian Conservation Corps (CCC) programs doing reforestation, building small dams, parks, and similar rural projects.

The problem in the 1930s was the massive unemployment and declining economic activity, which the many New Deal initiatives turned around.

Wallace saw the goal of full employment—in industry, construction, and services—as the companion to wise agriculture and natural resources programs, utilizing scientific R&D. Besides being involved in administering programs, he

wrote and lectured extensively on the economic principles involved.

In 1936, when FDR was in an all-out battle against reactionaries, to move the New Deal forward, Wallace wrote *Whose Constitution? An Inquiry Into the General Welfare*. Here he gave one of the most extensive historical discussions of the practical application and battles around the Preamble to the Constitution, and explained how "General Welfare Today" applied to liberty, soil, population, foreign trade, machinery, and corporations. He denounced the outlook of Adam Smith's *Wealth of Nations*, as the "claw and fang" doctrine which destroys economic activity, does not enhance it.

Wallace wrote: "The Preamble of the New Constitution began with words never before used officially in America: 'We the people of the United States.' The new government was to be a national union of people, and not a union of sovereign and independent States. It was a profound new basis for government." Wallace said "only young men who knew precisely what they wanted would have spent a long, hot Summer in Philadelphia wrestling with such abstract ideas." Like FDR, he defended the first Treasury Secretary, Alexander Hamilton. He discussed the arguments given by Hamilton, "rather a convincing Speaker," citing Madison and others for the need of a strong national government.

"Both the Communist and Fascist approaches from a spiritual point of view seem to me to have many of the same difficulties as Capitalism. All three are largely the product of the British economics of the early nineteenth century and the post-Darwinian biology with their emphasis on an abstract 'economic man' and an animalistic biological man, dominated by purely mechanical responses."

Wallace ends *Whose Constitution?* by saying that the general welfare can be served: "This will undoubtedly be possible if a spirit of common sense prevails;—and if we use our Constitution as Hamilton anticipated it should be used. . . ."

## Post-War Plans

During Wallace's 13-year association with the Roosevelt Administration, the question of full employment came most sharply into focus in service of FDR's view of what should happen after the war. In 1945, Wallace shows us what drove his thinking all along—how to rebuild a nation and a world economy. It was then that he wrote his last book-length piece, *60 Million Jobs*, a term used synonymously with the peacetime requirements of full employment—both domestic and foreign post-war—as New Deal "TVA" policy concepts to win the peace.

Wallace challenged people to think through the penalties of limited employment. In a section called the "High Cost of Failure" he showed that in the 1930s, the United States lost 88 million man-years of production at a cost of \$350 billion. He said this would be enough to build 70 million homes at \$5,000 each—three times more than needed. It would more





*President Roosevelt (at head of table), with New Deal supporters, including Wallace as Secretary of Agriculture, to his left. The New Deal, in which Wallace played a crucial role, was based on the constitutional principle of the government's role in securing the general welfare, as elaborated by Alexander Hamilton. Roosevelt and Wallace believed that such a vision should be applied to the entire world—including Great Britain's colonies.*

than double the capital stock of all private corporations in the United States; or, it would build 350 TVA-style River Valley Authority programs; or, it was more than the Federal debt on V-J Day.

Wallace—who liked statistics and “figuring”—believed that the United States only survived the economic breakdown in the 1930s, because the bold, courageous action of the Roosevelt New Deal restored the people’s confidence in themselves and their faith in their free institutions.

In his 1945 book, he discussed the component parts of the U.S. economy that added up to 60 million jobs, and their interdependence, explaining what full employment means to the businessman, the worker, the farmer, and the veteran.

Wallace indicated that from the birth of our nation, we have “followed the line of action so wisely laid down by Alexander Hamilton,” in which an ounce of government stimulation or participation would result in a pound of private initiative and enterprise. Wallace recommended that people read Hamilton’s *Report on Manufactures*, from 1791, as proof that “our democratic government has the definite responsibility of stimulating our free-enterprise system, not just on behalf of the General Welfare, but also to keep free enterprise continuously a going concern . . . such bold strokes as the Homestead Act and the subsidizing of the railroads, through both land grants and cash payments, that we built to the limit of our geographic frontiers.”

**International New Deal.** During his Agriculture Department years, and then as Vice President during the war years,

Wallace adhered to the same “New Deal” principles for foreign policy, as for domestic programs. For example, he wrote on the concept of the general welfare for all peoples and nations in 1945, noting that, “The Bretton Woods Monetary and Financial Conference, in 1944, devised plans for two international organizations, a Stabilization Fund and an Investment Bank” to outlaw exchange-rate warfare. “Again, an ounce of pooled governmental activity, on a world basis, would create a pound and more of private activity in an undeveloped area.”

Roosevelt sent Wallace on international tours. Even before being sworn in as Vice President, Wallace asked for, and received, Roosevelt’s approval for a trip to Mexico. Taking advantage of the downtime between being elected Vice President in November 1940, and the January 1941 swearing-in, Wallace drove in his own car to Mexico, so he could stop and visit out-of-the-way places to see the people and nation close-up.

In 1943, Wallace toured seven other Ibero-American nations, representing FDR. Speaking Spanish and wanting to see how the common people, farmers especially, lived, Wallace was warmly welcomed throughout his tour.

In his book “The Century of the Common Man” in June 1943, Wallace gave an overview of world economic development, making specific reference to many parts of the world, and what could be done under FDR’s New Deal outlook, and how it fit with national precedents.

“This United Nations’ Charter has in it an international

bill of rights and certain economic guarantees of international peace. These must and will be made more specific. There must be an international bank and an international TVA, based on projects which are self-liquidating at low rates of interest. In this connection, I would like to refer to a conversation with Molotov. Thinking of the unemployment and misery which might so easily follow this war, I spoke of the need for productive public works programs which would stir the imagination of all the peoples of the world, and suggested as a starter a combined highway and airway from southern South America across the United States, Canada, and Alaska, into Siberia and on to Europe with feeder highways and airways from China, India and Middle East. Molotov's first reaction was, 'No one nation can do it by itself.' Then he said, 'You and I will live to see the day.'

"The new democracy by definition abhors imperialism. But by definition also, it is internationally minded and supremely interested in raising the productivity, and therefore the standard of living, of all the peoples of the world. First comes transportation and this is followed by improved agriculture, industrialization, and rural electrification. . . . As Molotov so clearly indicated, this brave, free world of the future can not be created by the United States and Russia alone.

"Undoubtedly China will have a strong influence on the world which will come out of the war and in exerting this influence it is quite possible that the principles of Sun Yat Sen will prove to be as significant as those of any other modern statesman."

In May 1944, right before the fateful Democratic convention, Wallace was sent to China and Soviet Asia, where he saw firsthand what he called the massive opportunity for TVA-style development programs that the United States could help provide the technology for.

### **FDR Picks Wallace for Vice President**

In 1940, Roosevelt himself selected Wallace for his Vice Presidential running mate, and frequently cited his reasons as being respect for his judgment and ability. Historian Richard J. Walton described it this way, in his 1976 book, *Henry Wallace, Harry Truman, and the Cold War*:

"Henry Wallace was the pre-eminent figure of the early 1940's, after only President Roosevelt himself. He was universally regarded as Roosevelt's heir to the New Deal wing of the Democratic Party. He was Vice President during most of World War II; he served at FDR's insistence over the protests of the party bosses, and had, for a time, more direct executive responsibility than any Vice President before or since. FDR chose him as Vice President after he had been for eight eventful years as Secretary of Agriculture, by general agreement the most effective in American history. As Bruce Catton, who worked under Wallace at the Department of Agriculture, suggested, 'he may well have been the most efficient Cabinet member in the Roosevelt administration. . . . He was a first-rate administrator, as a director of men and in handling a large government department.' "

On July 15, 1940, FDR told Secretary of Labor Francis Perkins, "I have decided on Wallace," according to the book *American Dreamer*. FDR praised Wallace as a man who "thinks right" and "has the general ideas we have." Clearly, the President knew that the nation was headed for war, and that he needed someone he could trust to carry out his approach.

The opposition was significant: There were 17 contenders for Vice President in 1940, and there was much opposition to Roosevelt running for an unprecedented third term; but there was more opposition to Wallace. The President finally had to give an ultimatum that it was Wallace as Vice President, or Roosevelt himself wouldn't run. It was a tough sell.

Roosevelt told Postmaster General and Democratic Chairman James Farley—who wanted Jesse Jones, the head of the Reconstruction Finance Corporation, as Vice President—that "Henry Wallace is the best man to nominate in this emergency." The President said, "I like him. He's the kind of fellow I want around. He's honest. He thinks right. He's a digger." When Farley responded with the stock line, that many people considered Wallace a mystic, Roosevelt snapped, "He's not a mystic. He's a philosopher. He's got ideas. He thinks right. He'll help the people think."

At the 1940 Democratic Party nominating convention, every mention of Wallace's name was greeted with boos and hisses. Harry Hopkins, Roosevelt's top aide-de-camp, said that the Conservative (Southern) Democrats found in Wallace a means to vent their rage. Roosevelt told Hopkins, "they will go for Wallace or I won't run and you can jolly well tell them so."

Roosevelt became so disgusted with the proceedings that he gave Sam Rosenman a letter declining the nomination for President. "In defiant prose, Roosevelt proposed to tell the Democratic Party it had always failed when it thought 'in terms of dollars instead of in terms of human values.' " "I cannot face both directions at the same time."

In the end, the threat letter by President Roosevelt wasn't needed. It was Eleanor Roosevelt's speech at the convention, in support of Wallace, that saved the day. FDR said, "Wallace's practical idealism will be of great service to me individually and to the nation as a whole."

*American Dreamer*, which provides the above account, gives a survey of the media descriptions of the new candidate: "Newspaper reporters struggled to introduce the peculiar new vice presidential candidate to their readers. He was, virtually every reporter agreed, 'shy' or 'reticent' or even 'extremely shy.' They said, 'He doesn't like parties; he doesn't enjoy the rough and tumble of political campaigning; he doesn't drink, smoke, or chew. . . . He relaxes by learning something new.' "

Many reporters observed that Wallace was a " 'deeply religious' man. . . . They were almost unanimous in praising his energy and intellect. . . . Norman Cousins, the young editor of the *Saturday Review*, rode with Wallace on a train back to Des Moines after the convention and came away in awe. 'Wallace seems to have read every book I could think of.' "



*Left: Wallace in Fairbanks, Alaska, with Russian Air Force Col. N.S. Vasin, following Wallace's return from China and Siberia, on the eve of the Democratic Party convention in 1944. The purpose of Wallace's trip was to assess the post-war economic needs of Russia and China. His opponents made use of his absence to pressure the President to replace Wallace as his running-mate. Above: Wallace with Generalissimo Chiang Kai-shek and Madame Chiang.*

## Wartime Service for FDR

Wallace became a very active and highly visible Vice President. In July 1941, Roosevelt appointed him as chairman of the Economic Defense Board (EDB), a policy and advisory agency dealing with international economic issues. The appointment—historic, in that it was the first time that a Vice President was given an administrative task—came just as Roosevelt announced he was going to build, per year, 50,000 lend-lease planes for America's allies.

Within six months of taking office, Wallace had become the strongest Vice President in U.S. history, having been appointed by Roosevelt to head up powerful organizations such as the Board of Economic Warfare (BEW), the Supply Priorities and Allocations Board (SPAB), the Office of Production Management (OPM), the National Defense Advisory Committee (NDAC), and the Top Policy Group (the secret atomic bomb committee). These positions gave Wallace wide-ranging powers to prepare the country for the emergency ahead, and he exercised those powers with energy and organizational expertise.

On Oct. 9, 1941, he arranged a meeting with Vannevar Bush, head of the Office of Scientific Research and Development, and Roosevelt. With only Roosevelt, Bush, and Wallace present, Bush conveyed that the British scientific committee known as MAUD and the U.S. National Academy of Sciences had concluded that it was feasible to build an atomic bomb. Soon after that, Roosevelt appointed Wallace—because of his scientific experience—Secretary of War Stimson, Army Chief of Staff George C. Marshall, and Bush to the Top Policy Group (TOP), a small secret committee to advise him on atomic policy, which would report to Roosevelt alone.

On Dec. 7, 1941, when Pearl Harbor was hit, Wallace was with Roosevelt into the early morning hours. Later, James

Reston of the *New York Times* described their relationship: "Henry Wallace is now the Administration's head man on Capitol Hill, its defense chief, economic boss and No. One post-war planner."

As the war proceeded, Roosevelt's attentions were more and more taken up with the complications of the international strategic alliances and demands. The U.S. economic mobilization was succeeding in producing huge output gains. But domestically, as well as internationally, there were tense factions and allegiances among allies.

One expression of this was the breach between RFC head and Commerce Secretary Jesse Jones, and Wallace. Roosevelt changed some lines of responsibility between them. Eventually, on the night that Roosevelt was inaugurated in 1945, his first act was to write a letter dismissing Jones from office.

But one pattern stands out. As Roosevelt increasingly spent all his time as commander-in-chief, Wallace came even more to be the spokesman for the New Deal, and what this would mean following the war.

On May 8, 1942, just six months after the United States entered the war, Wallace delivered his most famous wartime speech, cleared by Roosevelt. It was originally entitled "The Price of Free World Victory," but soon known as "The Century of the Common Man." This was one of the most widely known of all the wartime addresses, and it served as an elaboration of FDR's "Four Freedoms" Inaugural address of Jan. 6, 1941. It was a direct attack at *Time*, *Life*, and *Fortune* magazine editor Henry Luce's article, "The American Century," about prospects for a post-war American Empire which, like a latter-day Britain, would dominate the world and remake it in the American image (see box).

There are many recorded accounts of the esteem and ac-

ceptance for Wallace's service to FDR. In the 1973 book *Price of Vision*, by John Blum, there are several reports.

On Oct. 17, 1943, Wallace was invited to have lunch with Mrs. Roosevelt. She spoke frankly. She said her children were against a fourth term for the President, and that newspaper surveys indicated that if the war with Germany was over before the election (1944), the President probably wouldn't win. She told Wallace, to his surprise, that if *he* were nominated, he could win. The difficulty would be to get him nominated. But she said "that, of course, she and the President would be for Wallace as the logical one to carry out the policies of the President."

On Nov. 8, 1943, Sidney Hillman, former vice president of the CIO and the most active and influential labor leader in Democratic politics, had a 40-minute meeting with the

President. He told Roosevelt that labor was losing confidence in the Administration, and especially in the men who were immediately around the President. He said that the only member of the President's team in whom labor had complete confidence was Henry Wallace.

The March 5, 1944 edition of the *Washington Post* had an article by George Gallup, titled, "Wallace Given Wide Renomination Lead in Survey of Democrats," which showed that Wallace was preferred by 46% of the Democratic voters for Vice President. The next closest candidate, Cordell Hull, had 22%.

### Countdown to the 1944 Convention

The operation to thwart Roosevelt's post-war New Deal vision and destroy Wallace came to a head in 1944, when the

## Wallace: Century of the Common Man—Not Empire

*The explicit clash of outlook between Wallace's adherence to FDR's pro-development stance, versus the imperial view, came out in his widely read The Century of the Common Man, a book published under that title in June 1943. It was a compilation of recent speeches, principally that of May 8, 1942, originally titled, "The Price of Free World Victory," but soon known as, "The Century of the Common Man." Vice President Wallace took issue directly with Henry Luce, the media mogul, who was advancing the imperial idea of an "American Century" to come after the war—meaning the imposition of power via the United States, by an elite international political/financial alliance. Here are selections from Wallace's book, with sub-heads added:*

Some have spoken of the "American Century." I say that the century on which we are entering—the century which will come out of this war—can be and must be the century of the common man. . . . Everywhere the common man must learn to build his own industries with his own hands in a practical fashion. Everywhere the common man must learn to increase his productivity so that he and his children can eventually pay to the world community all that they have received. No nation will have the God-given right to exploit other nations. Older nations will have the privilege to help younger nations get started on the path to industrialization, but there must be neither military nor economic imperialism. The methods of the nineteenth

century will not work in the people's century which is now about to begin. India, China and Latin America have a tremendous stake in the people's century. As their masses learn to read and write, and as they become productive mechanics, their standard of living will double and treble. Modern science, when devoted whole-heartedly to the general welfare, has in it potentialities of which we do not yet dream. . . .

The experience of our own Tennessee Valley Authority program throws light on what may be achieved through careful planning and skillful engineering. This experiment in regional planning, begun nearly ten years ago, has been a striking success.

There are practical people in the United States who believe that we have the "know how" to help many of the poverty-stricken peoples to set their feet on the path of education, manual dexterity, and economic literacy. If American missionaries of a new type, equipped with this "know how," can work in cooperation with a United Nations investment corporation to develop flood-control works, irrigation soil reclamation, rural electrification and the like, it will make possible an expansion in half the area of the world reminiscent of that which was stirring in our own land during its rapid growth from 1870 to 1910.

The new missionaries, if they are to make their dreams come true in a really big way, must be able to grasp the enormous possibilities of combining governmental credit and organization with the drive of private initiative.

### Advance Science; Stop Cartel Control

And modern science must be released from . . . slavery. International cartels that serve American greed . . . must go. Cartels in the peace to come must be subjected to international control for the common man, as well as being

power-brokers representing the Synarchist corporate-financial interests, started circling Roosevelt's New Deal political machine like vultures. They operated through direct Democratic Party channels, outright undercover agents, media outlets, and probably J. Edgar Hoover at the FBI, among other networks. They realized that Wallace was a heartbeat away from becoming President.

By the Spring of 1944, especially after D-Day, the powerful Anglo-American networks who had pulled together for the war effort, realized that Hitler would be defeated, and that the key issue before them now was the shape of the post-war world. Having come in contact with FDR's anti-colonialist outlook, they were determined to destroy it—and that meant ensuring that Wallace was not renominated as Vice President.

The Democratic Party nominating convention in 1944

was July 19-23 in Chicago, at which the fateful outcome was orchestrated to install Harry Truman, not Henry Wallace, as running-mate for FDR's fourth term. This occurred ten months before Hitler's surrender, and at a time when Roosevelt was in failing health. The matter of post-war policy was uppermost. The outrageous events of the convention come into perspective, as one views some of the earlier maneuvers by networks activated against the New Deal.

Despite official reports to the contrary, it was widely known that President Roosevelt was in very poor health. Those who hated FDR's commitment to the general welfare were quite alarmed, since, at this point, if FDR died, Wallace would become President.

In May 1944, the President sent Wallace to Russia and China, on a 46-day tour, to confer with Generalissimo Chiang

under adequate control by the respective home governments. In this way, we can prevent . . . building a war machine while we sleep. With international monopoly pools under control, it will be possible for inventions to serve all the people instead of only a few.

### **Philosophy: Be a Good Neighbor**

There are three great philosophies in the world today. The first, based on the supremacy of might over right, says that war between nations is inevitable until such time as a single master race dominates the entire world and everyone is assigned his daily task by an arrogant, self-appointed Führer. The second—the Marxian philosophy—says that class warfare is inevitable until such time as the proletariat comes out on top, everywhere in the world, and can start building a society without classes. The third—which we in this country know as the democratic Christian philosophy—denies that man was made for war, whether it be war between nations or war between classes; and asserts boldly that ultimate peace is inevitable, that all men are brothers, and that God is their Father.

This democratic philosophy pervades not only the hearts and minds of those who live by the Christian religion, both Protestant and Catholic, but of those who draw their inspiration from Mohammedanism, Judaism, Hinduism, Confucianism and other faiths. When we look beneath the outer forms, we find that all these faiths, in one way or another, preach the doctrine of the dignity of each individual human soul, the doctrine that God intended man to be a good neighbor to his fellow man, and the doctrine of the essential unity of the entire world.

### **German Classical Culture**

[I]t is not up to the United Nations to say just what the German schools of the future should teach; and we do not

want to be guilty of a Hitler-like orgy of book burning. . . . There are many cultured German scholars with an excellent attitude toward the world who should be put to work on the job of rewriting the German textbooks in their own way. I believe these men would glorify peace and international honesty, re-establishment of the German culture of Beethoven, Schubert, Schiller, and Goethe; and the gradual preparation of the German spirit for an appreciation of rights for the individual, is as vital as a Bill of Duties toward the State.

### **Ibero-America—Post-War Employment**

On my recent visit to seven countries of Central and South America, I found the problem of postwar employment uppermost in the minds of many people. In every country I met with the leaders of union labor, the farmers, the businessmen, and the high officials of government. The representatives of labor were especially concerned about postwar problems. They said they feared that after the war the United States and England would not take such large quantities of their products and therefore they would be faced with serious unemployment. After talking over the matter, we all agreed that probably the most important contribution that could be made to the prosperity of the working man of South America would be full employment in the United States and England. . . .

In South America I did not go into details, but I am on the Resources Planning Board. In cooperation with the Federal Works Administration and other governmental agencies, and as part of its broader function, it is working out a program for the billions of dollars of public works which will be needed in the future. It is important to have these all ready to be started when the economic shock of peace comes, if private employment is not adequate to face the shock alone.

Kai-shek on military proposals, and to estimate China's capacity for feeding its 600 million people after the war. While Wallace was out of the country, the anti-New Deal networks went into high gear. In particular, the party bosses went to work on the President, playing upon his worsening health, to find a new running-mate and get rid of Wallace.

This pressure campaign was abetted by the fact that Eleanor Roosevelt was also out of the country on tour in May and June. FDR was very sick and weak, and with his two closest spokesmen for post-war New Deal policies away, the President was hounded by conservatives who wanted Wallace out. Although FDR was telling people that he wanted to keep the same old team, he was wavering.

A grouping of key party bosses—none of whom had been New Dealers—knew Roosevelt was a dying man, but didn't have the power get him to step aside as President; yet they were going to do anything short of assassination to prevent Wallace from being in a position to become President and continue FDR's policies. The core group included Robert Hannegan, the new chairman of the Democratic Party; Edwin W. Pauley; Ed Flynn; Ed Kelly; Frank Walker; and Edwin "Pa" Watson. They lobbied the President day and night to get another Vice President. Roosevelt, in his typical wily political way, had several other VP contenders thinking they had his favor. But, that was Roosevelt's shrewd style.

Robert Hannegan, who was from Missouri and was instrumental in getting Truman elected to the U.S. Senate, traveled 12,000 miles from January through June 1944, telling Democrats not to vote for Wallace. He sent messages to Roosevelt that Truman was well favored.

California oilman and chief Democratic moneybags Ed W. Pauley, the treasurer of the Party, for the entire previous year had toured the country telling Democrats not to support Wallace for Vice President. He pushed South Carolinian Jimmy Byrnes for the job.

Alabama Democrat "Pa" Watson, the President's Appointments Secretary, controlled access to the Oval Office. He collaborated in arranging for a steady stream of visitors who complained to the President about Wallace; Pauley persuaded Watson to keep out Wallace supporters, but give easy access to state chairmen, convention delegates, and national committeeman and non-politicians such as Walter Lippmann, who were against Wallace.

Bronx, New York boss Ed Flynn, chairman of the Democratic National Committee, and Chicago Mayor Ed Kelly, who had the power to deliver two crucial states, New York and Illinois, were both against Wallace. Another party leader backing them was Postmaster General Frank Walker.

### The Direct British Role

Besides this echelon of party bosses, the networks in operation against Wallace included British intelligence; and J. Edgar Hoover, the FBI Director. An entry in Wallace's diary for Dec. 19, 1944 notes, "Hoover specializes in building up a



*Lord Halifax, British Ambassador to the United States, a pro-Hitler oligarch, assigned staff to spy on Wallace, and complained about the Vice President's call for liberation of colonial peoples in Asia.*

file against the various public figures. . . . Hoover is apparently on his way toward becoming a kind of an American Himmler."

As early as 1943, British Ambassador Lord Halifax, a raving pro-Hitler operative, who had been responsible for directing the Munich policy of appeasement, had assigned personnel to watch Wallace, as a prime assignment.

