

# EIR

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Japan Seeks a Leader To Replace Koizumi's Hoover

There Is No 'Post-War' to This War

Infrastructure Is Front Line Against SARS Outbreak

**The Straussians: Ignoble Liars  
Behind Bush's 'No Exit' War**



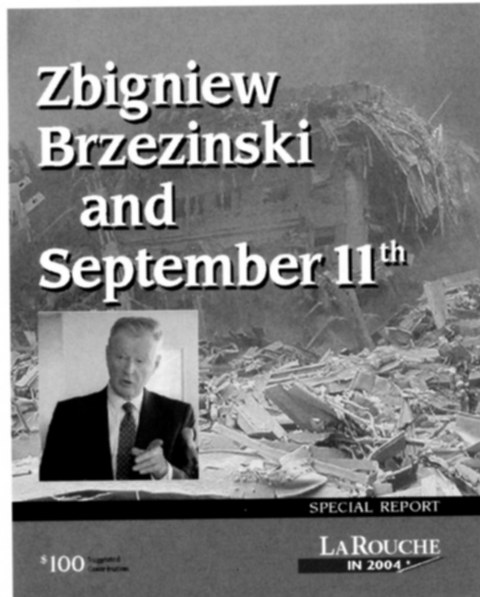
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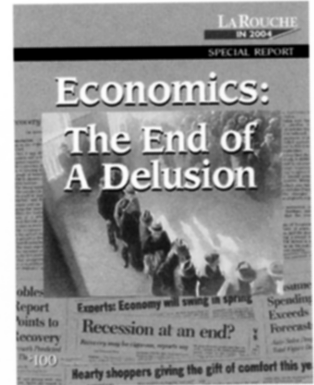
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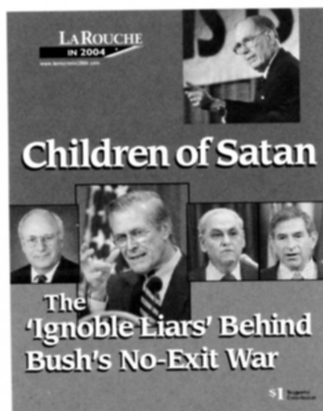
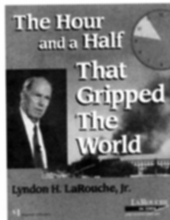
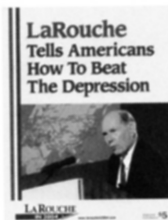
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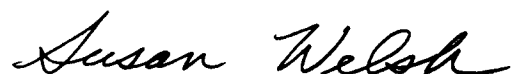
## From the Associate Editor

**I**n the anarchy and looting that have swept Iraq in the wake of the U.S.-British invasion, we can see the specter of a new Dark Age emerging, just as Lyndon LaRouche forecast, in his frequent denunciations of the “Clash of Civilizations” dogma of Harvard’s Samuel Huntington. One year ago, for example, following a webcast speech in Washington, LaRouche was asked to comment on the ongoing siege of Bethlehem’s Church of the Nativity by Ariel Sharon’s Israeli Defense Forces. His reply is highly relevant to the current situation: “If you make holy, religious sites battlegrounds of religious warfare, you are going to have global, religious warfare. *And, you won’t have much left standing, in any part of the world, if you start that kind of a war.*”

The Iraq War, as we document in our *Strategic Studies* section, has nothing to do with Iraq or Saddam Hussein. It was unleashed deliberately, by a gang of neo-conservative (both Republican and Democratic) adherents of the philosophy of the late professor Leo Strauss. He, in turn, was a student and collaborator of Nazi jurist Carl Schmitt, the man who provided the legal “theory,” after the 1933 Reichstag Fire, to justify Hitler’s infamous Emergency Decrees. Schmitt’s Nietzschean world-view, as reworked by Strauss at the University of Chicago, provides the theoretical underpinnings for today’s Clash of Civilizations imperialism.

While the neo-cons revel in triumphalist blather about the alleged “cakewalk” in Iraq, astute observers around the world see the situation quite differently. Horrified at what they see ahead—endless war and economic collapse—they are looking to LaRouche’s leadership for a way out. The time is now more ripe than ever for LaRouche’s New Bretton Woods. Sergei Glazyev, a member of the Russian State Duma and friend of LaRouche, pointed in this direction in an interview on April 2, when he said, “If we want to stop the war, we should simply call on the countries that oppose this aggression, to agree to have their central banks jointly pose the question of shifting to a new world monetary system.”

Our *Feature* is a timely contribution to this effort, as it presents speeches from the Schiller Institute’s recent conference in Bad Schwalbach, Germany on “A New Bretton Woods: Development Perspectives and a New Start.”



# EIR Contents

## Cover This Week

*Deputy Secretary of Defense Paul Wolfowitz, a disciple of Leo Strauss and author of the "pre-emptive war" doctrine that has now become Bush Administration policy.*



- 48 The 'Ignoble Liars' Behind Bush's 'No Exit' War**  
The string of lies used by Vice President Dick Cheney to justify war against Iraq, signalled a putsch by a small group of neo-conservatives most of whom are followers of fascist philosopher Leo Strauss. Their policy is to transform the United States into a brutish, post-modern imitation of the Roman Empire.
- 56 The Secret Kingdom of Leo Strauss**  
The Nietzschean philosophy of Strauss and his disciple Allan Bloom spawned the neo-conservative lunatics who have seized control of U.S. policymaking.  
**Documentation:** Straussian Allan Bloom "interprets" Plato.
- 61 Why the Democratic Party Failed To Function in This Crisis**  
Straussians also dominate the Democratic Party top-down. They operate largely through the Democratic Leadership Council of Joe Lieberman and Al Gore, controlling the party apparatus through gangsters and gangsterism.

## Economics

- 4 Japan Seeks a Leader To Replace 'Koizumi Hoover'**  
Under the surface, quiet Japan may be ready to explode, weeks after Prime Minister Koizumi, saddled with economic depression, committed support to an Iraq war opposed by 80% of the population.
- 6 Iraq War Drastically Distorts World Food Aid**
- 8 Infrastructure Is Front Line Against SARS**  
Severe Acute Respiratory Syndrome is the most recent reminder of how new infectious diseases are a continuing threat globally, and demonstrates that economic infrastructure, medical and economic, is the frontline defense.
- 9 Is a New Virus Causing SARS?**
- 11 Sanitation as National Defense**
- 12 Israel: Of War and Economic Collapse**
- 14 German Industry Has Eurasian Perspective**
- 15 Business Briefs**

## Feature

### 16 New Bretton Woods: Development Perspectives and a New Start

Continuing our report on the Schiller Institute's conference in Bad Schwalbach, Germany on March 21-23, on the theme of "How To Reconstruct a Bankrupt World."

### 17 Wilhelm Lautenbach's Concept of Productive Credit Creation

A speech by Hartmut Cramer.

### 22 Great Projects, Growth: 'Margins of Possibility'

A speech by Dr. Nino Galloni.

### 28 Conflicts and Economic Development in Africa

A speech by Prof. Sam Aluko.

### 33 Avoiding War in Rwanda by Battle for Ideas

A speech by Dr. Eneas Ndinkabandi.

## International

### 36 Chicken-Hawks Are Now Pushing to Spread 'Perpetual War'

### 39 Specter of More War Shows in Iraq

### 40 Israelis Justify War Crimes, Point to U.S.

### 41 Diverse Indonesia Unites Against U.S. War Party

### 42 'They Are Trying To Link the Iraq War to Syria'

An interview with Dr. Imad Moustapha.

### 46 Venezuela Is Disintegrating

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## National

### 68 Ashcroft, DeLay Thumb Noses at 'Road Map'

A critical examination of Attorney General John Ashcroft's peculiar brand of "Christianity" indicates that his push for extraordinary measures against American Muslims may involve much more than the simple "law and order" bias of a very conservative Republican.

### 70 Congressional Closeup

## Interviews

### 42 Dr. Imad Moustapha

Dr. Moustapha is the Deputy Ambassador of Syria to the United States.

## Departments

### 72 Editorial

Time for the Truth.

## Japanese Look for an FDR To Replace 'Koizumi Hoover'

by Kathy Wolfe

"Prime Minister Junichiro Koizumi is the next Herbert Hoover of Japan," a Tokyo insider told *EIR* recently. "People are tired of his insistence, like Herbert Hoover in 1930, that there is simply nothing the government can do about the collapsing Japanese economy. Of course there is plenty our government can do! That is how we built Japan in the first place! Koizumi depends for all economic advice on his Economic Minister Heizo Takenaka, who earlier proposed 'surgery without anesthesia' to create mass unemployment," this source said. "But Takenaka knows nothing about economics. He learned some theories about monetary policy at Harvard, but nothing he knows effects the real economy. They are both like Marie Antoinette, while the people go jobless, saying 'let them eat cake.'"

Under the surface, quiet Japan may be ready to explode, weeks after Koizumi's commitment to support the Iraq war, opposed by 80% of the population. "Twilight for Koizumi" was the editorial headline of the liberal *Asahi Shimbun* on April 2, noting public support has fallen from 65% to 40% due to his failures on the economy and the war. "Japan now faces the crucial test of its financial and industrial sectors," the *Asahi* editors wrote. "There is no prospect of economic recovery, and Koizumi's reform programs have yet to produce tangible results," but the Prime Minister focuses only on Iraq. The cabinet is split over the war, and ruling party chiefs such as former Premier Ryutaro Hashimoto will seek to unseat Koizumi in the fall, *Asahi* concluded. Hashimoto himself exploded in the Diet (parliament) on March 27, "Does anybody even know how much the reconstruction of Iraq will cost?" attacking Koizumi's plan for Japan to foot 20% of the bill.

"Japan has become no more than a satellite of the United

States. What has happened to Japan?" the conservative *Yomiuri Shimbun* asked April 9. Tokyo's entire elite, left to right, is asking the same question.

As Koizumi fiddles, Japan's finances burn. Tokyo's top five banks, in the first week in April, announced \$31.4 billion in losses for the fiscal year ending March 31, after the stock market fell below the critical 8,000 mark for the first time in decades. "Worries about a financial system breakdown are beginning to spread," *Nikkei News* wrote on April 7.

### New Vision: New Silk Road

Even Japan's elder statesman, former Premier Kiichi Miyazawa, warned on April 2 that the war makes him "uneasy," because President Bush has adopted "a brand of neo-conservatism which is not far from fundamentalism. . . . Since Japan is providing bases to the U.S. military, Japan is not entirely indebted to America," he said. "But after Koizumi was forced to choose between the Japan-U.S. alliance and international cooperation, I am sure many people came to realize that this alliance is fraught with problems." Iraq's reconstruction, Miyazawa said, "will be a mess," and Bush "means to ask everybody else to deal with it," meaning Japan's taxpayers.

As the alternative, Tokyo's elite is looking with new eyes, at the "Eurasian Land-Bridge/New Silk Road," described in *EIR's* 1997 Special Report, as a "superpower for peace." It would ally Japan, South and even North Korea, China, Southeast Asia, Russia, India, and Europe, to build railroads, electrification, and water projects, as well as new cities and industries, along development corridors extending from Tokyo to Pusan to Paris.

After a briefing on the New Silk Road proposal, one Foreign Ministry official said, "Japan is drifting into pessimism,

with no national mission. This could be the new mission to wake up Japan.”

Increasingly, this means a call for new leaders. “Japan needs a new vision-maker, someone who can see that Japan’s future is with the economic development of Asia,” a Tokyo planner who has worked on the Silk Road for years said on April 2. “Everyone seems paralyzed with fear due to the war propaganda, and depressed by the hopelessness of Japan’s economy. Nobody can see a dream for the future. We need a political champion who can initiate this discussion, who can show some dream or path to peace and stable relationships. We need someone with a worldview, who can see past the media calling for war with North Korea, which is frightening so many Japanese—who can stand up and tell people, this is nonsense, we need to work with our neighbors.”

Those hoping for a change, name as possible “vision makers” former Foreign Minister Makiko Tanaka, who championed relations with China and Russia; and former Premier Hashimoto, who once criticized Wall Street’s “Enron Economics” as “financial AIDS,” warning against American-style bank deregulation. Both suffered scandals and demotions in the past, as penalty for showing such spine on the world stage. Even the name of former Vice Minister of Finance Eisuke Sakakibara comes up, due to his defense of Asian currencies in the 1997-98 “Asia crisis.” Someone has to do it, thinkers in Tokyo, are saying. They are looking for unusual Japanese leaders who are non-parochial, who understand world history, and know Japan’s true national interest.

### ‘End the Money Games, Build Industry’

Tokyo commentators are beginning to write—as *EIR* has insisted for years—that the only way out of the economic failure, is a new Japanese *foreign policy*. “Voodoo economics used to be common in the United States, and it now applies to Japan,” Japan Research Institute chairman Jitsuro Terashima told *Nikkei News* and *Asahi Shimbun* in two remarkable interviews April 8 and 9. “People seem to be blinded by the illusion that everything will get better as long as banks’ bad debts disappear,” he said, but it’s absurd. “Businesses are locked into defensive thinking” and “money games.”

“Japanese business leaders need a new vision. We need to squarely answer the question of how this country will secure its livelihood in the future, and retain its position in international society. . . . Even if the war ends with a U.S. and U.K. victory, Americanism will come to an end,” Terashima said. “There is a huge rift between Europe and the United States over this war. . . . Since the 1990s, the United States has depended upon Europe and Asia to finance its deficit, and used the money to finance a huge stock bubble. Last year, the U.S. current account deficit exceeded \$500 billion, and the accumulated deficit in the post-Cold War era has gone over \$2 trillion.”

Terashima insisted that this era is over. “Money flowing



*Former Foreign Minister Makiko Tanaka, forced out in 2002 for publicly opposing the U.S. neo-conservatives’ war policies, is one of several leading figures now being looked to in Tokyo, for a new alternative policy to Prime Minister Koizumi’s abject slide from deflation to depression.*

into the United States last year dropped 17% from a year ago,” he said, because people around the world are beginning to believe that “the U.S.-style market economy, that relied heavily on stock prices, is over, or starting to collapse. . . . The United States has a self-sufficient amount of energy resources and food, but Japan doesn’t. That makes the two countries’ fundamental economic conditions very different,” he concluded. “Until now, Japan has only pursued the U.S.-style economy, and there was a clear absence of talk on creating new industries. But Japan’s only way to survival is to remain a manufacturing economy. Japan needs to part ways with the U.S.-style economy that’s geared toward money games, and paint a vision for itself” by gearing up to sell its new industrial production to Asia and Europe.

*Nikkei News* Chief Editorial Writer Naoaki Okabe meanwhile, in a recent editorial “Japan Must Not Slip Into the Twilight,” wrote that the country can not and will not get out of its financial crisis unless the government creates “a new package of growth strategies” focused on expanding trade with Asia and Europe. “The government must also re-establish its global strategy, as part of the new growth package,” he wrote, stressing especially the need to place new emphasis on creating a common trade area between Japan, South Korea, and China.

### Financial Crisis Unabated

Meanwhile, with each day in Tokyo, another huge bank or industrial firm announces an astonishing loss, as figures for the fiscal year ending March 31 roll in. On April 4, Mitsui

Financial Group became the fifth of the Top Five banks to announce a loss for the fiscal year, wracking up \$4 billion in red ink. All five big banks had started the last fiscal year expecting to earn a profit. While the world's biggest banks have had plunging profits in past, this is the first time they've been hit with such flat-out losses.

Daiwa Research also estimated that the top 1,500 non-financial companies listed on the First Section of the Tokyo Stock Exchange, had an additional combined total of \$30 billion in losses on their shareholdings for the fiscal year. The non-financial companies as a whole were still in the black, but profits for the whole group were down 12% (from projections made only in early March) due to the drop in value of their stock holdings.

The fall of Tokyo's Nikkei stock average below the critical 8,000 level to 7,849 on March 31, when all books were closed for the fiscal year, caused banks, and the industrial companies with which they interlock, to take massive losses on their portfolios of each others' stocks. The Nikkei index has been sinking with no bottom in sight since the crash of the Wall Street dot.com bubble, compounded this year by the threat of war in Iraq and Korea, rising oil prices, collapsing exports, and flight capital.

"Foreign and institutional investors are worried that there may be another banking system crisis such as 1997-98," Nikkei warns. "If the depositor withdrawals that occurred in 1997 and 1998 take place now, banks will move to accumulate a greater amount of cash on hand and decrease lending. Companies and consumers will be starved for cash," and all efforts to break Japan from the grip of its deepening deflation will be out the window.

Shares of Japan's mega-banks continue to plummet, down by 10% since the end of March. The fall in bank shares is now "blowing back" to devastate the industrial companies associated with each bank, which hold the bank's shares. Mitsubishi group companies were particularly hard hit due to their large holdings of Mitsubishi Tokyo Bank stock, whose price fell 43% during the fiscal year. Mitsubishi Electric lost \$500 on its bank's stock alone; Mitsubishi Metals lost \$400 million, and Sanyo Electric lost \$1.2 billion—the same dollar amount as its industrial operating profits. That left Sanyo almost in the red for the year despite all its production output and sales.

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# Iraq War Drastically Distorts World Food Aid

by Paul Gallagher

World media in late March and early April created the image of American and British invading military forces generously bringing food aid to Iraqi civilians urgently in need of it. But notably, some towns in southern Iraq reportedly told their British conquerors that they didn't need food, having weeks of food supplies already; they desperately needed back the water and electricity supplies the American and British bombing and shelling had shut off. The reality is more ominous, and must be seen on a world scale.

The huge food aid mobilization "for humanitarian assistance" to an imagined happy, liberated "post-war" Iraq, was not simply part of the "cakewalk war" fantasy of the chicken-hawks in Washington; it also has severely distorted food aid worldwide, at a time of grave food shortages elsewhere and declining world cereal grains production and reserves.

Iraq, prior to the U.S.-British invasion, was not suffering serious food shortages. It is true that 16 million of the country's 24 million people were regularly depending on food baskets, primarily grains, provided through the UN's oil-for-food program, and administered by the World Food Programme (WFP) for food, and the Food and Agriculture Organization (FAO) for agricultural inputs. But many Middle Eastern countries, oil producers and others, are net food importers. This, roughly \$300 million per year in food imports, was being paid for by the sale of Iraq's crude oil production; it was not in fact food aid, like that for African countries hit by drought, war, and debt; for Afghanistan and other Central Asian Republics; for North Korea, etc.; which have been the subject of urgent and emergency appeals by the World Food Programme in recent years.

## War 'Prepositioning' Squeezed Global Aid

Those very appeals, since at least February of this year, have been significantly squeezed as the biggest food aid donors—the United States, Canada, and Australia in particular—"prepositioned" food aid in preparation for the Iraq invasion which would cut off the UN food-import programs in that unfortunate country. Warehouses and airplane hangars in Jordan, Kuwait, and Qatar were filled to their ceilings with millions of bags of milled and unmilled grain for whatever occupying authority to dispense.

At the same time, WFP officials urgently warned that international food donations for North Korea—where 4-6 million people depend on them—essentially stopped. Those





*Vast piles of “prepositioned” food aid in hangars in Jordan, Kuwait, and Qatar were part of the U.S.-British invasion preparations in February and March; food aid dropped sharply, at the same time, to other areas of the world faced with famine.*

for Africa, where *40 million people* in 21 countries face food deprivation or even starvation by the April-July period, dropped sharply. In Ethiopia and Eritrea—the worst-affected among many deeply-suffering African nations—where 15 million people are facing famine this Spring, the food aid pipeline will be empty in less than two months, according to WFP coordinator for East Africa Holdbrook Arthur on March 13. Families getting the food have been cut from 15 kilograms to about 12.5 kg per month of cereals—less than a pound a day. Of the 1.6 million metric tons of food aid the WFP appealed for last Dec. 1 for Ethiopia and Eritrea, only 750,000 tons (45%) have been pledged, let alone actually delivered, through March. Both countries are in the fourth consecutive year of drought. For many of the other 19 African countries suffering severe food shortages, the pledged portion of the WFP aid appeals, as of the end of March, is still less—as little as 10% in the case of Mali, for example.

These 21 countries have half of all the people in the world in need of emergency food aid. Overall, the WFP went into December 2002 needing 5 million metric tons of urgent food aid for 2003, for 80 million people facing malnutrition to starvation without it. This represented about \$5 billion worth of donations. Donations had fallen from \$1.9 billion worth in 2001 to \$1.8 billion in 2002, as world production of grain itself fell for the second time in three years, reflecting economic depression conditions. Thus, a 33% year-to-year food aid increase was already urgently required in 2003—primarily be-

cause of the drastically deteriorating food shortages in Central, Eastern, and Southern Africa—before the Iraq invasion “prepositioning” began to drag the grain away.

### **Creating the Shortage**

Then on March 28, ten days into the U.S.-British invasion, came the announcement by the WFP of a *\$1.3 billion food appeal for Iraq*, equal to more than half of the aid WFP had requested in December for all of 2003 for the entire world. It was described as “the largest food appeal in the history of humanitarian assistance.” This was more than four times as large as the pre-war UN oil-for-food import program. Its stated goal was nothing less than “to feed the entire Iraq population completely over six months”—a population it inflated from the actual 23-24 million, to 27.1 million—requiring nearly 500,000 metric tons of food per month.

In the ten days following this appeal, the WFP received pledges of \$275 million in food aid for Iraq—almost all of it from the United States and Australia—and only \$100 million in aid for the rest of the world combined—80% of that from Japan.

Thus the military “coalition” countries are apparently in the process of filling, at the cost of their taxpayers and of undernourished people in Asia and Africa in particular, an Iraqi need for emergency food aid, which need they are simultaneously creating by war, where it did not exist before.