One recorded incident of direct British espionage against the Vice President, concerning his Asian New Deal initiatives, is described in Anthony Cave Brown's book, "*C*": *The Secret Life of Sir Stewart Graham Menzies, Spymaster to Winston Churchill*. An adaptation of this episode appears in one of the murder-mystery novels later written by Elliot Roosevelt, FDR's son.

"Then there were the British," Cave Brown wrote, "alarmed by a pamphlet Wallace had written, *Our Job In The Pacific*, expressing in summary form many of his standard post-war goals. Among these were international control of airways, economic aid for Asian industrial development, the demilitarization of Japan, and self-determination for people living in colonial areas, including India. . . ."

Before the pamphlet went into print, however, a British secret service agent had obtained a manuscript copy and sent it to his superiors. The agent, Ronald Dahl, attended a social gathering at the house of Texas newspaper publisher Charles Marsh, at which Wallace had left Marsh an unpublished transcript. Dahl read it; he immediately contacted a British Embassy courier, who picked up the transcript, copied it, and brought it back before the party was over.

From Washington, the photocopy was routed through the British secret service operations in New York to Britain's wartime spymaster Sir Stewart Graham Menzies—code name, "C." Menzies took it to Winston Churchill. The docu-

ments calling for liberation of colonial peoples in Asia, “stirred Winston to cataclysms of wrath,” according to one observer. Soon British agents were busily gathering information on, and launching “commie” smear campaigns and digging up dirt against Wallace.

“Lord Halifax, Britain’s ambassador to the United States, personally protested Wallace’s ‘regrettable’ statements to Secretary of State Cordell Hull. Sir William Stephenson went even further. ‘I came to regard Wallace as a menace and I took action to ensure that the White House was aware the the British government would view with concern Wallace’s appearance on the ticket at the 1944 presidential elections,’ he later commented.

“The British secret service agent Ronald Dahl later told Wallace the British government feared that Roosevelt might offer the State Department to Wallace and weighed in strongly against it. Aside from the State Department position, Dahl said, the British government did not care what job he was given.

“Wallace also learned through his friend Frank McDougall that the British were suggesting Wallace be appointed head of the Food and Agriculture Committee of the United Nations, thereby removing him from politics for several years.”

### Wallace Tries To Counter the Opposition

Thus, the stage was set to dump Wallace. But, Wallace had no intention of standing aside and letting the New Deal die.

On July 10, 1944, Wallace returned from his Soviet-Asian trip. He spoke with his strongest backers and realized that things were not going well around the White House, and that he had been ganged up on. Wallace’s assistant, Harold Young, with information based on polls and data from Sidney Hillman’s powerful CIO-PAC, told him a recent Gallup Poll indicated that Wallace was now favored by 65% of the Democrats, and that labor was solidly behind Wallace and predicted Wallace would win on the first ballot. However, pressure from the White House and party bosses placed Wallace’s prospects at the July 19th convention in very serious jeopardy.

On the evening of July 10, 1944, Wallace met with the President, and told him about the favorable polls and labor support. The President seemed surprised to hear it. Wallace found out that the President was being lobbied hard to choose another running mate, and that the press was saying Wallace was too leftist or too idealistic, even too honest and not a political player.

Roosevelt, however, told Wallace he was his first choice for Vice President. He even sent a letter to the Convention Chairman Sam Jackson, that said, “I have been associated with Henry Wallace during his past four years as Vice President, for eight years earlier while he was Secretary of Agriculture, and well before that. I like him and I respect him and he is my personal friend. For these reasons I would vote for his renomination if I were a delegate to the convention. At the

same time, I do not want to appear in anyway as dictating to the convention. . . .” If Wallace didn’t win renomination, FDR promised his friend a Cabinet post.

Wallace told Roosevelt repeatedly that he would stand aside if the President wanted another person to be his running mate. But Roosevelt repeatedly told Wallace that he wanted “the same old team.” The President also encouraged almost all comers to seek the office, which led some individuals to feel they had Roosevelt’s blessing, when, in fact, they didn’t. However, Wallace also realized that the President was facing very strong pressure to go with Truman for Vice President, something Truman pretended he didn’t know anything about. Truman was telling everybody that Roosevelt was committed to nominating Jimmy Byrnes.

All the considerations which FDR took into account in deciding how to deal with the party factions who were determined to defeat Wallace, are beyond the scope of this article. What appears clear is that FDR did not think that he was about to die, three months into his fourth term, and that he therefore expected to be in control of the party, and his Cabinet, for some time to come. When he finally acceded to the party bosses’ insistence that alternatives to Wallace as Vice President be put forward—William O. Douglas or Harry Truman—the door was open for the convention fight, which, despite Wallace winning the plurality on the first ballot, Truman would win.

## Now, Are You Ready To Learn Economics?



The economy is crashing, as LaRouche warned. What should you do now?

Read this book and find out.

**\$10**

Shipping and handling: \$4.00 for first book, \$ .50 each additional book. Virginia residents add 4.5% sales tax.

We accept MasterCard, Visa, Discover, American Express.

ORDER NOW FROM

**Ben Franklin Booksellers**

P.O. Box 1707 Leesburg, VA 20177

1-800-453-4108 toll free

or 1-703-777-3661

[www.benfranklinbooks.com](http://www.benfranklinbooks.com)

e-mail: [benfranklinbooks@mediasoft.net](mailto:benfranklinbooks@mediasoft.net)



*THERE IS an American solution for American national problems if we approach them in the spirit of the men who called the Constitutional Convention and obtained, by their brilliant advocacy of the national approach, the adoption of the Constitution by the thirteen confederated States.*

*Henry Wallace was the author of numerous books on perspectives for development of the post-war economy, both at home and abroad. His premise was nation-building, not empire.*

## Wallace Remained a Target

On Nov. 7, FDR was re-elected for a fourth term. On Jan. 20, 1945, he and Truman were sworn into office. That night, instead of going to the inaugural reception, Roosevelt went back to the White House and wrote Secretary of Commerce Jesse Jones a letter, asking for his resignation, because he was giving the post to Henry Wallace. Later Roosevelt suggested that “Jesse knew a lot about money, but didn’t understand the general welfare.”

But the “Wallace issue” continued full force. A fight was orchestrated over his nomination as Secretary of Commerce. After he did get Senate approval, a slander campaign was launched to force him out of office at the earliest time. He refused to stand down.

When he started in March 1945 at the Commerce Department, he immediately set to work on its reorganization, in order to provide for programs that would foster post-war full employment. The Wallace papers at the University of Iowa have memoranda on the involvement of Sen. Lister Hill (D-Ala.)—major backer of the TVA, Hill-Burton Act, and so on, in this planning for post-war development. There was a draft law for the “industrialization of the South,” but it was never even introduced. These concerted efforts were thwarted at every turn.

Again, the fact that Wallace remained an issue of contention is best seen in terms of the larger fateful events of this

time period, and not of his particularities.

On April 12, 1945, President Roosevelt died of cerebral hemorrhage in Warm Springs, Georgia. Harry Truman became President. On May 7, Germany surrendered. Now ensued an intensification of moves by the utopians/Synarchists to detonate an act of horror to terrorize all post-war thinking.

## The Bomb

On July 16, 1945 the first atomic bomb, produced at Los Alamos Laboratories, was detonated at Alamogordo, New Mexico. On Aug. 6, the bomb was dropped on Hiroshima, Japan; on Aug. 9, on Nagasaki. On Sept. 2, Japan—which had agreed to cease warfare much earlier, made its formal surrender.

Within a year, Wallace himself was out of office at the Commerce Department, never again to hold government position.

After Roosevelt’s death, Wallace had been highly critical of Truman’s policies, saying they were anti-FDR and were provoking the Russians into what became the Cold War. Things like cutting the Lend-Lease program to Russia the next day after Germany surrendered; providing billions of dollars in reconstruction loans to Britain, but none to Russia; providing military funding to Greece; and building a ring of military air bases around Russia, all were provoking the



Russians with an Anglo-American confrontation policy, Wallace said.

Wallace, like some others in the Truman Administration, thought the United States should share its information about nuclear power with everyone: that if it were promoted and shared for peaceful means, there would be no threat posed to Russia; but in contrast, the right-wing military policy of confrontation would drive Russia into a frenzy and they would build their own bomb. They did.

Wallace agreed with the top nuclear scientists like J. Robert Oppenheimer, that any country with good scientists could develop nuclear power, so why act like it's a big secret? Wallace wanted the U.S. nuclear program under the control of civilian agencies, and completely out of the hands of the military. The military worried him.

*American Dreamer* gives these specifics:

"On October 15, 1945, Wallace presented his memo to Truman saying . . . 'apparently the purpose of Britain was to promote an irreparable break between us and Russia. Britain's game in international affairs has always been intrigue, but we must not play her game.' "

Wallace thought the atomic bomb problem involved three interconnected problems. "First, as long as the United States makes atomic bombs she will be looked upon as the world's outstanding aggressor nation," Wallace wrote. And "Steps should be taken immediately to place atomic weaponry under international control" with the aim of destroying "all weapons of offensive warfare. . . . An atomic bomb race between nations means the end of humanity.

"Second, the United States should recognize and promote the unlimited civilian benefits offered by atomic energy. The civilian application of atomic power must not be held back by the military," he told Truman.

"Third, the control of U.S. atomic energy should rest with a civilian atomic power commission, its director appointed by the president and confirmed by the Senate."

But the Churchill-Truman policy of confrontation was advancing. On March 5, 1946, Churchill came to Fulton, Missouri, at Westminster College, for the famous "Iron Curtain" speech. He was introduced by President Truman. Churchill called for a "fraternal association of the English-speaking peoples" to stand up against the Soviet Union—a Cold War. He said, "From Stettin in the Baltic, to Trieste in the Adriatic, an Iron Curtain has descended across the continent." Only British and American military strength could meet the threat.

Truman sat behind him applauding.

Wallace heard of the speech in Washington, D.C., at a dinner party hosted by Dean Acheson, at which the Australian Ambassador to the United States, Dick Casey, and his wife praised Churchill's call. Wallace wrote later in his diary, "I promptly interjected that the United States was not going to enter into any military alliance with England against Russia; that it was not a primary objective of the United States to save the British Empire."

In September 1946, a speech by Wallace at Madison

Square Garden, in New York City, became the occasion for a direct London denunciation of him, and public demand for his removal from office. On Sept. 12, 1946, in an address titled, "The Way to Peace," Wallace said, "He who trusts in the atom bomb will perish by the atom bomb—or something worse. . . . But to make Britain the key to our foreign policy would be . . . the height of folly. . . . We must not let British balance of power manipulations determine whether and when the United States gets into war.

"Make no mistake about it—the British imperialistic policy in the Near East alone, combined with Russian retaliation, would lead the United States straight to war. . .

". . . It is essential that we look abroad through our own eyes and not through the eyes of either the British Foreign Office or a pro-British or anti-Russian press. . . . The tougher we get, the tougher they get.

"I believe that we can get cooperation once Russia understands that our primary objective is neither saving the British Empire nor purchasing oil in the near East with the lives of American soldiers. We cannot let national oil rivalries force us into a war. . . ."

The next day, a political and diplomatic storm erupted. Truman, who had previewed the speech and approved it on Sept. 11, lied and told the press that Wallace never showed him the speech. Secretary of State Byrnes and the press went ballistic, and on Sept. 20, Truman asked for Wallace's resignation and got it. Truman promptly appointed Averell Harriman in Wallace's place.

For the next two decades, Wallace continued to battle for national policy direction as he saw it. That is a story for another telling.

## References:

- Bishop, Jim, *FDR's Last Year, April 1944-April 1945* (New York: William Morrow, 1974)
- Blum, John Morton, ed., *The Price of Vision: The Diary of Henry A. Wallace, 1942-1946* (Boston: Houghton Mifflin, 1973)
- Culver, John C., and Hyde, John, *American Dreamer* (New York: W.W. Norton, 2000)
- Fleming, Thomas, *The New Dealers' War: Franklin D. Roosevelt and The War Within World War II* (New York: Basic Books, 2001)
- Kingdon, Frank, *An Uncommon Man: Henry Wallace and Sixty Million Jobs* (New York: The Readers Press, Inc., 1945)
- Walton, Richard J., *Henry Wallace, Harry Truman, and the Cold War* (New York: The Viking Press, 1976)

## By Henry A. Wallace:

- New Frontiers* (New York: Reynal & Hitchcock, 1934)
- Our Job in the Pacific* (New York, San Francisco, Honolulu: American Council, Institute of Pacific Relations, 1944)
- Sixty Million Jobs* (New York: Labor Book Club, Inc., by arrangement with Reynal & Hitchcock and Simon and Schuster, 1945)
- Soviet Asia Mission* (New York: Reynal & Steiger, 1946)
- The American Choice: Foreign and Domestic Policy for America Now* (New York: Reynal & Hitchcock, 1940)
- The Century of the Common Man* (New York: Reynal & Hitchcock, 1943)
- The Price of Free World Victory* (New York: L.B. Fischer, May, 1942)
- Whose Constitution: An Inquiry Into the General Welfare* (New York: Reynal & Hitchcock, 1936)

## Soros Wins Bolivia Round; Area Slides Toward Drug Empire

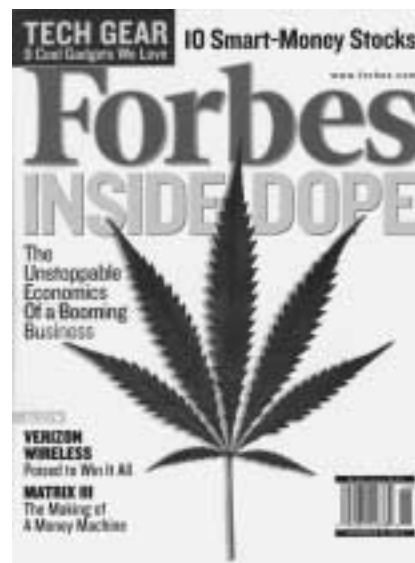
by Dennis Small

In the two weeks after Bolivian President Gonzalo Sánchez de Lozada's forced resignation on Oct. 17, articles and editorials in the *Financial Times*, *Washington Post*, *Wall Street Journal*, *Miami Herald*, *New York Times*, Mexico's *Reforma*, and the *London Observer*—among numerous others on every continent—have all reported, give or take a phrase or nuance, that:

- Sánchez de Lozada was overthrown because his aggressive, U.S.-sponsored anti-drug campaign was threatening to wipe out the country's ancestral coca leaf cultivation among Bolivia's peasants;
- This once again proves that such a war on drugs cannot succeed—not in Bolivia, nor in Peru or Colombia, the other two major world producers of coca leaves and refined cocaine—and it is therefore necessary to “rethink” drug legalization as an alternative.
- The International Monetary Fund (IMF) “failed” in Bolivia, because it made Sánchez de Lozada adopt neo-liberal economic reforms which alienated the population and drove them to support *cocalero* leader and drug legalizer Evo Morales.

Monotonously repeated dozens, if not hundreds, of times, these three points are *all false*; in fact, they are, in most cases, intentional *lies* propagated through the influence of the world's leading drug legalizer, George Soros. Soros works both sides of the legalization street: Inside the United States on the consumer side, he bankrolls drug-legalization referenda, and is moving aggressively to buy up Democratic Party candidates; on the producer side, he finances the *cocalero* movement and allied political movements across South America (see box).

Arguing Lie #1, Mike Mulligan wrote in the Oct. 23 edition of the *London Financial Times*, that the prime cause for the overthrow of the Sánchez de Lozada government was: “The eradication of much of the country's illicit coca—the



One of drug-legalizer George Soros' bailed-out assets, Forbes magazine, celebrates.

plant used to produce cocaine—[which] has cut domestic output by \$240 million, or 3% of GNP, according to conservative estimates.” The bombshell contained in this laconic City of London commentary, is that coca production is matter-of-factly considered to be part of GNP; i.e., part of national economic wealth. The more coca there is, the more the economy grows. Drug eradication, by this logic, is bad for the economy. *EIR*, in its July 16, 1999 edition, revealed that on June 9 of that year, the Colombian government had just announced that they had made “methodological changes” for calculating GNP, to reflect “inclusion of illicit crops in agricultural production.” Colombia had done this *at the insistence of the IMF*. *EIR* warned at the time that, de facto, “this is the legalization of the drug economy”; and that this precedent-setting practice would soon spread. And now it has, to Bolivia.

## Soros' Army of Legalizers

"Many *cocalero* brothers . . . after what happened in Bolivia . . . are asking to take up arms," Peru's leading *cocalero* Nelson Palomino told *Correo* daily Oct. 27. Palomino's Peruvian Federation of Coca Growers coordinates tightly with Evo Morales, the leader of the Bolivian uprising. Last February, representatives of Morales and Palomino met with Soros' drug-legalization team at a conference in Merida, Mexico, billed as a strategy session to map out the next phase of the legalization war throughout the Americas. The conference was made possible by Soros' money, and a featured speaker was Ethan Nadelman, director of his Drug Policy Alliance, who said the Merida meeting "shows us that opposition to drug prohibition is popular and widespread in Latin America. And it has begun to unite."

Since the mid-1990s at the latest, Soros' apparatus has financed and directed the Andean Council of Coca Leaf

Producers (CAPHC), which joins Morales and the Peruvian coca-growers, with Ecuadorian, Colombian, and Brazilian assets of the drug cartels. And the Soros-financed Andean Commission of Jurists is one of the leading drug-legalization lobbies in Ibero-America. That commission functions as a de facto branch of Human Rights Watch/Americas; both target government officials and military officers involved in fighting the drug cartels as human rights violators.

Human Rights Watch/Americas is Soros' "baby." He gave it start-up capital, sits on its board, and has poured money into it ever since, as a central part of his drug-legalization project. Jorge Castañeda, Mexico's former Secretary of Foreign Relations and an outspoken advocate of legalizing dope, was named to the executive board of HRW earlier this year. Argentina's former Montonero terrorist leader, Horacio Verbitsky, a member of the HRW advisory board, co-authored the prologue to a new book pushing drug legalization, with none other than Argentina's newly-named Supreme Court judge, Eugenio Zaffaroni.—Gretchen Small

## Disproving the Lies

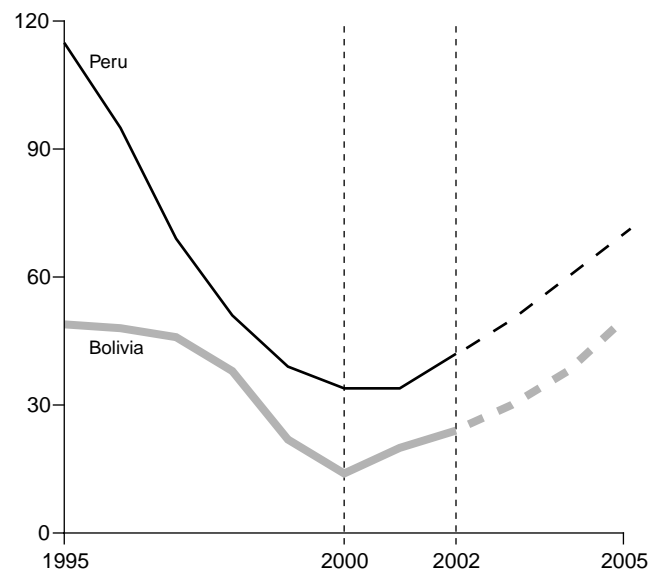
Lyndon LaRouche said of the *Financial Times* commentary: "This is pushing drugs. We caught them dead to rights. They're pushing drugs, which is what George Soros is doing. And Soros is trying to buy the Democratic Party with the proceeds of his policy."

As for the line that Sánchez de Lozada cracked down on drugs, it just isn't so. **Figure 1** shows that coca cultivation dropped dramatically in Bolivia from 1997-2000, by 70%, under the August 1997-August 2001 Presidency of General Hugo Bánzer. When Bánzer left office because of advanced cancer in mid-2001, cultivation began to increase again under interim President Jorge Quiroga, and maintained its upward trajectory when Sánchez de Lozada became President in August 2002. Over two years, it rose from about 14,000 to 24,000 hectares, a 70% rise. This trend can be expected to continue, and worsen, in the coming years, as IMF policies in Bolivia have destroyed other sources of livelihood, and consequently strengthened the hand of *cocalero* leader Evo Morales, who could well become President of Bolivia in the months ahead.

The dramatic increase in drug production under Sánchez de Lozada's should come as no surprise. Back in June 1993, when he was elected President of Bolivia for the first time, he told Spain's *Tiempo* magazine: "Prohibition has never achieved anything. . . . It is terrible to say it, but taxes should be placed upon the drug trade." Nor is promoting drug legalization merely some personal opinion of his. Sánchez de Lozada is a member of the Inter-American Dialogue, a leading Washington think-tank of the Anglo-American bankers, which first began its campaign for legalization back in 1986,

FIGURE 1  
**Coca: Net Area Cultivated, 1995-2005**

(Thousands of Hectares)



Sources: U.S State Department, United Nations, *EIR*.

arguing that drug proceeds were needed to pay foreign debts: "Drug profits . . . are substantial for strapped economies carrying large burdens of external debt."

Figure 1 also shows a parallel process in Peru. Since leading anti-drug President Alberto Fujimori was driven from office in November 2000, coca cultivation has grown there as well—by about 25% over the past two years. Who toppled Fujimori? Wall Street, the U.S. State Department, and a cool \$1 million that George Soros admits he gave in mid-2000 to opposition leader Alejandro Toledo, now Peru’s President. Judging by the coca-cultivation trend shown, Toledo is now returning the favor to Soros and his dope pals. And if these policies continue in Peru—and all opposition to them is now being smashed by the Soros-funded Truth and Reconciliation Commission—coca cultivation will continue to rise there as well.

The second Big Lie is that Bolivia once again proves that you can’t win the war on drugs, and so it is time to legalize. Our attention here turns first to Jeffrey Sachs, the “Harvard punk” economist who is now head of the Earth Institute at Columbia University. Sachs wrote in the Oct. 26 *Washington Post*: “The roots of Bolivia’s upheaval . . . was the U.S. demand in recent years that Bolivia eradicate tens of thousands of hectares of coca, thereby robbing 50,000 or so peasant farmers (and perhaps five times as many dependents) of their livelihoods.” Brilliant development economist that he is, Sachs elaborated that coca is just a commodity like any other: “Investors in Bolivia have . . . always been interested in commodities with a high value per weight—gold, silver, tin, oil, natural gas, and coca leaf.”

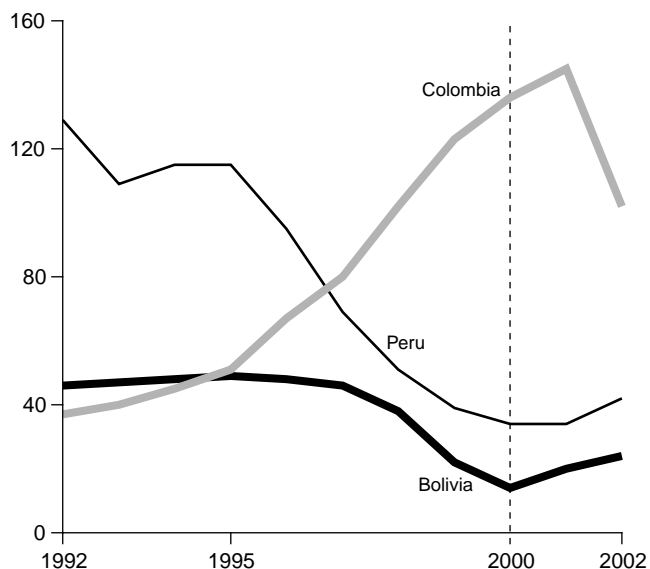
Sachs included high praise for the toppled President of Bolivia: “20 years ago . . . as a new planning minister, Sánchez de Lozada designed a bold economic strategy based on a restoration of democracy, market reforms, and increased social investments.” But Sachs omitted from this account, that *he* was planning minister Sánchez de Lozada’s top economic advisor from 1985-1987, and that his policies *intentionally* destroyed Bolivia’s productive economy and unleashed coca production. Sachs himself proudly related the story in his 1988 study, *Bolivia: 1952-1986*: “To preserve fiscal balance, the government had to launch a brutal battle to reduce payrolls in Comibol [the state tin company] and YPF [the state oil company]. . . . Many of these workers are still unemployed, or only marginally employed, or have gone to the coca-growing region to find work. The mining towns themselves have been decimated.”