The war is now running into the Spring harvest of wheat and barley, which starts in April and was anticipated to bring in 1.5-1.7 million metric tons of grain. On April 3, Laurent Thomas of the UN FAO’s Special Emergency Programmes Service raised the fear that this harvest may be lost, saying “the conflict could be devastating for Iraq’s rural economy.” The same goes for the Spring planting, beginning at about the same time and mainly in the northern half of the country, which is of vegetables, maize, and rice, supplying proteins and vitamins missing from the grain rations. The FAO immediately put out its own emergency appeal for \$83 million in aid, consisting of seed, fertilizer, pesticides, fuel, agricultural machinery and spare parts, irrigation, and water supply systems—obviously fearing that Iraq’s farmers may lose all these inputs to the fighting, and otherwise be unable to plant the Spring crop.

If a significant part of the harvest and/or the Spring crop is lost to the war, the depressing spectacle of the World Food Programme putting the entire Iraqi population completely on the dole for food, under military occupation, may be added to the bombing of electricity systems, the cut-off of vital water-supply systems in this desert country, and to the large-scale loss of life and limb among Iraqi soldiers and civilians, as among the achievements of this phase of the chicken-hawks’ “World War IV.” And with global grain production falling in the depression, millions of people will be threatened with death in countries which desperately need that emergency food aid.

# Infrastructure Is Front Line Against SARS

by Linda Everett

On March 18, as the Institute of Medicine (IOM) released a report (“Microbial Threats to Health: Emergency, Detection, and Response”) warning that the U.S. public health system is in a state of disrepair and vulnerable to what it called a potentially “catastrophic storm of microbial threats,” hundreds of people around the globe were already battling a deadly new “mystery” epidemic, now known as Severe Acute Respiratory Syndrome, or SARS.

Three weeks later, on April 9, the World Health Organization (WHO) reported that 2722 persons had been sickened by the disease, and 106 people killed in 18 countries since its outbreak in Guangdong Province of China in November. The number of countries and regions with reported cases grows daily: including Hong Kong, Taiwan, Singapore, Vietnam, Malaysia, Thailand, Canada, United States, Brazil, Germany, Britain, France, Ireland, Italy, Romania, Switzerland, and the latest, South Africa. In the United States, some 150 people from 29 states had been affected before a Florida outbreak on April 9-10 threatened to increase that significantly.

SARS is the most recent reminder of how infectious diseases are a continuing threat globally, and demonstrates that economic infrastructure, medical and economic, is the front-line defense. In every instance where the disease has travelled, if infrastructure—such as trained staff, quarantine capability, isolation facilities, and treatment equipment, such as ventilators—is present and utilized, there have been few or no deaths, and the contagion has been contained. Without the infrastructure, the disease spreads.

The point has been stressed for decades by Democratic Presidential pre-candidate Lyndon LaRouche who, in the 1970s, commissioned policy studies on the “biological holocaust” bound to come, if economic, public health, and sanitation infrastructure continued to deteriorate and be neglected for populations everywhere, but in particular, at that time, in Africa. This refers to basics ranging from water, sanitation and pest control, to medical facilities and research labs.

In the 30 years since the first warning study commissioned by LaRouche was published, in January 1974, approximately 30 new diseases not previously present in the human population have invaded it, from AIDS to Hepatitis C, to Ebola virus; other largely conquered infections have become “re-emerging diseases,” such as tuberculosis, cholera, and malaria. It appears that SARS is the latest, following the outbreak of West Nile Virus.

## Basic Sanitation Is Key

As 11 labs internationally grapple with finding the causative agent of SARS, Dr. Anthony Fauci, the Director of the National Institute of Allergy and Infectious Disease of the National Institutes of Health, testified before the Senate Health, Education, Labor and Pensions Committee on April 7 that SARS is almost certainly caused by a totally new coronavirus (the type, one of which causes the common cold) that may have jumped to the human species from an array of animal and bird species in which coronaviruses can cause disease.

As yet, there is no treatment for the disease. Some 80-85% of those with SARS do not reach the stage of respiratory distress, but 10-15% do need ventilators for treatment. About 4% of SARS victims die from it.

The disease spread globally from contagious individuals travelling from regions in Asia, where the first concentrations of infection were discovered.

Hong Kong continues to report the highest number of new SARS cases, 970 cases and 27 deaths; China as a whole has reported 1280 cases with 53 known deaths. On April 10, Hong Kong authorities set new quarantine requirements for anyone residing with a confirmed SARS patient. In an effort to contain the virus, authorities, on March 31, moved several hundred people to quarantine camps from the Amoy Gardens Apartments, where 268 SARS cases had occurred. The housing complex is in a middle-class area of Hong Kong. Public hospitals there are overwhelmed. The World Health Organization reported that the virus has been detected in fecal matter from patients who live at Amoy Gardens, and there is the possibility of an oral-fecal route of transmission. Basic sanitation infrastructure is key, and there are fears that the sewage system in this crowded apartment complex is leaking.

By April 7, Canada had 226 suspected and probable cases of SARS, with 11 deaths, mostly in Ontario, where all the infrastructure necessary for detecting and controlling the contagion was not brought to bear when it first hit in Toronto. Shortages of basic supplies rapidly developed. It was only after Barb Wahl, President of the Ontario Nurses Association, made a public statement that “We’re seeing a shortage of supplies, especially the N-95 masks that nurses need to wear to protect themselves and the public,” that the government released some 10,000 masks to healthcare workers. On March 31, thousands of people who had recent association with Scarborough Grace Hospital in Toronto’s East End, or with York Central Hospital in Richmond Hill north of Toronto, had been asked to voluntarily quarantine themselves at home for 10 days, because the majority of Ontario’s SARS cases had been nurses and doctors.

In fact, Toronto’s Mt. Sinai Hospital had to quarantine its entire SARS containment team, headed up by Dr. Allison McGeer, one of Canada’s leading infectious disease specialists, who contracted the disease early in the Toronto outbreak

while trying to trace the progress of infection threading through staff and patients at Scarborough Grace Hospital. She is recuperating well, but will be quarantined after her hospitalization, because experts still don't know how long a SARS patient remains infectious. The hospital's microbiologist-in-chief, Dr. Donald Low, along with five other members of the SARS containment team, were also put in quarantine.

In Vancouver, British Columbia, where hospital and staff were on alert, with early warnings by the B.C. Center for Disease Control, the response of staff and the presence of intensive-care isolation facilities prevented a chain reaction of contagion when a case showed up in April, of a sick person recently returned from Asia. No one associated with this case was infected. But, public health specialists warn that there

## Is a New Virus Causing SARS?

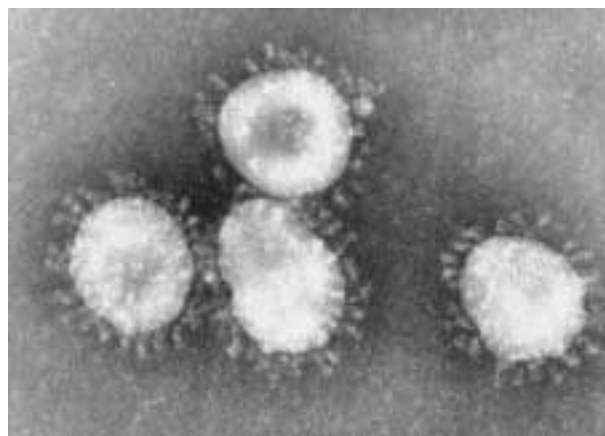
The Centers for Disease Control is cautiously reporting that it believes the current SARS outbreak is caused by a previously unknown type of coronavirus. This surprised many scientists, because the two types of coronavirus that are known to infect humans are not deadly, and include the virus responsible for many of the infections known as the "common cold." However, other laboratories around the world have reported the presence of other viruses in SARS patients, including paramyxovirus and metapneumovirus.

The CDC is basing its hypothesis, that the coronavirus is the causative agent, on several pieces of laboratory and clinical evidence. The CDC laboratory was able to culture the new coronavirus from lung tissue samples taken from a small group of SARS patients. Once cultured, DNA analysis showed that the virus was related to the coronavirus family; but it was unlike any other human or animal coronavirus. Electron microscopy also confirmed the new virus had typical coronavirus structures.

From this work, it was possible to identify an antibody response to the virus, which is now being used as a diagnostic test. This antibody test works only in patients in the later stages of infection.

A diagnostic test for the presence of viral DNA has now also been developed, which can detect the presence of the virus in the early stage of an infection. Bolstering the CDC's assertion that the coronavirus is the cause of SARS, research from Hong Kong showed that this virus was detected in 45 of 50 SARS patients there.

The origin of the virus is also a mystery, as it is so different from other known coronavirus types, that some scientists have proposed it may be a virus from another species, that has mutated and acquired the ability to make a species "jump" and infect humans.



*Coronaviruses are named for their crown-like appearance. A new or mutated variety, possibly related to coronaviruses which infect animals, may be causing Severe Acute Respiratory Syndrome (SARS), although the evidence is still developing as the global outbreak spreads.*

The virus seems to be able to spread in droplets from coughing, sneezing, and other fluids from infected people. It also is likely that the virus can survive for a brief period on moist surfaces, as other coronaviruses have this ability. It is not known if the virus can be transmitted by any insect vectors, or if it can be spread through water systems or ventilation systems. Scientists are investigating the possibility of some other type of spread of the virus in the Hong Kong outbreak in an apartment complex, where 280 people became infected. At present, they are investigating the possibility of cockroaches mechanically transmitting the virus from one surface to another, or to food that people would come into contact with, but so far, no evidence proving this has been found.

There have been over 100 deaths worldwide due to SARS, but in most cases the patient recovers fully. It is unclear if the development of severe respiratory symptoms in some SARS victims requires a co-factor, or the presence of a second virus. This is actively being investigated by teams in Asia, Canada, and the United States. So far, in the United States, there have been 149 cases of SARS, but none of the patients has died.—*Colin Lowry*



*Centers for Disease Control biologist Cynthia Goldsmith, whose work helped identify a new form of coronavirus as suspect in the SARS outbreak, working at an electron microscope at CDC's laboratories in Atlanta. Other viruses are still possible as causes or co-factors.*

are not enough anti-viral drugs stockpiled in Canada to treat everyone who might be infected. And it would take at least six months to make a vaccine.

### **What If Case Numbers Escalate?**

The reason that there have been no deaths yet in the United States from SARS, is the presence of an adequate combination of hospital infrastructure and staff training—so far. How the very first U.S. case of SARS, which occurred in Northern Virginia near the U.S. capital in mid-February, was treated, is exemplary. Even before the Atlanta-based Centers for Diseases Control and Prevention (CDC) or the WHO recognized the SARS epidemic, the quick action of a hospital triage nurse, with her training in bioterrorism and threats to public health and her ability to utilize her hospital's advanced isolation capability, stopped a potentially deadly contagion from spreading.

The nurse quarantined an emergency patient who was in respiratory distress with atypical pneumonia, because she had recently travelled to a province in China where the illness was in evidence. The Virginia patient was placed in a negative-pressure room, which uses a reverse ventilation system that prevents air and contagions from escaping through an open door. The nurse's actions automatically triggered the Hospital's Emergency Response Team, which, within two hours, initiated tracking of every medical worker, family member, or friend exposed to the patient, contacted the CDC, and sent patient tissue samples off for testing.

The question, of course, is what happens if the number of cases of SARS escalates in the country, just as the West Nile virus did so rapidly. Dr. David Goodfriend, Director of the Loudoun County Health Department, told the House Government Reform Committee on April 9 that Loudoun Hospital, which cared for the above SARS patient, has only seven isolation rooms, which are used for tuberculosis and other patients as well. "It doesn't take many cases to overwhelm this system," he said. Janet Heinrich, Director of Health Care-Public Health Issues for the U.S. General Accounting Office (GAO), testified at the same hearing, that the GAO found considerable gaps in the form of shortages of hospitals' workforces, disease surveillance, and laboratory facilities: "Hospitals lack the capacity to respond to large-scale infectious disease outbreaks. . . . Most hospitals lack adequate equipment, isolation facilities, and staff to treat a large increase in the number of patients that may result."

As Sen. Edward Kennedy (D-Mass.) reiterated to the April 7 Senate hearing: "Homeland security means protecting our country against health threats as vigorously as we protect them against military threats; yet today, we are already stretched to the limit in protecting the country against bioterror. Obviously we must provide the resources needed to meet both the man-made threats of terrorism and the natural threats of SARS. At a time like this, it makes no sense for either Congress or the states to be cutting reimbursements to public health agencies and hospitals struggling to face these challenges."

### **Prepare Now in Southern Hemisphere**

Dr. Julie Gerberding, Director of the Centers for Disease Control, testified at the Senate hearings that coronaviruses do have a seasonal pattern, "The problem is that what are the Winter months here, is the Summer months in the Southern Hemisphere, and vice versa, so a seasonal pattern might allow a specific region to get a head start on containment."

Dr. Peggy Hamburg, co-chair of the Institutes of Medicine's "Microbial Threats" report, told the House Government Reform Committee on April 9, "In our transforming world, conditions are ripe for the convergence of multiple factors to create microbial 'perfect storms'—yet unlike meteorological perfect storms, these events would not be once-in-

## Sanitation As National Defense

*During the anthrax-letter episodes of Fall 2001, Lyndon H. LaRouche, Jr. released an Oct. 28 policy document, "National Defense Against Germ Warfare," through his Presidential campaign, LaRouche in 2004. Some excerpts (full text at [www.larouchein2004.com](http://www.larouchein2004.com)):*

War costs a lot of money, and more; but, losing a war to an attacking adversary costs infinitely more. That is the lesson to be learned from the wave of anthrax attacks launched from inside the U.S.A. The question posed by these attacks is, "What is coming next? . . . The immediate, urgent problem is that of developing and deploying a well-coordinated homeland defense on the biological warfare front. This must be deployed not only against the anthrax attacks presently reported, but against whatever might be the weapon and strategy used by the enemy next.

The most important principles of national defense against bacteriological and related forms of warfare, were consolidated as knowledge in the experience of World War II and the war in Korea. Those lessons were featured in the adoption and implementation of the Hill-Burton legislation adopted shortly after the close of World War II.

From the related experience our nation, and others, have accumulated over the centuries, we must not limit the idea of defense against germ warfare and related attacks, to the role of medical practice. We must situate the role of the medical profession, both in care for the sick and in other ways, as an essential, subsumed feature of public sanitation.

I explain this extremely important distinction to be made at this point of our national defense requirements. It is to the degree that we have taken down much of the national-defense protection provided by public and related measures of sanitation, during the recent three decades, that our nation's vulnerabilities to the presently ongoing germ-warfare attacks were created as the oppor-

tunities they presently represent to the advantage of our enemies.

National biological defense means, chiefly, those measures of sanitation which are essential to improving and defending the life-expectancies and well-being of the population as a whole. . . . This includes not only safe water, but also improved supplies of energy, per capita and per square kilometer; it includes improved public transportation.

### The General Hospital

It also includes the practice of the medical professions generally. The pivotal feature of the medical profession's role is the general hospital, provided as a public institution which is not only a teaching institution, but which serves those sections of the population which are relatively indigent, and are therefore the most likely radiators of infectious diseases. The public teaching hospital of this type, which is also integrated with the teaching and research functions of a university, is among the most valuable such facilities.

The feature of medical practice to be emphasized in dealing with the actuality and threats of biological warfare, as now, is the ability of the medical profession to respond effectively by producing, rapidly, appropriate forms of non-standard treatment for diseases of a non-standard quality. In such circumstances, we must deal not merely with the apparent "ingenuity" of infectious organisms, but with an enemy, like H.G. Wells' fictional "Dr. Moreau," whose satanic impulses are employed to make infectious agents more deadly than such diseases could become by so-called natural means.

However, without lessening emphasis on the importance of medical counter-intelligence practice, *it is public sanitation which remains the first line of defense of the population against both normal epidemic disease, and also biological warfare attacks.* We require a coordinated, "crash program" sort of attack on both fronts, combined.

This means that we must move quickly, not only to restore the indispensable Washington, D.C. General Hospital, but to restore those medical and infrastructural defenses which were taken down, piece by piece, during the approximate quarter-century since the enactment of the [1974] HMO legislation.

a-century events, but frequent or ongoing. SARS is not an isolated event."

Public officials and members of Congress, among others, show awe and frustrations at SARS' devastation. But, if we are to wage war on this disease, which may still be evolving

into a larger pandemic, Congress has only one sane choice: Join with other world leaders in taking up LaRouche's economic reorganization programs that are aimed at a return of government policy to national protection of the general welfare.

# Israel: Of War And Economic Collapse

by Dean Andromidas

On the night of April 8, a rocket launched by an Israeli F-16 jet destroyed a car, killing its driver, a Palestinian militant. Moments later, another F-16 shot rockets into the a crowd of Palestinians who gathered around the destroyed car, killing another 7 bystanders and wounding over 50 others.

The same day, the body of a 14-year-old Israeli boy was found hanging in his home. He had committed suicide, leaving a letter saying he did not want to be an economic burden on his mother. "Dear Mom, I'm sorry I'm causing you a lot of problems, and costing you a lot of money, I decided that I'd rather die. I'm sorry that I've caused you a huge amount of suffering." The mother said she had tried to keep the financial problems to herself. "What I hid from the boy, these troubles, became harder and harder to hide as every day passed."

These deaths on both sides show the despair of war and economic collapse that has gripped Israel and Palestine after two years of conflict under the insane policies of Israeli Prime Minister Ariel Sharon. Israel is in moral and economic crisis, and threatened with an internal social explosion. During March and April, demonstrations and strikes have broken out, protesting the Sharon government's brutal economic program. Designed by Finance Minister Benjamin "Bibi" Netanyahu, the plan calls for massive budget cuts, cuts in pensions, firing of 60,000 public sector workers (10% of the workforce), and abrogation of collective bargaining agreements (see *EIR*, March 28).

Israelis' support for the U.S. war on Iraq has taken a back seat to the population's rage over their collapsing living standards. While Sharon's government was running a campaign of hysteria for weeks about possible Iraqi Scud missile attacks, distributing gas masks and duct tape for sealed rooms, thousands of Israelis took to the streets protesting the economic plan. One day 200 pensioners, some in wheelchairs, blocked a major intersection in Tel Aviv, brandishing posters saying, "Sorry to be alive." Pensioner Avraham Moshe, who as a soldier had saved Ariel Sharon's life in the 1948 war, shouted at Sharon, "Don't trample us with your armored car." On another day, women who head single-parent families held a demonstration in front of the Finance Ministry, protesting cuts in welfare payments. And then there are the homeless, who have set up a mini-tent city in a park in one of the most

fashionable districts in Tel Aviv, not simply as a protest, but also because they have no where else to go.

In the first week of April, 50,000 teachers struck against 20% wage cuts and mass layoffs; 100,000 municipal workers joined them, protesting wage cuts, layoffs, and elimination of many pension benefits. The Histadrut labor federation's Workers and Student Youth Organization spearheaded demonstrations by various social groups under the slogan, "Bread and work—Bibi is good for the rich." On April 8, these groups blocked 36 major intersections, snarling rush hour traffic and clashing with the police. Even 155 employees and secret agents of the Mossad, Israel's foreign intelligence service, threatened to resign if the proposed cutback of pension benefits were implemented. On April 10, a general strike by the Histadrut, which would have affected 500,000 workers and shut down the entire economy, was averted when the government backed down on immediately implementing cuts and unilateral abrogation of collective bargaining agreements.

Nonetheless, on the same day a joint campaign of all the opposition parties, including Labor, and 40 social advocacy groups, was announced. Labor Party Chairman Amram Mitzna said, "The economic terrorism of the Likud government will strike more victims than any other terrorism." The demonstrations were still ongoing in the second week of April, and it is not clear how long the cease-fire between the government and Histadrut will last. If negotiations fail, a general strike will paralyze the country, and could cause Sharon's first major government crisis.

## War, Peace, and Netanyahu's Plan

The worst fear of Sharon and his cronies is now becoming a real possibility: that this social unrest will become linked to demands for the renewal of the peace process. The Israeli population is becoming conscious that the \$2.5 billion in budget cuts now being demanded, equals the money being spent on fighting the Palestinian Intifada and militarily supporting the settlements.

Amir Peretz, chairman of the Histadrut, told the major daily, *Ha'aretz*, on March 28 that for the first time, his organization will be linking the struggle against the economic program, to the peace process. Peretz, who is chairman of the small One Nation Party and also a member of the Knesset (parliament), will be linking Histadrut with the Social Workers' Union Na'amat, the Association of Disabled, and the pensioners. He will also be reaching out to the Labor Party and Meretz and the Arab parties, already committed against the economic program. "In this plan, all the rules have been broken," Peretz told *Ha'aretz*. "Therefore I see it as my obligation to say that the Israeli public is paying the price of the obstructionism of Bibi and his colleagues, who are refusing to take the country into the peace process. Until now I've maintained a certain restraint concerning the significance for the state of society and the economy, but when they damage

the bone-marrow of a segment of Israel's citizens with the help of a cruel ideology, and try to depict this crisis as a blow from Heaven—I have to say that the economic ideology is also the ideology of obstructing the peace process. The same government that is perpetuating the diplomatic stagnation and not initiating any new direction knows that it's the weaker strata that are going to pay the price. To create a suitable atmosphere for investments, it is necessary to create a diplomatic process and not scratch another billion dollars out of the children's and the old people's paltry slice of bread."

Peretz's statement reflects a growing recognition among the Israeli population that the ongoing moral, economic and security crisis is the result of Sharon's fascist "Greater Israel" policies. This is also transforming the Israeli political scene through the formation of a social democratic-type party. This was referenced in the April 1 issue of *Israel & Palestinian Strategic Update (I&P)*, published by veteran Israeli political activist Maxim Ghilan. *I&P* pointed to the possibility of the formation of such a party by several key Labor Party leaders, led by Chairman Mitzna, who might split Labor and join with the pro-peace Meretz and the One Nation of Histadrut chairman Peretz. The shift could include such Labor Party leaders as Avraham Burg, Yulie Tamir, and several others who are strong supporters of renewing the peace process.