As a result of his Bolivian achievements, Sachs was brought into post-Communist Poland in 1989-90 by—George Soros, presumably to bring about similar results there. As Soros put it, “I joined forces with Professor Jeffrey Sachs of Harvard University, who was advocating a similar program, and sponsored his work in Poland through the Stefan Batory Foundation.”

*Wall Street Journal* Americas Editor Mary Anastasia O’Grady on Oct. 24 left less to the reader’s imagination in her promotion of drug legalization: “Bolivia’s ‘indigenous’ movements ironically draw much of their power from *cocaleros* clamoring for free markets and property rights. By deny-

FIGURE 2  
Coca: Net Area Cultivated, 1992-2002

(Thousands of Hectares)



Sources: U.S. State Department, United Nations, *EIR*.

ing farmers the opportunity to sell the crop that yields the best return, the government effectively confiscates their property. One can argue about the merits and costs of prohibition.”

And then there is former Mexican Foreign Minister and current Presidential hopeful, Jorge Castañeda, a member of the executive board of Soros’s Human Rights Watch, and an ardent advocate of drug legalization. Castañeda wrote an op-ed in the Oct. 22 edition of Mexico’s *Reforma* daily in which he called for Bolivia to hold a referendum on whether or not to legalize coca production, intoning sanctimoniously that “you can’t eradicate a traditional crop such as coca without proposing an alternative . . . because entire populations depend on this activity.”

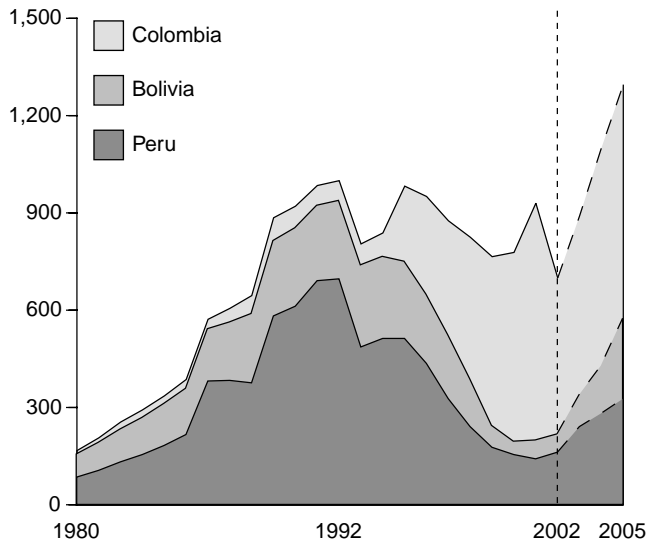
**Figure 2** shows how patently false is the argument that the war on drugs cannot work. While Colombia’s coca cultivation rose almost four-fold from 1992-2000, under one pro-drug President after another, Peru under Fujimori cut cultivation by 75% in that same period; and Bolivia’s dropped almost as dramatically, especially under Bánzer. It was only when Soros and the IMF managed to get rid of these leaders and their policies, that cultivation began to rise again in the two countries.

In Colombia, coca cultivation has declined only in the last year or so, under the Presidency of the anti-drug Alvaro Uribe, who entered office in August 2002. But Uribe last week suffered a stunning political defeat in mid-term elections, largely as a result of his own foolish adherence to highly unpopular IMF economic austerity policies. As a result, former Commu-

FIGURE 3

**Cocaine Quantity Produced, 1980-2005**

(Tons)

Sources: U.S State Department, United Nations, *EIR*.

nist Party Central Committee member Luis Garzón was elected Mayor of Bogotá—the second most powerful elected post in the country—and he is expected to use his political muscle to force Uribe to negotiate power-sharing with the narco-terrorist FARC, the largest cocaine cartel in the world. Such “dialogue” is a long-standing Soros objective. If these policies prevail, Colombia can be expected to join neighboring Peru and Bolivia in a dramatic renewed expansion of coca cultivation

Total cocaine produced in the region could thus soar over the next two to three years, from some 700 tons in 2002 to almost 1,300 tons in 2005, as reflected in *EIR*’s projections in **Figure 3**.

Are Bolivian developments of the recent period thus to be construed as yet another “failure” for the IMF—as we are being told—having virtually handed the country over to the *cocaleros*? Absolutely not. This is precisely the *intention* of the IMF and the financial oligarchy that deploys it: Bolivia constitutes a *success* for their policy of promoting drug legalization, and creating social and economic institutional chaos on a global scale, in order to maintain political control. Readers should not forget that it is the IMF that has for years insisted that drug production be counted as part of GNP and economic growth. Nor that former New York Stock Exchange president Richard Grasso, in June 1999, met with the FARC cartel’s top financial leader, Raúl Reyes, in the jungles of Colombia, to discuss “mutual investments.” And do not forget that Lyndon LaRouche’s *EIR* has been warning about this reality of *policy intentions*, for decades.

## Now, Colombia Is Threatened by Debt Bomb

by Javier Almarío

The increase of old taxes and creation of new ones; a brutal reduction of government expenditures; a wage freeze for public employees; ceilings and cutbacks of retirees’ pensions; and other austerity measures contemplated by the Alvaro Uribe government in Colombia to be able to sustain payment on the growing foreign debt, could trigger unprecedented social explosions, much as just occurred in neighboring Bolivia. Ironically, such measures will not prevent Colombia from falling into default.

On Oct. 17, the Colombian Congress approved the 2004 budget, which includes service payments on the foreign debt of some \$12 billion out of a total budget of approximately \$30 billion! More than one-third of the national budget will be spent in subsidizing the nation’s creditors, the majority of them domestic and international speculators, banks, and investment funds that live, literally like parasites, on that national budget.

### Worse Than Argentina

The situation is so serious that even former President Julio César Turbay Ayala, in an Oct. 15 interview granted to the newspaper *La República*, stated that Colombia’s situation was more serious than that of Argentina, because in that country the public debt represents 50% of the Gross Domestic Product, while in Colombia, it represents 53% of the GDP.

It is very difficult today to distinguish between foreign and domestic debt, given that national banks are merely branches of international banks, and pension funds—the main buyers of domestic debt—are largely administered by foreign investors. Thus, it comes as no surprise that Colombian pension funds are very worried about the Argentine debt moratorium, and the Argentine government’s proposal to recognize only 25% of the debt. A recent study by one of these funds, Corfivalle, says that those affected in Argentina will largely be Argentine pensioners, who are—courtesy of their international financial managers—the primary holders of public debt. The Argentine pension funds, according to the study, have deposits of \$15 billion, of which \$9.7 billion are public debt paper. “Under the scenario proposed by the government, the outstanding amount of those [Argentine] bonds would be reduced by 75%, and would turn into \$2.4 billion,” as a result of which the pension fund portfolios would end up with half the value they currently hold. In Colombia, 45% of the pension fund portfolios are in state paper.

At an Oct. 15 conference, Juan Manuel Santos, formerly finance minister to Colombian President Andrés Pastrana (1998-2002), stated that Colombia's agreements with the IMF have been good, but that "the architecture of the international financial system is perverse," because financing of countries depends too much on the arbitrary and subjective perception of "the market."

The Pastrana government signed an agreement with the IMF in 1999, an agreement which today's Uribe government has inherited. The official text of the agreement with the Fund only contains cold figures on the deficit, the balance of payments, inflation goals, and so forth. But it is clear that in order to meet these goals, the government has been obliged to comply with a series of non-stated agreements represented by the approval of at least 14 pieces of legislation that the government has submitted to Congress—including tax and pension reform, a law of fiscal responsibility, labor reform, and changes in the transfer of resources from federal to municipal and provincial governments.

As part of these implicit agreements, the Colombian government assumed the cost of bailing out the bankrupt Colombian financial system. The system collapsed because the physical economy hasn't the wherewithal to pay its debts. The government spent some \$10 billion to salvage the banks, and then offered the budget to these banks as a profitable resource of last resort. The rescued banks had no one to lend to, because no one was deemed "worthy of credit"; and so they lent to the government, which provided acceptable profitability without their having to go out and seek clients. The banks continue to earn interest merely by recycling the money they lend to the Bank of the Republic, or to the Guaranty Fund of Financial Institutions.

What is strange about this "free market" subsidized by the state is that each time the IMF, the bankers, and the government technicians analyze the figures, they conclude that state expenses are too "inflexible." Somehow, it never occurs to them that the only state expense which is really growing, and which therefore should be drastically cut back, is the expenditure on serving a debt which is devouring the national budget like a malignant cancer.

The recently approved budget allocates \$3.5 billion for payment of interest. That sum could fall short, however, if the "markets" determine a greater devaluation of the Colombian peso (experts think that the additional cost could be as much as \$6 billion). How nice, to give Colombia a further opportunity to subsidize the national and international banking systems by making the enormous sacrifice of reducing Colombia's defense budget (in a nation ravaged by narco-terrorism), along with its health, education, and investment budgets; looting the pensions of the elderly through new taxes; looting the labor force by increasing the age of retirement; and firing public workers! If this parasitization of the national budget is not addressed, Colombia will continue down the road to disintegration as a nation.

# U.S., Israel Militaries Caution on Syria War

by Dean Andromidas

The escalation of tensions along the Lebanese-Israeli border signals that Syria is still in the crosshairs of Vice President Dick Cheney's war party in Washington and their "hand grenade," Israeli Prime Minister Ariel Sharon. Nonetheless, signs of unease at the prospect of wider Mideast war are surfacing within the professional military establishments of the United States and Israel.

U.S. Presidential candidate Lyndon H. LaRouche warned that the refusal of Cheney's faction to change policy, in the face of the growing Vietnam-type resistance war they face in Iraq, is a clear sign that they will unleash Sharon against Syria and Lebanon—in order, they think, to shift and widen the battlefield. LaRouche warned that great wars are started in such situations, when someone starts a bonfire, and it gets out of control and becomes unstoppable. That is the great danger of the current Middle East strategic situation.

A senior British intelligence source indicated that Sharon, because of his own failure to crush the Palestinians, would also want to expand the war. "You have to see, Sharon is losing this war," the source said. "That's what makes him so dangerous, [Sharon and his generals] will tend to kick out when in this position." A senior European strategist told *EIR* that Israeli military action against Syria is likely in the near term; a military attack against Syria would proceed in coordination between the United States and Israel, and Turkey has also been approached for overt or covert participation. Syria is being discussed, the strategist said, as an "easy target," a country with weak military capabilities where a quick victory seems guaranteed, with which one could deflect from the Iraq fiasco.

## Build-Up for War

On the afternoon of Oct. 27, the southern Lebanese militant forces of Hezbollah fired dozens of mortar shells and Katyusha rockets against Israeli positions in the disputed Shaba Farms sector along the Lebanese-Israeli border. The Israelis immediately responded, firing hundreds of artillery shells across the border and launching air attacks near villages along the border. The Hezbollah attack was more than predictable, following Israel's Oct. 5 attack on a Palestinian camp in Syria, the first Israeli attack against Syria since the cease-fire agreement ended the 1973 war, and a clear opening shot for war against Syria. That attack was tacitly supported by the Bush Administration and openly praised and encouraged by

neo-conservative mouthpiece Richard Perle, senior advisor to Secretary of Defense Donald Rumsfeld. In Jerusalem on Oct. 12, Perle declared he was “happy to see” that Israel was “responding to acts of terror that originate in Lebanese territory by going to the rulers of Lebanon in Damascus.”

Following the attack on Syria, Israel began a troop and artillery build-up precisely in the Shaba Farms sector. It then deployed jet fighter bombers on a daily basis to conduct low-level overflights the full length of Lebanon, causing sonic booms over Beirut and other cities.

When the predetermined Hezbollah attack occurred, Sharon’s generals escalated; Northern Commander Maj. Gen. Benny Ganz called the Hezbollah attack a “dangerous factor, which may make a situation such that we may have to act with very, very strong force. In that case, I would assume that it would be preferable to be an Israeli citizen rather than a Lebanese citizen.” This statement was followed within hours by Israeli Defense Minister Shaul Mofaz claiming, “We have a very, very deep understanding that on the northern border they are planning a more significant attack than artillery and anti-tank fire at Israeli soldiers. The northern command is prepared for this.”

On Oct. 29, “security sources” quoted by the Israeli daily *Ha’aretz* signaled that Israel was prepared to attack Syria again, by claiming Syrian involvement in the Hezbollah Oct. 27 acts. The attack occurred while a Syrian military delegation, led by Chief of Staff Gen. Hassan Turkmani, was visiting Beirut. The Lebanese Army released a statement saying that it and the Syrian Army had looked into ways to “confront challenges and enemy threats to which both Lebanon and Syria would respond. A unified formula was reached on the issue.”

Parallel to these border tensions, the chicken-hawks in Washington have relaunched the baseless claim that Saddam Hussein hid all his weapons of mass destruction, never found in Iraq, in Syria. On Oct. 28, James Clapper, Jr., head of the U.S. National Imagery and Mapping Agency, who was appointed to that position personally by Rumsfeld, held a “breakfast with reporters.” Speaking Rumsfeldian English, Clapper said, “I think people below the Saddam Hussein-and-his-sons level saw what was coming, and decided the best thing to do was to destroy and disperse.” He said that the study of satellite imagery had “inferentially” and “unquestionably” convinced him that the heavy pre-war vehicular traffic entering Syria was filled with Iraq’s forbidden weapons.

After the bloody attacks in Baghdad of the week of Oct. 26 which killed over 50 people, the war party also made much of the capture of one attacker with a Syrian passport, although the man was, in fact, Iraqi.

### **Local American Commanders Disagree**

U.S. military commanders who are closer to the ground in Iraq, especially those involved in patrolling its borders, are openly contradicting the reports of the Bush Administration.

The U.S. military command has an extensive border control operation involving thousands of American and Iraqi troops and border guards. This is supported by “Operation Chamberland,” which utilizes the sophisticated Joint Surveillance Target Attack Radar System (JSTARS) planes. The planes in turn are backed by ground forces which have been gathering information about vehicle movement along the border.

Commanders from the 101st Airborne Division ruled out any significant infiltration from Syria. “If somebody is saying the Ho Chi Minh Trail runs through my area of operations, I’m going to tell them they’re wrong,” Lt. Col. Joseph Bush, commander of the 3rd Brigade of the 101st Airborne’s 3rd Battalion, told the *Washington Post* on Oct. 29. These commanders report that traffic across the border is primarily commercial. It is thoroughly inspected and is vital for the reconstruction of Iraq.

Within Israel, plans for war on Syria are creating growing unease within the upper echelons of the Israeli Defense Forces (IDF). On Oct. 30, public criticism of Sharon’s Palestinian policies by Lt. Gen. Moshe Ya’alon, the IDF chief of staff, in an interview with Israel’s three main dailies, rocked Israel. Sharon reportedly told Defense Minister Mofaz that Ya’alon must retract his statements, or resign. Instead, IDF spokesmen issued “clarifications” denying that the chief of staff had criticized the government; but then reiterated his essential point.

Amir Oren wrote in *Ha’aretz* on Oct. 17, that Sharon and Defense Minister Mofaz, along with the “hawks in the Bush Administration,” favor a “quick” war against Syria, while the IDF general staff as well as ground forces commanders disagree: “The IDF, in an approach that subverts Mofaz right under his nose, has already expressed doubts about the logic of the next war with Syria. . . . Out of politeness, at the General Staff they have not dared to say explicitly that this will be a superfluous war, and have only spoken about the necessity of avoiding ‘an intolerable price for the people of Israel and the IDF.’ ”

Most unusually, Oren named top IDF commanders who are reported to have expressed this position: Gershon Hachohen, Tal Russo, Yitzhak Harel, and Yair Golan. But, “The Pentagon, in both its civilian and military elements, is itching for battle with Damascus and at the usually moderate State Department, the most belligerent official, John Bolton, heads the Bureau of Nonproliferation and the interface between unconventional weapons and regimes that support terror.”

Oren then revealed a scenario of how a war against Syria would unfold: “Spurred by Bolton, and after months during which marines and sailors of the Sixth Fleet have been practicing taking over ships carrying suspicious cargoes, an American-Syrian confrontation is approaching, which will begin with the interception of prohibited equipment on its way by air or by sea, from North Korea or Iran. The Syrian countermove will be a strengthening of its alliance with Iran, which is ahead of Syria in the sights of the administration of George W. Bush.”

# Russian President Backs Crackdown on Oil Magnate

by Rachel Douglas

Neither his monetary fortune, nor his status as darling of the *Wall Street Journal* and the London- and U.S.-based oil multinationals, could protect Yukos Oil CEO Mikhail Khodorkovsky from arrest by Russian authorities on Oct. 25. Two days later, President Vladimir Putin spoke out on the Yukos affair more decisively than ever before, making clear that the courts and law enforcement agencies have his backing to go after the company. Then, when it was reported, on Oct. 29, that Kremlin chief of staff Alexander Voloshin had tendered his resignation, and that the Russian Ministry of Natural Resources was conducting an inventory and review of all oilfield licenses granted to Yukos, no doubt could remain about the far-reaching strategic implications of the events around Yukos.

## Related to Global Strategic Situation

Putin's move to back up—now openly—the prosecutors against Yukos, signals his appreciation of the world situation.

In the face of current U.S. government intentions to launch more wars, Russia's national security concerns increasingly take priority over making accommodations for the sake of promised foreign investment. Putin's go-ahead for the Yukos crackdown—like his approval of a harshly-worded posture paper from the Ministry of Defense on Oct. 2 (see "Russia: NATO May Force Nuclear Strategy Shift," *EIR*, Oct. 17)—is part of the Russian response to lunacy in Washington.

Yukos Oil had been the second largest oil company in Russia. After its merger this year with Khodorkovsky's fellow oligarch Roman Abramovich's Sibneft, it became the largest in Russia and fourth-largest in the world. Khodorkovsky has frequented London, New York, Washington, and Houston during the past two years, promoting Russia's potential to supply Western oil needs, especially if wars kept the Middle East in turmoil. In June 2001, when Yukos became the first big Russian firm to publicize its ownership structure of nested offshore holding companies, based in Gibraltar and the Isle of Man, the *Times* of London puffed Khodorkovsky as having "gone from being a shadowy figure associated with the alleged plunder of Russia, to the country's richest and most famous business leader," whose decision in favor of financial transparency "could set a trend

that would make Russia far more attractive to investors."

All the while, investigators in the Russian Prosecutor General's Office had Yukos in their sights. This past Summer, Khodorkovsky's fellow Yukos executive and stockholder Platon Lebedev was arrested, and has been held ever since. At issue are, at minimum, tax evasion and illegalities in the 1994 acquisition of a company called Apatit. Many analysts initially chalked the affair up as a political skirmish in advance of December's State Duma elections, insofar as Khodorkovsky had spread contributions among many political parties.

But the attention paid by investigators to the events of nearly a decade ago, during the fire-sale privatizations when so-called "oligarchs" like Khodorkovsky made their fortunes, hinted at a shift, away from allowing the unbridled stripping of Russian raw materials resources to continue. (See "Why Russian Oligarchs Are Now Under Attack," *EIR*, Aug. 22).

Khodorkovsky received a summons to appear on Oct. 24 for questioning by investigators in Moscow. In reply, Yukos sent a letter saying that the CEO would be on a business trip in Siberia at that time. On Oct. 25, Federal Security Service (FSB) agents plucked Khodorkovsky out of his first-class seat on an airplane at Novosibirsk, whence he was about to take off for Irkutsk in East Siberia. Yukos press spokesman Alexander Shadrin complained that "they used special forces as if they were dealing with a terrorist," bursting onto the plane in *spetsnaz* garb.

Khodorkovsky was then taken to Moscow and charged with "a series of crimes, including theft by fraud on a large scale, and the failure to pay taxes as an organization and as an individual," Interfax reported. Natalia Vishnyakova of the Prosecutor General's office said, "At the moment, Mikhail Khodorkovsky has been charged under seven articles of the Criminal Code of the Russian Federation. The indictment is 50 pages long. It may be expanded in the near future, particularly with respect to tax evasion." She added, "The investigation is unprecedented in scope, both for the amount of embezzled funds and unpaid taxes, and for the scale of the investigatory work." After a six-hour hearing, a Moscow judge ordered Khodorkovsky held without bail.

Just ten days earlier, Khodorkovsky had been on his latest visit to Washington. He had spoken at the Carnegie Endowment on Oct. 15 before an audience of U.S. think-tankers and political figures, and continued to probe a possible partial buy-out of Yukos by ExxonMobil.

As Khodorkovsky remained in the Matrosskaya Tishina prison for a third day, Putin on Oct. 27 spoke out forcefully on the Yukos affair, warning that there will be no special deals to block the work of law enforcement and the courts. Putin's remarks were made at a cabinet meeting on another law enforcement matter—new laws he has introduced against human trafficking—and were nationally televised.

On the arrest and indictment of Khodorkovsky, Putin





*The Oct. 29 resignation of Kremlin chief of staff Alexander Voloshin (left) signalled the strategic seriousness of the imprisonment since Oct. 25 of Russia's richest tycoon, Mikhail Khodorkovsky (right). Khodorkovsky is shown speaking at George Soros' Open Russia Foundation.*

said that various politicians, as well as leaders of the Russian Union of Industrialists and Entrepreneurs, had asked to meet with him. Though meetings with business and other constituency leaders are “useful and necessary,” Putin said, “there will be no meetings and no bargaining over the law enforcement agencies and their activities, so long, of course, as these agencies are acting within the limits of Russian legislation. . . . Neither the executive authorities nor even the Prosecutor’s Office can deprive someone of their freedom, even for the period of pre-trial detention. Only the court has this power. If, in this particular case, the court has made this decision, then I assume that it had reasons for doing so.”

Putin continued, “Everyone should be equal before the law, whether ordinary citizen or middling entrepreneur or big businessman, and no matter how many billions of dollars they may have in their personal or corporate accounts. Without this equality, we will never manage to build an economically effective and socially regulated tax system. We would never be able to teach people to pay their taxes . . . ensure contributions to the social and pension funds. And we would never be able to break the back of organized crime and corruption.”

It was the Russian President’s clearest statement to date, that the Yukos investigation is in line with his own policies. But he also dampened fears about a general “reversal of privatizations,” noting that “any action taken by the federal authorities often gets turned into some kind of campaign. . . . I must make it clear that the Yukos case should in no way be seen as setting a precedent or giving rise to analogies and generalizations regarding the results of previous privatizations, and I would ask therefore that all speculation and hysteria on this issue come to an end.”

As Putin spoke, Yukos shares led a 14% one-day drop

in the Russian RTS stock index, prompting the suspension of trading for two hours. In London, Yukos fell by 21% before recovering slightly. Shadrin denied a report in the *Financial Times* of London, that ExxonMobil and ChevronTexaco had broken off talks about a possible partial acquisition of Yukos.

Former government minister Alexander Shokhin, in an interview on radio Ekho Moskvy, pointed out that Yukos is held through a network of offshore companies. In addition, Yukos would try to activate its line of succession, for executives to run the company in the event of Khodorkovsky’s removal. An American former Conoco executive is already head of Yukos-Moscow. And among those standing by is Kho-

dorkovsky’s (and Arnold Schwarzenegger’s) friend Lord Jacob Rothschild. But Russian authorities may have something to say about that.

### **Last Major Yeltsin Aide Gone**

The United Russia (Yedro) political party—the so-called party of power—dropped Yukos shareholder and State Duma member Vladimir Dubov from its electoral slate for the December elections. Other Yukos men are running on the Yabloko and the Communist Party tickets.

An even bigger political upset will be the resignation of Voloshin. As of Oct. 29, it is not yet official; but Russian media are carrying source reports that the chief of staff tendered his resignation the evening of Khodorkovsky’s arrest. Voloshin is the last major figure in the Kremlin, held over from “the family” around former President Boris Yeltsin. As rumors of the Kremlin chief’s impending departure swirled around Moscow, Russian markets dropped for the third day in a row. As BBC’s Russian service put it, “Many market players link Voloshin with support for big business”—that is, for the oligarchs, like Khodorkovsky, who got license during Yeltsin’s tenure to loot Russia into penury, in partnership with foreign financial interests.

Also on Oct. 29, Deputy Minister of Natural Resources Alexander Povolotsky met with Deputy Prosecutor General Yuri Biryukov. Sources in the Ministry of Natural Resources (MNR) told Russian reporters that the two agencies will coordinate a thorough check of all licenses issued to Yukos. On Oct. 20, the MNR announced a new “national verification plan,” instituting “comprehensive monitoring to verify the fulfillment of legal requirements in the area of resource exploitation and environmental protection, as well as of the terms of licenses issued.” They are starting with Yukos.

# International Intelligence

---

## ***Jacobins Mobilize Vs. Argentine Government***

Argentine Jacobin-type groups, known as *piqueteros*, are mobilizing against the Kirchner government, charging that their protest actions are being “criminalized,” and insisting on more anti-poverty funds. *piqueteros* groups, whose constant highway and bridge blockades wreak havoc in Buenos Aires and other cities, are working with Venezuelan President Hugo Chávez’s “Bolivarian” apparatus. Representatives of one of the groups involved in the current protest, “Neighborhoods Arise!” attended the meeting in Caracas last August, in which Chávez’s “Bolivarian People’s Congress” was founded.

On Oct. 22, *piqueteros* literally imprisoned Labor Minister Carlos Tomada inside his ministry for 12 hours, by chaining the doors to the building shut, and surrounding it.

Using the fact that poverty levels remain unchanged, the *piqueteros* are demanding that President Nestor Kirchner increase the number of 150-peso government subsidies offered by the “Heads of Household” anti-poverty program, financed by the World Bank. (Thus the World Bank is financing these Jacobin protests!) The government says it cannot increase the grants for budgetary reasons, and intends to file criminal charges against those responsible for the Oct. 22 actions, which will fuel further protest.

The most radical group, the Classist and Combative Current (CCC), organized nationwide protests for Oct. 29, that were to particularly target municipal, provincial, and the federal governments.

---

## ***‘Cocaleros’ Threaten Peru As Well***

“Many Cocalero brothers . . . after what happened in Bolivia . . . are asking to take up arms, and it is possible that this will occur,” Peru’s leading Jacobin Nelson Palomino told the *Correo* daily on Oct. 27. Palomino is part of a narco-terrorist army financed and fomented throughout the Andean region by George Soros, which just brought down the government of Bolivia, and is now out to topple more governments in South America.

Palomino’s Peruvian Federation of Coca Growers coordinates tightly with Evo Morales, the leader of the Bolivian uprising; Morales, in turn, coordinates with South America’s biggest drug cartel, the FARC of Colombia. Last February, representatives of Morales and Palomino met with Soros’s drug legalization team at a conference in Merida, Mexico, billed as a strategy session to map out the next phase of the war to legalize drugs throughout the Americas. The conference was made possible by Soros’s money, and a featured speaker was Ethan Nadelmann, director of Soros’s Drug Policy Alliance, Nadelmann said the meeting in Merida “shows us that opposition to drug prohibition is popular and widespread in Latin America. And it has begun to unite.”

Soros has been laying the basis for this war for years. In 2000, he personally put a million dollars into the operation to overthrow the Peruvian government of Alberto Fujimori, which had proven the narco-terrorists could be defeated. Today, his Open Society Institute finances the so-called “Truth Commission,” which seeks to free hundreds of narco-terrorists from Peru’s jails and jail the Peruvian military officers who fought them.

---

## ***Iran Awaits Europe’s Side of the Bargain***

Following the Oct. 28 meeting of International Atomic Energy Agency head Mohammed Al-Baradei with European foreign ministers, who briefed him on the German-French-British talks in Tehran concerning the agreed new Iran nuclear inspection protocol, the Iranians are expecting concrete action to be taken. Ali Akbar Salehi, Iranian representative to the IAEA, said on Oct. 29 that his government had done the right and intelligent thing, and now expected a posi-

tive response.

Iranian President Seyyed Mohammad Khatami expressed the same idea, in a meeting with former German President Richard von Weizsäcker. “We expect others to act upon their commitments,” he said, “to help pass through this dilemma without problem.” He also pointed to the double standard used on the issue of WMD. “Why are they cracking down on Iran,” he asked, “which is not for nuclear weapons, but they do not even express concern over the Israeli nuclear arsenal?”

Token resistance to the decision to sign the new Non-Proliferation Treaty protocol continues to appear inside Iran—most recently through demonstrations of students organized in a group called the Movement to Defend Independence.

---

## ***Pakistan, India Normalization Advances***

Pakistan announced on Oct. 29 that it is accepting most of the new proposals from New Delhi for normalizing relations, including opening a bus service in Kashmir between the regions controlled by India and Pakistan. In Islamabad, Pakistani Foreign Secretary Riaz Khokhar said that real peace could only be realized by resolving the Kashmir problem through dialogue.

During the week of Oct. 20, India had announced 12 new proposals to re-start moves towards better relations. The most “radical” was that the road from Srinagar in Indian-held Kashmir to Muzaffarabad on the Pakistani side, be opened for a regular bus service.

Khokhar said Pakistan accepted India’s proposals in principle for bus service between Srinagar and Muzaffarabad, but said it should be monitored by the UN checkpoints. Khokhar said Pakistan also accepts India’s proposal for technical-level talks in December on resuming air links, and added a proposal of its own to discuss reopening a rail line between the two countries.

“The time has come for the two countries to indulge in serious negotiations,” Khokhar said. “We are clear in our mind. We want to

improve our relations with India, but this is going to be on the basis of dignity and honor.”

---

## **Russian Academy Honors Bondarevsky**

Russia's Institute of Oriental Studies held a memorial meeting on Oct. 22, on the life and work of Prof. Grigory Bondarevsky, a leading Russian historian, intelligence specialist and diplomat, and a friend and consultant with researchers at *EIR*, who was murdered in his Moscow apartment in August. The meeting was chaired by Prof. Anatoly Khazanov, Director of the Department of International Relations of the Institute. On Sept. 24, a commemorative meeting was held at the Indian Embassy in Moscow, and another will be held in Kuwait in February.

At all these meetings, *EIR*'s Sept. 26 issue's retrospective tribute to the Professor, "Murder of a Legend," was distributed by his daughter. The *EIR* articles, especially that by Mark Burdman, have brought great praise, she reported because of their appreciation of the very special qualities of Professor Bondarevsky's work. As a result, there has been a request to reproduce the *EIR* articles in a book to be published by the Institute of Oriental Studies.

---

## **Afghan Opium Crop, Production Booming**

In an annual survey released Oct. 29, the United Nations Office on Drugs and Crime (UNODC), which has been surveying the field for a decade, said this year's opium poppy crop is the second-biggest ever, after the 1999 bumper crop. That was one year before the Taliban banned cultivation in part. In 2003, there is a 6% year-on-year opium production increase, with 3,600 tons; and poppy cultivation, at about 200,000 acres, was up 8%. The increase covers 28 of Afghanistan's 32 provinces.

"The country is at a crossroads," said the UNODC director, Antonio Mario Costa.

"There is a palpable risk that Afghanistan will again turn into a failed state, this time in the hands of drug cartels and narco-terrorists."

Afghanistan again produces 75% of the world's illegal opium. The industry generates half the country's "GDP." The raw opium is refined into heroin in labs throughout the country, then exported to central Asia, and into Europe, or through Turkey into the Balkans and into Europe. War lords and terrorists take their cut of the proceeds.

Interim President Hamid Karzai outlawed the cultivation of opium poppies, but, apparently, not with much success.

On Oct. 30, Russian Foreign Minister Igor Ivanov called for an international conference on drug trafficking, to follow up one held earlier this year in Paris. In particular, said Ivanov, Russia wants coordination to deal with the massive drug trafficking through central Asia, most of which originates in Afghanistan.

---

## **Germany Leads in Iran's Petrochemicals**

In an exclusive Oct. 30 interview with the *Frankfurter Allgemeine Zeitung*, Reza Nemazadeh, president of the national petroleum company NPC of Iran, said that by 2015, Iran wants to achieve the status of an exporter of mainly petrochemical products, instead of crude oil as today. Iran has already invested \$11 billion in that transformation plan during the past six years, and will invest another \$15-20 billion during the next ten.

By 2015, some 60 million tons of the 75 million that Iran will produce in the petrochemical sector will be finished products and will yield an export revenue of \$20 billion for Iran. This will be a 5% share in the world market, and one-third of what the entire region will produce in this sector, Nemazadeh said.

Germany is the biggest partner of Iran, at present, with a 50% share in foreign investments in the Iranian petrochemical sector; of particular benefit is a credit-line of more than EU1 billion (\$1.17 billion) that Deutsche Bank made available, he added.

# Briefly

**ARIEL SHARON** was questioned for five hours on Oct. 30 by Israel's national fraud squad. The questioning was related to allegations of bribery and money laundering, in the case of Likud-affiliated businessman David Appel, who paid Sharon's son Gilad for marketing a tourist resort he wanted to build on a Greek island. The money came in the form of financial support for Sharon's 1999 campaign for the Likud leadership.

**COLIN POWELL'S** Oct. 28 op-ed reported on the current status of the Sudan peace talks taking place under Kenyan mediator Lt. Gen. Lazaro Sumbeywo. Powell said that the July 2002 Machakos Protocol—which opens the door for the break-up of Sudan into two countries—still stands. Promised is a visit to the White House by Sudan's President Bashir and the secessionist British agent John Garang, of the Sudanese People's Liberation Army, after final agreement; then, "normalized relations," perhaps a lifting of U.S. sanctions, and "donor assistance."

**HEZBOLLAH'S** Sheikh Naim Qassem, deputy secretary general, told the *Daily Star* of Lebanon, "Israel is behaving in a way that is igniting the region and trying to reach a point of no return." The paper said veteran Hezbollah forces from the Bekaa Valley have been moved to front-line positions, and anti-aircraft guns are moving continuously on the back of trucks. Qassem declined to comment on reports that Hezbollah has long-range rockets.

**SUDAN** is suffering a swarm of grasshoppers of Biblical proportions in its farm-rich central regions. More than 600 cases of asthma have been caused by the massive dust clouds produced by the grasshoppers. A regional state of emergency has been declared. DDT remains a banned substance in Sudan. The farmland in Gezira state is the richest in the country. Some reports estimate that Sudan's agricultural potential, in conjunction with Somalia's, could feed the entire African population and export food.

## DEMS' NEW DISASTER

# Soros' Drug Money Funds a 'Protection Racket for Cheney'

by Michele Steinberg

At a two-day Washington conference, "New American Strategies for Security and Peace," held Oct. 28-29, drug pusher and offshore speculator George Soros unveiled his "Center for American Progress" (CAP), a so-called progressive think-tank, created with \$10 million worth of Soros' blood- and drug-money, and run by the "third way" Democrats John Podesta, Morton Halperin, and Gene Sperling—all veterans of the Clinton Administration during the reign of Kenneth Starr and the "Principals Committee." The credentials of these three CAP leaders are awful: Podesta most recently comes from the discredited Democratic Leadership Council (DLC); Halperin is the Director of dope pusher Soros' Open Society Institute in Washington, and Sperling's claim to fame is pushing through the anti-development "balanced budget" legislation in the Clinton Administration, the same policy that has led to the massive deficits of 47 out of the 50 Federal states.

Drug legalizer, predator, and profiteer George "Monica Lewinsky" Soros' sucking up to the Democratic Party will have the same disastrous results as the previous Lewinsky's stalking activities. The objective of this Soros enterprise is to bury the growing resistance to the fascist policies of Dick Cheney's neo-conservative warmongers, in a toothless loyal opposition, a rerun of the DLC. From the deliberately tepid speeches by the leading "stars" of Soros pre-Hallowe'en show—keynoter Gen. Wesley Clark, dinner speaker and pious hypocrite Zbigniew Brzezinski, Vice Presidency seeker Hillary Clinton—it is clear that those pushing the wisdom of taking George Soros' money are making a Faustian bargain with the neo-con Straussian cabal that Lyndon LaRouche has identified as the "Children of Satan." Indeed, there seems to be only one common rule for the scripted presentations at the

conference: Do not mention "Dick Cheney" or "neo-conservatives."

Unfortunately, some of the leading fighters against those Cheney policies from both parties felt obliged to participate. In most cases, their speeches were pale shadows of the effective interventions that have been made in Congress and in other arenas.

Lyndon LaRouche, the real "progressive" statesman, the first to expose Cheney, and who has been relentlessly driving for his resignation since September 2002, warned against this Soros infiltration. "My line is that any Democrat who takes Soros's money, perhaps should think about retiring," said LaRouche. "Or the very least they should do, is *admit* that they are taking that money. . . . I, as a Democratic candidate, say that anybody who is taking money from Soros ought to know what Soros's policies are. And then: What do they have to say about drugs? Are they, in one sense or another, actually drug pushers? And if so, why, they should *say* so; put that on their campaign website: 'I am a drug-pusher. I'm pushing cocaine.' "

### **EIR Blows the Game**

Purporting to be *the* anti-President Bush movement in the United States, Soros' CAP is nothing of the kind. In short, it is a sure-fire route to re-elect George W. Bush and the gaggle of neo-cons and Christian fundamentalist fanatics that have brought us the anti-Islam Clash of Civilizations war in the Middle East. CAP is nothing more than a refurbished version of the DLC of Sen. Joe Lieberman and organized crime-linked financier Mickey Steinhardt. One Washington source asserts that Podesta "morphed" his DLC spin-off, the American Ma-



*George Soros now wants to suck the life out of the Democratic Party, almost like a former stalker, Monica Lewinsky. But Soros' takeover operation has been dangling a much more tempting \$75 million in campaign funds, the kind of loot he's otherwise given to drug legalizers all over the world. At his Washington "Democratic" think-tank conference, the unwritten rule was, "Don't mention Dick Cheney."*

jority Institute (now defunct), into CAP with Soros money. This is the crowd that gave victory to "beast-man" Arnold Schwarzenegger, courtesy of dirty operations inside the Democratic Party. This is the crowd that brought us the overthrow of President Alberto Fujimori in Peru, funneling \$1 million from Soros into the campaign coffers of Fujimori's replacement, Alejandro Toledo, and which helped fund and trigger the latest bloodletting in Bolivia (see article page 44).

In true DLC fashion, Podesta opened the CAP conference on the theme that the Democrats can "do" the occupation of Iraq, the war on terrorism, and democratization *better* than the Bush Administration. Podesta's only criticism of the Iraq war was that "there was no plan for peace," and the Administration is not paying enough attention to "Iran, Syria, and North Korea," which are worse dangers than Iraq. Keynote speaker Wesley Clark (claiming he was not there as a Presidential candidate because he had been invited before he announced) was ridiculously vague in his criticisms of the Iraq invasion—although, as a retired General, he was obligated to say that the situation in Iraq is now "a guerrilla war." Another panelist, former State Department Africa hand Susan Rice—a Clinton Administration neo-con—changed her tune, calling the United States "an arrogant hegemon" instead of a global leader. But Rice lectured in proper "arrogant hegemon" style, à la Madeleine Albright, on how the United States should deal with "failed states."

Several tedious hours made clear that Cheney was being protected, until LaRouche associates from *EIR* injected reality. Following a panel that included former Ambassador Joe Wilson, a question by *EIR*'s Lawrence Freeman to Wilson brought the Dick Cheney issue to the table for the first time. "Is it the policy of this organization to not mention Cheney?"

Freeman asked. The audience broke out into laughter and applause, and Wilson took the opportunity to say that it is not *his* policy to leave out Cheney.

Wilson—who had just spoken about how his mission in February 2002 debunked the report of Iraqi purchases of yellowcake uranium from Niger, and how that report had made him the target of an Administration vendetta—said that he has three targets: Donald Rumsfeld, Karl Rove, and Dick Cheney. The audience was delighted—but, a second speaker, Flynt Leverett, opposed Freeman's question, returning to the "party line" of CAP and the DLC: Bush—not Cheney—is responsible.

Then, during the final panel of the day, one on proliferation on weapons of mass destruction chaired by William J. Perry, *EIR*'s Scott Thompson popped the question on Soros's drug money.

Thompson pointed out that the large amounts of money required for terrorists to weaponize or procure WMD had gone unmentioned; and that the primary non-state source was drugs—pointing to the bumper crops of opium and heroin in Afghanistan as one example, and narco-terrorism in Ibero-America as another. In terms of mortalities and cultural degeneration, Thompson said, narcotics themselves were a weapon of mass destruction. Then pointing to George Soros' prominence on the Board of Overseers for the conference, and the role of Soros' money in stopping Peruvian President Fujimori's successful war against the narco-terrorists in Peru, Thompson came to the fact that Soros had given a \$10 million subsidy to the CAP, co-sponsor of the Washington event. Finally, noting that Soros, by hard accounting, had given another \$10 million to legalize narcotics in the United States, Thompson asked the panelists, "Do you want to rebuild the Democratic Party with drug money?"

No one tried to stop Thompson's question, but no one even tried to answer it. Some young journalists present observed, "You stunned them."

## **No to Blackmail**

For more than a decade, LaRouche has opposed Soros's international operations as genocidal attacks on national sovereignty and the general welfare. On this basis, it is suicide to jump into bed with Soros, who is dangling up to \$75 million in front of desperate Democrats, to counter the \$100s of millions that Synarchist forces are funneling to Cheney's neo-cons with Bush as their frontman candidate. CAP is only half of Soros' Democrat-wrecking operation. The other piece is a nationwide vote effort called Americans Coming Together (ACT) that puts Soros's hand on the controls of the Demo-

cratic Party.

This Summer, Soros gathered a number of Democratic Party leaders to one of his palatial estates in New York, to discuss a \$75 million fund to defeat George W. Bush in 2004. At the time, Soros was hosting fundraisers for Howard Dean, then a “dark horse.” At the meeting were Steve Rosenthal, a top official in the AFL-CIO, and Ellen Malcolm, the founder of Emily’s List, the top source of funds and support for women candidates and issues in the Democratic Party. The result was ACT, which announced itself in August of this year, to “mobiliz[e] voters to defeat George W. Bush and elect progressive candidates all across America.” ACT is targeting 17 “battlefield” states critical to winning Democratic Congressional seats.

Fine and good—if you like blackmail. If Soros likes the program, the money will flow; if not, Democrats—especially those in the tradition of Franklin D. Roosevelt—will be left high and dry. And candidates who are getting Soros’ money had better support the legalization of dope.

When Podesta was at the White House—during the height of the Gore coup d’état and impeachment of Clinton—he oversaw some of the worst decisions of the Clinton Administration: the backing off from the policy of a new monetary system (the Clinton September 1998 “CFR speech”); the attack on Iraq known as Operation Desert Fox; and the pardon of organized-crime gangster Marc Rich.

In the Podesta outfit, Soros is creating his own “Democratic” version of George P. Shultz’s neo-con “Vulcans,” led by Richard Perle and Paul Wolfowitz, with Condi Rice as their frontman. The CAP, modeled on the Heritage Foundation, will be the “think-tank” for the Democrats who have been impotent in resisting the Cheney/Ashcroft/neo-con police state operations. It should be especially noted that Ted Kennedy is *not* among those who attended this Soros fest—though Hillary Clinton did attend and spoke.

Some senior Democratic Party sources have candidly referred to the Soros-backed Center for American Progress scam, and the Wesley Clark Presidential campaign—both staffed to the hilt by ex-Clinton Administration honchos—as little more than a “Hillary for Vice President” move. They warn that Senator Clinton’s Presidential ambitions are such that she is prepared to wreck the Party’s chances to defeat George Bush in 2004, in order to pave the way for her own nomination as Presidential candidate in 2008.

### **Opposes the Drug War, Not the Iraq War**

LaRouche noted that Kennedy’s Oct. 16 Senate speech against the imperial Iraq war was a turning point for the Democratic Party, in a positive direction. Drug pusher Soros and his DLC operatives are making a U-turn away from that shift. But that is not all that Soros is doing. He is purporting to take the lead—with as much as that \$75 million—in defeating the Republicans in 17 “battlefield” states, where the races in the House and the Senate in 2000 were *extremely*

close. According to an article in the Nov. 10 issue of the neo-con magazine *National Review*, Soros pulled together a meeting of top Democratic Party fundraisers to create America Coming Together, to run this election effort, especially since “big money” can no longer be directly funnelled into the Democratic Party. The new ACT group supersedes the DLC front group that Podesta ran called the American Majority Institute.

The second in command at the Podesta outfit is Morton Halperin, who has been the Director of Soros’s Open Society Institute (OSI) in Washington. This OSI is still the lead agency for legalizing dope.

If there was any doubt that Soros remains the biggest promoter of dope legalization on the planet, consider the following: From Nov. 5-8, 2003, the Drug Policy Alliance (DPA) will be holding its biennial conference in the Meadowlands, New Jersey. The Drug Policy Alliance is the new name for the Lindesmith Center/Drug Policy Foundation, organizations sponsored by Soros and run by Dr. Ethan Nadelmann, the chief dope legalizer at Soros’ OSI. The keynote speaker at the opening plenary session of the DPA event will be Kasia Malinowska-Sempruch, a director of OSI. Soros is himself on the board of the Drug Policy Alliance. Over the past decade, Soros has poured tens of millions annually into the dope lobby’s efforts, from the Drug Policy Foundation/Lindesmith Center to Human Rights Watch, which has backed narco-traffickers throughout Ibero-America.

Last year, the Soros-backed dope legalization lobby attempted to pass a referendum in Nevada, not only legalizing marijuana, but mandating that a state agency be established to grow and distribute pot. The effort, which was defeated by Democratic Gubernatorial candidate and longtime State Sen. Joe Neal (D), in league with LaRouche Democrats, was widely seen as a direct effort by Ibero-American drug traffickers to establish a major beach-head on U.S. soil—using the Soros-bankrolled minions of dope lobbyists as their foot-soldiers.

The fact that it was LaRouche Democrats who defeated Soros and his dope lobby allies in this major initiative, says a great deal about what the stakes are in this year’s Democratic Party Presidential primaries. The fight for the soul of the Democratic Party is being waged, and the protagonists are now Lyndon LaRouche and George Soros.

WEEKLY INTERNET  
AUDIO TALK SHOW  
**The LaRouche Show**  
EVERY SATURDAY  
3:00-4:00 p.m. Eastern Time  
<http://www.larouchepub.com/radio>

# Why You Don't Want To Take George Soros's Money

Recent reports that mega-speculator George Soros is putting millions of dollars into funding think-tanks for the Democratic Party (Center for American Progress, and America Coming Together are two notable recipients), in a not-so-veiled effort to buy up the party, should raise the question: Just how does George Soros make his money? Years of investigation by LaRouche's associates have answered that question in grisly detail: Soros's money comes from impoverishment of the poor countries against whose currencies he speculates, and from deadly mind-destroying, terrorism-funding *drugs*.

We provide below a brief dossier on the low-lights of Soros's history of theft and drug-promotion.\* If, after reading this, you still want to take Soros's money, at least have the decency to put a bumper-sticker on your car that says "I support drug-pushing. I'm pushing cocaine."

## Soros the Speculator

Hungarian-born George Soros has been involved in financial speculation since the late 1960s, at which time he established the Quantum Fund, N.V., which manages the money of leading British and Swiss financiers, including the British Royal Household. The Quantum Fund is a private investment body called a hedge fund, which is headquartered in one of the leading centers of money-laundering internationally, the Netherlands Antilles.

**1990:** With the opening of the East Bloc, Soros moves into Poland and Russia, with "advice" for devastating economic "shock therapy," to be administered by his associate, economist Jeffrey Sachs. Sachs's major claim to fame was his "rescue" of the Bolivian economy, by shutting down industry, and building up the cocaine trade.