Noted *I&P*, "The move would strengthen the Zionist left posture by creating a powerful bloc in parliament and a new party with a new image supposedly able to mobilize popular sympathy. The two-stage move would have, at first, the Labor rebels split from their party and adhere to Meretz; soon after to be followed by a setting up of a Social Democratic party headed by Mitzna himself." This would come at a time when the right-wing faction of the Labor Party, led by Binyamin Ben-Eliezer and Shimon Peres, is determined to sabotage Mitzna's efforts at reforming Labor, and to crawl back into a national unity government with Sharon, where they had earlier held the Foreign Affairs and Defense portfolios respectively. Although the new party alignment might strengthen Sharon in the short term, the initiators believe there is "nothing or little to be lost, as Labor is now paralyzed by its polarization between hawks and doves."

Although Labor sources have told *EIR*, it is too soon to speak of the formation of a new party, they say that establishment of strong cooperation among all the opposition parties against Netanyahu's economic program is assured. This cooperation could even include political elements among more rightist parties, such as the ultra-Orthodox Shas, which is now in opposition. There are even senior figures within the ruling Likud party who are beginning to see the disaster Sharon and his cronies are bringing on Israel.

## **Destroying Welfare State, and Democracy**

The Bush Administration has made implementation of Netanyahu's economic plan a precondition for Israel's

receiving \$1 billion in economic aid and \$9 billion in loan guarantees for its silent cooperation in the war on Iraq. *EIR* documented in its March 28 issue how the godfathers of the Netanyahu plan are the same group of "chicken-hawks" in the Bush Administration that designed the war against Iraq. This includes Richard Perle, former chairman of the Pentagon's Defense Policy Board, and Pentagon number-three Doug Feith. Their radical free market ideology is shared by Netanyahu and permeates his policy. The aim of their brutal austerity includes elimination of governmental institutions whose purpose has been to promote the general welfare.

In a *Ha'aretz* commentary, Israeli attorney and social activist Yuval Elbashan and Haifa University lecturer Dr. Danny Guttwein warned that the Netanyahu plan will destroy the welfare state, and thus the foundations of democracy in Israel.

They cite institutions which protect the Israelis' general welfare: "organized labor (which balances the labor market), public services (which will keep the public interest in mind at all times and with force when necessary), academia, the judicial authority, and public broadcasting. Netanyahu's plan crushes all of these." They decried "the transformation of the labor market in Israel into a slave market, in which the slaves will have no say. . . . We will see that the economic plan actually crushes all the power mechanisms in the state except the power of capital, whose path to a totalitarian regime has been paved."

Indeed, Sharon's government, which has violated the Geneva Conventions on war crimes in the ongoing Israeli-Palestinian conflict, now intends to violate the conventions of the International Labor Organization. Netanyahu's economic plan was denounced by international labor leaders who sent letters of protest to Sharon's office. Guy Reider, the secretary general of the International Confederation of Free Trade Unions, representing 158 million workers worldwide, wrote a letter to Sharon expressing his organization's "concern and protest over your government's plans to unilaterally slash budgets, plans that will have ruinous effects on the salaries and work conditions of Israeli laborers, in the violation of their basic human rights." Furthermore, Reider wrote that the Israeli government's proposed legislation "is a violation of Israel's international obligations in the framework of international labor organization pacts, approved by Israel."

John Sweeney, president of the American Federation of Labor/Congress of Industrial Organizations, wrote Sharon, "I express solidarity with the Histadrut in protest over the economic plan of your government." Hans Ingelberts, secretary general of the international Federation of Public Sector Employees, also expressed "concern and protest" over Sharon's economic program, calling it a "violation of Israeli workers' basic rights."

# German Industry Has Eurasian Perspective

by Rainer Apel

The frictions between the anti-war alliance of France, Germany, Russia, and China and the Washington war party of Cheney, Rumsfeld, and Wolfowitz, are only the beginning of a much bigger confrontation—and the national economies play a central role in it. If the economies of the anti-war nations do not intensify their cooperation with each other, they won't be able to withstand the political or military blackmail from the United States. And if they do not prevail in crucial regions contested by the war party, they will not be able to protect themselves against the next round of economic collapse within the monetaristic system. The issue of the "post-war reconstruction of Iraq" (the war is still going on, though . . .) is just one aspect in this coming open conflict between the Anglo-American monetarists and those that want economic development on the Eurasian landmass.

It is interesting to see that economic trends in Europe and Germany—the biggest European economy—had already begun to look to non-European markets in Eurasia, before the Iraq conflict began escalating. The loss of longtime Western markets in the deepening depression, especially in the shrinking real economy of the United States, has forced German machine producers to compensate for the loss of jobs that went along with that decline. The compensation has been offered by Russia, India, and especially China, which now imports 54% of its machines and industrial equipment from Germany. The interest China's industries have in Germany and other crucial Western industrial nations, has been underlined with the prominent attendance of Chinese firms at the Hanover Industrial Fair in northern Germany, which for the past 50 years has been the biggest international event of this kind for industrial producers. The fair, which was opened on April 6, features 282 firms from China with information and presentation booths—117 more than last year.

The *Frankfurter Rundschau* reported in its preview of the fair on April 7 that China has seen a steep increase as the world's leading importer of German industrial goods. Exports to China jumped by 35% last year alone, and the Chinese market already ranks number four behind the U.S.A., France, and Italy for German exporters of machines and machine-tools. In construction of big industrial facilities, China has replaced the United States as the number-one market outside Europe for German exporters, and 25,000 jobs in the German machine-building sector that had depended on the U.S. market, were saved by increased exports to China last year.

According to official data available at the beginning of April, German exports show a marked increase since the beginning of the year: In January alone, exports to China increased by 28.9%, as compared to January 2002. Exports to the other 11 Eurozone countries only increased by 3%. Machines, industrial and automated facilities, chemical technology, and cars are cited as top categories on the list of exports to China. For many *Mittelstand* companies (small and medium-sized industry) of Germany, a share of 10% or more of their total sales going to China is not atypical any longer—a tendency increasing as other markets in the West shrink. For example, the Turck firm, a leading world producer of automated components for industrial assembly lines, in 2002 sold 15% of its total production to China, and is establishing a production site there to supply the increasing demands of developing Chinese industry.

China is also developing its own capabilities in refined products for exports: It has become the world's fourth-largest exporter of electronics and other electric equipment last year, after the U.S.A., Japan, and Germany. This implies that one day not so far away, China will also be able to produce and export crucial electronic components of the maglev train to other countries in North, Central, and South Asia, the Persian Gulf region, and Africa. Today, China largely still depends on Germany in that respect; but increased cooperation is envisaged through future joint ventures in the manufacturing of maglev train components in China.

All of that is going fine, generally, but the problem is that the free market alone is too much exposed to depression-related disruptions. What producers in Eurasia, in Germany as well as in China, need, is a state-guaranteed framework that allows longterm planning and developing of products and longterm employment strategies, and liberates managements from the market-induced pressure to hire and fire personnel according to "trends." It makes much more sense for a young engineering student to broaden his or her skills by the knowledge of important languages and historical cultural features of nations along the Eurasian landmass, if there is a secured perspective of employment in projects in those countries. German engineering experts have repeatedly addressed the need to develop such a longterm perspective, but governments have not done much to turn it into reality. The necessity to find specific solutions for technology applications in countries outside Germany, for example the mountainous regions between the Caucasus and the western parts of China, requires German engineers with some insight, rather than mere salesmen for German technologies. This is especially the case if one thinks of joint ventures, real partnerships with mutual technology sharing.

The deep frustration about the Iraq War may help German politicians usually very reluctant to open their minds to concepts, to become more active on Eurasian issues. The more Eurasian cooperation, the more options to contain the lethal virus of war.



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# Business Briefs

## Machinery

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### Japanese, German Orders Are Falling

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According to new figures released by the Japanese government's Economic and Social Research Institute on April 9, Japan's core private sector machinery orders plunged 9.6% in February compared to the previous month. Core machinery orders, which exclude machinery orders for ships and electric power firms, are regarded as a key indicator for overall capital spending 6-9 months in the future. In the same period, public core machinery orders in Japan even crashed by 21.2%. Foreign orders for Japanese machines fell 20.1%. In terms of machine categories, biggest hit were orders for transport machines (-39.6%) and information services equipment (-35.2%).

At the annual industrial fair in Hanover, Diether Klingelberg, President of the German machine building association VDMA, said that another 25,000 jobs will be eliminated this year in the German machine building sector. Domestic consumption of machines is shrinking. German machine exports to the United States, says Klingelberg, are very threatened by the trans-Atlantic political conflict. However, counter-balancing these problems, he emphasized, are rising exports to China, Russia, and the Middle East.

## U.S. Dollar

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### Threat of Crash Centered in Asia

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"The mother of all threats" is a dollar crash, headlined the German *Spiegel* magazine on April 7. There is "growing fear in financial markets of a sudden downturn of the U.S. economy." Bankers, including Goldman Sachs chief economist Jim O'Neill, were quoted, saying that a dollar ratio of \$1.40 to the euro is quite possible in the medium term. Mideast oil exporters are debating about selling oil against euros, instead of dollars. And

central banks, including Russia, China, Taiwan, and Canada have already announced plans to replace some of their dollar holdings with other currencies or gold.

The biggest threat for the dollar, states *Spiegel*, lies in Asia. Much of the huge U.S. current account deficit is being financed by capital flows from Japan, China and other Asian countries. The Bank of Japan alone holds \$363 billion in U.S. Treasuries, the Chinese Central Bank holds another \$102 billion. Sooner or later, investors from Tokyo, Beijing, and Hongkong will no longer be willing to take the risk. At this point, says economic historian Harold James of Princeton University, there will be "the great crash." The dollar, as well as the U.S. economy, will go under. It could turn into a global currency crisis, adds O'Neill. He says, "President Bush is right now trying to refute economic theory and economic history. He will fail."

Concerning the threat of a dollar crash, *Newsweek* for April 7 warned, "Forget the Iraq war. Forget the trans-Atlantic conflict. The mother of all threats is lurking at a different front."

*Spiegel* compared the coming upheavals centered around the fall of the U.S. dollar to the 1971-73 collapse of the Bretton Woods fixed-exchange rate monetary system created in 1944, which "secured stability at global foreign exchange markets for more than 20 years."

## Unemployment

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### High U.S. Rate Is Being Hidden

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It is becoming widely recognized that official U.S. unemployment data are hiding the real level of unemployment, and masking its rise. Hundreds of thousands of Americans have lost their payroll jobs during the first months of 2003, but the official U.S. unemployment barely rose from 5.7% to 5.8% between January and March. Even the *Wall Street Journal*, in an analysis on April 7, recognized that this is impossible, and is becoming a scandal. The *Journal* stated that, "with

all that is going wrong in the U.S. economy, economists are starting to suspect that the current unemployment rate of 5.8% . . . could be underestimating the true level of distress in the labor market."

The paper reported some of the ways by which the Labor Department Bureau of Labor Statistics (BLS) "misses" the real number of unemployed. "Many laid-off workers . . . are simply setting themselves up as independent consultants operating from their home offices." They are self-employed. Many of these "self-employed" consultants may work only one-third as many hours as they did when they had a job—or have no clients and thus have no work at all—but they are still counted by the BLS as employed. The *Journal* noted that others, after months of futilely searching for jobs, may have become "too discouraged to look for work." Indeed, this category has risen by 360,000 workers during the past year. But the BLS has made "too discouraged to look for work" into one measure within the broader category of "Not In the Labor Force." In order to be counted as unemployed, a worker must be classified as "In the Labor Force." Thus, the "too discouraged" are not considered as unemployed.

Thirdly, the *Journal* reported, "some are simply opting to take what they can get, working part-time at low-wage jobs that provide some health benefits." These workers are "Part-Time for Economic Reasons." The number of such workers has increased by 500,000 during the past year.

*EIR* has determined a real U.S. unemployment rate of approximately 11.9%—about 18 million actually unemployed—as of March 2003: 8.45 million officially unemployed; 4.76 discouraged job-seekers who "want a job now"; and 4.7 million forced into part-time work.

Worse, of the 8.45 million officially unemployed (that is, reported as such by the Bureau of Labor Statistics), 22% have been unemployed for six months or more.

The Business Roundtable, whose 150 member firms have a combined workforce of 10 million and combined revenues in the trillions, reported in an April survey that 45% of CEOs plan to cut more jobs in the coming six months, while only 9% expect to hire new workers.

## New Bretton Woods: Development Perspectives and a New Start

The Schiller Institute met in Bad Schwalbach, Germany on March 21-23, bringing together some 600 people from 45 nations, on the theme of “How To Reconstruct a Bankrupt World.” In the last two issues of *EIR*, we published the keynote speeches by Lyndon and Helga LaRouche; and then a panel on the Eurasian Land-Bridge, which featured experts from Russia, China, South Korea, India, Finland, and Poland.

This week, we feature speakers from the March 23 panel, whose subject was the New Bretton Woods—highlighting the urgent need for the development of Africa, as a case study demonstrating the genocidal effects of the current system of globalization under the dictates of by the International Monetary Fund.

The conference participants agreed to an emergency declaration, “This War Must Be Stopped,” which is being circulated as a leaflet in many languages (see *EIR*, April 4). Calling for an immediate end to the “ongoing war of aggression against Iraq,” which had begun on the eve of the conference, the statement underlined that we are at the end phase of a systemic economic and financial collapse, in which the institutions of the post-war period are breaking apart. “Therefore, let us create new institutions,” the participants resolved, “which better serve the interests of the peoples and the nations of the world.

“Specifically, all those governments in the United Nations which have spoken out against the Iraq war, should come together now, and call for an emergency conference, to urgently reorganize the global financial system according to the guidelines for a ‘New Bretton Woods,’ laid out by Lyndon LaRouche.”

### Roosevelt and the Bretton Woods System

In his keynote speech to the conference on March 21, Lyndon LaRouche had emphasized the role of U.S. President Franklin D. Roosevelt, whose policies on behalf of “the forgotten man” lifted the United States out of the Great Depression. As LaRouche has shown, Roosevelt was a thinker in the tradition of Alexander Hamilton’s “American System of

political-economy,” and it was under his leadership that the United States emerged from World War II as the world’s primary industrial power: a powerhouse “producer economy.” With Roosevelt’s guidance, the Bretton Woods System was established in 1944, making possible a mutually beneficial relationship of trade among the principal industrialized nations. The system, admittedly, had flaws, which must be corrected this time around: flaws which would not have been tolerated, had Roosevelt not met an untimely death. These defects concerned especially the treatment accorded the former colonial countries, and the continued toleration of the Anglo-Dutch system of central banking, as opposed to the *national banking* which American System economics requires.

In 1971, President Richard Nixon ended the Bretton Woods System, removing the United States from the gold-reserve standard, and allowing currencies to float freely against each other (encouraging the financial speculation which has ravaged entire national economies in the past 30 years). As a result of these and related policies, the United States and Europe have become “consumer societies,” relying more and more on the production of other nations, whose impoverished labor forces will work for lower wages. This system of globalization, which accelerated after the fall of the Soviet Union in 1991, has driven down living standards in both the “industrialized” countries and the “Third World,” benefitting only the most wealthy elites.

In the panel that follows, the speakers analyze the results of this murderous policy, and the alternatives that exist under a New Bretton Woods. The panel opens with a presentation by Hartmut Cramer of Germany, presenting new archival research on the work of Dr. Wilhelm Lautenbach, the German economist of the 1930s whose work cited the Roosevelt model, and whose policies—had they been implemented—could have stopped Hitler’s rise to power, in the depression crisis of those days. So, today, LaRouche’s financial-economic policies are the only thing that can stop the rise of a new fascist imperialism.

# Wilhelm Lautenbach's Concept Of Productive Credit Creation

Hartmut Cramer, of EIR's bureau in Wiesbaden, Germany, opened the March 23 panel of the conference. Subheads have been added.



Yesterday we got a very impressive overview of the fantastic chances of the Eurasian Land-Bridge, in general, and its various infrastructural projects, in particular. This brings us to the question: "Who is going to pay for all this?" We are going to deal exactly with the answer to that simple, but absolutely crucial question this morning.

As you all know, in principle the answer is: the "New Bretton Woods," as defined by Lyndon LaRouche. In this context I refer especially to his recent studies *Economics: The End of a Delusion*, and his *Emergency Infrastructure Program for the U.S.*, dubbed "Super-TVA"; but also to his paper "On a Basket of Hard Commodities: Trade Without Currency," written in the Summer of 2000, in which LaRouche dealt with the actual problem of "bridging" the—hopefully very short—time between the ultimate physical breakdown of the hopelessly bankrupt IMF system, and the effective launching of a "New Bretton Woods."

For time reasons, I can only mention some basic elements of these concepts: In "Trade Without Currency," LaRouche outlined a two-stage strategy toward the urgently needed global monetary reform. Since the "most stubborn resistance" to rebuilding a stable monetary system is coming from the United States—a forecast proven correct just now with Washington's crazy war—LaRouche argued that a feasible reform, if it is to occur at all, is "almost certain to come in two successive, regional and global phases." The first phase, actually a revival of the Asian Monetary Fund, would not only be intended as a defense against financial-warfare, but also to promote urgently needed measures of hard-commodity forms of combined trade and long-term capital improvements among especially Asian nations; other regional groupings, of course, would also join and cooperate in various regions of the world. The second stage would be the re-establishment of an effec-

tively global monetary organization—LaRouche's "New Bretton Woods."

As with all effectively functioning global monetary systems, this new one has to be a protective and dirigistic one; a gold-reserve monetary system, with fixed exchange rates, and temporary capital controls. Backed by such a solid "backbone," which gives Federal governments the necessary means to efficiently beat back speculative attacks, and to steer the economy into the right, physical direction, a sovereign state can use existing—or establish new—relevant financial institutions as a means for "productive credit creation." Exemplary is the now famous Kreditanstalt für Wiederaufbau [Reconstruction Finance Agency] here in Germany—just copied by the Italian government to launch big infrastructure projects—which has been proven to be a very effective instrument to issue unlimited, state-backed credits for special purposes, in order to serve the General Welfare.

I am now going to present to you exactly that beautiful instrument which—in the framework of such a "New Bretton Woods System"—enables us not only to realize the necessary big projects to create enough jobs and physical wealth, but to also vastly increase productivity on a national and international scale. As a crucial example, I will use the fight which raged in Germany in the beginning of the 1930s, when it became clearer by the day that under conditions of the Great Depression, a continuation of the catastrophic deflationary policy—clearly dictated by the Anglo-American financial powers—would lead to the destruction of the state, with Hitler's Nazi Party ready to take over.

I chose this example, because here we can study two things, both of which are of crucial importance for us today: that a depression, in principle, can be overcome, if the right ideas are at hand and the necessary political will is mustered—that is, the example of U.S. President Franklin Delano Roosevelt, whose heritage LaRouche is reviving today; the other, contrary lesson is that of Germany in the early 1930s, which could have gone the same way, but did not, as we all know.

Ironically, Germany at that time had all the intellectual means—the co-founder of the "American System" of political economy, Friedrich List, would have called it the mental power, or capital of mind, *das geistige Kapital*—to overcome the crisis. Above all, because there existed excellent econo-



*Wilhelm Lautenbach, a senior advisor in the Economics Ministry in Berlin, presented a paper at a secret meeting of the Friedrich List Society in 1931, which pointed the way to a solution of Germany's economic and financial crisis: a solution which would have prevented Hitler's rise to power.*

mists in all social and political layers, who were true “Lis-tians,” and there even existed a Friedrich List Society, which was not just an academic debating club, but whose members—high-ranking economists, bankers, industrialists, politicians, even members of government—forcefully intervened into the debate and the decision-making process concerning political-economic questions. In the early '30s, the problem in Germany—as well as in Europe and the world at large—was obvious: How to overcome the Great Depression in time, i.e., before fascism takes over.

### **Lautenbach vs. Schacht**

In September of 1931, the Friedrich List Society held a top-secret seminar in Berlin with its key members—about 30 prominent economists, bankers, and politicians—to discuss how to generate productive credit in Germany, since the international markets didn't provide any capital at all, at least not for productive purposes. At this seminar, Dr. Wilhelm Lautenbach, then a senior ministerial advisor in the Economics Ministry in Berlin, and by far the most competent among the German economists in the List tradition, presented a

ground-breaking paper with the provocative title: “The Possibilities of Boosting Economic Activity by Means of Investment and Expansion of Credit.”

Before I present to you the key concept of this crucial paper, whose importance is increasing now day by day—that is why Helga Zepp-LaRouche during the last Federal elections launched her “Lautenbach Campaign” to overcome the present crisis—let's have a closer look at this Dr. Wilhelm Lautenbach.

He was a universally educated person. Born in 1891 in the Harz region of northern Germany, he attended the humanistic gymnasium in Goslar and Brunswick—the city of Gauss—and after that went to the famous University of Göttingen, where he initially studied mathematics and natural sciences, until he settled on the field of statecraft and law, which he studied also in Geneva and Berlin. Already his school and university education laid the basis for the fact that he, who was to become a brilliant economist and acknowledged expert on all matters of credit and finance, did so not as a simple “money theoretician”—a “monetarist”—but he became an outstanding representative of the very tradition of *physical economy*, dating back to Humboldt and Leibniz.

Lautenbach himself wrote in a 1941 *curriculum vitae*, which is part of his personal papers to be found today at the Federal Archive in Koblenz that in his various functions in the Economics Ministry, which he had joined immediately after he got his doctorate in 1919—naturally World War I had interrupted his studies—that he “more and more had to deal with general economic questions, so that in about 1924 I became the advisor to the deputy minister and the minister himself.”

As his ideas and his exceptional character will show, Lautenbach emerged to be something like the “political economic knowledge and conscience” of Weimar Germany, which, because of the massive political pressure from outside (the Versailles Treaty, and physically unbearable payments of reparations; both measures are similar to today's infamous “IMF conditionalities”), was in an almost hopeless situation. After the Great Depression had manifested itself in October 1929, and especially after the disastrous banking crisis in Germany in the Summer of 1931, which shattered the very foundations of the global financial system, it was clear that something had to be done immediately, and in a big way. Unemployment in Germany already at the end of 1930 was way above 4 million, so that Hitler's Nazi Party, which before 1929 was still one of several small fascist groups, at the beginning of the 1930s became a very serious threat to the fragile German democracy. Already, the specter of about 7 million unemployed by the Winter of 1931 was painted on the wall!

The problem which had to be solved in that situation, was very similar to the one with which we are confronted today: If mass unemployment is not to be abolished through stimulating the physical economy in a targeted and comprehensive way, society is threatened with complete social, economic, and political chaos.

Concretely this meant that the Nazi Party would take over,

which had gained enormous influence in the decisive field of economic and financial policy, after Hjalmar Schacht had left his position as head of the central bank in March 1930, and openly campaigned—first in England and the United States, then in Germany—for Hitler. With that, Hitler got a big boost especially in the financial centers of London and New York, since Schacht was virtually their “man on the scene,” as his obsequious letters to the powerful governor of the Bank of England, Montagu Norman, attest. While president of the Reichsbank, Schacht, on a daily basis, had telephone conversations with Norman about what to do. Montagu Norman, by the way, headed the British central bank for a quarter century—from 1920 to 1945—and in this function exercised more power on global financial policy than even Federal Reserve Chief Alan Greenspan today.

Already during the 1920s, Lautenbach emerged as the intimate enemy of Schacht, since a compromise between the financial and economic policy of the two was totally impossible. Schacht’s purely monetarist policy of scarce money, which additionally was fine-tuned with the Anglo-American financial powers, strangled production more and more, and threatened to ruin Germany economically and politically. But this didn’t prevent Schacht at all from radically turning around immediately after Hitler—i.e., Schacht—took power, and unleashing the other, no less dangerous monetarist variant that of “loose money”—for unproductive measures to foster armament. This, he even “pre-financed” with an outright swindle, his infamous Mefo-bills.

On the contrary, Lautenbach, especially in the crucial years, wanted to stimulate production with effective means, and by this curb mass unemployment. In Lautenbach’s own words, this sounds as follows: “Since 1930 I had presented to my chiefs [in the Economics Ministry] large-scale job creation projects again and again, but the only thing I could accomplish was that an exposé, thought to be a proposal for the government on job creation, became the topic of a discussion at the Friedrich List Society in September 1931 shortly before the English devaluation at the request of deputy minister Trendelenburg and Reichsbank head Luther. Although initially the participants of this seminar were vigorously opposed to the basic idea and the dimension of this project, at the end of the seminar they agreed, with the exception of very few. Nevertheless, this project vanished again, because the government did not have the courage to act decisively.”

## The Secret Meeting

This discussion at the Friedrich List Society, which took place Sept. 16 and 17, 1931 in Berlin in the building of the Reichsbank, I want to present to you now, since in an extraordinary way, it clarifies the very key to the solution of the problem: Lautenbach’s concept of “generating productive credit.” Even though “only” a senior ministerial official, Lautenbach was the main speaker at this secret meeting of about 30 top people, among them Reichsbank head Luther, the deputy ministers Schaeffer (Finance) and Trendelenburg

(Economic), as well as the leading economists and some top politicians and bankers. The fact that all participants were members of the Friedrich List Society is a clear proof of the enormous political weight of this political body.

Lautenbach, a very active member of this society, had been chosen as the main speaker for this urgent secret conference, put together on very short notice, for two reasons. First, far beyond his ministry, he had earned a reputation as an “extremely sharp, although not always convenient expert on currency and financial matters”; secondly, because since quite some time, he had developed original, indeed bold ideas concerning the solution to the pressing problem at hand. Just the title of his paper, which was only given to the participants at the very beginning of this seminar, was then (in the “dictatorship of reparations” of Versailles, like today’s “dictatorship of quotas” of Maastricht) politically outrageous: “The Possibilities of Boosting Economic Activity by Means of Investments and Expansion of Credit.”

Lautenbach’s argumentation is as scientifically brilliant, as convincingly clear, and—against the background of the catastrophically deflationary policy in Germany, as well as also in England and the United States then—polemically sharp. He writes: “The natural course for overcoming an economic and financial emergency is . . . not to limit economic activity, but to increase it.” He distinguished two types of emergencies: On the one hand, natural catastrophies, and situations during and after wars, in which the demand to increase production is obvious; on the other hand there are economic and financial emergencies of national and international dimensions, in which it is clear that “we should and want to produce more. But the market, the sole regulator of the capitalist economy, does not provide any obvious positive directives.” Lautenbach then deals with the solution, then and now, to this acute problem, in the following way.

After having discarded the usual means to fight a crisis (budget cuts, tax reductions, curbs in public expenditure) as totally insufficient, even “counterproductive” under the conditions of a depression; and having stated that in a depression there exists a surplus of “unused production capacities, and unemployed labor,” the productive use of which is the “actual and most urgent task of economic policy”; Lautenbach approaches the core of the problem. Echoing Friedrich List, he writes that this task “is simple to solve, in principle,” if the state—the sovereign state, we might add—produces “a new national economic demand,” which however—and that is the key condition—“represents a national investment for the economy. One should think of tasks like public or publicly supported works which signify an increase in the value of the economy and would have to be done anyway, under normal conditions.” In this context, Lautenbach primarily thought about transportation infrastructure.

Now he poses the decisive question: “Since long-term capital is neither available to us on the foreign nor on the domestic market, how are such projects to be financed?” Since for him the quick answer—that because of empty public treas-



*Adolf Hitler with Reichsbank chief and Economics Minister Hjalmar Schacht, who bankrolled the Nazis, on behalf of the Bank of England and its Wall Street partners. Schacht was Lautenbach's bitter enemy.*

uries, “reasonable public works are neglected in times of deep depression”—has no merit, he states simply: “Liquidity is chiefly a technical organizational issue. Banks are liquid when they are sufficiently supported by the Reichsbank.” Consequently, Lautenbach proposes that the Reichsbank give the banks a “rediscount guarantee” for the bonds, for financing “economically reasonable and necessary projects.”

The same argument had been used, almost 100 years earlier, by the co-founder of the “American System” Friedrich List—a great fighter for truth, who was forced out of Germany during the dark period of the “Holy Alliance,” mentioned by Helga yesterday—in his main work, *The National System of Political Economy*: “The system of state credit is one of the most beautiful creations of recent statecraft and a blessing for the nations, as long as it serves as a means to distribute the costs of those accomplishments and efforts of the present generation, which have a positive impact on the entire nationality for all future times, and guarantee its existence, growth, greatness, power, and an increase of its productive powers over many generations. It only becomes a curse, if it serves as a means for unnecessary national consumption, and in that way does not only not favor the progress of future generations, but steals from it in advance, the very means to realize great national projects.” List goes on: “No effort of the present generation brings such a decisive and favorable special advantage to future generations, as the improvement of transportation, since these investments increase the productive powers of the future generation extraordinarily, and in a steadily rising progression.”

Like List, Lautenbach believed that “the stimulating effect of the primary credit expansion” for financing infrastructure projects would effect “a stimulating movement in total production” in the economy. The initial boost of infrastruc-

ture and investment projects would lead to an “upward turn” of the entire economy. The utilization of unused capacities of production would have the effect of increasing economic productivity. The improvement of tax income would enable the state to shift to a long-term management of the original liquidity to pre-finance the projects. Lautenbach also stresses the fact that credit-financing of infrastructure projects would not incur the risk of inflation. Those projects are “rational and unobjectionable from an economic standpoint, since they represent “in a material sense, real economic capital formation”; this form of credit-financing, after all, would result in creating physical values.

Lautenbach also does not forget the highly significant “productive multiplier effect,” which in fact—just think about the extremely successful example of President Kennedy’s Apollo Program to put a man on the Moon—always comes into play, if these investments in infrastructure are done on the technologically highest level. That’s why LaRouche stresses so much the necessity to realize an efficient technology transfer in his concept of the New World Economic Order, which we want to launch with the “New Bretton Woods” and the Eurasian Land-Bridge. Furthermore, Lautenbach stresses in this context the fact, that the extent and rate of expansion of production grows disproportionately; that is, at much higher rates than the degree and rate of credit expansion.

Lautenbach’s concluding summary—mind you, this was presented in September 1931 to the economic and financial political elite of Germany—sounds today, on the one hand, like a passionate appeal for a then and now urgently necessary “dirigistic-productive” economic policy; but on the other hand, also like an astonishingly sensitive description of the horrible political developments which followed: “By means of such an investment and credit policy, the disproportion of supply and demand on the domestic market will be alleviated and thus total production once more provided with a direction and a goal. If we neglect to undertake such a policy, we will inevitably head in the direction of continuing economic disintegration and a complete disruption of our national economy, into a condition in which, then, in order to avoid domestic political catastrophe, one will be compelled to undertake a strong increase of the short-term public debt for purely consumptive purposes; while today we have the instruments, by means of utilizing this credit for productive tasks, to bring our economy and our public finances into balance once more.”

## **The Political Fight**

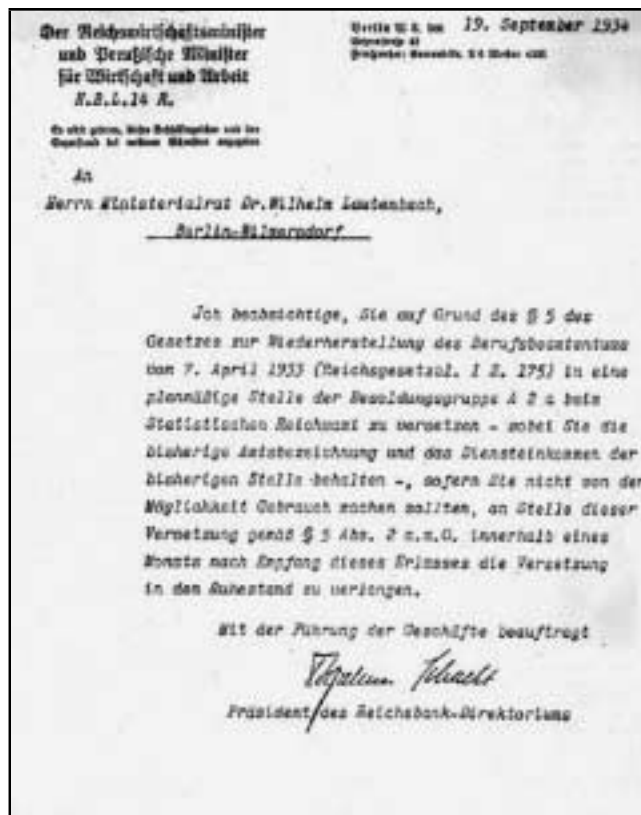
As is known, Lautenbach’s ground-breaking proposal “vanished” in Germany, since the government “did not find the courage to act decisively”—with catastrophic consequences for Germany, Europe, and the world. In hindsight it is clear that with the immediate launching of the Lautenbach Plan, Hitler and the Nazis would not have had a chance. This fact, LaRouche and his international organization have stressed again and again for decades, although the discussion

of this topic was made into a political taboo. The protocol of the secret September 1931 seminar of the Friedrich List Society, for instance, was published only 60 years later, in 1991. And only last November, Prof. Herbert Giersch, one of the former “economic wise men” in Germany, and former head of the World Economic Institute in Kiel—which was formerly headed by Professor Harms, the president of the Friedrich List Society, during those crucial years in Weimar Germany—pointed publicly to the fact that in the beginning of the 1930s, a group of “economists of all colors,” among them Lautenbach, had developed a competent economic program, which could have stopped Hitler. Even the—insufficient—“Papen Plan” for the “stimulation of the economy” had created such a positive mood in Germany in the Autumn of 1932 that the Nazis lost more than 2 million votes in the November 1932 elections. Goebbels went into a depression, and Hitler was speaking about suicide. The realization of the much, much more competent “Lautenbach Plan” one year earlier, would definitely have prevented the Nazis from even getting close to taking power.

The Nazis themselves—above all Schacht and his Anglo-American friends—immediately recognized the political dynamite of the Lautenbach Plan. When in July 1932 the “left” wing of the Nazi Party went into the election campaign with an economic program to create jobs, which only vaguely echoed Lautenbach’s concept, Hitler, alarmed by Schacht, immediately ordered this program to be physically eliminated—although the Nazis, partly because of this demand, had gained enormously and became the strongest party. After all, Schacht didn’t want to put Hitler into power to realize the program of productive credit creation, but exactly the contrary—as he, in fact, later did with his program dubbed “cannons instead of butter.”

There was in fact a serious attempt to realize the Lautenbach Plan: At the proverbial very last minute, the just-installed von Schleicher government in December of 1932 directed the Reichsbank to extend productive credits for infrastructure projects, but Schacht immediately mobilized his Anglo-American backers against this. Vast amounts of money from abroad flowed into the empty coffers of the Nazi party, and with a virtual coup on January 1933, von Schleicher was ousted and Hitler put in power.

But even with that, Schacht was not satisfied. When, in the Summer of 1934, he had finally reached his goal, and practically became the omnipotent financial-economic dictator of the Nazi Empire—besides his position as president of the Reichsbank, which he eagerly grabbed again after Hitler took power, he also was made “temporary” Economics Minister (so that he could keep his post at the Bank for International Settlements in Basel)—Schacht’s very first official act was to fire Lautenbach. And Schacht, who did not remove any other official, did so explicitly by means of that Nazi law, which Hitler had issued to get rid of unwanted state officials. Among them were, naturally, many Jews, which resulted in a big “brain drain,” since at that time a very large percentage of



*Schacht’s first official act, as head of the Nazi Economics Ministry, was to fire Lautenbach. His infamous letter reads: “On the basis of §5 of the law of April 7, 1934 to reestablish the professionalism of state officials, I intend to move you to a position at the Reich Statistical Office—though you will keep the title and income of your present position—unless you don’t want to make use of the opportunity to request your retirement, according to §5.2, within one month after having received this letter.”*

German university professors, artists, scientists, and teachers were of Jewish origin.

## Lautenbach Hails Roosevelt

But not only the negative example of the catastrophic consequences of the sin of omission in Germany attests to the validity of the instrument of “productive credit generation.” Even more so, the positive example of the New Deal of U.S. President Franklin D. Roosevelt, who, immediately after his inauguration on March 4, 1933, started to realize an American Lautenbach Plan—based on the very same Listian principles of the “American System.” After rigorously reforming the totally bankrupt U.S. banking system in a matter of several days, he dirigistically issued credits for special big infrastructure projects, like the development of the Tennessee Valley, and with this stimulated the physical economy.

Lautenbach saw the realization of his idea in the United States with great interest, as a speech makes clear, which he gave in Berlin in the beginning of 1936: “For more than four years, the United States has been engaged in a policy of handing out credits, whereby two periods have to be clearly distin-

guished, the period of Hoover, and the period of Roosevelt. They are essentially different in their targets, their means and their success.” Hoover, argues Lautenbach, was using purely monetarist means, and “hoped to accomplish everything by means of the stimulating effect of cheap money. But this expectation turned out to be false in every respect.”

Totally different was the approach taken by Roosevelt, who had presented a “comprehensive credit program,” argues Lautenbach. Though his New Deal was “not exactly unified, consistent and clearly thought through,” it was “bold and correct in its approach”; besides that, Roosevelt proved to be very flexible in its execution. Taken as a whole, Roosevelt’s policy of productive credit creation had had an “unusually beneficial” effect on the entire U.S. economy. “How important these measures are,” says Lautenbach in conclusion, “is also made clear by the fact that these giant projects like the agricultural and industrial development of the Tennessee Valley—projects which because of their unique generosity, have a unique place in history—are only a tiny fraction of the entire project of job creation. The successes of Roosevelt’s policy are undoubtedly very big.”

Exactly such an “undoubtedly very big” success, we indeed can accomplish today, with the realization of LaRouche’s New Bretton Woods, his Super-TVA and the Eurasian Land-Bridge; and in this way, create the conditions for the much-needed “Peace through Development.”

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—Friedrich List to Charles J. Ingersoll, July 10, 1827

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Dr. Nino Galloni

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## Great Projects, Growth: ‘Margins of Possibility’

*Dr. Galloni is an economist from Rome. He spoke to the Schiller Institute conference on March 23. Subheads have been added.*



The war is not a solution, nor a way to achieve dignity or freedom. But peace is not the goal; the goal is the promotion of human dignity and freedom. Peace is a means to achieve human dignity and freedom, but the world is facing a war because the international financial, economic, and political system does not work at all. Peace needs other friends to be truly useful: We have to think of a new economic and financial order. Not only a monetary proposal, but a great project which each people could contribute to build.

Water supply, necessary infrastructure, a new power policy, the solution of the agricultural relationship between rich and poor countries, the fight against poverty, are matters of some reconsideration.

In many parts of Africa, for example, which today are suffering from a very serious food and water crisis (there is apparently a deep link between the two), the possibility of survival was not lacking at times in the past—even only 50-100 years ago. There is no doubt that natural events, whether or not they were forced or caused by man’s actions, are at the root of the most serious problems and emergencies on the continent. But three orders of factors—very human, or unhuman, it may be said—should be taken into consideration: wars; major decisions in economic and monetary policy (which have favored the limiting of development since at least the 1970s); the evolution of the link between always unfavorable terms of trade for the poor countries, and the productive choices made there.

In Africa, water has always been present and abundant (as has the harvest), but certainly not everywhere. The first intervention therefore, to fight mass poverty, would seem to be the gathering, transportation, and conservation of water, allowing for progress toward an adequate (natural or artificial) water network.

### Origins of the Crisis

The second order of factors regards the major decisions



of economic and monetary policy beginning in the 1970s.

High interest rates made the planning of large infrastructure projects difficult, if not impossible. They favored the draining of resources to pay interest (now people are content with considering the cancellation of the debt—principal—as a great liberator of who knows what resources); they discouraged local productive and commercial initiatives.

The poor countries weakened themselves in order to buy weapons or support armies, or in any case, for many types of spending—including on unnecessary projects—for which any “project financing” was irrelevant or insignificant. Where project financing was necessary though, in many productive enterprises, this mechanism discouraged the beginning, maintenance, and growth of such enterprises.

The large international economic and financial institutions, as well as the most important states, transformed the original post-war design—the Bretton Woods agreements of 1944, which foresaw the financing of trade imbalances (caused, in developing countries, by the import of technologies for economic independence)—into a political mechanism in which access was no longer linked to reaching productive goals.

Consequently, the productive activities had to deal with the high interest rates demanded by ordinary banks. The necessary investments became anti-economic, and those anti-economic investments were financed without considering their cost.

At the same time, terms of trade got worse for those countries with the greatest development needs; thus, economic activism became a cause of the impoverishment of resources.

Unequal trade, in fact, corresponded to the export of materials and products containing a significant level of local resources involved in their production, against the import of goods coming from rich and industrialized countries in which a minimum level of human resources had been used, but which had an elevated monetary value.

The choices of the local governing classes then favored the interests of the principal international food producers, as they directed local demand toward the products with the lowest costs on the market. Prices later rose, due also to currency dynamics, but the local production by now had been eliminated, and thus the only source of provisions (imports) caused a selection based on income, and the formation of a number of new poor, corresponding to those with low income and scarce possibilities of re-starting cultivation or procuring cheaper local substitutes.

## **Urgent Infrastructure Projects**

In this situation, instead of massively intervening—in order to re-establish conditions which, if not the previous ones, at least allowed for the cultivation of the land and supply of seeds and the necessary tools, the road taken was that of sending part of the food surplus of the western producers to the privileged groups among the

consumers in the poor countries. This is the situation we need to keep in mind in order to reflect on both the concept of inevitability of mass poverty, and the concrete plans to defeat it.

The best method would seem to be that of increasing the investments aimed at increasing the productivity of the territory: The reintroduction of adequate cultivation techniques, and the concentration of interventions by specialized agencies regarding water reserves and aid to farmers, have allowed millions of hectares to be saved from desertification in the southern strip of the Sahara, from Mauritania to Burkina Faso, from Niger to Chad, from Sudan to Eritrea. The end of the drought certainly played a fundamental role, but without the concentrated intervention of man in a direction opposite to that of the past 30 years, we can suspect that not much would have changed.

It has been discovered, by various initiatives in the desert areas of the Arabian peninsula, that the terrain there—rich in precious minerals—can be quite fertile, as it does not consist mostly of silicates.

The problem of these investments is their cost, as it can easily be demonstrated that, from an economic point of view, it is easier to transport food resources than to launch projects for the treatment and transport of water; but this is not always true.

In addition, the cost of aqueducts, including their construction and management, or of desalination plants of the necessary dimensions, are significantly amortized over time if the number and importance of users increases.

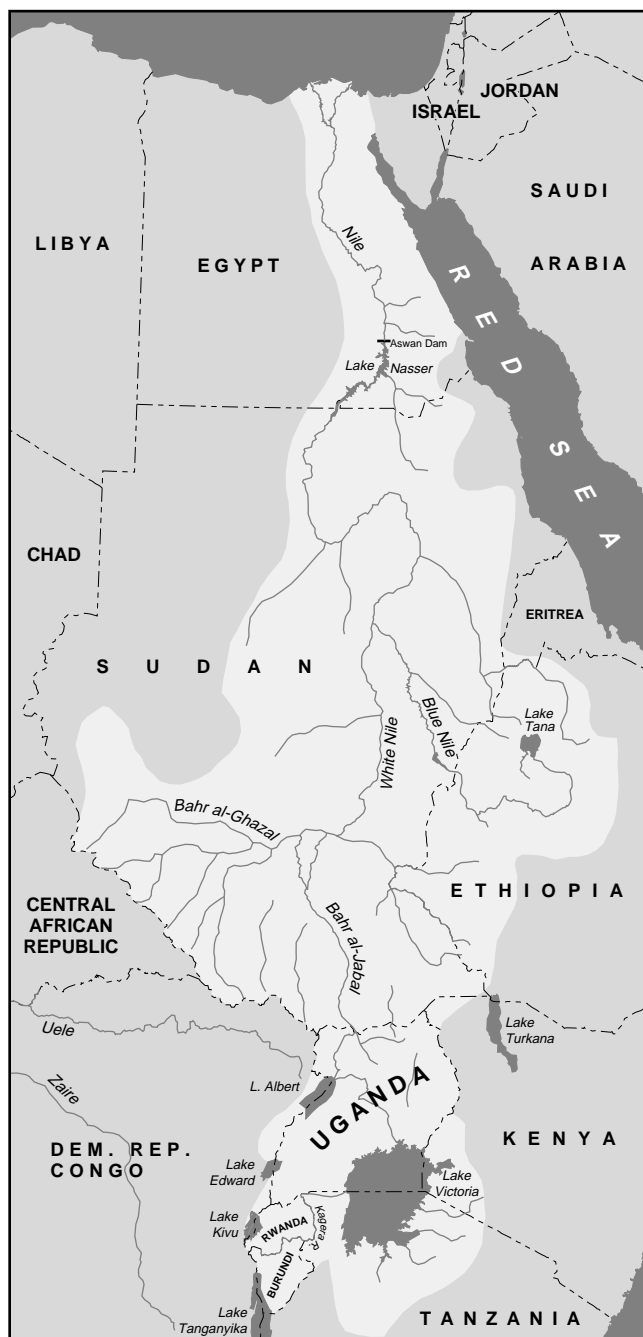
In any case, the financial flow deriving from new productive activities made possible by the investments in water projects (including the salaries of workers), represents a strong factor of compensation for the resources necessary for the construction and maintenance of the project.