**1992:** Soros's speculation makes big news, as he pulls off major attacks on the currencies of Great Britain and Italy, after which he brags about earning more than \$1 billion by hurting the currencies of these nations.

**1993:** U.S. Congressman Henry Gonzalez (D-Tex.) calls for an investigation of Soros's manipulation of foreign exchange markets, including the possibility that the same measures used against Great Britain will be used against the United States.



**1995:** The manager of Soros's Management Fund, through which he controls the Quantum Fund, takes out an ad in the U.S. press, which urges the Congress (then controlled by Newt Gingrich), to proceed with its budget cuts, despite the possibility of a budget impasse (train wreck), because such austerity is absolutely required for the financial markets.

**1995:** The Italian courts, in response to a legal brief by associates of LaRouche in Italy, launch an investigation of Soros's role in the speculative attack on the lira in 1992. (The suit is later dismissed in 1999.)

**1997:** Soros's hedge funds launch a speculative attack against the Thai baht, in a move widely credited with triggering the great Asian financial crisis of 1997, which destroy the economies of Indonesia and of many other nations.

## Soros the Drug Pusher

**1992-1994:** Soros creates the Open Society Institute, and through that, both the Drug Policy Foundation and the Lindesmith Center, funnelling more than \$15 million for their activities, which focus heavily on changing drug laws, toward legalization.

**1996:** Ballot initiatives in favor of "medical marijuana" in California and Arizona, funded lavishly by Soros's front groups, are passed. These were the front end of a campaign that encompasses up to 25 U.S. states.

**1997:** Soros's Drug Policy Foundation pours money into a campaign to legalize euthanasia in Australia.

Meanwhile, in Ibero-America, Soros becomes a leading financier of the drive to legalize cocaine. He bankrolls a meeting on Oct. 8-9, 1997 in the Colombian city of Medellin, for the purpose of pushing drug legalization, at the same time as

\* For documentation on Soros's drug and money operations, and much more, see *EIR*'s April 1997 Special Report, "The True Story of Soros the Golem," and the website [www.larouchepub.com](http://www.larouchepub.com).

Human Rights Watch/Americas, another major beneficiary of his funds, attacks the national forces deployed against the drug cartels as “human rights violators.” It should be noted that the pro-drug guerrillas in Colombia are known to be bloodthirsty kidnappers and murderers, who terrorize the nation.

In the United States, Soros works with the pro-drug Mayor of Baltimore Kurt Schmoke, to promote “progressive” drug policies, including needle-exchange programs. Soros “donates” \$25 million to spreading illegal drugs in the city.

**1998:** Another Soros-related group, the Andean Council of Coca Leaf Producers, begins to carry out an armed revolt in Bolivia, under the banner “Coca or Death.” The Council was established by a European group called Coca 95, whose chief financier is Soros, and whose directors call for free trade in every narcotic on the face of the Earth: cocaine, heroin, marijuana, and synthetics.

In June, Soros’s Lindesmith Center issues an Open Letter to Kofi Annan calling for a “truly open” dialogue on illegal drugs, claiming that clamping down on them is worse than drug abuse itself, and demanding that legalization be put on the table.

**2000:** Soros moves, through both Human Rights Watch, and direct funding of Alejandro Toledo campaign for President of Peru, to topple the successful anti-drug government of President Alberto Fujimori. *EIR* forecasts that the new Soros-backed government will move to put anti-drug fighters in prison, and bring back the murderous Sendero Luminoso—which in fact it does following Toledo’s victory.

**2001:** In June, the *Wall Street Journal* gives major coverage to the decision by Soros, along with billionaires Peter Lewis and John Sperling, to kick in at least \$10 million for the 2002 elections, where they target Florida, Ohio, and Michigan for decriminalization referendums.

Soros also funds a drive for decriminalization of marijuana in Canada.

**2002:** Soros funds a referendum on the Nevada ballot, which calls for the legalization of marijuana use, and would *mandate* that the state begin growing and retail distribution of the drug to anyone over 21 years of age. The effort is run by a Washington, D.C.-based group, the Marijuana Policy Project, which receives direct funding from Soros, through the Drug Policy Foundation, which, in turn, has received more than \$15 million from Soros in recent years. The Drug Policy Foundation recently merged with the Lindesmith Center, a project of Soros’s Open Society Institute tax-exempt foundation. The new, unified entity, the Drug Policy Alliance, is run by Soros employee Dr. Ethan Nadelman. Soros has poured at least \$25 million into various dope legalization schemes over the past five years, and has vowed to substantially increase his bankrolling of the dope lobby efforts.

The Marijuana Policy Project was launched by a former official of the National Organization for the Reform of Marijuana Legislation (NORML), the oldest of the drug legalization fronts now under the Soros umbrella.

## Military Morale: Casualty of Iraq War

by Carl Osgood

Recent news stories have thrown a spotlight onto the suffering of U.S. soldiers participating in the U.S. occupation of Iraq. From collapsing morale to the growing numbers of injuries and deaths, the stories indicate a possible political problem for President Bush’s re-election.

According to Department of Defense figures, 357 U.S. military personnel have died in Iraq, 231 of them as the result of hostile action, as of Oct. 29. U.S. Central Command reported that, as of Oct. 20, another 1,927 have been wounded. Of the totals, 219 of the deaths, including 117 killed in action, and over 1,200 of the wounded, have occurred since President Bush’s May 1 declaration that the major combat phase of the war was over. The rate since Aug. 26 has averaged one dead and nine wounded per day, with no let-up in sight. The numbers, however, tell only part of the story, and they don’t include the soldiers medically evacuated from the region for other reasons, which a UPI story put at almost 4,000. In absolute terms, the numbers are not high, especially compared to the Vietnam War, when U.S. soldiers were dying at the rate of over 300 per week for a sustained period of time. However, the Iraq operation appears to be having a psychological impact way out of proportion to the numbers involved.

Two stories in particular belied the claims from the Bush Administration that morale is high among the troops in Iraq. *Stars and Stripes* newspaper, published for American troops serving overseas, published, on Oct. 15, the results from an informal survey that it conducted of the troops in Iraq, asking them about their morale, living conditions, and so forth. They received answers to questionnaires from almost 2,000 soldiers, 34% of whom rated their own morale as “low” or “very low,” while 27% rated their morale as “high” or “very high.” Reservists ranked their morale as the lowest, by far, with Marine and Air Force respondents rating theirs the highest. All those who responded tended to rank their unit’s morale lower than their own; and, while 72% ranked their living conditions as “average” or better, the survey found wide disparities in living conditions. Again, those rating their situation the worst were the reservists, 63% of whom rated their chain of command’s ability to get them supplies as “not good” or “poor,” compared to 27% of the Army troops. Overall, 49%, nearly half, said they did not plan to re-enlist when their current tours of service are over.

The Defense Department tried to downplay the *Stars and Stripes* survey because it was not “scientific”; but one statistic they cannot downplay is the suicide rate. At least 11 soldiers





*An injured serviceman receives care at Travis Air Force Base, in California. The Cheney-Rumsfeld imperial war policy in Iraq neglected one crucial aspect: providing medical care for injured U.S. soldiers.*

and 2 Marines have committed suicide in Iraq, with several other deaths under investigation as possible suicides. Those deaths account for more than 10% of the non-hostile casualties in Iraq, and amount to an annual rate of 17 per 100,000, much higher than the 11 per 100,000 normal peacetime suicide rate for the Army. According to news reports, a 12-person Mental Health Advisory Team recently left Iraq after investigating mental health conditions of the troops, and that team included the Army's suicide prevention program manager.

### **Scandal at Fort Stewart**

Even more embarrassing for the Pentagon was the discovery that the Army has been warehousing reservists and National Guard troops in dismal conditions at Ft. Stewart in Georgia. The story became public on Oct. 17, when UPI reported that some 650 soldiers on medical hold were being kept in conditions of squalor, in buildings with no air conditioning or indoor bathrooms, and waiting for months for medical appointments or for their status to be resolved. About two-thirds of the reservists had been medically evacuated from Iraq, the rest having been medically disqualified before deployment. Some charged that the Army was trying to refuse them benefits or that it had different standards for regular soldiers and those of the reserves and National Guard.

Steve Robinson, the executive director of the National Gulf War Resource Center, told *EIR* on Oct. 24 that the Defense Department admitted to him that the same thing is happening at other Army installations, including Ft. Bragg in North Carolina, and Ft. Knox and Ft. Campbell, both in Kentucky.

The news story led two members of the U.S. Senate—Patrick Leahy (D-Vt.) and Christopher Bond (R-Mo.), the co-chairmen of the Senate National Guard Caucus—to initiate a

staff investigation of the conditions of the reservists at Ft. Stewart. The investigation found that the soldiers were being kept in quarters designed for annual National Guard training, not for the housing and care of sick and wounded soldiers. The investigators also found that there were insufficient medical staff at Ft. Stewart, “which has caused excessive delays in the delivery of care.” In a statement issued on Oct. 24, Bond said, “The situation we have in Ft. Stewart is totally unacceptable, and my first priority is to ensure our troops are receiving the health care they need.”

Leahy and Bond called for the passage of legislation making 1.2 million reservists and members of the National Guard eligible to buy into the Defense Department's Tri-care health insurance program. The legislation that Leahy and Bond were referring to is attached to the Senate version of the \$87 billion Iraq war supplemental, but the White

House opposes the measure, complaining that it would cost \$400 million a year.

The day after the Leahy-Bond report was issued, Acting Secretary of the Army Les Brownlee went to Ft. Stewart to see for himself how the reservists were being treated. He vowed afterwards that the Army will “make those improvements” in the living conditions of the soldiers in medical status, but that what had happened at Ft. Stewart “is not just a Ft. Stewart issue,” but “an Army issue. The people at Ft. Stewart did what they could with what they had, but the Army has more assets and we'll focus those assets to solve any problems we've found, here.”

Part of the problem is clearly logistical. In addition to being a major mobilization center for activated reserve and National Guard troops, Ft. Stewart is the home of the 20,000 soldiers of the Third Infantry Division, which had just returned home from Iraq in September. The medical facilities available at the base apparently did not have the capacity to deal with the present level of mobilization of both regular and reserve Army troops. However, that does not explain why the Army and the Defense Department made no effort to properly take care of the medical hold troops until it became a public scandal.

★ LAROCHE IN 2004 ★

[www.larouchein2004.com](http://www.larouchein2004.com)

Paid for by LaRouche in 2004.

# Cheney Coverup of Iraq Intelligence Fakery Unravels

by Edward Spannaus and Jeffrey Steinberg

Vice President Dick Cheney—whose heavy-handed pressure on intelligence analysts to “cook the books” on the Iraq threat has already been widely exposed—has now been caught red-handed trying to orchestrate a coverup of his own role, by shifting the blame away from himself and his neo-conservative clique in the U.S. Administration, onto the Central Intelligence Agency and the intelligence community. But it is becoming clear that some members of the Congressional intelligence committees aren’t going to play the Vice President’s game.

On Oct. 22, Democratic Presidential candidate Lyndon LaRouche told an international webcast audience: “If you want to get through to next year, to the next election, *get rid of Cheney now!* Tell that man to go!” LaRouche initiated the fight to oust Cheney over a year ago, and his mobilization and exposure of Cheney’s role is now bearing fruit. It is now becoming increasingly and publicly recognized, that it is Cheney—not President George W. Bush—who runs this Administration, and that it was Cheney who played upon Bush’s susceptibilities to drag the country into what threatens to become perpetual war in the Middle East.

Pressure is building against Cheney on two closely-related fronts: (1) on the faked intelligence used to justify the Iraq invasion, in which Cheney played a central role; and (2) on the demand for a thorough investigation of the illegal leaking of the identity of former Ambassador Joseph Wilson’s wife, a covert CIA operative, in an attempt to discredit Wilson’s revelations on the Niger/yellowcake fairy tale.

Beyond these matters, still more pressure is being put on Cheney by the daily drumbeat of stories on the corrupt “reconstruction” contracts doled out to Cheney’s Halliburton company and others, compounded by the utter failure of stabilization and reconstruction efforts inside Iraq.

## Shifting the Blame

The breaking point on Cheney’s cover-up came on Oct. 24, when the *Washington Post* plastered a fraudulent, planted story across the top of its front page, claiming that the Senate Intelligence Committee was preparing a “blistering report” blaming the intelligence community, and the CIA in particular, for “overstating” the case on Iraqi leader Saddam Hussein’s chemical, biological, and nuclear weapons, and his al-

leged links to al-Qaeda terrorists. The chairman of the Committee, Sen. Pat Roberts (R-Kan.), was quoted as saying that “the Executive was ill-served by the intelligence community” and its “sloppy” intelligence product. The *Washington Post* asserted that “the Senate report shifts attention toward the intelligence community and away from White House officials, who have been criticized for exaggerating the Iraq threat.”

By that afternoon, it was being reported that Dick Cheney himself had pressed Roberts to put the blame on the CIA.

“A senior administration official, who agreed to speak only on the condition of anonymity, said Roberts’ CIA comments were issued with Cheney’s encouragement,” reported the Knight-Ridder news service. “The official said Cheney is trying to shift the blame for the lack of progress on Iraq, which is becoming an issue in next year’s Presidential and Congressional elections, from the White House to the CIA.”

Robert’s published comments—which he was later forced to partially disavow—prompted a highly unusual public statement by the senior Democrat on the Senate Intelligence Committee, Sen. Jay Rockefeller (D-W.Va.), in a dramatic break from the normally bipartisan nature of that committee’s functioning.

Rockefeller denounced Roberts’s efforts, which Rockefeller characterized as “saying the blame is with the intelligence community, and there will be no questions about the White House.” Rockefeller said that, on the contrary, the resolution that created the Senate Intelligence Committee “specifically gives us jurisdiction to look into the matter of use,” and that the investigation must cover not only the collection and analysis of intelligence, but how it was *used* by policy-makers.

Clearly referring to the Pentagon’s Office of Special Plans (OSP), Rockefeller raised the question of whether “there was intelligence that was being run without the knowledge of the Central Intelligence Agency, the State Department or anybody else, from certain places.” He continued: “I’ll say no more than that, but that would be rather startling, wouldn’t it, if intelligence was being collected overseas which the Central Intelligence Agency had no knowledge of, or the State Department community had no knowledge of. There are a lot of things we have yet to investigate.”

The OSP is headed by William Luti, who first served as a Middle East specialist on Cheney's staff, before being deployed over to the Pentagon to run the secretive OSP, which has been accused of running a parallel intelligence operation, drawing on widely discredited Iraqi exile sources such as Ahmed Chalabi, and also on disinformation flows from a parallel unit located in the office of Israeli Prime Minister Ariel Sharon.

According to Lt. Col. Karen Kwiatkowski (USAF-ret.), who served during 2002-2003 in the Near East and South Asia Policy Office at the Pentagon, which housed OSP, Luti boasted in staff meetings that he was reporting to Cheney's Chief of Staff "Scooter" Libby.

In his Oct. 24 comments, Rockefeller made it clear that he is prepared to utilize a special committee rule to conduct his own investigation of how top Administration officials such as Bush, Cheney, and Defense Secretary Donald Rumsfeld, used or exaggerated Iraq intelligence. Under committee rules, Rockefeller stated, "All I have to do is to get five signatures that we want to investigate a subject—the use of, for example, of intelligence, the shaping of intelligence, the manipulation of intelligence, or whatever. . . . We can investigate that. And there's no way that the Chairman can say that we cannot do that. And if it comes to that, we will resort to that."

On Oct. 30, Roberts apparently agreed to Rockefeller's demands to probe the White House and Executive agencies. Letters were delivered to the National Security Council, State Department, and Pentagon, criticizing them for failing to provide requested materials, and demanding that documentation be delivered immediately. The letters, signed jointly by Roberts and Rockefeller, specifically cited the Pentagon's OPS, and two leading Cheney agents of influence: Undersecretary of Defense for Policy Doug Feith, and Assistant Secretary of State John Bolton.

### **Retired CIA Officials Speak Out**

Rockefeller's uncharacteristically tough comments followed a special briefing held by the Senate Democratic Policy Committee on the morning of Oct. 24, which featured three retired CIA officials: Vincent Cannistraro, Larry Johnson, and Jim Marcinkowski. All three highlighted the severe damage to U.S. national security resulting from the Wilson leak, and attacked the overall faking of intelligence to justify the Iraq war.

The three rebutted an earlier story planted by Intelligence Committee Republicans in *USA Today*, which had reported that the Senate investigation "has found no evidence that the Bush administration pressured CIA analysts to tailor their intelligence to suit the White House's view on the threat posed by Iraq."

They said that currently-serving CIA analysts were in fact under heavy pressure from Vice President Cheney and others to produce intelligence that supported the Administration's push for war against Iraq. The officers cited the repeated,

and what they called "unprecedented," visits to Langley by Cheney and Libby. "This is the first time in 27 years I have ever heard of a Vice President sitting down with desk analysts," Cannistraro said, "and pushing them to find support for something he believes. That is pressure."

Moreover, they disclosed, analysts interviewed by the Intelligence Committee, had "minders" from their agency with them, from the General Counsel's office, or the Congressional Relations office—obviously meaning that they did not feel they could speak freely. Rockefeller said that he had been unaware of this, since the interviews were conducted by Roberts's staff, and he stated that this signifies that "the possibility of pressure" on those committee witnesses, "is very real."

### **The Wilson/Plame Leak**

The three former CIA officers also delivered strong, angry testimony on the leak of the identity of Joe Wilson's wife, Valerie Plame, and its effect on CIA clandestine operations and the morale of Agency operatives. "The U.S. government has never before released the name of a clandestine officer," said Marcinkowski, who had undergone CIA basic training in the same class as Plame. "My classmates and I have been betrayed."

All three said that they had voted Republican in the last Presidential elections, decrying the partisan manner in which Bush Administration spokesmen have responded to the leak. "This isn't about partisan politics," Johnson said. "This is about protecting national security and national security assets, and in this case there has been a betrayal, not only of the CIA officers there, but really a betrayal of those of us who have kept the secrets over the years on this point."

The previous day, the Senate Intelligence Committee had held a closed-door hearing to hear from Johnson and Marcinkowski. The two retired agents had asked for the special session, so that they could urge the Committee to investigate the leak, as a means of looking over the shoulder of the Justice Department probe being supervised by Attorney General Ashcroft.

Plame's identity was leaked to columnist Robert Novak and other prominent journalists in July, in an effort to discredit Wilson's findings from his February 2002 trip to Niger, which was made as a result of an inquiry by Cheney to the CIA, on stories that Iraq was attempting to purchase uranium from the African state. Wilson came back with solid evidence that the story was false. A year later, in March 2003, Dr. Mohamed ElBaradei, the chairman of the International Atomic Energy Agency (IAEA), told the United Nations Security Council that the documents which had been the basis for the Niger uranium story, were forgeries.

A well-placed U.S. intelligence source told *EIR* that, within days of the ElBaradei testimony, discussions took place in the Vice President's office, over steps to contain the damage from Wilson's revelations.

# LaRouche Leads Fight vs. Ashcroft in Philadelphia

by EIR Staff

An Oct. 28 call from Lyndon LaRouche to “deliver a devastating blow to [Attorney General John] Ashcroft’s Gestapo methods, by a massive turn-out to re-elect Mayor John Street” of Philadelphia, led to a shock-wave mobilization which began the very next day against the Attorney General’s blatant interference in that city’s elections. By late Oct. 30, LaRouche Youth Movement forces had already distributed 100,000 out of 250,000 copies of a powerful leaflet in the Philadelphia metropolitan area, helped by churches and civic and political organizations; and were turning around sections of the population fooled by Ashcroft’s last-minute “corruption” drive against Mayor Street. The Nov. 4 Philadelphia election was taking on national and international significance.

LaRouche representative in Philadelphia Philip Valenti delivered the message at an Oct. 29 press conference in the Mayor’s City Hall conference room, called by Pennsylvania State Rep. Harold James, and attended by most area media. Also speaking at the press conference were six of Philadelphia’s Democratic state legislators, the chairman of the city’s Black clergy association, leaders of community organizations, and Federal Marshal Matthew Fogg, who won a famous lawsuit proving racial discrimination inside the Department of Justice. Statements were also made by members of the LaRouche Youth Movement, who made clear that the objec-

tive of mobilizing against Ashcroft’s election tampering, was his removal from office.

The Youth Movement organizers were determined to distribute at least a quarter-million copies of the leaflet, “Philadelphia Voters Must Say ‘No’ To Ashcroft’s Fascism,” in this city of one million people within the final week before Election Day, holding downtown rallies and sound-truck caravans with scores of activists at a time. “We’re going to do the same thing here, that we did successfully in Los Angeles County and Oakland against Schwarzenegger,” they told City Council members staffers, who immediately started taking stacks of leaflets themselves to distribute. Dozens of churches, trade union locals, and the Committeemen who represent the Democrats in the city’s wards, were mobilized to take thousands of leaflets or to address Sunday congregations on Nov. 2. As Fogg commented, “I know the LaRouche Youth Movement from D.C.; when the youth get involved, things get done!”

## Fight Grew From LaRouche Webcast

Representative James had attended LaRouche’s Oct. 22 webcast, and had raised the Street issue directly with LaRouche, who moved immediately on it. The Ashcroft travesty began in Philadelphia on Oct. 7, the day of the California Recall election, when a sophisticated listening device was found hidden in the Mayor’s office. The FBI began raiding the homes and offices of Street’s top supporters the next day, with massive use of incriminating leaks to the media, and executed subpoenas for the personal bank records of Street’s wife and son. Ashcroft has visited Philadelphia personally at least three times since Oct. 1. On Oct. 27, James e-mailed a letter to LaRouche and the other nine Democratic Presidential candidates, inviting them to participate in the Oct. 29 press conference with a statement, and/or to send a representative. Besides LaRouche, only Carol Moseley-Braun bothered to reply.



*LaRouche representative Philip Valenti reads the candidate’s statement denouncing Attorney General John Ashcroft, at Pennsylvania State Representative Harold James’ press conference Oct. 29, from which an all-out mobilization was launched to make the re-election of Mayor John Street of national and international significance.*



*Rep. Harold James denounces Ashcroft’s intervention to attempt to defeat Street with a last-minute corruption investigation, and demands a Congressional investigation and legislation to prevent such targeting.*

Rep. Leanna Washington, Chair of the Pennsylvania Legislative Black Caucus, opened the event by introducing all of the speakers, including the LaRouche spokesman. Representative James quoted former California Congressman Mervyn Dymally on the FBI's targetting of Black elected officials—"Operation Frühmenschen"—and used national charts to make the case clear. A letter from Dymally, urging the mobilization, was also read. All of the state representatives testified in support of Street's handling of the Mayoralty; one referenced "Bush's lies" on the Iraq war as a reason not to believe Ashcroft's highly political corruption charges about Philadelphia.

Representative James charged that clearly "The timing of the investigation is unfair, and the leaks and discovery of the listening devices are too coincidental not to have been planned [by Ashcroft] to impact the mayoral election and control its outcome." He called on Philadelphia-area Congressmen to investigate Ashcroft's moves by a special prosecutor, and asked for legislation to stop such targetting of candidates before elections. After statements from the Black clergy, Fogg, and women's groups, James explained that he had invited all

the Democratic Presidential candidates to participate; Mosely-Braun's statement was read, and then Valenti delivered LaRouche's statement (see box) to the assembled officials and press. It was clear that all were shocked and happily surprised with the statement. Lightbulbs seemed to go on in many heads at LaRouche's showing the historic, national, and international implications of the Philadelphia vote, given Ashcroft's "filthy effort to steal an election." Vigorous assent was given by several of the elected officials on the podium.

This was reinforced by the comments of members of the LaRouche Youth Movement, of whom more than 60 were mobilizing to win the Philadelphia fight—including some visitors: An International Youth Movement member from Germany spoke about the horror felt in Europe and around the world at the policies of Ashcroft and Vice President Dick Cheney. She asked if the elected officials understood the international implications of the re-election of Street as a rejection of Ashcroft's fascism. A Youth Movement leader from Philadelphia asked why the state representatives didn't demand Ashcroft's resignation, rather than just a Congressional investigation.