Large infrastructure projects, however costly they are—as long as they are used by a vast public of workers and consumers—always end up being profitable, since they enrich the territory and environment, and thus contribute to the movement and improvement of resources. Project financing should include a monetary estimate of all the positive effects of a project; but this would be relatively useless, both for the bank (or others), which is only interested in monetary return, and for the promoter (or users), who are more sensitive to the concrete results and effects on political image.

Thus, complete evaluation of costs and benefits is necessary, divided into a) a financial part (where the re-payment of loan capital is made); b) an economic part, where there is compensation—for those who pay the capital and interest to the bank—consisting of the income streams generated by the new investments (for example, through adequate taxation, tolls, the sale of resources); c) a socio-environmental part, linked to reaching general political objectives.

In this manner, given certain resources, we can evaluate the best use of them in terms of the investment’s ability to

FIGURE 1  
The Nile River System



*The Nile River provides an abundant source for development of agriculture and hydroelectric power in many African nations. Harnessing Africa's water resources is a top priority, in the fight against mass poverty.*

reach socio-environmental goals, without undervaluing the economic stimulus created by participation in productive activities. Even a modest participation in gross profits, for example, means that over time—especially over a sufficiently long

period of time—an adequate economic base for the project is assured, as long as that participation in the profit is not less, percentage-wise, than the rate of interest.

Regarding this issue, the question of interest rates close to zero—which seemed unthinkable and only a provocation until ten years ago—could again take on great importance if the disastrous Japanese experience of recent years were to contaminate the other important “strong” economy, Germany.

In Japan there was in fact a combination of negative growth of prices (deflation, the opposite of inflation) and of interest rates, which, despite being low and close to zero, were still notably positive. In such a situation, which the theorists define as the liquidity trap, the increase in value of the currency could even compensate for the apparent absence of interest on loans.

These apparent paradoxes, without considering their actual application, suggest that the subject of evaluating costs and benefits—even if only limited to its simplest part, the strictly financial one—presents uncertainties which, as always, increase along with the temporal horizon of the evaluation itself.

Therefore, the economic aspect, and above all the socio-environmental aspect, must prevail in the analysis of costs and benefits.

Large infrastructure projects—as well as small ones, in many cases—which can make the movement of human and material resources easier, and increase the supply of water and the productivity of the environment, thus represent the first direction to be taken in the battle against mass poverty.

### Human Resources and Purchasing Power

A second consideration regards the formation of human resources. Despite the evidence of colossal unemployment on the global scale (which goes beyond the order of billions), there is a lack of agricultural technicians, teachers, doctors, nurses, and environmental workers; despite the opulence, the “saturation,” and the exuberance of production in the industrialized countries, goods and services are lacking on the planet as a whole.

The third, and possibly conclusive consideration regards purchasing power. Where this is zero (or virtually zero), because there is no income, it is difficult to launch economic activity: The need is there, but it is not resolvable, since everything remains in a state of potential. And it will continue in this state until humanity is able to make a powerful and decisive cultural jump: If there are resources available but not being utilized, and the only limit seems to be the lack of monetary means, then the creation and distribution of such means, if it contributes to creating productive processes which did not exist before, represents the principal road to the solution of the problem; the cultural shift consists in accepting such a heresy not only within single, already industrialized states, as has happened repeatedly in the past—during grave and long

crises—but on a global level, especially for the situations of greatest backwardness and poverty.

Obviously, certain incredible obstacles must be removed:

a) Where can an available, adequate and trained workforce be found if there was previously an indistinct and ignorant mass of poor? b) When do the technologies and plants necessary to begin production arrive? c) Who must receive the money distributed to begin the economic process?

The answers though, could be less incredible and impractical than expected. School and training can represent the principal commitment of those who truly hope for productive growth and the end of mass poverty. Even previously used plants and tools can be supplied, to be used for training and the starting of production; the added money given to those involved in the initiatives, would end up having a value corresponding to that of the production provoked, and at that point, would become convertible into other pre-existing currencies.

There are many alternatives to such a project, including war, mass destruction and self-destruction, humanitarian aid, debt cancellation, and maybe a few other things. It is easy to think that not many constructive and positive things will be done, almost as if the situation which now exists in the world, due to the causes previously described, is the result of fate and no one is responsible for it; but it may be just as easy to think of disaster, for everyone, due to inactivity regarding the problem.

It is more difficult though, to understand if a new and deeper understanding has been sufficiently developed in the governing classes of the so-called poor countries (the large majority) and in the population of the rich ones (a minority, but not minimal). Yet, the attentiveness of the economic, scientific, social, and environmental literature; its qualitative and quantitative growth in both the industrialized and most downtrodden areas (the two generally share significant levels of various types of pollution) leave a lot of room for hope. Today it is rare, in fact, in any part of the world, not to find some concrete or literary event which recalls the basics of the question: environment, development, poverty (new and old).

## Europe's Future

Let me say something about the perspectives for Europe.

A Europe which were to approve a plan of trade and investments with the Middle East and Africa would represent an alternative to any overwhelming power—real or presumed—of the Americans. This would be, to use the noble words of Jacques Delors, an exemplary model, one to be imitated; an alternative to the model of the superpower.

It is true that one of the fundamental roots of U.S. supremacy derives from European weakness, but this weakness is not in the incapacity of governments or the European Union to be sufficiently armed or to collaborate in this sense. Rather, it consists in the cultural and political limits of its common objectives, aimed principally at the consecration of financial

constraints, as if they represented actual objectives.

If they truly were objectives, then large budget surpluses should be hailed with joy and enthusiasm by those who have them; in reality, they only mean that the states have taken more from the economy through taxes than what they gave back in public spending. Given the “liberalist” premises of the restrictive budget programs, this seems—at the least—somewhat curious.

In what seems to be a farce, most economists, scholars, observers, and politicians not only have not recognized this apparent paradox (which in reality is a simple mistake which could be called banal, if it were not so tragic), but rather seem excited by such a perspective, or discouraged by its disappearance.

The imposition of greater checks on the current spending of the single states seems to have been a necessary measure, because the economy cannot support a systematic excess of spending if there is not a need to finance the use of unused resources. If [there is a need], this financing encourages production which, by being taxed, is able to re-establish balance in the (current) budget. Even the reduction of public productive investments in single states can be a reasonable choice, as long as the Union—which would thus take on more power, subtracted from the states—has the possibility to plan important infrastructure and environmental investments to implement a political, social, and economic project which leads to true involvement in the Euro-Asian-African area mentioned above.

Limiting itself in making important deficit investments would mean betting on the limitation and isolation of Europe, instead of on its growth and expansion.

The world we will see in 20 years will probably differ deeply from the environmental “day after” scenarios and the marvelous and perfect hyper-technological plans; and rather very much resemble the world we have today, but with some important differences.

This prediction is based on the following evidence. 1) After long and very long periods—20-30-60 years, that is, more than a generation—of deep and operative changes in culture, society, and economic relations, it is notable that entire peoples have neither forgotten nor abandoned traditions, habits, customs, and approaches in the daily life of singles and families, as well as in politics. 2) The identification between the common good and the market (which has hidden that even more exclusive identification, between the common good and profit goals) has been shown to be, in the eyes of most—including the governing classes of the main industrialized countries—no longer sustainable; which does not mean though, that the market and profit will soon be abandoned as economic and social reference points. 3) The conditions of current technologies—and of their possible and immediate future development—would allow for resolving many of the principal problems of the planet (adequate food production, defense of the environment, improvement of wa-

ter supply, and health and hygiene conditions of populations).  
4) New cultural and artistic movements are developing in almost all the countries of Africa, the Far East, Oceania, and South America (and elsewhere) which seem to be linked by a revival of traditional activities, vocations, and materials, in the context of an adjustment to the conditions and specifics of advanced technology.

Taken as a whole, these four circumstances point to a path which, despite being full of obstacles—as always happens in reality—is nevertheless sufficiently clear: The future world, obviously a consequence of what is taking place now, will not see a process of acceleration or even constancy of the destruction of the biological and cultural diversity that has characterized the recent past, because we are living in a period in which an abyss is appearing between the great “pro-capitalistic” promises and certainties—think of 1996 or ’97—and their rapid destruction in the short period of two or three years.

Such a prediction, clearly, in order to come true, requires political work, civic commitment, and an effective change in economic strategies, which, at the moment, do not yet seem operative; yet they have already begun and are already producing notable effects. For example, George W. Bush has completely changed his line on the economy and his view of the international financial system since the beginning of the crisis (mid-2001, or before). People’s attention to environmental problems has grown; mass participation in protests against the economic decisions inspired by the failed strategies of the ’80s and ’90s has begun again; criticism of the behavior of the principal international financial institutions is no longer confined to a limited group of outcast experts, and now involves the governing establishments of the most important countries. Chancellor Schröder, in Germany, clearly opposed the war on Iraq—the way that Blair and Condoleezza Rice wanted it—and as a result obtained the consensus (lost on other fronts) necessary to not lose the October 2002 elections in his country. The European Union has posed the problem of modifying its agricultural policy, even though it is likely that in this case, real changes will not be made. And finally, the production of hydrogen-propelled automobiles has begun, despite the fact that the petroleum magnates do not seem ready to throw in the towel.

It is necessary to be able to distinguish, in a sufficiently clear manner, what (powerful) interests are at work to stop this spread of consciousness from favoring—fully, not partially—the adoption of measures necessary to deal effectively with the many questions on the agenda.

## **Agriculture and Energy**

The examples of agriculture and energy may be the two issues which represent a decisive test for the future of the European Union (in a world role or not), and for the entity of the change which is currently underway.

The European Union—like the U.S.A.—intervenes on farm income with over 40 billion euros a year in direct subsid-

ies, and another circa 90 billion to defend prices. This obviously damages the non-European (and non-U.S.) producers, and represents a significant cost for taxpayers. In exchange for this distortion of the market and the principle of free circulation of goods—in other situations invoked as a principle (would it not be sufficient to explain, every once in a while, the reasons for which its application is not, and cannot be, generalized?)—the European (or U.S.) consumer not only receives an economic disadvantage, but also damages, in terms of health and product quality. We must suppose that the biological and bio-dynamic producers also receive (at least part of) the subsidies; in any case, it seems that the consumers of biological products are willing to pay a bit more even if that market oscillates between periods of growth in demand and periods of price increases.

Would growing pressure from public opinion toward products which are truly biological, genuine, traditional, healthy, without chemical agents harmful to health, and—why not?—also the result of fair trade with the farmers of developing countries, cause an income and employment crisis in the sector? [Would it cause] large movements from one activity to another, one type of productive technology to another; from strategies prevalently aimed at quantity and prices to goals of quality; from an exclusive commitment to food production to new formulas regarding tourism, the protection of the environment, the relations between producers and consumers, and above all the defense of health threatened by wrong agricultural methods which use too many additives and manipulations? Many diseases, and thus also many costs are due to these situations, which can apparently be solved without great difficulty. A banal (current and future) cost-benefit analysis would even be sufficient.

The same reasoning, as the process of change advances, can be applied to the other delicate aspect of change, the choice of energy sources and energy policy. Entrenched interests, as we know, are not open to changes if the changes do not bring immediate and significant benefits (at times not even this is enough). This is why it seems so easy to go toward and reach catastrophic situations.

## **Overcoming Entrenched Interests**

Clearly, without a commitment and role of the authorities and institutions—governmental and non—the attitude of those who represent the continuation of entrenched interests confirms the conditions of being unable to foresee and face emergencies, and—do not consider this a paradox—to take advantage of the opportunities which appear on the horizon.

The case of hydrogen, for example, seems to have divided the entrenched interests, between those who have begun to work toward this alternative (at least in certain important fields such as going beyond the internal combustion engine) and those who have not.

The same can be said for intrinsically safe nuclear power, non-polluting coal (but which will certainly not help us reduce

CO<sub>2</sub> emissions as called for in the Kyoto Protocol), natural gas, and the use of renewable energy sources. There is, on the one hand, the problem of costs, which can either be counterposed or joined with the question of pollution (treatment of nuclear waste, toxic emissions, carbon dioxide). On the other hand, there is the problem of the will to get past the obstacles created by the entrenched interests, which cannot merely be identified with profit goals.

Therefore, two aspects of the problem can be identified: the capacity to distinguish, or not distinguish, regarding costs, between quantity of resources used per unit of energy (not referring, obviously, only to direct energy resources) and the value of environmental aspects (including principally questions regarding human health); and the difficulty in distinguishing between a logic of profit, and resistance to change which may even go against such logic.

Current technologies, differently from what could have been the case during, for example, the Middle Ages and the Modern Age, appear capable of supplying all the energy we need, even in the case of a substantial growth of participation in world product by the poor and developing countries. The energy technologies of the Middle Ages and the Modern Age were sufficient for the consumption levels in Europe before the stimulus provided by the arrival of gold and silver from the Americas, but they were then insufficient at the beginning of the 19th Century, when the problem was solved with the industrial use of steam, and then of electricity.

### **‘Development of the Environment’**

If, for example, our descendants were to judge the difficulties of the past 30 years and the present, in terms of the connection between protection of the environment and energy production, would they say that the difficulty was due to lack of available technologies or problems of cost?

They would probably reach the conclusion that there was insufficient attention toward the environment, since the technologies available at the end of the 20th Century and beginning of the 21st were sufficient to supply the desired quantities of energy at sustainable costs.

If such a judgement is correct, then the current direction of our economic, energetic, and environmental policies is wrong. It should be changed. This does not mean that the goals of profit—while maintaining the distinction between maximizing profit rates and profit levels—must be detached from the choices of economic and industrial policy; but these goals cannot be primary, compared to the needs of defense of the environment, social growth, entire peoples’ right to exist, and the improvement and maintenance of the variety of living species and human behavior. We have seen, actually, that certain sorts of profit goals (such as the maximization of profit rate per unit of capital or the definition of a certain profit level at the beginning of a productive cycle) cause economic crises, financial turbulence, social tragedies, and the restricting of development perspectives.

The submission of man and the environment to profit does not allow this latter to play its important role in provoking economic growth; a role, as we said, which is not exclusive, since the economic effects of the great social and environmental objectives of humanity represent a direction which is certainly no less important and promising.

Not only the pyramids, churches, cities, and great monuments of the past, but also the roads, railways, and most industries would never have been built, if the only things considered were costs and returns.

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*Large infrastructure projects, however costly they are—as long as they are used by a vast public of workers and consumers—always end up being profitable, since they enrich the territory and environment, and thus contribute to the movement and improvement of resources.*

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On the other hand, the idea of managing an economy or reaching certain objectives, even if they are not economic, without an adequate evaluation of resources and costs—as well as potential returns—seems at the least to be foolishly ambitious. The attempt, therefore, to analyze the question of constraints and objectives, assigning to each its proper role, seems to be a useful and necessary exercise in order to transform the understanding of reality—possible through observation—into a program of functional changes and improvement in the situation which clearly can be improved in the interest of the large majority of the world population.

The reflections which we have attempted to put together here, were not so much about the identification of those interests of the large majority of the population, but rather the conditions and circumstances which could suggest the adoption of two substitutions: that of the objective of sustainable development with the valuing of the environment; and that of the environmental constraint with the needs of economic growth linked to the achievement of less imbalance and disparity. After the “limits to growth” and “sustainable development,” now a call for a sort of “development of the environment” could appear, capable of subjecting the constraints of the economy—which, although they can be forced, indicate the limits of the possible—to objectives whose maximization does not generate greater social and human imbalances, but conditions of reduction of the constraints themselves; that is, the achievement of growing “margins of possibility.”

## Conflicts and Economic Development in Africa

*Professor Aluko is a retired economics professor, and former economics advisor for various Nigerian governments for more than 30 years. He lives in the country's major city, Lagos. He addressed the New Bretton Woods panel of the Bad Schwalbach conference on March 23.*



My friends on the podium, distinguished ladies and gentlemen: I am Sam Aluko from Nigeria. I teach economics; I was professor of economics for many years. I am now retired, but I am not yet tired, so I continue to profess economics and I am here to speak on what I have termed: “Conflicts and Economic Development in Africa.”

I am sorry, but I want to take the whole of Africa on my head, rather than talk about Nigeria. And that is because I have been to almost all the countries in Africa and know a lot about their individual and collective problems. And I feel that most of you in Europe, when you see anybody from Africa—and I have a beautiful example: My friend says, “Oh, you are from Nigeria!” I say, “Yes.” He says, “I have a friend in Kenya, do you know him?” And I would say: “Kenya is as far from Nigeria, as Britain is far from Nigeria.” So, as you take Africa as a unit, I too want to take Africa as a unit in my discourse.

I have summarized my paper into the main problems on what I regard as the possible solutions. Not because anybody in Africa would be listening, but we will continue to say what we feel we should say. I have listed six problems which I say confront Africa today, and have been confronting Africa for a long time.

The first is the falling economic prosperity in Africa. Africa is continually getting poorer and poorer, as individual countries and as citizens of Africa.

Second, increased violence and crimes in Africa. When I was much younger, I could go out any time of the night; my father could put his goose on the road, and people would get there and buy and put money there—and nobody would steal it. Today all of us live in iron-barricaded houses. The wall of my house is about 12 feet high, and thieves still climb the wall to come and harass me. But, when I was young, there were no walls and we were safe.

Thirdly, there is the diminishing role of government. I am very happy with Dr. LaRouche for continually telling us to respect the sovereignty of governments. In Africa, we have been told to dismantle governments, that the role of government, the role of the state, should be reduced more and more. And that is happening in Africa.

The fourth problem that I list, the worst one, is the policy that we are pursuing: liberalization, privatization, globalization—and that has led to the collapse of the infrastructure. So while we are talking of new bridges across Asia and Europe, and so on, even the few roads that we had in Africa are collapsing, and many of them have collapsed.

And fifthly, we have greater insecurity of even governments and political instability in Africa. African countries that were stable before, are now unstable, and any African country can collapse any night. So when I telephone Lagos and speak to my wife, I say, “Is our government still there?” And she says, “Yes, it is still there”—because it can collapse any time, as you saw in Ivory Coast. This country was regarded as one of the most stable countries in Africa, and overnight it just disappeared.

And of course as the *one*: the increasing inefficiency and poverty of the administrations of Africa. Governments that were able to pay salaries in the past, that were honest in the past, are now very corrupt, and are now unable to pay salaries. There have been state governments in my country that have not paid salaries for the past 12 months to their teachers. In my university, where I worked for almost 20 years, we have not had any classes since June of last year; the professors have been on strike since June of last year, because of their problems with the government.

### Providing the Solutions

So I list these six problems as the main problems that we face in Africa and I will just go over them briefly in the few minutes that I have. And I also list what can we do, because often we are good to analyze the problems, but we don't try to provide the solutions. So I also list four things that I feel that African governments should do:

First, is that you must reject the imposition of the IMF, the World Bank, the Paris Club. In the Paris Club, there are 13 countries which make up both the Paris Club and the London Club. When they act as bankers, they call themselves the “London Club.” When they act as governments, they call themselves the “Paris Club,” but they are the same 13 people. And out of those 13, ten are European countries, including Germany. So, when we are accusing the United States here, we accuse Germany, France, Italy, United Kingdom, as part of our oppressors. Because we should reject the imposition of—not only the IMF and the World Bank and the WTO—we should also reject the imposition of the Paris Club and the London Club.

And secondly, that we must return to planning the economies of Africa. From the table that I have to determine the



*The Goranyo Dam in Sokola, Nigeria. "In Nigeria you cannot have constant power for one day. So, infrastructure has to be improved and we have to save and invest in ourselves."*

developments of the future, you will see immediately that we stopped planning in 1985. The economies of all African countries started going down and down till today. And it is still on the downward trend, because we have abandoned planning for the market.

I used to tell my governments in Nigeria, that "Well, I did not vote for the market, I voted for a government." And I am running home after this conference, to go and vote in the Presidential elections in the middle of next month. So we must reject those we did not vote for, and then ask those whom we vote for to govern,

Thirdly, we must plan and protect our economies, in the view of Friedrich List. Our chairman read the views of Friedrich List, who was a German, who said that if you want to catch up, you just have to protect yourself and you have to plan. We are not even saying to catch up now; even to stay where we are, we have to plan. Nature does not accept stability: Either you go forward or you go backward. And we have been going backward. To go forward we must plan.

Fourthly, we must fix interest rates and exchange rates. The rate of interest in Nigeria today, is about 35-40%. When I got into government, it was about 2%! It was through our pressure that, we brought it down to 21%; it's now back to 35-40%. And it's like that throughout Africa. So, when we say, we should compete in the market—Japan's rate of interest for small business is 0.9%. The rate of interest in Nigeria is 35-40%. So, even if we are equally efficient as the Japanese, we cannot be, borrowing at 40%. And, if somebody is borrowing at 1% and we are competing, you know who will win. And we are not as efficient as the Japanese, or Americans—or you. The rate of interest here is between 5-6%, and you can get subsidized rates, but there is no subsidized rates in Africa. So the rate of interest must be brought down.