## LaRouche: Defeat Ashcroft

*This statement by Presidential candidate Lyndon LaRouche was released on Oct. 28 at a press conference called by State Representative Harold James (D-Philadelphia).*

As in the case of the California Recall election, the Republican Party, faced with the plunging loss of credibility of the Bush-Cheney government, has resorted to a pattern of unusual bureaucratic tricks to try to pre-rig the results of the 2004 Presidential election by capturing control of key positions of state and municipal government. The governorship of California, the key state for the next Presidential election, and the thuggish role of Attorney General John Ashcroft's ham-fisted recklessness in the Philadelphia mayoralty campaign, are reflections of these dubious maneuvers.

There is much more than an election-result as such at stake in this. The U.S. today is gripped by a general financial-monetary collapse which is far more dangerous than the 1929-1933 Depression dumped on us by foolish and cruel policies of the successive Coolidge and Hoover Presidencies. Unless we return now to the philosophy of government of President Franklin D. Roosevelt, the condition of our nation, especially the lower 80 percentiles of family-income brackets, will be far worse than

during the 1930s Depression.

We might wish that the Administration of President George W. Bush would change its ways; but, are you willing to gamble your family's, your community's life on that hope?

Let us make sure that in Philadelphia, we do not have a repeat of those shameful performances by my fellow Democrats, which allowed Ashcroft to become Attorney General in January 2001, and allowed Arnie "Beast-man" Schwarzenegger to take over California earlier this month. Let us deliver a devastating blow to Ashcroft's Gestapo methods, by a massive turnout to re-elect Mayor John Street. This election has taken on national and worldwide significance, as the result of John Ashcroft's filthy effort to steal an election through his all-too-familiar methods of terror, deceit, and brutal abuse of governmental power.

I call on all my fellow Democrats—including my rivals for the party's Presidential nomination—to join me in this effort to send John Ashcroft packing. This is not a partisan issue. The kind of Hitlerian Gestapo tactics being employed by this Attorney General, in league with the Dick Cheney-led neo-conservative war party in Washington, cannot be tolerated if America is to remain a free society. Our Constitution, the greatest living document in modern history, was crafted in Philadelphia. Let us perform an act of grateful service to our Founding Fathers, by delivering a crushing blow to the Ashcrofts and Cheneys, who would trample on those sacred principles of the general welfare and the common good, which our Founders worked to establish on these shores.

## ‘Military Transformation’ Or Strategic Defense

by Carl Osgood

In July of 1942, Gen. Douglas MacArthur was faced with the task of preventing a Japanese invasion of Australia with almost no forces, and little promised in the way of reinforcements, such that many lower ranking officers in his own command felt that the invasion was inevitable. MacArthur decided that the only way to defend Australia was to attack the Japanese before they could consolidate a strong position in New Guinea, the easternmost island of what was then called the Dutch East Indies. However, to the east and southeast, the Japanese had already built large bases in Bougainville, New Britain, New Georgia Island, and in the Solomon Islands. Members of MacArthur’s own staff fretted that attacking these bases would be well-nigh impossible. He explained that, rather than attacking these strong points, he intended to “envelop them, incapacitate them, apply the ‘hit’em where they ain’t, let’em die on the vine’ philosophy.”

Throughout the New Guinea campaign, MacArthur used his air forces, and naval power when it was available to him, to land ground forces behind the Japanese strong points, enabling him to isolate them, cut them off and make them irrelevant. Where it was necessary to do so, this strategy simplified the task of destroying Japanese forces; and where it was not necessary, they simply “died on the vine.” MacArthur carried this philosophy through to the liberation of the Philippines, which he had identified as key to strangling Japan economically, because its war industries depended, heavily, on the raw materials that it was extracting from Indonesia, and those shipping routes could be blocked easily from the Philippines. MacArthur applied the new technologies that matured during the 1930s—most notably, the airplane—to aid in effecting the strategic goal of bringing the war to an end as rapidly as possible on terms most beneficial to both sides.

### What Is Military Transformation?

Today, the technology of warfare is changing as rapidly as it did during the period between the two World Wars, and bringing with it fundamental changes in the conduct of war. But what is the strategic outlook that is driving the present transformation of the military? Is rebuilding the military around “information-age” technologies, special forces, and precision-guided munitions serving the same strategic goal that MacArthur set for himself in the Southwest Pacific?

“Military transformation,” as it is being implemented under Secretary of Defense Donald Rumsfeld, places great emphasis on information-age technologies to replace the massed forces of the industrial age; to increase the speed and lethality of employed forces while shrinking their logistical tail. During the early phase of the U.S. operation in Afghanistan, Rumsfeld was fond of pointing to U.S. special forces troops—riding horseback, using satellite radios and global positioning system (GPS) receivers to call in air strikes from 40-year-old B-52’s dropping GPS-guided bombs—as an example of what military transformation means. Two years later, however, the political situation in Afghanistan remains unstable, and the ousted Taliban appears to be regaining strength in some parts of the country.

The U.S. invasion of Iraq is also given as proof that transformation works. Gen. Tommy Franks, who, as commander of U.S. Central Command, led the invasion, has often been quoted saying that it was the “most joint” military operation he’d ever seen in his career. In other words, the services worked the more closely together than they ever had. Indeed, one of the goals of transformation is to integrate the services seamlessly, rather than have to expend effort to keep each one out of the other’s way. Iraq is also seen as another triumph of the use of precision-guided munitions and the networking of combat forces together so that commanders always knew what was happening anywhere in the theater of operations; as well as the integrating of different types of forces together in different parts of the country simultaneously.

While the major combat phase of the operation may have “succeeded,” the subsequent occupation of Iraq has done nothing to strengthen the argument that the United States can transform the Middle East using this kind of military force—as some, such as former chairman of the Defense Policy Board Richard Perle, argued so strenuously prior to the invasion.

### The Blitzkrieg Model

The engineering, so to speak, of transformation is done by the U.S. Joint Forces Command (JFCom), headquartered in Norfolk, Virginia. JFCom’s work focusses on the development and implementation of joint operational conceptions, such as operational net assessment, effects-based operations, and rapid decisive operations; concepts that were tested in the last year’s Millennium Challenge 2002 exercise. JFCom’s concept developers will argue that transformation is not so much about technology as it is about military concepts, and the people who will employ those concepts. Since Millennium Challenge, JFCom’s efforts have turned to developing a new set of concepts, sort of a second phase of transformation. This effort is the focus of a series of war games that JFCom is co-sponsoring with the services. The series began with last Spring’s Unified Quest war game at the U.S. Army War College, continued with Unified Course at the Naval War College from Oct. 6-9, and will continue in 2004 with similar games with the Marines and the Air Force.



*General Douglas MacArthur in Melbourne, Australia in 1942. His campaign from there, of enveloping attacks around and behind Japanese forces, avoided the mass-slaughter of head-on attacks, and evinced the method of strategic defense he used successfully through to the liberation of the Philippines. His was the traditional intention in fighting war, to make the most successful peace; the opposite of the objective of the advocates of "military transformation."*

JFCom is working on what Dave Ozolek, assistant director for joint experimentation in its Joint Experimentation directorate, described to *EIR* in an Aug. 7 interview as a "four-path approach" to transformation—the first of which is the concept development approach described above. The second part is *interoperability*, or "making sure the systems that the services are building truly are built" so that they can, in effect, talk to each other. The third is joint training, which includes an effort by JFCom to build a "joint national training capability." Among other things, this would include linking the major service training ranges together. The fourth piece is JFCom's provision of forces that have the capabilities to conduct the kind of operations seen in Afghanistan and Iraq. "It's also the road-map for the way ahead," explained Ozolek, "and that will be the process by which we continue to adapt to the changes that we see in the operational environment; to the identification of new threats. . . . Our job is to anticipate what those challenges are going to be, and to have the capability of dealing with that challenge ahead of the next enemy's ability to operate that way."

The process of experimentation used by JFCom dates back to 1997, when Senators Joseph Lieberman (D-Conn.) and Dan Coats (R-Ind.) inserted language into the 1998 Defense Authorization bill, calling for a "joint experimentation" capability to develop the basis for the concepts that are now associated with "transformation." In a 1997 article published in the *Joint Forces Quarterly*, Coats offered the German

Blitzkrieg as a model for how a military can be changed. It was through the efforts of Generals Hans von Seeckt and Heinz Guderian, he wrote, that the Germans "leveraged" the new technologies of the tank, the airplane, and radio communications "with new organizations and doctrine, to develop more effective warfighting capabilities. Thus the development of the Blitzkrieg offers insight into creating change."

But Coats forgot to mention that not only was the Blitzkrieg a tool of an aggressive war policy; it failed as a military strategy when used against the Soviet Union, an adversary with both the will and means to resist.

### **Platforms Versus Systems**

One feature of the transformation debate might be termed "platforms versus systems." Platforms are the airplanes, ships, and ground vehicles that deliver weapons, or carry troops into combat. The utopian side of the debate, represented by such as Andrew Marshall, the Pentagon's Director of Net Assessment, maintains that the systems are more important than the platforms. The systems provide the intelligence, reconnaissance, command and control, and communications of the weapons and forces that are taken into combat by the airplanes, ships, and ground vehicles. They argue that the investment in those systems is far more important than any investment in platforms. Secretary Rumsfeld's decision to kill the Army's Crusader artillery system in 2002 is an example of the "systems" outlook prevailing over the "plat-

forms” outlook.

Some of the most thoughtful critique of transforming the military in this direction has come, most notably, from the U.S. Army, which has been a particular target of Rumsfeld’s vitriol. One indication of this were the remarks of Col. Douglas McGregor, a senior research fellow at the Center for Technology and National Security Policy at the National Defense University, at an all-day Oct. 15 forum on military transformation sponsored by the Heritage Foundation. Following half a day of remarks from other speakers on the importance of networks, MacGregor declared, “We are irrationally exuberant about non-existent technology!” He acknowledged that networks have tremendous potential for military operations. “The problem is,” he said, “we can’t get the network at the National Defense University to stay up for any length of time.” Nor will the network, contrary to the assertions of the utopians, confer perfect knowledge of the enemy on its users.

So, McGregor’s advice to commanders in the field is to bet on their weapons systems, their platforms, and above all, the human potential of their organizations, including training and good battle drills, “because the technology will periodically fail.” He demonstrated that there are times when the only thing to go into battle with is a tank, because its armor-protected fire power is sometimes all that can get the job done.

McGregor also took on the issue of benchmarking, in response to *EIR*’s question on JFCom’s “Lessons Learned” study of the Iraq war. He said that the problem in examining these operations is, “We have trouble listening to the people who actually fight.” He noted that both the Army and the Marines have thousands of combat-experienced troops “who can do more for transformation than anyone else in uniform, if we listen to them.” The problem, he said, is that when someone at the top gets a “vision,” and says “this is how we can make things work,” then everyone feels obligated to try to make it work, “even if it doesn’t make any sense.”

Instead, McGregor said, “We’ve got to come up with a series of ideas, different organizational structures; when it comes to equipment, different prototypes. Don’t sink \$9 billion into some platform [referring to the Army’s Stryker wheeled combat vehicle] that *somebody liked*. Run some number of these prototypes, organize it differently, employ it, test it, come back; and make a decision as to whether or not you want to go forward. Learn what you can and go into new prototypes, new pieces of equipment and new organizations as deemed necessary.”

Prof. Stephen Biddle of the U.S. Army War College has done studies of the combat operations in both Afghanistan and Iraq, focussing, in particular, on the effectiveness of long-range precision strikes in different circumstances. He told the Heritage forum that in the early phase of the Afghanistan operation, the Taliban militias were poorly trained and poorly motivated, and were easily defeated by the use of precision-guided weapons called in by combat controllers on the ground. The Northern Alliance was then sufficient to mop up



*Defense Secretary Donald Rumsfeld’s pet “military transformation” has substituted the military uses of information-age artificial intelligence, for the military uses of human intelligence and mission-orientation. The reason is the intent, or purpose, of the vaunted military transformation doctrine: To fight pre-emptive war, nuclear war, perpetual war.*

the mess afterwards. However, as the campaign progressed, the fighting shifted from the Taliban to hardened, well-trained, and well-motivated al-Qaeda fighters, who were very competent at using the mountainous terrain for cover and concealment. During Operation Anaconda in March of 2002, for example, about 50% of the enemy fighting positions remained undiscovered until U.S. troops drew fire from them. They could not be detected by airborne and satellite reconnaissance, and therefore, could not be targeted by long range precision strikes. The only method by which they could be destroyed was by close combat.

Addressing the House Armed Services Committee on Oct. 20, Biddle warned—perhaps with the German Blitzkrieg example in mind—that the combination of skills and technology the U.S. employed in Iraq “would probably not produce comparable results against a more skilled opponent.” He said that a skilled force the size of the Iraqi Army in March of 2003, would have required a much higher troop level to destroy, and would have inflicted much greater losses. “This is because skilled militaries can survive stand-off precision engagement, and compel close combat on terms unfavorable to us, as al-Qaeda has already demonstrated to us in 2001-2002 in Afghanistan; and because such close combat, even with modern technology, is inherently dangerous and labor intensive.”

### **Artificial vs. Human Intelligence**

Another instructive critique was published on Oct. 23, by the Army’s Center for Army Lessons Learned, based at Fort Leavenworth, Kansas—focussing on intelligence and fire support to the ground combat operation in Iraq. The team examined the use of unmanned air vehicles as intelligence platforms; the management of intelligence collection efforts;





*“During the early phase of the U.S. operation in Afghanistan, Rumsfeld was fond of pointing to U.S. special forces troops—riding horseback, using satellite radios and global positioning system (GPS) receivers to call in air strikes from 40-year-old B-52’s dropping GPS-guided bombs—as an example of what military transformation means.”*

and the training and utilization of intelligence assets, among other things. Its findings on the use of intelligence included the following:

- Intelligence collection is poorly managed, because the officer responsible “had only a general understanding of the collection management process and a very limited understanding of the capabilities and limitations of the assets he was tasking.”

- Junior military intelligence officers and enlisted soldiers showed poorly developed skills. They did not understand the targetting process, had weak intelligence-briefing skills, little to no analytical skills, and were unable to develop the intelligence, surveillance, and reconnaissance plan. They lacked the fundamentals of collection management. The report concluded that no one takes responsibility for the training of these junior soldiers after they leave the Intelligence Center and School at Fort Huachuca, Ariz.

- Tactical human intelligence teams are not providing the support they should be. There are 69 such teams in Iraq and the investigators determined that these teams should be submitting about 120 reports per day to the Human Intelligence Operations Cell (HOC). Instead, the teams are sending in only about 30, because of “the lack of guidance and focus provided by the HOC.”

- There are too few translators available, and they are often poorly utilized. Nor do soldiers using interpreters have the proper training and experience for the cultures they’re operating in.

The overarching conclusion to be drawn from the team’s

findings, is that ground forces are not trained to use intelligence effectively, leading to a lack of thinking or mission orientation. Given that, the over-abundance of real-time intelligence provided by super-sophisticated technology is not as effective as Rumsfeld and his co-thinkers claim.

### **What Is the Mission of War?**

While the tactical considerations raised by both MacGregor and Biddle can be life-or-death issues for soldiers engaged in combat, it is the strategic policy of the administration in power that determines whether or not they go to war, and if they do, *for what purpose*. MacGregor described the Bush Administration policy as one of “joint global expeditionary warfare.” In other words, Macgregor said, “we will project the military power of our active component forces overseas to the places where the enemy lives, and attack him on his own ground.” At the same time, the homeland will be defended by “a mix of civil and military capabilities.”

In practice, this has meant an attack on Afghanistan—ostensibly in response to the Sept. 11, 2001 attacks on New York and Washington—and an unprovoked invasion of Iraq for reasons that have proven not to be truthful. In reality, the *purpose* of both operations has been an imperial war policy first written by then-Secretary of Defense Dick Cheney and others back in 1991, and promoted in the interim by a collection of right-wing Washington-based think-tanks led by the American Enterprise Institute. As *EIR* has previously documented, this is a recipe for perpetual, Clash of Civilizations warfare.

What, in fact, is a constitutionally tolerable concept of warfare for the United States? As Lyndon LaRouche has repeatedly reminded, in the republic military tradition, “The mission of war is peace.” The only legitimate reason for going to war is to secure the conditions for a durable peace, just as MacArthur had oriented his strategy not only for his conduct of the war in the Pacific, but also his post-war occupation of Japan.

Such a strategic outlook cannot be served by Cheney’s imperial war policy, but rather, only by the application of strategic defense. LaRouche described MacArthur’s conduct of the war in the Pacific as “the most brilliant case-history of the military-strategic applications of the principles of strategic defense in my lifetime.”

LaRouche further emphasized that the only constitutionally tolerable military policy of the United States “is the adoption of the overall-ruling, long mission of fostering the bringing into being of a global community of principle among sovereign nation-states.” Corollary to this is the principle of the flank, which “expresses . . . the ability of the individual human mind to discover and employ efficiently a newly discovered, or neglected universal principle, of physical science or Classical artistic culture.”

The natural advantage of the individual human mind is the source of technology, and MacArthur was able to absorb that advantage into his grand strategic outlook of winning the peace. This is the difference between “strategic defense,” and Cheney’s and Rumsfeld’s transformation of the military for a world of perpetual war.

## A Note on Principles Of Strategic Defense

by Lyndon H. LaRouche, Jr.

Formally, the concept of strategic defense dates from Lazare Carnot’s paper known as the “Homage to Vauban.” This was developed from that point on by Carnot; and by the Gerhard Scharnhorst who was a graduate of Moses Mendelssohn’s program for training of candidate officers and a student of the example of Carnot’s leadership; and by the related work of the *École Polytechnique* (e.g., Chaptal, et al.), in French military affairs during 1792-94. In U.S. post-1814 military history, this tradition was fused with the lessons of the American experience in the colonies, and during the Revolutionary War. Thence, West Point represented two conflicting traditions: the one incorporating the lessons of the Carnot-Scharnhorst tradition; the opposite, that of Bernard Jomini, the Swiss mercenary general.

Jomini’s influence in the U.S.A. is ironical, to say the

least. It is exemplified by that section of West Point graduates associated with President Polk’s war with Mexico, which supplied the core of the military organization for the Confederacy. With a deeper probing of that aspect of our national history, the stink grows worse; the Confederacy’s adopted tradition of the Swiss mercenary Jomini, reflects Jomini’s association with and against Napoleon Bonaparte. Jomini is an expression of the Martinist/Synarchist freemasonic cult which conducted the French Revolution of July 14, 1789 through 1815; of Napoleon III; of Spanish Carlism; all the way through such creatures as Mussolini, Hitler, Franco, et al., and the U.S. and Israeli neo-conservatives of today. The Confederacy was a fascist dictatorship; it was the ideology of Napoleon Bonaparte’s family and veterans in the U.S.A., and the coincident influence of Murat, all of which played a crucial direct role as participation in both the Confederacy and the filibustering operations preceding it.

Lincoln’s mobilization for war is a reflection of the principles of strategic defense. General MacArthur’s direction of the war in the Pacific is—apart from errors which had a contrary direction, such as the unnecessary assault on Iwo Jima—the most brilliant case-history of the military-strategic applications of the principles of strategic defense during my lifetime.

The concept of strategic defense took root in France in the roles of Cardinal Mazarin and Jean-Baptiste Colbert; in Mazarin’s leading role in bringing about the 1648 Treaty of Westphalia; and Colbert’s opposition, as a great economic nation-builder, to the Fronde-ist follies of that virtual Mithra-cultist “Sun King” Louis XIV, who prefigured the imperial tyranny of Bonaparte.

Vauban was notable for Monge’s pupil Carnot as an example of the method of strategic defense applied successfully by Vauban during the wars of Louis XIV. I have walked through the fortress city of Neuf Breisach; for the technology of artillery in use during the early Eighteenth Century, the city, still intact and functioning, was an exemplary work of genius in application of strategic defense. Those two Vauban fortresses in Southeastern France prevented the Austrian penetration of France during that time, and supplied the most formidable resistance to the Prussian-German forces during the Franco-Prussian War. The Maginot Line, as originally conceived—but misused by the foolish French command later—was a reflection of the exemplary work on strategic defense of Vauban and Carnot.

### Republican Military Policy Today

Now, with the advent of nuclear and comparable technology, the conception of warfare should have undergone a revolutionary change from that of modern history until 1940-42 (e.g., Stalingrad). World War II was fought and won, in both Europe and the Pacific, by the Anglo-American-Soviet allies through application of the kind of strategic defense expressed by the successfully applied design, by von Wolzo-



*The principle of strategic defense begins for modern, extended European civilization, with the actions of France's Cardinal Mazarin (above) and Jean-Baptiste Colbert, in finally ending the Thirty Years' War, and basing their policy toward other nations on the principle of the "advantage of the other." LaRouche states this idea as John Quincy Adams did, a "community of principle."*

gen, for using Napoleon's invasion of Russia as a trap to destroy him; a design which von Wolzogen premised chiefly on Friedrich Schiller's studies in depth of the Netherlands and Thirty Years' Wars. Now, we must develop strategies which are a continuation of the essential principle of strategic defense, but are suited to the era of nuclear and related technologies.

The only constitutionally tolerable conception of the military policy of the U.S.A., today, as during 1776-1789, is the adoption of the overall-ruling, long mission of fostering the bringing into being of a global community of principle among of sovereign nation-states, not only within the Americas, but the world at large. John Quincy Adams' draft of the Monroe Doctrine, and Lincoln's Gettysburg Address—which should be the code of dedication for cadets and graduates of West Point and Annapolis—are more or less succinct expressions of the original intention of what is fairly called "The Benjamin Franklin" project of the 1763-89 interval: To create here, a new nation, to become, in the words of Lafayette, a temple of liberty and beacon of hope for all mankind.

Thus, for U.S. patriots, the mission of war is peace, whereas for the Synarchists and their like, the mission of war is world-rule through war. Our preliminary mission is to establish a successful peace; our long-term mission is to establish a durable peace among sovereign nation-states; our ultimate mission is to establish a community of principle among sovereign nation-states.

## **Auftragstaktik**

The correlated feature of such a mission-orientation of strategic defense, is the principle of the strategic flank. For example, Frederick the Great at Leuthen, outflanking and routing a greatly superior Austrian force, twice in the same day. Essentially, the principle of the flank expresses the use of the natural advantage of the human individual over all beasts, including those, such as our own and Israel's neo-conservatives, whose behavior is that of beasts. The typification of that principle of the flank is the ability of the individual human mind to discover and employ efficiently a newly discovered, or neglected universal principle, of physical science or Classical artistic culture. The application of this is expressed at the level of the smallest military or comparable unit, by what Scharnhorst's tradition defined as *Auftragstaktik* [mission orientation].

I wish to build that tradition deep into a reform of the military training of both regular military forces, and reserves developed and maintained through restoration of universal military training, or UMT. (UMT, properly designed, will cost us a net nothing; the gains in productivity implicit in such training, according to that principle, will more than offset the costs incurred, and also make for a better quality of citizen.)

"Exit strategy" is a vulgarization, albeit a presently useful improvisation, for the notion of strategic-defense war conducted as the means for building a more-or-less durable peace.

## No Resolution in Sight, As Budget Fights Drag On

Last year, when the Fiscal 2003 appropriations process went into limbo, the Republicans in both Houses had then-Majority Leader Tom Daschle (D-S.D.) to blame for not passing a budget resolution in the Senate, even though the House GOP leadership made a decision not to proceed with the process under those circumstances. This year, the GOP controls both Houses as well as the White House, and yet, four weeks into Fiscal 2004, has managed to pass only three of the 13 annual spending bills. Now, there is talk of wrapping up the process with yet another omnibus funding bill, as has apparently become the rule rather than the exception, since the GOP took control of the House in 1995.