And then, of course, we must emphasize production and not consumption. So as many of you have cellular telephones,

so many of the elites in Nigeria have cellular telephones. So most of the things that you enjoy here, has been enjoyed to a greater degree by the few Nigerian elites, the few elites, which is only 0.1% of the whole population. They are living, in fact, better than many of you. So, we must emphasize production rather than consumption.

Let me elaborate these points briefly:

Now, when we talk about reducing economic prosperity, we find that today, when you take the global income of the Africans—the whole of the 53 countries of Africa: In 1980, the average income was about \$800 per head, which is pretty poor. But, today it is about \$350 per head. There are some African countries like Libya, Nigeria, South Africa, that have an income a little higher than that. But we are talking of the average.

Let me take Nigeria, for example, where I come from. In 1980, our per-capita income was \$2,400 per head, because we have oil, and we have a lot of minerals. Nigeria is a very highly endowed country, just like any African country. Africa is the most-endowed continent natural resource-wise. So in 1980, Nigeria had a per-capita income of \$2,400. Today it is about \$350, that is about one-seventh of what it was in 1980.

Of course, that is because while we are getting poorer and poorer, our population is rising faster and faster. The annual rate of population growth in Nigeria is 3.5%. Yours is less than 1%, in Germany. So while there are more and more people, there is less and less money to share among them.

### **'Brain Drain' and Increasing Violence**

And because of that, we have a heavy brain drain. [Someone asked me] "Are you going back home?" Because for every African who goes back home, another wants to leave that enclave. So, there's an increasing brain drain.

There was a study the World Bank did, and I took part in it in 1999-2000. It concluded that there were 7,000 African professionals, engineers, economists, pharmacists, doctors about 7,000 every year leave Africa, run away from Africa. And one-third of those who are abroad, don't even return home. When they come here, they come and study, don't think that they are going to go back home. Many of them, if they can, will not go back.

Whereas when I was a student in the London School of Economics in the '50s (I finished in 1959), there was nothing the school didn't do to retain me to teach, because I was their scholar. I said: "No, I must go home," because there were more opportunities in my country, more than in Britain. In fact, I told my professor then, "I would rather take you to Nigeria, than you retaining me here in England." In those days, many people used to come from Germany to our university in Nigeria to work; but today, it is not.

So because of the poverty, people are leaving Nigeria and Africa; and people outside Africa are not returning home, and

you cannot blame them. When I went to get my German visa, there were about 3,000 Nigerians at 6 o'clock in the morning struggling to get a visa. And that is so in all embassies in Nigeria.

And because people are getting poorer and poorer, there is increased crime, and violence, and conflicts. So very many countries in Africa, you have like Rwanda, Burundi, Somalia, name it, every country, *every country* in Africa—even South Africa, which is one of the most developed, the crime there is terrible—in Nigeria the crime rate has increased abundantly. And there is no country in Africa, where there is no increase in crime. They steal cars; you cannot go out, you cannot walk. About four or five politicians had been killed before I left home.

So when you have violence and you have conflicts, you have ethnic quarrels, there cannot be peace; and when there is no peace, there cannot be economic progress. And you find that the budget which was spent on production, is now spent on the prevention of crime, which is very ineffective.

And this is because, also, of the diminishing role of government: Because the World Bank and the IMF have come and said: "You are inefficient, and you are not making progress, because the government is corrupt. And therefore, even remove government, and allow the private sector in the economy; then the economy will move." But there is no private sector in Africa. I want to assure you, that there is no private sector in Africa. The only sector in Africa that is viable is the government sector.

There is no private sector, because there are no infrastructures, there is no electricity. In my house, the last water I had was in 1980, public water supply; so I had to dig my own well and put a pump and pump to the roof, to have water in my house. No electricity! I had to buy a generator and to buy fuel to fuel it, to get light. Telephone: I called my wife this morning; we have three telephones, two at home and one in the office: All the three are turned off. I said, "Why?" "Because there was heavy rain last night and everything broke down." And I am still one of the elite. So, you can know what the ordinary person is suffering. So there is no private sector, because the private sector cannot function, because there are no infrastructures, no good roads, no water, and no electricity.

Then of course, because we are following liberalization, globalization, privatization and every shibboleth that comes from abroad, government is virtually doing nothing to arrest the situation. So, we are not planning. You find that the Central Bank, for example, in Nigeria when you talk to them, they don't even know the role of a Central Bank. That's why I was very happy, when our friend from Moscow was talking about lack of knowledge today; even the Central Bank, I go there, the governor is my friend and I say: "Look, Governor, what is the role of the central bank?" And he says: "The role of the central bank is to control the banks." I said, "No! You are a bankers' bank." They are very happy when a bank collapses.

The Central Bank is very happy. And it will advertise that the bank has collapsed, and they will seize the resources. I said: "No! Your role is to prevent banks from collapsing!" But they figure their role is to reduce the number of banks. And when a bank is about to collapse, they help it to collapse. So, the Central Bank is not doing its work, because it does not know its proper role.

## Half the World's Refugees Are Africans

Then, of course, you find that, because of this problem of non-government, and crime, the refugee problem in Africa is tremendous: We account for about half of the population of the refugees in the world—Africa. And we account for only one-tenth of the population of the world, but we account for *half* of the refugees of the world. Not only outside Africa, but even within Africa they move around. They move around. My Nigerian friend from Holland was complaining yesterday about the fact that Holland is very efficient at deporting Nigerians from Holland. So we find that this is a problem that the African governments face, because of this diminished wealth, diminished prosperity.

And because of the diminishing role of government, you find that Africans are increasingly unable to *feed themselves!* Even food! When I was young, we used to access food; we used to export cotton, groundnut, palm oil—name it. Today we import all those—including toothpicks! Our government has just, because of pressure, banned about 30 items, including toothpicks and so on. So, we even import petrol, kerosene, diesel, and we are the sixth-largest producer of crude oil in the world. We built an export terminal to export excess refined products. We have now turned that port to the importation of the fuel; so when you get to Nigeria today, you find long queues of people struggling to buy refined petrol.

The same thing in Africa.

Zimbabwe: When I was studying in London, I was studying the economies of Africa, the major export of Zimbabwe, at that time—which was then southern Rhodesia—was maize; today Zimbabwe imports maize to feed its cattle. The main export of Tanzania was groundnut. Today, they import groundnut-oil to feed themselves. Cameroon: They export bananas, but today they cannot even get banana or plantain to eat. And that goes along throughout Africa. They have turned into becoming the bottom of the world.

And, of course, as I said, all this leads to political instability. In Nigeria, for example, people are beginning to ask, that we should dismantle the country and everybody goes his way. But we are about 250 tribes and ethnic groups, so we cannot have 250 countries. So it is not possible for us to disintegrate, but we are fighting among ourselves. And you find the young men, who have no job—which are about 46% of the economically active Nigerians who are out of jobs—so they go and seize the oil companies, and they commit a lot of crime against the economy and against one another.

Then, of course, the debt! I don't even think of the debts





*The key to raising living standards for Africa's people, is to emphasize production rather than consumption. "While we are talking of new bridges across Asia and Europe, and so on, even the few roads that we had in Africa are collapsing, and many of them have collapsed." Here, the Nigerian capital of Abuja.*

as much, because a country like Nigeria can pay its debt. And when they asked for debt relief, I said "No! They should not grant us that relief; we have borrowed money, we should pay it. And we can afford to pay, if we are really serious."

So, you find that all those countries in Africa that have conflicts, are going backward. They are getting poorer and poorer, and they are getting more and more.

### **Africa Has To Return to Planning**

For that, we have to do a number of things, and these are possible. When I was an economic advisor to my state, my state government, we were able to do a number of things. We established in the state about 22 industries, small-scale industries, just by collaborating with one another, saving and borrowing money from the bank—at that time it was 4-5% in 1980, when I was economic advisor. And the state was beginning to take over. Then of course, the crisis came, the military came and you know, when the military takes over a country, that country is dead. So when I was in government, I said, when the military takes over a town, they loot it; so when they occupy a country, they loot it. So the military came and sold out all the 22 industries, under the name of privatization—and of course all of them have collapsed, because there is no private sector to manage things.

So I said we have to return to planning in Africa, and almost all the African countries. In 1980, we all met in Lagos, the capital of Nigeria then, to adopt what they called the "Lagos Plan of Action." But then, when the IMF and the World Bank, and all of their representatives there—because all their bad ones are in Africa—so, when they came, they

said we should stop planning. And there is no plan of action, except recently when America and Britain and Europe, now imposed something which they called "Nepad"—that's New Economic Program for Africa. That didn't come from Africa. It came from Europe and America. They knew that we are not happy with the IMF and World Bank, and they knew that we are likely to reject them. So they bring Nepad. But Nepad without planning is as sure to fail as the IMF, and so on.

Equally, as I said, our governments have become increasingly unwilling to act, and I am saying that they should continue to act, to plan. They should reject this free-market, because we are not part of the market. Because the market is only one-way. As I keep on telling them, I say, "When we steal money in Africa, you come and put it in Europe. But when Europeans steal money in Europe, they don't put it in Africa. Because it's not only Africans that steal—otherwise there would be no word for stealing in European languages." So Europeans do steal; Americans steal. But when they steal, they invest it in their country, and that is what I always call "productive corruption." Now, our own is "destructive corruption." The government steals the money, and come and hide it in Europe and America. And when we die, that money dies with us. So, you find that a policy is imposed upon us, because we cannot act, or react.

### **Yes to Production, Not Conspicuous Consumption**

Then, of course, as I said, the major part that has been very common now is, that we have stopped production, we have embarked on consumption, conspicuous consumption.



A palace in Kano, Nigeria.

Our President has a new plane, a new jet; the MPs have free houses, free cars and so on, in a country that is continually getting down. The East Africans and South Africans are much better than West Africans. We are the worst in Africa, because our rulers are very good at conspicuous consumption and *nil* production. Now I am saying unless we return to emphasize production, rather than consumption, we will continue to go down.

And, of course, finally—as I keep on saying—we have to improve our infrastructure. All the infrastructure in *most* countries of Africa, apart from South Africa, has collapsed. And why did it collapse? Because, for almost all the 53 countries, apart from about 5 or 6, the government income, the government budget, today, is about half of what it was in 1980, in purchasing power, in real purchasing power. So what they could maintain in 1980, they cannot maintain today. So, Ghana celebrated, last year, one year of constant electrical power—it was a big celebration. In Nigeria, you cannot have *one day* of constant power. So, infrastructure has to be increased and to be improved, so that we will continue to take off. And of course, we have to save and invest in ourselves. Because, we are not saving. If you give it for conspicuous consumption, then of course, you cannot save!

I was very impressed when our Chinese friend said that they have 7-8% growth rate and the saving rate is about 16%. So, when the saving rate is about 16% and the growth rate

7%, then the capital-return ratio, between what you invest to what you get back is about 2:1. In Africa, for example, if we were to stabilize, to return to what we were in 1980, for the next ten years, we have to be growing at an annual rate of about 6-7%. And the capital-return ratio in Africa is 4:1, not 2:1, as in China. This means we have to save about 24% of our GDP. At present, we are saving less than 9% throughout Africa. Therefore, if we are to change from what we are, we have to emphasize less on consumption, emphasize more on production, emphasize more the role of government, and reject the IMF and the World Bank.

Of course, we are not saying we should be isolated. We have to cooperate with people abroad, and that's why I am here. And we are thankful, that you bring us here.

In my own party government—we have 30 political parties in Nigeria. There is not one of them, that is even thinking about planning or controlling or changing exchange rates or the interest rate, except one, for which I am an advisor. So I have written them a memorandum. And when I was saying, "Let us control the exchange rates and interest rates," the leader of the party was saying that, "America will not let us win." I said, "We cannot win anyway, unless we cannot defeat the government in power. Let us put all those challenges to whoever wins the election." That's the only party. It's called Movement for Democracy and Justice. That's the only party which has any blueprint of how to attack the economy. This is because myself and one of my friends are members of this small party.

So I want to leave with you: when you see Africans around, please be sympathetic to them. They don't want to leave their countries. It is because the countries are hell-fire, and therefore, they want to escape. Because they are energetic—they are energetic—they can produce and perform here. They cannot perform in Africa, because the system there does not allow many people to perform. Those of us who have been long there, have been able to continue to argue, and to shout, and to abuse and to be abused. But these young men—nobody will listen to them anyway, and their voices will not be heard.

So what I want to leave with you that the economic situation in Africa is grim, the chances are there, the resources are there, but the means of actualizing them to create wealth have still not been addressed. And I am saying, that they have to be addressed, if we are not to continue to go backwards. Because rather than catch up, we are going more and more backward. Because, since 1980 the European and American countries, in totality, have doubled their income! Germany, for example in 1980, was almost \$20,000 per head. Today, you are about \$32,000. But, we in Nigeria, in 1980 were about \$2,000; today we are only about \$300. Africa today is about 80% poorer today, than as rich as it was in 1980.

And therefore, the situation is grim, but I don't think it is hopeless.

Thank you very much.

## Avoiding War in Rwanda By Battle for Ideas

*Dr. Ndinkabandi spoke to the New Bretton Woods panel on March 23, representing the President of the Republican Rally for Democracy in Rwanda (RDR), Mrs. Victoire Ingabire Umuhuza, who could not attend. Dr. Ndinkabandi's presentation has been translated from the French.*



First, I wish to extend my warmest and most sincere thanks to the organizers of this seminar for the friendship they have extended to us by inviting the Republican Rally for Democracy in Rwanda (RDR) to this series of conferences. I wish to thank more specifically those who have been responsible for our reception and have facilitated our stay in this beautiful region.

Mr. Jean Gahururu, who represents us regularly in these meetings, had given us a foretaste of the beautiful ideas developed by Mr. LaRouche, and by some of his associates whom I have had the pleasure of meeting here. By participating in person, I have discovered in you a dimension which goes beyond anything we can read, or can be told about, on the subject of your very powerful conviction in defense of peace and development in the world. I make the wish that your ideas will triumph, so that tomorrow's world may be governed by men and women of your type of spirit: judicious, reasonable, and human. You have been working at this for years, and we are very proud to join you and travel together with you on this road towards a better world.

However, unfortunately we are not there yet. A number of countries are governed by incompetents, by idiots, as Mr. LaRouche had mentioned. Our hearts are heavy when we see what is going on in Iraq (many speakers mentioned it); and we feel the same about Rwanda, which has been living through a tragedy since 1990, which is spilling over to our neighbors. In answer to a question, Mr. LaRouche did not fail to underscore the fact that genocides in Africa are the work of foreign powers like the United States. In the case of Rwanda, a number of facts could corroborate this statement (without forgetting the important part played by Rwandan executioners, themselves):

1. The current President of Rwanda, Gen. Paul Kagame,

got his military training in the United States of America—as a Ugandan officer at that time—just before the Gulf War and the attack against Rwanda by his rebellion of the Rwandan Patriotic Front (RPF) in October 1990.

2. Despite his frequent human rights violations in Rwanda, he was assisted by the United States during the entire war against Rwanda; during his entire stay in power in Kigali, conquered in July 1994; during his multiple attacks against the current Democratic Republic of Congo, at which time his army had killed millions of Congolese people and created hundreds of thousands of Rwandan refugees; and during the occupation and pillage of Congo.

3. During the Franco-African summit of last February in Paris, he gave his support to the initiative of the President of the United States for an invasion of Iraq, and this without the authorization of the United Nations Security Council. Furthermore, the President of Rwanda visited the United States at the beginning of last March, and had a number of cordial meetings with President Bush, Secretary of State Colin Powell, and other top people of the Bush Administration.

### New Threat to Rwanda

Without adding any more on this situation, which is fairly well known to the majority among you, I would like to concentrate my intervention on another real problem of Rwanda. My country has been going through a political transition since July 1994. Nine years later, the leaders are finally trying to find a way out of this long transition. The project of a new Constitution for after the transition has just been introduced to the National Assembly of Transition (NAT) by the coalition government. The analysis made by our RDR Party shows that if this project were to be voted on as it is, the future of Rwanda would be irremediably compromised. It is our critical analysis that I would like to present to you. As for the details of the projected document, we will forward a copy of it to the organizers of this seminar.

The Constitutional project threatens to mortgage the future of Rwanda in an irreparable fashion. I will simply sum up the situation in seven main points, which will be followed with a brief conclusion.

1. The members of the Legal and Institutional Commission who were responsible for the elaboration of the pre-Constitutional project made believe they had organized a popular consultation. This feint gave only the expected results, undoubtedly fixed *ex ante* by this Commission. It could not have been otherwise, given the socio-political situation which prevails in Rwanda, and which is characterized, among other things, by:

- a climate of intimidation which is characteristic of any police state, and which is illustrated by the presence of militias throughout the entire national territory;
- prohibiting political parties from organizing political meetings and having contact with the population;

- the quasi-exclusive use of the media by the officials of the RPF.

If the projected referendum were to be set up under similar conditions, there is no doubt that only the position of the RPF would be reflected by the results, since it currently dominates the entire political scene of Rwanda.

2. The Constitutional project consecrates the impunity of RPF members. For a long time, the RPF has been using the instrument of genocide in order to keep power, by excluding the factor of the Rwandan population, and those who governed Rwanda after the social revolution of 1959.

By denying the implication of its members in this tragedy, the RPF wants to erect a “judicial bunker,” protecting the criminals hiding within their ranks. This view of things is not likely to favor the indispensable process of reconciliation of the Rwandan people, to which the RDR attaches great importance as a basis for the normalization of the Rwanda crisis. The RDR proposes to include in this project clear Constitutional clauses which will permit prosecution of any criminal, regardless of social status and/or function, or the community he or she belongs to.

And in order to prevent crimes against humanity and genocide, and to extirpate completely what has been their primary cause—that is, the struggle for power which had been in the sole interest of those oligarchies against the common good and the general welfare of the people—it is necessary that the Constitution be enhanced properly by one of its very reasons for existence; that is: to establish basic rules of appointments and of transmission of powers of the state, and to guarantee a sufficient number of peace-making mechanisms aimed at ensuring alternating governments.

Other articles of this project also tend to favor the impunity of certain Rwandans. Article 26, for instance, says that a Rwandan cannot be extradited. And when you think that Article 7 of the same project bestows the Rwandan nationality upon any person persecuted for his “Rwandan” origin, are we not creating a refuge for criminals of all types?

3. The Constitutional project introduces a fission at the heart of the Rwandan population and indirectly formalizes ethnic identities. For example, Article 7, §3, states that only Rwandans who lost their Rwandan nationality between Nov. 1, 1959 and Dec. 31, 1994, can recover it automatically.

Furthermore, Articles advocating the mode of recruiting members to political parties (Article 55), or for the designation of certain Deputies (Article 76) and Senators (Article 80), make it compulsory to consider national unity or national communities that are socially impoverished. Nevertheless, the current government “theoretically” rejects the idea of ethnicity, and any reference to ethnicity.

### **Kagame Government’s ‘Single-Partyism’**

4. The Constitutional project endorses, in fact, single-partyism. According to Article 56, it is expected to institutionalize the “Forum of Party Concertation” as a sole political

formation as it has been, in fact, since 1994, and outside of which no other political activity can be exercised. Since the decisions of the Forum are taken by consensus, the member parties are, willingly or by force, members of the coalition of a government run by a Prime Minister who comes from a political party, whose political views or program they don’t necessarily endorse. This is a negation of the most essential freedom of association, as well as the most elementary principles of political pluralism governed by a rule of law which favors democratic alternation [in government].

Nevertheless, the [Aug. 28, 2000] Peace Accord of Arusha, which constitutes the fundamental basis of legal reference recognized by everyone—especially with respect to the protocol relating to the Rule of Law, and most emphatically in its Articles 5, 6, and 7—[states that] the conflicting parties have come to agreement on the universality of democracy and on the principles upon which it is founded. These principles state, among other things, that popular representation belongs to the people; that pluralism is the expression of individual liberties; and that multi-partyism implies the legitimacy of the opposition.

5. The project places anti-democratic arbitrations at the functioning level of political parties.

According to Article 59, the President of the Republic, the President of the House of Deputies, and the Prime Minister, cannot come from the same political party. Then, which party is responsible for executing the mandate of campaign promises?

Even if Article 115, in its §4, specifies that the members of the government are chosen from among the political parties according to the distribution of seats in the House of Deputies, it is said that the political formation which has the majority in the House cannot have more than 50% of all of the members of government.

The previous version of this project, in its Article 57, stipulated also that any political party which has not received at least 4% of the votes during the legislative elections is suspended during that legislature. This Article has not been reinstated in the project version that we have appended in an annex.

6. The people will not be able to fully exercise their sovereignty in their choice of Deputies and Senators.

According to Article 76 of this project, the House of Deputies is composed of 80 members, of whom 27 are not elected but appointed: 24 women by district and city councils (strongly dominated by the RPF); 2 members by the National Youth Council, and 1 member by the Federation of Handicapped Associations.

As for the Senate, which will be composed of 24 non-elected members: Article 80 indicates that 8 Senators will be appointed by the President of the Republic; and the others will be chosen within institutions which are largely dominated by the RPF, such as the Forum of Concertation, the National Council of Women, the universities, and public and private

superior institutes. Moreover, note that this instrument, which is entirely devoted to the President of the Republic, and which cannot be dissolved by him for eight years (while the House of Deputies can be dissolved), retains important prerogatives:

- voting up all of the important legislation;
- designating and approving the nomination of the high functionaries of the state;
- assuring the interim of the Presidency of the Republic.

7. This Constitutional project makes the President of the Republic omnipotent.

Let us emphasize first a dysfunctional element within the mode of his election. Article 99 specifies that his election is to be by universal franchise, according to the relative majority of the vote. In this spirit, the project does not envisage a two-round ballot to decide on the two leading candidates, as is done in many democratic countries.

We have mentioned above his unwarrantable interference with the legislative power. At the level of the executive power, he chooses, nominates, and discharges the Prime Minister, nominates the ministers on the proposal of the Prime Minister, determines the policy orientation of the government, and there is no room for dispute. In fact, in the spirit of Article 119, as far as decision-making is concerned at the level of the government council, a minister who disagrees with the President of the Republic, or with the Prime Minister, must submit his resignation.

As for the judiciary power, the project specifies in Article 149, §1, that the election of the President and the Vice President of the Supreme Court is done by the Senate following a list established by the President of the Republic. This is the same Senate whose composition we have described above, and which is entirely devoted to the President of the Republic.

## Conclusions and Recommendations

Considering the above, the Constitutional project, as it is presented, consecrates the pre-eminence of the President of the Republic, with regard to all other powers of the state: executive, legislative and judiciary. He is omnipresent in each of the three levels by means of his representatives, whom he nominates himself or gets elected under his influence. The people do not exercise their political sovereignty by means of their elected representatives. Thus, the current Constitutional project scoffs at the fundamental principle of any republic, which is to be a “government of the people, by the people, and for the people.”

This totalitarian omnipresence, and most of all, the power that certain provisions extend to the President of the Republic—including some that we have mentioned here—are causing a dangerous imbalance within the institutional system, a situation which invariably will only generate frustrations.

Therefore, even if the Constitutional project prescribes the three powers as well as their various attached institutions, we are forced to admit that the power is nonetheless concentrated in the hands of a single strongman: the President of the

Republic. And, it is through this providential man alone that his delegates shall exercise the power of the state. We are faced here with forfeiting the sovereignty of the people. We are faced here with a “presidentialist” regime, and not a “semi-presidential” one, as indicated by the writers of this Constitutional project. Finally, the current Constitutional project consecrates the installation of monocephalism in the administration of power; and it is primarily at that level, by taking into account the smothering of the political parties, that its liberticide and anti-democratic character must be situated.

That is why, in order to elaborate a Constitutional project to be presented before a general referendum, we must find a method which will not marginalize the opinions of those who, politically, think differently from the regime in power. Otherwise, Article 2—which stipulates that “All the power emanates from the people. No group of the people or individual can attribute to themselves or him or herself the exercise of political authority. National sovereignty belongs to the people who shall exercise it through their representatives or directly by way of a referendum”—would only be theoretical.

## A Constituent Assembly

The Constitutional project to be submitted to a referendum of the people must be neutral in terms of political polarity; and we must avoid, above all, that it be elaborated on behalf of those who want to remain in power.

Given the will of the Rwandan people, who wish to leave at the earliest time possible, and by democratic means, this transition period, which has lasted too long; and considering the views of the democratic opposition, internal as well as external; and taking the civilian society into solemn consideration: The RDR finds that the best procedure which would guarantee respect for the fundamental principle of political sovereignty of the people, would be the establishment of a Constituent Assembly, highly inclusive, and embracing the mission of elaborating freely a new Constitutional project for the nation-state of Rwanda, independently of the current rulers in power.

The strategic objective must be that of avoiding war by engaging in a battle for ideas which are aimed, above all, at peacefully replacing the evil by the good! The Rwandan people have suffered too much institutional violence! Instead of surviving by being crafty, our country has to become a true republic, capable of rising above its own past by the moral strength it has gained in the tragic lessons of genocide. This constitutes, as well, a new test case for the conscience of the international community!

Thank you for your attention and for the help that you can bring, each according to his own means, to our struggle in the construction of a democratic Rwanda. For those who are already familiar with our fight, especially those I met yesterday and the day before, thank you again for the support that you have already given us, and that you have pledged to continue.

## Chicken-Hawks Are Pushing To Spread 'Perpetual War'

by Edward Spannaus and Jeffrey Steinberg

While some deluded souls may wish to believe that the war in Iraq is over, the reality is that from the standpoint of the neo-conservative fanatics who have seized control of Bush Administration policy, the conflict with Iraq is only the opening phase in a drive for U.S. global domination, in which any and all challengers will be swept aside. The first priority for this "chicken-hawk" cabal is to redraw the map of the entire Middle East, through a "domino" of regime changes, rapidly extending from Iraq to Syria, Iran, Saudi Arabia, and Egypt. The overall agenda of massive instability in the entire Arab Near East was spelled out most graphically in the July 1996 "A Clean Break" report, prepared by Richard Perle, Douglas Feith, David Wurmser and others, for incoming Israeli Prime Minister Benjamin Netanyahu.

One leading spokesman for this neo-con group, former CIA Director James Woolsey, unabashedly declared in late March, before a student audience at the University of California in Los Angeles, that we are already fighting "World War IV." Fortunately, a group of LaRouche Youth Movement activists were on hand to challenge Woolsey's insane war-cries, with the confrontation captured by a C-SPAN camera crew, and broadcast nationwide.

Michael Ledeen, the self-professed "universal fascist" and resident scholar at the American Enterprise Institute (AEI), spoke at the Willard Hotel in early February, and worried aloud that the Bush Administration might not have the stomach to face the reality that a war on Iraq would actually trigger a full-scale regional war against Iraq, Syria, Iran, Egypt, Saudi Arabia, and the Palestinian Authority. Ledeen welcomed such a war.

Another leading neo-con loudmouth, former *New York Post* editorial page editor John Podhoretz, penned an April 10 op-ed in that Rupert Murdoch yellow sheet, calling for a *jihad* against the "fence-menders," typified by Colin Powell

and Brent Scowcroft, who opposed the Iraq War, and are now pressing for a gesture of "goodwill towards the Arab world," by pushing for implementation of the "Road Map" for establishing a sovereign Palestinian state. Scowcroft had delivered a speech a day earlier in Oslo, Norway, in which he again denounced the Iraq War, as he had done in August 2002, and predicted chaos and a big jump in anti-American terrorism as the result of the war.

On April 10, 2003, the Oakland *Tribune* reported, "One intelligence source with good access to Pentagon civilian authorities said that [Defense Secretary Donald] Rumsfeld last week ordered the drawing up of contingency plans for a possible invasion of Syria, and that Pentagon Undersecretary Douglas Feith is working on a policy paper highlighting how Syria's support of terrorist groups is a threat to the region." The Feith report is likely just an update of a study he helped draft for the Jerusalem-based Institute for Advanced Strategic and Political Studies in 1997. The report, "Coping with Crumbling States: A Western and Israeli Balance of Power Strategy for the Levant," was a 33-page elaboration on the "Clean Break" document, which prioritized "regime change" in Damascus.

### Iraq War: Still No Exit

Even as Rumsfeld, Feith, et al. were setting the stage for an invasion of Syria, the "facts on the ground" were that the war within Iraq was still far from over. In addition to the chaos of looting and communal violence erupting in various parts of the country, expert observers expect a prolonged guerrilla-type irregular warfare resistance against the U.S. and British occupation forces.

The April 10 assassination of Abdul Majid al-Kho'i, the Shi'ite cleric chosen by American and British invaders as "their man" in Najaf, one of the important Shi'ite holy cities



*There is no “post-war,” but only “the next war,” with the neo-conservatives now dominating the Bush Administration. Secretary Rumsfeld is threatening Syria and North Korea; his Deputy Wolfowitz is imposing an unworkable occupation government on Iraq.*

in southern Iraq, was seen by many regional experts as the harbinger of a much larger blood-letting, first targetting Iraqis profiled as “quislings” of the invading and occupying Anglo-American forces. The day after al-Kho’i’s brutal murder by a mob that hacked him to death with machetes at a Shi’ite holy mosque in Najaf, a photograph of al-Kho’i and British Prime Minister Tony Blair, walking together in London, appeared prominently in the British and American media.

Al-Kho’i’s assassination was almost a foregone conclusion, after he released “coalition” disinformation, claiming that the Grand Ayatollah of the Iraqi Shi’ite community, al-Sistani, had issued a *fatwa*, or religious decree, ordering Shi’ites not to resist the American and British invaders. The Grand Ayatollah issued a personal statement, denouncing the al-Kho’i claim as false.

As Lyndon LaRouche has said repeatedly since his speech to a Schiller Institute conference in Germany on March 21, there is no “post-war” to the Iraq invasion; there is only *continuing* war. Until the stranglehold over the Bush Administration of the “universal fascist” disciples of the late University of Chicago professor Leo Strauss is broken, the world will be facing a series of provocations and confrontations, spreading throughout the Middle East and beyond, that can take us into world war.

### **Who’s Next?**

No sane person believes that the Bush Administration intends to stop with Iraq. Top Administration officials such as Vice President Dick Cheney and Defense Secretary Rumsfeld have made it clear that Syria and Iran are at the top of the list of the next targets, and semi-official spokesmen such as Perle and Woolsey are even more explicit.

Additionally, the North Korea situation remains extremely dangerous, with the possibility of a U.S. pre-emptive strike looming. It is no secret, among U.S. war planners, that if a conflict erupts on the Korean peninsula, with 37,000 American soldiers within the range of North Korean missiles, the United States would face an instant prospect of using tactical nuclear weapons against the North, a nightmare event that would almost certainly drive the Russians to begin rattling their own formidable arsenal of Soviet-era nuclear weapons and delivery systems.

While there are relatively sane individuals like Secretary of State Powell inside the Bush Administration, who firmly oppose such insane utopian brinksmanship, the neo-cons as a group, and individuals like Pentagon arms control chief John Bolton, are intent on bringing down every “axis of evil” regime, using whatever military means are required—including “mini-nukes.” On April 7, President Bush’s National Security Advisor Condoleezza Rice was in Moscow, meeting with top Russian officials. According to one source close to her, Rice pressed for Russian help in cooling out the North Korea crisis. But so long as the chicken-hawks are credibly seen as the dominant force in the Bush national security team, prospects are bleak for a solution to this North Asia crisis.

The drumbeat for war on Syria also is not abating, across the Potomac at the Pentagon. Rumsfeld issued the latest in a series of threats to that nation on April 9, stating that Syria “would be well-advised not to provide military capabilities to Iraq.” On the same day, John Bolton warned Syria, Iran, and North Korea to “draw the appropriate lesson from Iraq, that pursuing weapons of mass destruction is not in their national interest.” In February 2003, Bolton had given an interview to the *Washington Times*, in which he announced that

the Bush Administration would no longer abide by the 25-year U.S. pledge never to use nuclear weapons against a non-nuclear-armed state. Bolton came to the State Department from AEI, where he was vice chairman. Former AEI Fellow and “Clean Break” co-author David Wurmser is his arms control deputy.

But it’s not only the Middle East. In an interview with a Russian news service, Richard Perle, who was forced out of the chairmanship of Rumsfeld’s Defense Policy Board on March 27, said that the war with Iraq has reinforced the long-term goals of U.S. foreign policy, that the United States will take “appropriate action” against states believed to be harboring terrorists or building weapons of mass destruction. He added that he hoped that the Syrians would “voluntarily” change their policy, and warned likewise that the North Koreans should give up their nuclear program “voluntarily”—with the implication that they will face U.S. military action if they don’t.

One of the clearest articulations of what the chicken-hawk crowd is planning, came from the mouth of former CIA Director Woolsey, who also sits on Rumsfeld’s Defense Policy Board, and who is slated to become “Minister of Information” in the Pentagon’s military occupation government in Iraq.

Woolsey has been going around the country for months, touting “World War IV.” A few months ago, he was describing this fourth World War as a war against radical Islam, but now he has taken to dressing it up, as “a war to extend

democracy to those parts of the Arab and Muslim world that threaten the liberal civilization we worked to build up and defend throughout the 20th Century in World War I, World War II, and the Cold War (World War III).”

Woolsey charges that, besides Iraq, “Iran, Syria, Sudan, and Libya sponsor and assist terrorism in one way or another. All five have sought weapons of mass destruction. Clearly, the terror war is never going to go away until we change the face of the Middle East, which is what we are beginning to do in Iraq.”

## Military Occupation Government

The policy coup which Rumsfeld and the Straussians who surround him are carrying out is also manifest in the plans for the war-time occupation government in Iraq.

It is well known, that there has been a bitter fight between Colin Powell’s State Department, and the civilians in the Pentagon, over what sort of governing structure will be put in place in Iraq. The Pentagon civilians, led by Deputy Secretary Paul Wolfowitz, and Undersecretary for Policy Doug Feith, are planning a military occupation government, headed by the Israeli-linked retired General Jay Garner, for which the London-based banker Ahmed Chalabi is to be the “native” front-man. Outside of the Pentagon, Chalabi is regarded as a bad joke, but the Pentagon gang could care less.

With the assassination of the Shi’ite cleric in Najaf, Chalabi himself may be getting cold feet. Among Iraqis in-country, according to one Iraqi living in Scandinavia, Chalabi is referred to as “the dead man walking.” Like many other well-known exile collaborationists who are now being tapped for top posts in a “Vichy” interim regime, he is not considered a good candidate to be sold a life insurance policy.

Inside the United States, not to mention the rest of the world, there is a widespread disgust at the efforts of the Wolfowitz-Feith-Perle cabal to create “facts on the ground,” by unilaterally proceeding to install their imperial occupation government, while telling the United Nations, the European allies, and everyone else, to go to Hell.

Rumsfeld is also telling Congress that it can go to hell, by asserting that he (and President Bush) will override Congress’s Constitutional responsibility to appropriate “war reconstruction” funds and oversee their expenditure. Both the Senate and the House appropriations committees have prohibited the spending of reconstruction funds through the Defense Department, and are requiring that they be handled through the State Department.

“The Secretary of State is the appropriate manager of foreign assistance,” said Rep. Jim Kolbe (R-Ariz.), the chairman of the House Subcommittee on Foreign Operations, adding, “Bottom line: Reconstruction is a civilian role.”

But Rumsfeld says it makes no difference what Congress does. When asked about this at the April 7 Pentagon press briefing, he said cavalierly that “in the last analysis, it doesn’t matter which pocket it’s in; it will be spent in the way that the President feels is appropriate.”

### COVERUP EXPOSED!

## The Israeli Attack On the USS Liberty



“The Loss of Liberty,” a video by filmmaker Tito Howard, proves beyond any doubt that the June 8, 1967 Israeli attack against the USS Liberty, in which 34 American servicemen were killed and 171 wounded, was deliberate. The video includes testimony from Liberty survivors, many Congressional Medal of Honor winners, and from such high-ranking Americans as Adm. Thomas H. Moorer, Adm. Arleigh Burke, Gen. Ray Davis, and Secretary of State Dean Rusk.

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The question raised, is whether the Pentagon's imperial war-policy is aimed at the United States Constitution, as well as at the rest of the world. This gang has already launched a war without the Constitutionally required Congressional Declaration of War, and now they want to move into the next phase, of imperial military occupation, in defiance of Congress's Constitutionally mandated prerogatives.

The Pentagon's power-grab has come to the point, that knowledgeable sources in Washington are discussing the possibility that Secretary Powell may issue a series of ultimatums to the President—regarding the Israeli-Palestinian conflict, and the military occupation of Iraq—and will threaten to resign, unless the Rumsfeld Pentagon gang is reined in.

## Specter of More War Shows in Iraq

After the much-celebrated fall of Baghdad, the continuing conflict inside the country threatens to assume a new character, with the involvement of forces from neighboring countries. First, there is the problem of the Iraqi "opposition," supposed to become a new government. Although Ahmed Chalabi, leader of the Iraqi National Congress (INC), has been chosen by Defense Secretary Rumsfeld as a figurehead to run a government for the U.S. military, he is neither acknowledged by the rest of the opposition nor by the people. A leading Shi'ite group and others were refusing to take part in an April 12 meeting in Nasiriya, with American "free Iraq pro-consul" Zalmay Khalilzad and "Viceroy of Baghdad" Gen. Jay Garner. Hamid al-Bayati, London representative of the Supreme Council of the Islamic Revolution in Iraq (SCIRI), announced April 9, "We are not going to take part in this meeting in Nasiriya. We think this is part of General Garner's rule of Iraq." Ayatollah Mohammed Bakr Hakim, chairman of SCIRI, in confirming its opposition, referred back to pre-war discussions among the opposition groups, which were characterized by the illusion that they would be free to elect their own government, without U.S. military presence. The Shi'ites represent the majority religious group in Iraq. Although they have opposed the Saddam Hussein regime militantly in the past, they oppose an American occupation force as much.

The supreme religious leader of the Shi'ites is Ayatollah Ali al-Sistani, based in the holy city of Najaf, Iraq. In March, al-Sistani issued a *fatwa*, banning any cooperation with the invading forces; later he called on Iraqi Shi'ites to "defend the homeland against the invaders."

Needing a compliant Shi'ite, the Anglo-Americans recruited Abdul Majid al-Kho'i, son of the former religious leader of Najaf, who entered Iraq alongside British and American forces, and immediately claimed that al-Sistani had called for Iraqis to stop resisting. This was denounced as a lie by al-Sistani's office, which issued a further *fatwa*

for the defense of Iraq "against the enemies of Allah and the enemies of humanity." Al-Kho'i was denounced by other leading religious figures, including Ayatollah Mohammed Mahdi al-Asefi, who stated: "Both Saddam and the U.S.-U.K. invaders are evil. The Iraqi people are trapped in a holocaust. They should not be drawn into it. However, if the Americans attempt to occupy the country, then Iraq's people should resist them. The U.S. is not in Iraq to bring to the Iraqi people a political project for freedom." One Iraqi source in Iran told *EIR* that any American military administration "would have to face an uprising from the Iraqis in the South," and the outcome could be civil war.

Al-Kho'i paid for his collaborationism with death. On April 10, he together with another Shi'ite Haidar al-Kadar, were stabbed with knives and swords, inside the mosque in Najaf which houses the holy shrine of Imam Ali.

On April 10, the status quo in the North of Iraq was challenged, as Kurdish forces, who have been working with the Americans, entered Kirkuk. Turkish Foreign Minister Abdallah Gul immediately called Secretary of State Powell, who reportedly reassured him that the United States would remove Kurdish forces from Kirkuk. But Gul announced that Turkey was sending "military observers" to the city. Kurdish control over Kirkuk has been defined by Turkey as the "red line," which, once crossed, would trigger deployment of Turkish troops there. Prime Minister Recep Erdogan, on April 7, stated that "Entering northern Iraq will not be on the agenda as long as Iraq's territorial integrity is preserved and there is no move aimed at seizing the oil of Mosul and Kirkuk." Now the red line has been crossed; direct conflict cannot be ruled out.

Kirkuk is surrounded by the richest oil fields in the area, which have been supplying Turkey, as well as other consumers. Its pipelines to Turkey's Mediterranean port of Ceyhan carried 1 million barrels of crude per day in 2002. The Kurds claim Kirkuk as their historic "capital" for an independent Kurdistan, and their street celebrations, when the Iraqi regime fell in Baghdad, resounded with cries of "On to Kirkuk!" Were the Kurds to move to control Kirkuk or to establish an independent entity, not only would Turkey move rapidly; so would Iran and Syria, which have significant Kurdish populations.—*Muriel Mirak-Weissbach and Hussein Askary*

# Israelis Justify War Crimes, Point to U.S.

by Michele Steinberg

“We would have no problem occupying or conquering all of the Palestinian cities by tomorrow morning. We could take Ramallah . . . without losing one reservist,” boasted a “senior Israeli army commander,” quoted by reporter Peter Hermann, in the April 6 *Baltimore Sun*. Hermann was reporting that the Israeli Defense Forces (IDF) have been advising the U.S. military on urban warfare, and are gleeful over the U.S. war in Iraq, since the experience with suicide bombers gives the United States “a taste” for what the Israelis have been confronting.

The conduct of the U.S. military in Iraq, including the heavy bombing of civilian centers, the killing of women and children at checkpoints, the killing of journalists with artillery shells fired into the center of a business district of Baghdad, are war crimes that give the Israelis the license to go further than they ever dared before—they are only doing what the U.S. does.

On April 6, the U.S. military newspaper *Stars and Stripes*, reported that new rules of engagement were ordered for the march on Baghdad, to “kill anything that moves,” by Lt. Col. John Carlton, commander of the 1st Battalion, 15th Infantry Regiment, who said this to his troops just before launching an assault south of Baghdad. A decorated American retired military officer, who served in three wars, told *EIR* that such orders are nothing less than a war crime.

Emboldened by the American example, by April 10, Israeli Defense Minister Shaul Mofaz, who ran the reoccupation of the Palestinian territories, was on Israeli radio warning the Palestinians to look carefully at what the United States did to Saddam Hussein to see what could happen to them. Mofaz’s ghoulish statements capped a week of brutalities.

It began as a dress rehearsal for the Sharon policy of “mass transfer,” i.e., expulsion of the Palestinians. On April 3, Israeli soldiers, backed by tanks and helicopter gunships, marched into the Tulkarm refugee camp on the West Bank, home to 15-20,000 people, and rounded up all males between the ages of 15 and 40. More than 1,000 men and boys were forced onto trucks, and were brought to a village several kilometers away, which had been converted into a prison camp. There, they were interrogated, while the IDF went from house to house in Tulkarm, searching for members of the Tanzim militia.

Yossi Beilin, the architect of the Oslo Accords, and other members of the Knesset (parliament) from the Meretz party, demanded that the government stop the operation immediately. The Tulkarm men were released on April 4, but opera-

tions escalated.

On April 5, American peace volunteer Brian Avery of Albuquerque, New Mexico, had half of his face shot off by an IDF soldier in Nablus. Avery was a member of the International Solidarity Movement, like Rachel Corrie, the young American woman killed by an IDF bulldozer on March 16. He is in critical condition in a Haifa hospital.

On April 7, in village of al-Massader in Gaza, Israeli soldiers in a tank fired on Palestinian schoolboys who were throwing stones. A 13-year-old was killed, and 16 boys under 18 were injured, two critically.

On April 8, the situation really escalated—Baghdad style. Two Israeli F-16 fighter planes attacked a crowded area in the Gaza Strip, in a hunt for a Hamas leader. It was the first Israeli airstrike since the Iraq War began. Seven people were killed, and 50 civilians, ranging from 6- to 75-years-old, were wounded. Hours later, another the IDF armored raid in Gaza killed three Palestinians, including a 16-year-old boy. On April 9, Jewish terrorists calling themselves “Revenge of the Infants,” bombed a Palestinian school on the West Bank, wounding 20 students. On April 9-10, IDF hit teams in tanks, vans, and helicopters deployed to kill more Palestinian militants. At least eight were killed, including civilians, with another dozen wounded.