The possibility of an omnibus bill emerged on Oct. 21, when the House passed another continuing resolution, extending the previous one to Nov. 7. Rep. David Obey (D-Wisc.), the ranking Democrat on the House Appropriations Committee, told the House that the continuing resolution was to become the vehicle, in the Senate, for an omnibus bill. He expressed skepticism, however, that it will be finished by the Nov. 7 deadline. He said that he expected to see another resolution with a date somewhere between Nov. 15 and Thanksgiving, but that the process will probably still not be done by that time. "I am afraid," he said, "that it is beginning to look a lot like Christmas."

While the House has finished initial work on all 13 of its bills, the Senate has only completed seven, the excuse being that the \$87 billion Iraq War Supplemental diverted attention from the regular bills. The Transportation/Treasury bill was one of the seven and the Senate completed work on it on Oct. 24. The \$1.34 billion appropriation for Amtrak in the Senate bill sets up a fight with the House, which only

included \$900 million in its bill—a level that Amtrak President David Gunn has warned will result in the shutdown of the national passenger railroad.

## Byrd: Make Iraq Overseer Accountable to Senate

On Oct. 27, Sen. Robert Byrd (D-W.Va.) challenged the Senate to hold the Bush Administration accountable for its war in Iraq. Specifically, he introduced an amendment to the Fiscal 2004 foreign operations appropriations bill to make the head of the Iraq Coalition Provisional Authority (CPA) a Presidential nominee subject to confirmation by the Senate. He told the Senate that the House has already put such a provision into its version of the \$87 billion Iraq War Supplemental bill, in reaction to the news that President Bush had appointed National Security Advisor Condoleezza Rice to lead a task force that would assume the responsibility for rebuilding Iraq. He noted that the National Security Advisor traditionally does not testify before Congressional committees, except under extraordinary circumstances. "It is an unconfirmed position," he said, "and its actions are hidden from the view of the Congress, the media, and the public."

Likewise for the head of the CPA, Amb. Paul Bremer; Byrd has little confidence that Bremer will testify in front of Congress when he is not asking for money. "The Congress has a responsibility on behalf of the American people," said Byrd, "to ensure that whoever is running things in Iraq is answerable to the Congress and to the American people." Byrd pointed out that the CPA "is an entity that has not been sanctioned, which has not been approved by Congress. . . . It is operating without any mandate from the American public. Yet it claims to be

vested by the President with all executive, legislative, and judicial authority necessary to achieve its objective."

As he has previously, Byrd contrasted the Bush Administration's Iraq policy with the post-World War II Marshall Plan. He noted that the Marshall Plan was only passed after seven weeks of public hearings, and the Congress specified that the head of the plan would be subject to Senate confirmation. "On the other hand," he said, "the Coalition Provisional Authority and its administrator can claim none of that."

A majority in the Senate was unwilling to back Byrd up, however, and his amendment was defeated by a vote of 44-53 on Oct. 28.

## Will Bush Veto Increase For Veterans' Health Care?

On Oct. 21, the House voted 277-139, in a nonbinding motion, to support an extra \$1.3 billion for veterans' health care included in the Senate version of the \$87 billion Iraq War Supplemental appropriations bill. The extra funding would eliminate the \$250 deductible that some veterans are paying to use Veterans Administration hospitals, as well as allow them to get prescription drugs at lower rates. The motion also called for the House negotiators to support the Senate provision converting \$10 billion of the \$20 billion Iraq reconstruction aid into loans.

Barbara Mikulski (D-Md.), who was a co-sponsor of the Senate amendment, told reporters on Oct. 22, "Our veterans need to know that America is with them and that we owe them a debt of gratitude. But gratitude should just not only be with words and parades; it's got to be with deeds and resources," including health care. She complained that the Bush Administration had the gall to object to the additional money.

---

# National News

---

## LaRouche Leads Kucinich in Ohio

*The Vindicator* of Youngstown, Ohio, report on Oct. 28 that Presidential candidate Lyndon LaRouche is the third-highest fundraiser in the Mahoning Valley, only surpassed by John Edwards and John Kerry. "LaRouche . . . has the third-highest amount of money raised from Valley contributors among Democrats running next year for the nation's highest office" the newspaper reported. "LaRouche has raised a respectable amount from Ohio contributors compared to others running for President—\$57,810 compared with U.S. Rep Dennis Kucinich of Cleveland, who's raised \$55,975 in his home state, and Kerry, who raised \$63,900 in Ohio. None of the other Democratic candidates have raised more than \$1,000 from Valley contributors."

---

## New Pentagon Report Promotes Mini-Nukes

As reported first on Oct. 23, the Pentagon's Defense Science Board has produced a report advocating the development of a new generation of nuclear weapons. The report is entitled "Future Strategic Strike Forces" and was likely produced by the Task Force of that name, which has been meeting for many months. Although not mentioned in the coverage, it seems likely that the report is also an outgrowth of the August conference on new nuclear weapons held at the U.S. Strategic Command headquarters at Offutt Air Force Base in Omaha.

The report was leaked to *Jane's Defense Weekly*, in advance of its January publication. It proposes steps to make U.S. nuclear weapons "relevant to the threat environment" in the era of the war on terrorism, and it argues that low-yield nuclear weapons would be a more "credible" threat to adversaries than traditional atomic weapons.

An unidentified former Pentagon official is quoted as saying that "'mini-nukes' would be easier to use, and therefore more useful as a deterrent."

The report recommends resurrecting earlier, tested weapons, and modifying them for "greater precision, deep penetration [and] greatly reduced radioactivity" so that they pose a more credible threat to adversaries. The report also calls for the development of "enhanced" electromagnetic pulses weapons and neutron bombs.

*EIR* has reported that the call for a "new generation of nuclear weapons" goes back to the period when Dick Cheney was Secretary of Defense in the first Bush Administration. It was part of the 1992 draft Defense Policy Guidance drafted by Paul Wolfowitz, Lewis Libby, and others in Cheney's office; this was vetoed by the Bush 41 Administration, but Cheney then included it in his final policy paper issued in January 1993.

---

## Food Stamp Use Up 38% Since 2000

Louisianans' use of food stamps has risen 38% above the July 2000 level, because of increases in unemployment, according to an Oct. 23 report by the Louisiana Dept of Social Services. While more full-time workers and elderly are struggling to make ends meet, some 646,446 state residents each month relied on food stamps as of September 2003, a level that has increased steadily from 465,733 recipients in July 2000. Children up to age 17 represent more than half of food stamp recipients; non-white residents comprise 76% of recipients.

Only 9% of food stamp households receive welfare checks. In addition, an estimated 200,000 more people are eligible to receive benefits—many are senior citizens, according to the state Department of Social Services. Louisiana now ranks in the top 10 food stamp expenditure states, even though it ranked 22nd in population (as of December 2000).

---

## U.S. Babies Holding Videogames With Bottles

A first-of-its-kind Kaiser Foundation study issued by a children's advocacy group on

Oct. 28, called "Zero to Three; National Center for Infants, Toddlers and Families," surveyed 1,065 families and found that two-thirds of children under two use computers, DVDs, or television. Nine per cent of those under three play computer games daily for an average of 49 minutes. Those under 6 average two hours a day of "screen media" use—more than three times the amount of time they spend reading.

Spokesmen for the American Academy of Pediatrics recommended that infants not watch any television. "In those crucial first two years of life, their brains need physical interaction to develop properly," said Michael Rich, a Harvard researcher and member of the academy. "They should be spending time with siblings, with parents, with mud."

---

## Experts Call Iraq Classic Guerrilla War

Military affairs experts quoted in *USA Today* on Oct. 29 agreed on the analysis. Specialist Francis Tusa, publisher of *Defence Analysis*, a monthly journal, said of the fighting in Iraq that: "This is pretty serious stuff going on. . . . This isn't random attacks . . . not of this size. This is the start of a campaign . . . It's as simple as that. . . . The Americans are saying, 'it's just bandits.' No, they're better than that. They have got an organization . . . They have got targets, they have plans, this is a classic guerrilla . . . campaign."

Retired Army General Bob Sales, co-author of the book, *The Iraq War*, states: "This is a foot race that either side can win." He says that the Iraqi guerrillas believe that America's "tolerance for pain is a lot lower than theirs."

Retired Green Beret Colonel Stan Florer says: "They are adaptive, and they are using classic guerrilla techniques." And, retired Marine Corps Lt. General Paul Van Riper, who served two tours of duty in Vietnam, is not confident things will get better any time soon.

Van Riper believes the American forces need more infantry in Iraq and better intelligence, but this will take time, particularly the latter.

### *In Honor of Yitzhak Rabin*

We would do well to reflect on the mission of that deceased Israeli patriot, Yitzhak Rabin, on this 8th anniversary of his assassination on Nov. 4, 1995. There are hopeful signs, at this very moment, that his brave attempt to conclude peace with the Palestinians is being taken up again, through the action of Israeli Yossi Beilin, and Palestinian Yassir Abd Rabbo, in forming the Geneva Initiative. All the more reason for us to turn our attention to the life and thought of Rabin.

Yitzhak Rabin was no “peacenik.” He had fought for the independence of Israel from Great Britain in 1947-48, and played a commanding role in the 1967 war. During his tenure as prime minister, between 1984 and 1988, the Israeli government fought bitterly against the Palestinian Intifada; and over those years and those that followed, he showed no sign of softening toward the recognition of a Palestinian state.

Yet in 1993, Rabin braved the wrath of the fanatics of his country, among others, in order to forge the Oslo Accords with the Palestinian Authority, and sign a treaty with Yassir Arafat. His words at the signing ceremony, held under the eyes of President Clinton, deserve to be etched in our memories: “Let me say to you, the Palestinians, we are destined to live together on the same soil in the same land. We, the soldiers who have returned from battles stained with blood; we who have seen our relatives and friends killed before our eyes; we who have attended their funerals and cannot look into the eyes of their parents; we who have come from a land where parents bury their children; we who have fought against you, the Palestinians; we say to you today in a loud and a clear voice, enough of blood and tears. Enough!

“We have no desire for revenge, we harbor no hatred towards you. We, like you, are people—people who want to build a home, to plant a tree, to love, live side by side with you in dignity, in affinity, as human beings, as free men. We are today giving peace a chance and saying to you, and saying *again* to you, ‘Enough.’ Let us pray that a day will come when we all will say farewell to arms. We wish to open a new chapter in the sad

book of our lives together, a chapter of mutual recognition, of good neighborliness, of mutual respect, of understanding. We hope to embark on a new era in the history of the Middle East.”

Two years later, when Oslo was under increased assault by those he called the Israeli “ayatollahs,” Rabin encapsulated his thoughts on the change that was required to reach a peace. In a toast to President Clinton and King Hussein at the conclusion of the negotiations on Middle East peace on July 25, 1995, Rabin said: “If I raise my toast, I will raise it for those who have the courage to change axioms, to overcome prejudices, to change realities, and those who make it possible to them—for you, Your Majesty (King Hussein of Jordan); to you, President Clinton; to all those who believe and support and are ready to assist the continuation of peace in the region. *Le Chaim. Le Chaim.*”

Less than four months later, Rabin was assassinated by a Jewish fanatic—one of a group that had been funded from the United States, and supported by Likud fascists such as Benjamin Netanyahu—in a shockingly open fashion. That murder, combined with the deadly refusal of the international community to provide the support for the urgently required joint economic development projects which could have cemented the peace between Israeli and Palestinian, put Israel on the road to the kind of mayhem it is suffering today. Precisely because no other leaders have stepped forward in Israel, to “change axioms” toward collaboration with the Palestinians.

Today, there is hope that Rabin’s dream is being revived, with international support and promise. Not only the politicians, but leading military men in Israel are coming forward to reject the policy of revenge, and perpetual war, which replaced Rabin’s policy of peace. This is an occasion for hope and joy.

What’s remains to be provided, is the strong international support, particularly from the United States, for the outlook Israel’s great statesman embodied. As we commemorate Yitzhak Rabin, let us commit ourselves to establishing his “peace of the brave” once again.

# SEE LAROCHE ON CABLE TV

All programs are *The LaRouche Connection* unless otherwise noted. (\*) Call station for times.

**INTERNET**  
 • ACCESSPHOENIX.ORG  
 Click on *Live Webcast*  
 Fridays—6 pm  
 (Pacific Time only)  
 • BROOKLYNX.ORG/BCAT  
 Click on *PLAY*  
 Tue: 12 Noon & 8 pm  
 (Eastern Time only)  
 • MNN.ORG  
 Alt. Sundays—9 am  
 (Eastern Time only)  
 Click on *Watch Ch.34*

**ALABAMA**  
 • BIRMINGHAM—Ch.4  
 Wednesdays—10:30 pm  
 • UNIONTOWN—Ch.2  
 Mon-Fri every 4 hrs.  
 Sundays—Afternoons

**ALASKA**  
 • ANCHORAGE—Ch.44  
 Thursdays—10:30 pm  
 • JUANEAU—Ch.12  
 Thursdays—7 pm

**ARIZONA**  
 • PHOENIX—Ch.98  
 Fridays—6 pm  
 • PHOENIX VALLEY  
 Quest Ch.24  
 Fridays—6 pm  
 • TUCSON—Ch.74  
 Tuesdays—3 pm

**ARKANSAS**  
 • CABOT—Ch.15  
 Daily—8 pm  
 • LITTLE ROCK  
 Comcast Ch. 18  
 Tue—1 am, or  
 Sat—1 am, or 6 am

**CALIFORNIA**  
 • BEVERLY HILLS  
 Adelphia Ch. 37  
 Thursdays—4:30 pm  
 • BREAE—Ch. 17  
 Mon-Fri: 9 am-4 pm  
 • BUENA PARK  
 Adelphia Ch. 55  
 Tuesdays—6:30 pm  
 • CARLSBAD  
 Adelphia Ch.3  
 1st/3rd Wed: 10 pm  
 • CLAYTON/CONCORD  
 AT&T-Comcast Ch.25  
 2nd Fri.—9 pm  
 Astound Ch.31  
 Tuesdays—7:30 pm

**CONNECTICUT**  
 • GROTON—Ch.12  
 Mondays—5 pm  
 • MANCHESTER Ch.15  
 Mondays—10 pm  
 • MIDDLETOWN—Ch.3  
 Thursdays—5 pm  
 • NEW HAVEN—Ch.29  
 Sundays—5 pm  
 Wednesdays—7 pm  
 • NEWTOWN/NEW MIL.  
 Cablevision Ch.21  
 Mondays—9:30 pm  
 Thursdays—11:30 am

**FLORIDA**  
 • ESCAMBIA COUNTY  
 Cox Ch.4  
 2nd Tue: 4:30 pm  
**GEORGIA**  
 • ATLANTA  
 Comcast Ch.24  
 Wednesdays—10 am

**IDAHO**  
 • MOSCOW—Ch. 11  
 Mondays—7 pm  
**ILLINOIS**  
 • CHICAGO  
 AT&T/RCN/WOW Ch.21  
 Fri., 11/14: 10 pm  
 Sat. 11/22: 5 pm  
 • QUAD CITIES  
 Mediacom Ch.19  
 Thursdays—11 pm  
 • PEORIA COUNTY  
 Insight Ch.22  
 Sundays—7:30 pm  
 • SPRINGFIELD Ch.4  
 Mon-Fri: 5-9 pm  
 Sat-Sun: 1-5 pm

MediaOne Ch.43  
 Wednesdays—7 pm  
 • MID-WILSHIRE  
 MediaOne Ch.43  
 Wednesdays—7 pm  
 • MODESTO—Ch.2  
 Thursdays—3 pm  
 • OXNARD  
 Adelphia Ch.19  
 Americast Ch.8  
 Tuesdays—7 pm

• PLACENTIA  
 Adelphia Ch.65  
 Tuesdays—6:30 pm  
 • SANDIEGO Ch.19  
 Wednesdays—6 pm  
 • SANTA ANA  
 Adelphia Ch.53  
 Tuesdays—6:30 pm  
 • STA.CLAR.VLY.  
 T/W & AT&T Ch.20  
 Fridays—1:30 pm  
 • SANTA MONICA  
 Adelphia Ch. 77  
 Thursdays—4:30 pm

• TULUINGA—Ch.19  
 Mondays—9 pm  
 • VENICE—Ch.43  
 Wednesdays—7 pm  
 • VENTURA—Ch.6  
 Adelphia/Avenue  
 Mon & Fri—10 am  
 • WALNUT CREEK  
 AT&T Ch.6  
 2nd Fridays—9 pm  
 Daily—8 pm

• W.HOLLYWOOD  
 Adelphia Ch. 37  
 Thursdays—4:30 pm  
 • W.SAN FDO VLY.  
 Time Warner Ch.34  
 Wed.—5:30 pm  
**COLORADO**  
 • DENVER—Ch.57  
 Saturdays—1 pm  
**CONNECTICUT**  
 • GROTON—Ch.12  
 Mondays—5 pm  
 • MANCHESTER Ch.15  
 Mondays—10 pm  
 • MIDDLETOWN—Ch.3  
 Thursdays—5 pm  
 • NEW HAVEN—Ch.29  
 Sundays—5 pm  
 Wednesdays—7 pm  
 • NEWTOWN/NEW MIL.  
 Cablevision Ch.21  
 Mondays—9:30 pm  
 Thursdays—11:30 am

**FLORIDA**  
 • ESCAMBIA COUNTY  
 Cox Ch.4  
 2nd Tue: 4:30 pm  
**GEORGIA**  
 • ATLANTA  
 Comcast Ch.24  
 Wednesdays—10 am

**IDAHO**  
 • MOSCOW—Ch. 11  
 Mondays—7 pm  
**ILLINOIS**  
 • CHICAGO  
 AT&T/RCN/WOW Ch.21  
 Fri., 11/14: 10 pm  
 Sat. 11/22: 5 pm  
 • QUAD CITIES  
 Mediacom Ch.19  
 Thursdays—11 pm  
 • PEORIA COUNTY  
 Insight Ch.22  
 Sundays—7:30 pm  
 • SPRINGFIELD Ch.4  
 Mon-Fri: 5-9 pm  
 Sat-Sun: 1-5 pm

**INDIANA**  
 • BLOOMINGTON  
 Insight Ch.3  
 Tuesdays—8 pm  
 • DELAWARE COUNTY  
 Comcast Ch.42  
 Mondays—11 pm  
 AT&T Ch.21  
 Monday-Thursday  
 8 am - 12 Noon

**IOWA**  
 • QUAD CITIES  
 Mediacom Ch.19  
 Thursdays—11 pm  
**KENTUCKY**  
 • BOONE/KENTON  
 Insight Ch.21  
 Mon: 4 pm; Sat: 5 pm  
 • JEFFERSON Ch.98  
 Fridays—2 pm  
**LOUISIANA**  
 • ORLEANS PARISH  
 Cox Ch.78  
 Tuesdays & Saturdays  
 4 am & 4 pm  
**MARYLAND**  
 • ANNE ARUNDEL  
 Annapolis Ch.20  
 Millennium Ch.99  
 Sat & Sun: 12:30 am  
 • MONTGOMERY Ch.19  
 Fridays—7 pm  
 • P.G.COUNTY Ch.76  
 Mondays—10:30 pm

**MASSACHUSETTS**  
 • BRAintree  
 AT&T Ch.31  
 BELD Ch.16  
 Tuesdays—8 pm  
 • CAMBRIDGE  
 MediaOne Ch.10  
 Mondays—4 pm  
 • WORCESTER—Ch.13  
 Tue—8:30 pm  
**MICHIGAN**  
 • CALHOON  
 ATT Ch.11  
 Mondays—4 pm  
 • CANTON TWP.  
 Comcast Ch.18  
*Zajak Presents*  
 Mondays: 6-8 pm  
 • DEARBORN  
 Comcast Ch.16  
*Zajak Presents*  
 Mondays: 6-8 pm  
 • DEARBORN HTS.  
 Comcast Ch.18  
*Zajak Presents*  
 Mondays: 6-8 pm  
 • GRAND RAPIDS  
 AT&T Ch.25  
 Fridays—1:30 pm  
 • KALAMAZOO  
 Thu: 11 pm (Ch.20)  
 Sat: 10 pm (Ch.22)  
 • KENT COUNTY  
 Charter Ch.7  
 Tue—12 Noon,  
 7:30 pm, 11 pm  
 • LAKE ORION  
 Comcast Ch.65  
 Mondays & Tuesdays  
 2 pm & 9 pm  
 • LIVONIA  
 Brighthouse Ch.12  
 Thursdays—4:30 pm  
 • MT.PLEASANT  
 Charter Ch. 3  
 Tuesdays—5:30 pm  
 Wednesdays—7 am  
 • PLYMOUTH  
 Comcast Ch.18  
*Zajak Presents*  
 Mondays: 6-8 pm

**MINNESOTA**  
 • ANOKA  
 AT&T Ch.15  
 Mon: 4 pm & 11 pm  
 • BURNSVILLE/EGAN  
 ATT Ch.14,57,96  
 Tuesdays—5:30 pm  
 Saturdays—9 pm  
 Sundays—10 pm  
 • CAMBRIDGE  
 US Cable Ch.10  
 Wednesdays—2 pm  
 • COLD SPRING  
 US Cable Ch.10  
 Wednesdays—5 pm  
 • COLUMBIA HTS.  
 MediaOne Ch.15  
 Wednesdays—8 pm  
 • DULUTH—Ch.20  
 Mondays—9 pm  
 Wednesdays—12 pm  
 Fridays 1 pm  
 • FRIDLEY—Ch.5  
 Thursdays—5:30 pm  
 Saturdays—8:30 pm  
 • MINNEAPOLIS  
 PARAGON Ch.67  
 Saturdays—7 pm  
 • NEW ULM—Ch.14  
 Fridays—5 pm  
 • PROCTOR/  
 HERMANTOWN—Ch.12  
 Tue: 8 pm-11 am  
 • ST.CLOUD AREA  
 Charter Ch.10  
 Astound Ch.12  
 Thursdays—8 pm  
 • ST.CROIX VLY.  
 Valley Access Ch.14  
 Thursdays: 4 & 10 pm  
 Fridays—8 am  
 • ST.LOUIS PARK  
 Paragon Ch.15  
 Wed, Thu, Fri:  
 12 am, 8 am, 4 pm  
 • ST.PAUL (city)  
 SPIN Ch.15  
 Saturdays—10 pm  
 • ST.PAUL (N Burbs)  
 AT&T Ch.14  
 Thu: -6 pm & Midnite  
 Fri: -6 am & Noon  
 • ST.PAUL (NE burbs)\*  
 Suburban Ch.15  
 • St.PAUL (S&W burbs)  
 AT&T-Comcast Ch.15  
 Tue & Fri: -8 pm  
 Wednesdays—10:30 pm  
 SOUTH WASHINGTON  
 ATT Ch.14—1:30 pm  
 Mon, Tue, Wed, Thu

**MISSISSIPPI**  
 • MARSHALL COUNTY  
 Galaxy Ch. 2  
 Mondays—7 pm  
**MISSOURI**  
 • ST.LOUIS  
 AT&T Ch.22  
 Wednesdays—5 pm  
 Thursdays—12 Noon  
**NEBRASKA**  
 • LINCOLN  
 T/W Ch.80  
*Citizen Watchdog*  
 Tuesdays—7 pm  
 Wednesdays—10 pm

**NEVADA**  
 • CARSON—Ch.10  
 Wednesdays—7 pm  
 Saturdays—3 pm  
 • RENO/SPARKS  
 Charter Ch.16  
 Wednesdays—9 pm  
 • GARY  
 AT&T Ch.25  
 Wednesdays—10 am  
**NEW JERSEY**  
 • MERCER COUNTY  
 Comcast\*  
 TRENTON Ch.81  
 WINDSOR/Ch.27  
 Time Warner Ch.27  
 Wednesdays—4 pm  
 • NORTHHER NJ  
 Comcast Ch.57\*  
 PISCATAWAY  
 Cablevision Ch.71  
 Wed—11:30 pm  
 • PLAINSBORO  
 Comcast Ch.3\*  
**NEW MEXICO**  
 • ALBUQUERQUE  
 Comcast Ch.27  
 Mondays—3 pm  
 Daily: 10 am; or  
 12 Noon; or 2 pm;  
 or 12 Midnight  
 • OBERLIN—Ch.9  
 Tuesdays—7 pm  
 • REYNOLDSBURG  
 Ch.6: Sun—6 pm  
**OREGON**  
 • LINN/BENTON  
 AT&T Ch.99  
 Tuesdays—1 pm  
 • TAOS—Ch.2  
 Thursdays—7 pm  
**NEW YORK**  
 • AMSTERDAM  
 T/W Ch.16  
 Wednesdays—7 pm  
 • BRONX  
 Cablevision Ch.70  
 Fridays—4:30 pm  
 • BROOKLYN  
 T/W Ch.34  
 Cablevision Ch.67  
 Tue: 12 Noon & 8 pm  
 • BUFFALO  
 Adelphia Ch.20  
 Thursdays—4 pm  
 Saturdays—1 pm  
 • CHEMUNG/STEBEN  
 Time Warner Ch.1  
 Mon & Fri: 4:30 pm  
 • ERIE COUNTY  
 Adelphia Intl. Ch.20  
 Thursdays—10:35 pm  
 • ILION—Ch.10  
 Mon & Wed—11 am  
 Saturdays— 11:30 pm  
 • IROQUOIS Ch.15  
 Mondays—7:30 pm  
 Thursdays—7 pm  
 • JEFFERSON/LEWIS  
 Time Warner Ch.2  
 Unscheduled pop-ins  
 • MANHATTAN—MNN  
 T/W Ch.34; RCN Ch.109  
 Alt. Sundays—9 am  
 • NIAGARA COUNTY  
 Adelphia Ch.20  
 Thursdays—10:35 pm  
 • ONEIDA—Ch.10  
 Thu: 8 or 9 pm  
 • PENFIELD—Ch.15  
 Penfield Comm. TV\*  
 • QUEENS OPTV Ch.34  
 Fridays—5 pm  
 Thursdays—9 pm  
 • QUEENSBURY Ch.71  
 Thursdays—7 pm  
 • RIVERHEAD Ch.70  
 Thu—12 Midnight  
 • ROCHESTER—Ch.15  
 Sundays—3 pm  
 Mondays—10 pm

**NEW YORK**  
 • AMSTERDAM  
 T/W Ch.16  
 Wednesdays—7 pm  
 • BRONX  
 Cablevision Ch.70  
 Fridays—4:30 pm  
 • BROOKLYN  
 T/W Ch.34  
 Cablevision Ch.67  
 Tue: 12 Noon & 8 pm  
 • BUFFALO  
 Adelphia Ch.20  
 Thursdays—4 pm  
 Saturdays—1 pm  
 • CHEMUNG/STEBEN  
 Time Warner Ch.1  
 Mon & Fri: 4:30 pm  
 • ERIE COUNTY  
 Adelphia Intl. Ch.20  
 Thursdays—10:35 pm  
 • ILION—Ch.10  
 Mon & Wed—11 am  
 Saturdays— 11:30 pm  
 • IROQUOIS Ch.15  
 Mondays—7:30 pm  
 Thursdays—7 pm  
 • JEFFERSON/LEWIS  
 Time Warner Ch.2  
 Unscheduled pop-ins  
 • MANHATTAN—MNN  
 T/W Ch.34; RCN Ch.109  
 Alt. Sundays—9 am  
 • NIAGARA COUNTY  
 Adelphia Ch.20  
 Thursdays—10:35 pm  
 • ONEIDA—Ch.10  
 Thu: 8 or 9 pm  
 • PENFIELD—Ch.15  
 Penfield Comm. TV\*  
 • QUEENS OPTV Ch.34  
 Fridays—5 pm  
 Thursdays—9 pm  
 • QUEENSBURY Ch.71  
 Thursdays—7 pm  
 • RIVERHEAD Ch.70  
 Thu—12 Midnight  
 • ROCHESTER—Ch.15  
 Sundays—3 pm  
 Mondays—10 pm

**ROCKLAND**—Ch.71  
 Mondays—6 pm  
 • STATEN ISL.  
 Time Warner Cable  
 Thu—11 pm (Ch.35)  
 Sat—8 am (Ch.34)  
 • TOMPKINS COUNTY  
 Time Warner Ch.13  
 Sun—1 pm & 9 pm  
 Saturdays—9 pm  
 • TRI-LAKES  
 Adelphia Ch.2  
 Sun: 7 am, 1 pm, 8 pm  
 • WEBSTER—Ch.12  
 Wednesdays—9 pm  
**NORTH CAROLINA**  
 • HICKORY—Ch.3  
 Tuesdays—10 pm  
**OHIO**  
 • CUYAHOGA COUNTY  
 Ch.21: Wed—3:30 pm  
 • FRANKLIN COUNTY  
 Ch.21: Sun—6 pm  
 • LORAIN COUNTY  
 Adelphia Ch.30  
 Daily: 10 am; or  
 12 Noon; or 2 pm;  
 or 12 Midnight  
 • OBERLIN—Ch.9  
 Tuesdays—7 pm  
 • REYNOLDSBURG  
 Ch.6: Sun—6 pm  
**OREGON**  
 • LINN/BENTON  
 AT&T Ch.99  
 Tuesdays—1 pm  
 • TAOS—Ch.2  
 Thursdays—7 pm  
**NEW YORK**  
 • AMSTERDAM  
 T/W Ch.16  
 Wednesdays—7 pm  
 • BRONX  
 Cablevision Ch.70  
 Fridays—4:30 pm  
 • BROOKLYN  
 T/W Ch.34  
 Cablevision Ch.67  
 Tue: 12 Noon & 8 pm  
 • BUFFALO  
 Adelphia Ch.20  
 Thursdays—4 pm  
 Saturdays—1 pm  
 • CHEMUNG/STEBEN  
 Time Warner Ch.1  
 Mon & Fri: 4:30 pm  
 • ERIE COUNTY  
 Adelphia Intl. Ch.20  
 Thursdays—10:35 pm  
 • ILION—Ch.10  
 Mon & Wed—11 am  
 Saturdays— 11:30 pm  
 • IROQUOIS Ch.15  
 Mondays—7:30 pm  
 Thursdays—7 pm  
 • JEFFERSON/LEWIS  
 Time Warner Ch.2  
 Unscheduled pop-ins  
 • MANHATTAN—MNN  
 T/W Ch.34; RCN Ch.109  
 Alt. Sundays—9 am  
 • NIAGARA COUNTY  
 Adelphia Ch.20  
 Thursdays—10:35 pm  
 • ONEIDA—Ch.10  
 Thu: 8 or 9 pm  
 • PENFIELD—Ch.15  
 Penfield Comm. TV\*  
 • QUEENS OPTV Ch.34  
 Fridays—5 pm  
 Thursdays—9 pm  
 • QUEENSBURY Ch.71  
 Thursdays—7 pm  
 • RIVERHEAD Ch.70  
 Thu—12 Midnight  
 • ROCHESTER—Ch.15  
 Sundays—3 pm  
 Mondays—10 pm

**ROCKLAND**—Ch.71  
 Mondays—6 pm  
 • STATEN ISL.  
 Time Warner Cable  
 Thu—11 pm (Ch.35)  
 Sat—8 am (Ch.34)  
 • TOMPKINS COUNTY  
 Time Warner Ch.13  
 Sun—1 pm & 9 pm  
 Saturdays—9 pm  
 • TRI-LAKES  
 Adelphia Ch.2  
 Sun: 7 am, 1 pm, 8 pm  
 • WEBSTER—Ch.12  
 Wednesdays—9 pm  
**NORTH CAROLINA**  
 • HICKORY—Ch.3  
 Tuesdays—10 pm  
**OHIO**  
 • CUYAHOGA COUNTY  
 Ch.21: Wed—3:30 pm  
 • FRANKLIN COUNTY  
 Ch.21: Sun—6 pm  
 • LORAIN COUNTY  
 Adelphia Ch.30  
 Daily: 10 am; or  
 12 Noon; or 2 pm;  
 or 12 Midnight  
 • OBERLIN—Ch.9  
 Tuesdays—7 pm  
 • REYNOLDSBURG  
 Ch.6: Sun—6 pm  
**OREGON**  
 • LINN/BENTON  
 AT&T Ch.99  
 Tuesdays—1 pm  
 • TAOS—Ch.2  
 Thursdays—7 pm  
**NEW YORK**  
 • AMSTERDAM  
 T/W Ch.16  
 Wednesdays—7 pm  
 • BRONX  
 Cablevision Ch.70  
 Fridays—4:30 pm  
 • BROOKLYN  
 T/W Ch.34  
 Cablevision Ch.67  
 Tue: 12 Noon & 8 pm  
 • BUFFALO  
 Adelphia Ch.20  
 Thursdays—4 pm  
 Saturdays—1 pm  
 • CHEMUNG/STEBEN  
 Time Warner Ch.1  
 Mon & Fri: 4:30 pm  
 • ERIE COUNTY  
 Adelphia Intl. Ch.20  
 Thursdays—10:35 pm  
 • ILION—Ch.10  
 Mon & Wed—11 am  
 Saturdays— 11:30 pm  
 • IROQUOIS Ch.15  
 Mondays—7:30 pm  
 Thursdays—7 pm  
 • JEFFERSON/LEWIS  
 Time Warner Ch.2  
 Unscheduled pop-ins  
 • MANHATTAN—MNN  
 T/W Ch.34; RCN Ch.109  
 Alt. Sundays—9 am  
 • NIAGARA COUNTY  
 Adelphia Ch.20  
 Thursdays—10:35 pm  
 • ONEIDA—Ch.10  
 Thu: 8 or 9 pm  
 • PENFIELD—Ch.15  
 Penfield Comm. TV\*  
 • QUEENS OPTV Ch.34  
 Fridays—5 pm  
 Thursdays—9 pm  
 • QUEENSBURY Ch.71  
 Thursdays—7 pm  
 • RIVERHEAD Ch.70  
 Thu—12 Midnight  
 • ROCHESTER—Ch.15  
 Sundays—3 pm  
 Mondays—10 pm

**ROCKLAND**—Ch.71  
 Mondays—6 pm  
 • STATEN ISL.  
 Time Warner Cable  
 Thu—11 pm (Ch.35)  
 Sat—8 am (Ch.34)  
 • TOMPKINS COUNTY  
 Time Warner Ch.13  
 Sun—1 pm & 9 pm  
 Saturdays—9 pm  
 • TRI-LAKES  
 Adelphia Ch.2  
 Sun: 7 am, 1 pm, 8 pm  
 • WEBSTER—Ch.12  
 Wednesdays—9 pm  
**NORTH CAROLINA**  
 • HICKORY—Ch.3  
 Tuesdays—10 pm  
**OHIO**  
 • CUYAHOGA COUNTY  
 Ch.21: Wed—3:30 pm  
 • FRANKLIN COUNTY  
 Ch.21: Sun—6 pm  
 • LORAIN COUNTY  
 Adelphia Ch.30  
 Daily: 10 am; or  
 12 Noon; or 2 pm;  
 or 12 Midnight  
 • OBERLIN—Ch.9  
 Tuesdays—7 pm  
 • REYNOLDSBURG  
 Ch.6: Sun—6 pm  
**OREGON**  
 • LINN/BENTON  
 AT&T Ch.99  
 Tuesdays—1 pm  
 • TAOS—Ch.2  
 Thursdays—7 pm  
**NEW YORK**  
 • AMSTERDAM  
 T/W Ch.16  
 Wednesdays—7 pm  
 • BRONX  
 Cablevision Ch.70  
 Fridays—4:30 pm  
 • BROOKLYN  
 T/W Ch.34  
 Cablevision Ch.67  
 Tue: 12 Noon & 8 pm  
 • BUFFALO  
 Adelphia Ch.20  
 Thursdays—4 pm  
 Saturdays—1 pm  
 • CHEMUNG/STEBEN  
 Time Warner Ch.1  
 Mon & Fri: 4:30 pm  
 • ERIE COUNTY  
 Adelphia Intl. Ch.20  
 Thursdays—10:35 pm  
 • ILION—Ch.10  
 Mon & Wed—11 am  
 Saturdays— 11:30 pm  
 • IROQUOIS Ch.15  
 Mondays—7:30 pm  
 Thursdays—7 pm  
 • JEFFERSON/LEWIS  
 Time Warner Ch.2  
 Unscheduled pop-ins  
 • MANHATTAN—MNN  
 T/W Ch.34; RCN Ch.109  
 Alt. Sundays—9 am  
 • NIAGARA COUNTY  
 Adelphia Ch.20  
 Thursdays—10:35 pm  
 • ONEIDA—Ch.10  
 Thu: 8 or 9 pm  
 • PENFIELD—Ch.15  
 Penfield Comm. TV\*  
 • QUEENS OPTV Ch.34  
 Fridays—5 pm  
 Thursdays—9 pm  
 • QUEENSBURY Ch.71  
 Thursdays—7 pm  
 • RIVERHEAD Ch.70  
 Thu—12 Midnight  
 • ROCHESTER—Ch.15  
 Sundays—3 pm  
 Mondays—10 pm

**ROCKLAND**—Ch.71  
 Mondays—6 pm  
 • STATEN ISL.  
 Time Warner Cable  
 Thu—11 pm (Ch.35)  
 Sat—8 am (Ch.34)  
 • TOMPKINS COUNTY  
 Time Warner Ch.13  
 Sun—1 pm & 9 pm  
 Saturdays—9 pm  
 • TRI-LAKES  
 Adelphia Ch.2  
 Sun: 7 am, 1 pm, 8 pm  
 • WEBSTER—Ch.12  
 Wednesdays—9 pm  
**NORTH CAROLINA**  
 • HICKORY—Ch.3  
 Tuesdays—10 pm  
**OHIO**  
 • CUYAHOGA COUNTY  
 Ch.21: Wed—3:30 pm  
 • FRANKLIN COUNTY  
 Ch.21: Sun—6 pm  
 • LORAIN COUNTY  
 Adelphia Ch.30  
 Daily: 10 am; or  
 12 Noon; or 2 pm;  
 or 12 Midnight  
 • OBERLIN—Ch.9  
 Tuesdays—7 pm  
 • REYNOLDSBURG  
 Ch.6: Sun—6 pm  
**OREGON**  
 • LINN/BENTON  
 AT&T Ch.99  
 Tuesdays—1 pm  
 • TAOS—Ch.2  
 Thursdays—7 pm  
**NEW YORK**  
 • AMSTERDAM  
 T/W Ch.16  
 Wednesdays—7 pm  
 • BRONX  
 Cablevision Ch.70  
 Fridays—4:30 pm  
 • BROOKLYN  
 T/W Ch.34  
 Cablevision Ch.67  
 Tue: 12 Noon & 8 pm  
 • BUFFALO  
 Adelphia Ch.20  
 Thursdays—4 pm  
 Saturdays—1 pm  
 • CHEMUNG/STEBEN  
 Time Warner Ch.1  
 Mon & Fri: 4:30 pm  
 • ERIE COUNTY  
 Adelphia Intl. Ch.20  
 Thursdays—10:35 pm  
 • ILION—Ch.10  
 Mon & Wed—11 am  
 Saturdays— 11:30 pm  
 • IROQUOIS Ch.15  
 Mondays—7:30 pm  
 Thursdays—7 pm  
 • JEFFERSON/LEWIS  
 Time Warner Ch.2  
 Unscheduled pop-ins  
 • MANHATTAN—MNN  
 T/W Ch.34; RCN Ch.109  
 Alt. Sundays—9 am  
 • NIAGARA COUNTY  
 Adelphia Ch.20  
 Thursdays—10:35 pm  
 • ONEIDA—Ch.10  
 Thu: 8 or 9 pm  
 • PENFIELD—Ch.15  
 Penfield Comm. TV\*  
 • QUEENS OPTV Ch.34  
 Fridays—5 pm  
 Thursdays—9 pm  
 • QUEENSBURY Ch.71  
 Thursdays—7 pm  
 • RIVERHEAD Ch.70  
 Thu—12 Midnight  
 • ROCHESTER—Ch.15  
 Sundays—3 pm  
 Mondays—10 pm

**ROCKLAND**—Ch.71  
 Mondays—6 pm  
 • STATEN ISL.  
 Time Warner Cable  
 Thu—11 pm (Ch.35)  
 Sat—8 am (Ch.34)  
 • TOMPKINS COUNTY  
 Time Warner Ch.13  
 Sun—1 pm & 9 pm  
 Saturdays—9 pm  
 • TRI-LAKES  
 Adelphia Ch.2  
 Sun: 7 am, 1 pm, 8 pm  
 • WEBSTER—Ch.12  
 Wednesdays—9 pm  
**NORTH CAROLINA**  
 • HICKORY—Ch.3  
 Tuesdays—10 pm  
**OHIO**  
 • CUYAHOGA COUNTY  
 Ch.21: Wed—3:30 pm  
 • FRANKLIN COUNTY  
 Ch.21: Sun—6 pm  
 • LORAIN COUNTY  
 Adelphia Ch.30  
 Daily: 10 am; or  
 12 Noon; or 2 pm;  
 or 12 Midnight  
 • OBERLIN—Ch.9  
 Tuesdays—7 pm  
 • REYNOLDSBURG  
 Ch.6: Sun—6 pm  
**OREGON**  
 • LINN/BENTON  
 AT&T Ch.99  
 Tuesdays—1 pm  
 • TAOS—Ch.2  
 Thursdays—7 pm  
**NEW YORK**  
 • AMSTERDAM  
 T/W Ch.16  
 Wednesdays—7 pm  
 • BRONX  
 Cablevision Ch.70  
 Fridays—4:30 pm  
 • BROOKLYN  
 T/W Ch.34  
 Cablevision Ch.67  
 Tue: 12 Noon & 8 pm  
 • BUFFALO  
 Adelphia Ch.20  
 Thursdays—4 pm  
 Saturdays—1 pm  
 • CHEMUNG/STEBEN  
 Time Warner Ch.1  
 Mon & Fri: 4:30 pm  
 • ERIE COUNTY  
 Adelphia Intl. Ch.20  
 Thursdays—10:35 pm  
 • ILION—Ch.10  
 Mon & Wed—11 am  
 Saturdays— 11:30 pm  
 • IROQUOIS Ch.15  
 Mondays—7:30 pm  
 Thursdays—7 pm  
 • JEFFERSON/LEWIS  
 Time Warner Ch.2  
 Unscheduled pop-ins  
 • MANHATTAN—MNN  
 T/W Ch.34; RCN Ch.109  
 Alt. Sundays—9 am  
 • NIAGARA COUNTY  
 Adelphia Ch.20  
 Thursdays—10:35 pm  
 • ONEIDA—Ch.10  
 Thu: 8 or 9 pm  
 • PENFIELD—Ch.15  
 Penfield Comm. TV\*  
 • QUEENS OPTV Ch.34  
 Fridays—5 pm  
 Thursdays—9 pm  
 • QUEENSBURY Ch.71  
 Thursdays—7 pm  
 • RIVERHEAD Ch.70  
 Thu—12 Midnight  
 • ROCHESTER—Ch.15  
 Sundays—3 pm  
 Mondays—10 pm

**ROCKLAND**—Ch.71  
 Mondays—6 pm  
 • STATEN ISL.  
 Time Warner Cable  
 Thu—11 pm (Ch.35)  
 Sat—8 am (Ch.34)  
 • TOMPKINS COUNTY  
 Time Warner Ch.13  
 Sun—1 pm & 9 pm  
 Saturdays—9 pm  
 • TRI-LAKES  
 Adelphia Ch.2  
 Sun: 7 am, 1 pm, 8 pm  
 • WEBSTER—Ch.12  
 Wednesdays—9 pm  
**NORTH CAROLINA**  
 • HICKORY—Ch.3  
 Tuesdays—10 pm  
**OHIO**  
 • CUYAHOGA COUNTY  
 Ch.21: Wed—3:30 pm  
 • FRANKLIN COUNTY  
 Ch.21: Sun—6 pm  
 • LORAIN COUNTY  
 Adelphia Ch.30  
 Daily: 10 am; or  
 12 Noon; or 2 pm;  
 or 12 Midnight  
 • OBERLIN—Ch.9  
 Tuesdays—7 pm  
 • REYNOLDSBURG  
 Ch.6: Sun—6 pm  
**OREGON**  
 • LINN/BENTON  
 AT&T Ch.99  
 Tuesdays—1 pm  
 • TAOS—Ch.2  
 Thursdays—7 pm  
**NEW YORK**  
 • AMSTERDAM  
 T/W Ch.16  
 Wednesdays—7 pm  
 • BRONX  
 Cablevision Ch.70  
 Fridays—4:30 pm  
 • BROOKLYN  
 T/W Ch.34  
 Cablevision Ch.67  
 Tue: 12 Noon & 8 pm  
 • BUFFALO  
 Adelphia Ch.20  
 Thursdays—4 pm  
 Saturdays—1 pm  
 • CHEMUNG/STEBEN  
 Time Warner Ch.1  
 Mon & Fri: 4:30 pm  
 • ERIE COUNTY  
 Adelphia Intl. Ch.20  
 Thursdays—10:35 pm  
 • ILION—Ch.10  
 Mon & Wed—11 am  
 Saturdays— 11:30 pm  
 • IROQUOIS Ch.15  
 Mondays—7:30 pm  
 Thursdays—7 pm  
 • JEFFERSON/LEWIS  
 Time Warner Ch.2  
 Unscheduled pop-ins  
 • MANHATTAN—MNN  
 T/W Ch.34; RCN Ch.109  
 Alt. Sundays—9 am  
 • NIAGARA COUNTY  
 Adelphia Ch.20  
 Thursdays—10:35 pm  
 • ONEIDA—Ch.10  
 Thu: 8 or 9 pm  
 • PENFIELD—Ch.15  
 Penfield Comm. TV\*  
 • QUEENS OPTV Ch.34  
 Fridays—5 pm  
 Thursdays—9 pm  
 • QUEENSBURY Ch.71  
 Thursdays—7 pm  
 • RIVERHEAD Ch.70  
 Thu—12 Midnight  
 • ROCHESTER—Ch.15  
 Sundays—3 pm  
 Mondays—10 pm

**ROCKLAND**—Ch.71  
 Mondays—6 pm  
 • STATEN ISL.  
 Time Warner Cable  
 Thu—11 pm (Ch.35)  
 Sat—8 am (Ch.34)  
 • TOMPKINS COUNTY  
 Time Warner Ch.13  
 Sun—1 pm & 9 pm  
 Saturdays—9 pm  
 • TRI-LAKES  
 Adelphia Ch.2  
 Sun: 7 am, 1 pm, 8 pm  
 • WEBSTER—Ch.12  
 Wednesdays—9 pm  
**NORTH CAROLINA**  
 • HICKORY—Ch.3  
 Tuesdays—10 pm  
**OHIO**  
 • CUYAHOGA COUNTY  
 Ch.21: Wed—3:30 pm  
 • FRANKLIN COUNTY  
 Ch.21: Sun—6 pm  
 • LORAIN COUNTY  
 Adelphia Ch.30  
 Daily: 10 am; or  
 12 Noon; or 2 pm;  
 or 12 Midnight  
 • OBERLIN—Ch.9  
 Tuesdays—7 pm  
 • REYNOLDSBURG



**Exclusive, up-to-the-minute stories  
from our correspondents around the world**

# **EIR** EXECUTIVE ALERT SERVICE



## **EIR Alert**

brings you concise news and background items on crucial economic and strategic developments, twice a week, by first-class mail, or by fax or by Internet e-mail.

**Annual subscription (United States) \$3,500**

**Special introductory price \$500**  
for 3 months

Make checks payable to:

**EIR News Service**

P.O. Box 17390 Washington, D.C. 20041-0390

### **Table of Contents of The Issue of Oct. 30, 2003**

New Study Proposes Mini-nukes  
Change in Putin Cabinet Is Significant  
French Adjust Defense Strategy  
Open IDF Criticism of Sharon  
Chinese V<sup>o</sup>isit North Korea  
Forbes Magazine Promotes Drugs  
DeLay Attacked by Evangelicals  
Soros-funded Democrats Fall Flat  
Press Conference on Street, Hits Ashcroft