## LaRouche Intervenes

Washington sources had warned *EIR* that the Sharon government would escalate attacks on Palestinians in order to spread the conflict in the region. In response to these reports, Democratic Presidential pre-candidate Lyndon LaRouche said that he would issue a statement on this matter soon. In the meantime, LaRouche stated that he wants the following to be known as his policy:

LaRouche is firmly committed an equitable peace between Israelis and Palestinians, in which both peoples have sovereign states. This solution will only work with the backing of an international consortium of nations that are prepared to *make* it happen—by laying down the law to the Israeli Likudniks. LaRouche will work to bring about that consortium, and to ensure that it acts in the spirit of the 17th-Century Treaty of Westphalia, which calls for mutual respect and forgiveness of the past, toward guaranteeing a stable peace.

LaRouche stressed that the importance of such a move in the Israeli-Palestinian situation is underscored by the fact that the war in Iraq has set elements of the Clash of Civilizations into motion. This must be stopped, but that can only happen with a concrete alternative policy. As in the case of the Treaty of Westphalia, where France’s Cardinal Mazarin put together the alternative policy of sovereign nation-states, such a clear intervention is needed now.

LaRouche has created the basis for such an alternative, as reflected in the Declaration of Bad Schwabach, signed by representatives of 45 countries at the conference of the Schiller Institute on March 21-23 in Germany (see *EIR*, April 4).

# All of Diverse Indonesia Unites Against the U.S. War Party

by Mike Billington

Indonesia, the world's largest Muslim nation, is nonetheless a highly diverse culture, with significant Christian and Buddhist minorities, multiple ethnic cultures, and a mix of secular and religious parties of all stripes. America's most fanatic war-hawk, Deputy Defense Secretary Paul Wolfowitz, was U.S. Ambassador to Indonesia from 1986-89. Parading himself as a "friend of Indonesia," Wolfowitz has held up the nation as a model of "moderate Islam," as opposed to the "extremist," "dictatorial" regimes he derides in the Middle East.

But Wolfowitz and his cohorts have been unable to woo Indonesia into support for the current American descent into Hell, as the Wolfowitz cabal have dispensed with international and moral law in pursuit of their utopian *Pax Americana*. Rather, Indonesia has united domestically, virtually without exception—Muslim, Christian, Buddhist, secular, religious, Javanese, Acehan, Balinese, etc.—in opposition to the U.S. aggression against Iraq, and the "abnormal" leadership of George Bush.

President Megawati Sukarnoputri, the first head of state to visit the United States after 9/11, and praised by Wolfowitz for her courage and leadership in the war on terrorism, has now not only deplored the lawless assault by the U.S. war machine, but told a Muslim Women's Conference: "We, the women of the world, need to remind those who claim themselves to be the world's machos, that we do not admire what they are doing. We are saddened to watch their show of strength, which is not only destructive, but also retrogressive and wrong. There are signs today that humanity is suffering setbacks because the law of the jungle is being practiced . . . where the strong feel they have a right to impose their will against the weak."

## Depression and Terrorism

Indonesia was nearly destroyed, economically and politically, by the assault of the financial speculators in the 1997-98 Asian crisis—the first stage of the worldwide systemic collapse of the globalization bubble. Under the gun of both the hedge funds and International Monetary Fund, the ethnic and religious fault-lines in the nation fissured under the sudden poverty, with bloody ethnic and separatist violence in several areas, and the re-emergence of domestic terrorism against foreign and domestic authority.

President Megawati, the daughter of President Sukarno, the Father of the Republic, together with her Cabinet, worked to bring peace and development back to the nation, by maintaining good relations with the United States while simultaneously shifting the focus of the economy to internal investment and closer ties with the rest of Asia, especially China. But with the "war on terrorism" after 9/11, Southeast Asia was targetted as the "second front" after Afghanistan, with Wolfowitz and others describing the nascent domestic terrorist problem as "international terrorism." He described areas of Indonesia as "outside of government control," and thus subject to potential U.S. (or Australian) unilateral military action. When a popular foreign hangout on the resort island of Bali was bombed in October 2002, Indonesia was nearly subjected to "supranational intervention" in breach of its sovereignty. Only diligent police work, and strong government warnings in defense of sovereignty, held it off.

Emil Salim, one of the original "Berkeley Mafia" who built up the Indonesian economy under President Suharto's regime in the 1970s and 1980s, and a co-director of the prestigious U.S.-Indonesia Society, told a meeting of the Society in Washington on March 3 that the emergence of terrorism after the economic breakdown in 1998 had forced all Indonesians to ask, "What has happened to us?" But, he added, were the United States to proceed with its threat of unilateral war on Iraq, outside of the norms of international law and without UN approval, "this would force us all to ask the question: 'What has happened to humanity?'"

This is, indeed, the response from every sector of society in a nation which has repeatedly shown its love of America's true mission, since President Sukarno modeled the Constitution on that of the United States and proclaimed the famous Bandung Conference of Asian and African Nations of 1955 to be a continuation of the American Revolution of 1776. What is happening today in America, Indonesians have shouted from every venue, is un-American.

## National Resistance

Following the launching of the war, upwards of 1 million people demonstrated on March 30 before the U.S. Embassy in Jakarta, with speeches from the Catholic Bishops' Conference, the leading Islamic institutions, and political leaders of every persuasion—and only a few hundred police with batons

there to maintain the peace.

Syafii Ma'arif, the leader of the 35 million-strong Muhammadiyah, pronounced that "Bush needs to see a psychiatrist, because his mind-set is no longer normal. It is a pity to see a superpower country having a leader like him." Akbar Tandjung, Speaker of the Parliament and head of Golkar, the party of deposed President Suharto, threw his party's weight against the war, and delivered a letter to the U.S. representative demanding American withdrawal from Iraq. Dewi Fortuna Anwar, a top aide to then-President Habibie, and now head of the prominent Indonesian Institute of Science (LIPI), said that the failure of the UN to stop U.S. aggression takes the world back to the time of "might makes right," and declared Bush clearly a terrorist. Vice President Hamzah Haz, the head of one of the leading Islamic parties, called Bush the "king of terrorists," while Speaker of the Assembly Amien Rais, the head of another Islamic party, denounced Bush as a war criminal.

Indonesia has also taken a leading role in trying to save the UN from irrelevance. Together with the Non-Aligned Movement (NAM) and the Organization of the Islamic Conference (OIC), and with support from Germany, France, Russia, and China, Indonesian Foreign Minister Hassan Wirayuda called for an emergency session of the Security Council, open to all nations to debate the war, which occurred on March 27-28. Slamet Hidayat, Indonesian Ambassador to the UN, declared in his presentation: "The Security Council must, and must be seen to be seized of an issue which is in actual fact preoccupying all of us, governments and peoples alike. Its silence in calling for the immediate cessation of the aggression is deafening, indeed. . . . Ultimately, however, it is the very foundation of the UN system, its inherent principle of multilateralism, that is being tested. Unilateralism from whatever source must be held in check."

### Call for UN Resolution 377

When the veto power of the United States and Britain at the Security Council undermined any action there to stem the assault on a sovereign member state, Foreign Minister Hassan insisted that UN Resolution 377, Uniting for Peace, be invoked, taking the issue to the General Assembly.

The Arab Group at the UN has formally initiated that call.

Indicating the recognition that the American unilateral, imperial policy is connected to the bankruptcy of the dollar-based global financial/economic system, Vice President Hamzah Haz proposed that the nation cease using the dollar as the currency of account for international trade, switching instead to the euro. While this will not on its own protect the nation from the impact of the global financial collapse now in progress, the unity of the nation, in league with the growing international movement to isolate the Anglo-American criminality, revives Indonesia's potential to play a leading role in ending the new imperialism, and in building a new world economic and social order.

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## Interview: Dr. Imad Moustapha

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# 'They Are Trying To Link The Iraq War to Syria'

*Dr. Moustapha is the Deputy Ambassador of Syria to the United States. He was interviewed by Jeffrey Steinberg on April 7.*

**EIR:** Dr. Moustapha, could you please begin by giving some of your personal background? How long have you been in the embassy here in Washington; and other background?

**Dr. Moustapha:** Well, I'm really very new here. I started my job here sometime around March 3, so it's been just about one month. But then, because of the crisis, I hit the ground running, you should say.

Before that, I've never been in any diplomatic mission before. I was at the University of Damascus. I was recently Dean of Information Technology at the University of Damascus, and before that, I was lecturing, and of course, I worked extensively as a consultant with the regional organizations, on science and technology policy, and such things.

However, I have always been interested in coming, and giving public speeches about globalization, cultural identifications, and such things. I'm well known in Damascus for such things. I discuss lots of cultural issues, not purely technical and scientific.

**EIR:** Your official title here at the Embassy, is Plenipotentiary in Charge of Public Diplomacy, and I wonder what your early impressions are of the situation here in Washington.

**Dr. Moustapha:** You know, as I said, I just have come, and the crisis erupted, and I'm working really very hard trying to explain things, clarify things. You know, it's not important to know that you are true, in this country; it's important to make them perceive your vision of the truth, or version of the truth. It's really not easy.

I have been trying very hard to contact academics, to establish channels with journalists, and, most of all, I was trying also to understand—and this has involved me in almost every public event and seminar at the American Enterprise Institute—and see how these people there, how they think, how they try to recast an image of the world, according to their doctrine. Of course, I'm learning a lot. I'm very new here, and I think I need to learn a lot. And by going to the American Enterprise Institute, I am definitely learning a lot.

**EIR:** We refer to this, in American parlance, as the "belly of the beast." Fortunately, there are, I think, some other institu-



*Syrian Deputy Ambassador Imad Moustapha (center) at a meeting of faculty of the University Pierre and Marie Curie, in Damascus.*

tions around town that are not quite as crazy on the issues of the Middle East war and peace.

**Dr. Moustapha:** Well, I would say not every—it's not that wherever I go it's the same. I attend sometimes meetings at the Council on Foreign Relations; sometimes I've had some meetings as the Saban Center at the Brookings Institution. I go to the Middle East Institute. I have not dared to go yet to the Washington Institute for Near East Policy, because it really needs a lot of, how would I say, patience and forbearance to go there. But I probably will end up going there. I really need to listen to how these people talk and discuss, how they think, because you really have to understand, in order to be able to make a good, correct reaction, and a correct analysis. And that is my job.

**EIR:** Last week, towards the end of the week, Defense Secretary Rumsfeld made certain accusations, and one might even say, threats, against Syria, accusing the Syrian government of allowing flows of military supplies, and other support, into Iraq, in the course of the war. I wonder if you could explain what the position of the Syrian government is, on those charges.

**Dr. Moustapha:** Thank you. This is really a very important question.

At the beginning, when they issued those accusations, it was a mixture of surprise, indignation, and something like, "Well, we already expected this." You know, from early, early stages, they were always trying to link Syria to something. So, let's talk about this in depth, and let's analyze everything.

Our point of view is the following: First, we know, and they know that we know, that these are baseless accusations. From the first early days, we knew that. They are not really substantiated, and we know that we could have easily challenged them. And what we did, is, we did say this on the record and publicly—and we even summoned them, the ambassadors of the United States and Britain, in Damascus, and

told them—"Look, whatever evidence, whatever information, you have, we would be very happy to have you come clarify these issues with us. We would constructively cooperate with you on this."

In other words, we knew that those were baseless accusations.

Now, in the beginning, some people back in Syria felt that this was because in the early days of the war, there was this chaos and unexpected resistance. And those people who were promoting the idea of "liberation" of Iraq, and people dancing in the streets, and throwing flowers

and rice on the American soldiers, while women would be ululating—you know this method. So this unexpected reaction of Iraqi resistance to this invasion, made people back in Washington a bit awkward, and they thought that it would be very suitable to change the scene, and talk about something else; to divert attention; and suddenly they were throwing those accusations.

Now, this is a point of view in Syria. I would not go for it, because I told you that it's simplistic. At the very beginning, from the early days, even before this war was planned for, there was this dream of how we will start the war in Iraq, and then try to link Syria. And then probably Syria is next; and then we can move somewhere else, like Egypt, or Saudi Arabia. A grand plan, as formulated by neo-conservative right-wingers. We already knew this. I always thought that this would be the case. Even let's say something like six months before this war has started, I already sensed, from the writings, and from the public statements, and from the meetings I was attending—the public statements of Bush, the neo-conservative rightwingers—that Syria would be targeted.

Now, if you add to this, the dream agenda of Israel, to link Syria with a possible forthcoming war against Iraq; that would be something like the dream of the Sharon/Likud faction in Israel. Having understood this, and having seen how Israel was actively involved in forging documents, about the Iraqi involvement with Niger, and shopping for uranium—do you know this story?

**EIR:** Yes, I'm familiar with it, but feel free to elaborate it.

**Dr. Moustapha:** Yes, what happened is, Colin Powell was saying at the Security Council, that we have evidence that Iraqi officials were shopping for enriched uranium in Niger. And then, when those documents were given to the Atomic Energy Commission in Vienna, the International Atomic Energy Agency, and they were investigated, it was proven that these were forged documents.

What happened is, this caused an embarrassment to the U.S. Administration; but then it was hush-hush. And then I was looking at what happened about this; and then I discovered that a certain Senator, he's from West Virginia,

**EIR:** Byrd?

**Dr. Moustapha:** No, no, Rockefeller?

**EIR:** Jay Rockefeller.

**Dr. Moustapha:** Yes. He did ask Colin Powell about that, and how come that the forged documents were submitted to the Secretary of State. The Secretary of State just answered, "Well, our agencies were not the source of those documents." That was the end of that. But then, some top officials at the CIA were saying, "Well, to be honest, those documents were presented by the Mossad."

**EIR:** Oh, so they did say, Mossad?

**Dr. Moustapha:** Yes. And it was just like, "Okay, those were forged documents; we'll forget about it." And suddenly here, I hear, a week ago, we have Rumsfeld and Colin Powell saying, "We have documents proving that Syrians were trafficking night vision goggles."

Now, we knew this was not happening, first. Second, they got that general—Brigadier General Brooks—was saying that the U.S. Army has not encountered a single Iraqi soldier, or Iraqi militiaman, carrying night vision goggles. And I'm not saying using night vision goggles. You know, it's funny. It's funny, but it's tragic. The United States Army is using the Mother of all Bombs; it's using cluster bombs, it's using B-2 bombers, Tomahawk missiles, all those high-tech weaponry, weapons that cause mass destruction. And yet they worry about night-vision goggles, that not a single Iraqi soldier was found carrying.

And you discover that it's about like, "Oh, we're having troubles with Syria trafficking night vision goggles." It's a very different agenda. Go back, three, four years ago. Read the writings of those neo-conservative politicians, and intellectuals, and you will see that they were having those grand schemes about starting a war with Iraq, and involving Syria, and moving forward.

**EIR:** Are you referring to "A Clean Break"?

**Dr. Moustapha:** I would say—I'm not referring to anything. Please go back. Just read their writings and you will see how today they are translating their writings into policies, politics, and realities on the ground, in the Middle East.

Look, I would say: I'm very afraid this will not serve the national interests of the United States over the long term. What's good for the United States, in antagonizing the whole region, and making everybody, all the people of that region, hate the United States, and [be] frustrated with the United States?

What does this serve? What interest does this serve?

United States' national interest? Why? People in the region, they do not hate the United States. I mean, they disagree about these policies, but they respect its values and its achievements. Who can deny the great achievements of the United States? And I happen to know—I was a teacher at the University of Damascus, I was in daily contact with students there—they admire lots of things about the United States. They adore the technological achievements—you know, high-tech, computers, Internet, all those things. Lots of my students love Hollywood films. I don't like Hollywood films, but they want Hollywood films. And they don't have a problem with the United States.

Once they discuss policies, then they suddenly become really angry, and mad, about the glowing support of the Sharonian, Likudian policies; about the single-minded approach to problems in our region, the double standard approach. My students know very well that Syria has strategically opted for peace with Israel. Syria has embraced the Prince Abdullah initiative at the Beirut [Arab League] summit, about having complete normalization of relations with Israel; complete, comprehensive peace with Israel—in return for our Golan Heights, and for a state for the Palestinians, a sovereign state for the Palestinians.

That's not too much to ask. That's not an extremist position; that's not a rejectionist attitude. We are telling Israel, "Come, we really want comprehensive peace with you." Israel has refused, has shunned it, and Israel replies that it does not exist.

Today you have a so-called Road-Map Initiative. We're very unhappy about it in Syria; we do not consider it a feasible approach to Middle East peace. Yet, what happens? Sharon says he wants to introduce 100 modifications, on what? On a seven-page document! This is incredible! But is he happy to stop here? No.

At the Congress today, already, a movement is building up momentum to pressurize Bush, not to impose on Israel any, *any* peace initiative. And they are now collecting signatures of U.S. Representatives and Senators.

**EIR:** Let me ask you something about President Bush. I know that prior to the eruption of the Iraq war, there had been a number of personal phone discussions between President Bush and President Assad, and some of the statements coming out of President Bush's own mouth, seemed to indicate that he was very positive towards the possibility of U.S.-Syrian cooperation, and had made some positive statements in Washington about his personal views toward President Assad—similar, somewhat, to his statements earlier about President Putin in Russia. I wonder if you see any prospects in that, of offsetting the influence of the neo-conservatives, who right now seem to be a very dominant, almost overwhelming factor in the Administration?

**Dr. Moustapha:** I would agree with you. At some point, we thought that Americans here—relationships were really

going on the right track. But I think there was this trial by some elements in the Administration, to undermine such an improvement in our relations. As you well know, we have helped U.S. intelligence after Sept. 11. U.S. intelligence officials came to Syria, and they were interrogating people from al-Qaeda that were imprisoned in Syria, and actually, Syria has helped provide U.S. intelligence to obtain DNA samples from Osama bin Laden's family that were living in Syria. And we were really optimistic about, "Now, we can tell the United States, 'Look we are both fighting terrorism, and extremism.' "

What happened there is, when the crisis started, we were constructively engaged with the United States, the United Nations. We hoped, that by fulfilling our responsibility as a member of the Security Council, by truly being engaged with the world community, if there is a crisis about Iraq, let's try to see what can we do about it: a joint international effort, in order to do something. And then we were happy. I mean, when we voted for 1441, we were not happy at all about this resolution; we thought it was unfair. But we thought by voting for this resolution, although it was painful for us, we were giving a good example where countries, where states are engaged responsibly under international law.

And we thought that by this, we were helping the United States *avoid* war with Iraq. And what happened after—this is what Blix has said, and what El-Baradei has said—Iraq started really cooperating with their inspectors. Iraqi missiles were actually being destroyed. And the inspection regime, this time, was really very harsh, and very aggressive, and deployed hard.

And look what happened. War erupts. Nobody wants to be patient. So what happened is: Yes; President Bush had these mixed signals to Syria. Sometimes, we were reading very positive signals. And then suddenly, we think that certain elements in the Administration, that were very unhappy about this, and had another agenda in their mind—an agenda where Israel would become very angry if any improvement in our American relations would take place—they took into account other agendas. And they succeeded in damaging Syrian-American relations, but from the American side.

But we in Syria still have the same stand. We will cooperate with you whenever you think there is a problem. We will be open, communicative, and we will discuss this. If you think there's a problem, come and discuss it with us, first. Second: We are still looking for political and diplomatic solutions for the current crisis. We were against the start of this war. We are against the continuation of this war. And we are looking for a way to stop this war, constructively and positively. Third: We were *not involved in giving any support* to the Iraqi government; we are only involved in political and diplomatic support to the Iraqi people, who are really suffering today; really suffering terrible things happening to them.

You just have to go and read reports in the British media, the French media, and the German media. I'm not telling you

to go and watch al-Jazeera or Iraqi channels. Once you accept our position: We in Syria—a sovereign state—we disagree with the United States on war. But we are not trying to endanger anything in our relations with the United States. We are not doing anything. We are not trafficking arms to Iraq. We have categorically and absolutely denied this.

However, we are proud of our position. At least, respect our right to be different. We are against this war. Nobody is happy seeing a historic capital of the Arab world being destroyed and bombed. Nobody is happy, obviously; it's the other way round.

**EIR:** One final question. One of the things that has been said to me—just to further buttress the issue of Syrian cooperation—is that there has been a certain amount of pressure from both Syria and Iran, to make sure that as this tragic military operation is unfolding in Iraq, that the Sharon government is not given any pretext for launching its own military actions against Lebanon or Syria; and that the Hezbollah political organization in Lebanon has also made it clear that it is not engaging in anything that might be construed as an opportunity or pretext for Sharon to extend the war into a second front, perhaps against Syria or Lebanon; which some people in Israel would certainly like to see happen.

**Dr. Moustapha:** In a way, this might be a possible scenario. Let me remind you of one fact. While the United States Army is busily engaged in Iraq, doing what it is doing right now; and while the international media is busy watching what is going on in Iraq, Israel has accelerated its operations in the West Bank and Gaza. And what is going on, on a daily basis there, is really tragic. And it is like, "Nobody is paying attention—let's go and do what we are doing."

And I have to accept the idea that Israel would be very happy to claim that it was provoked, and try to do something in the region. Because these days are the golden days for Sharon and his whole line of politics. And they think that they should not let this opportunity pass; they should not miss this golden opportunity. They should be doing something to enhance their hardline positions. And we really have to be very careful, and to play it very wisely.

Once you listen to what I'm saying—how we should be careful and play it wisely—you will understand that those accusations about Syria trafficking night vision goggles, are absurd. Because we do understand that, as to the sort of mentalities that are very influential nowadays here in Washington, and have very strong links with AIPAC [American Israel Public Affairs Council] and with JINSA [Jewish Institute for National Security Affairs]—we understand very well what is going on, and we are watching very carefully.

**EIR:** Dr. Moustapha, I want to thank you very much for speaking with us, and I look forward to continuing this discussion.

**Dr. Moustapha:** Thank you. I'm honored.

# Venezuela Is Disintegrating

by David Ramonet in Caracas

All the conditions now exist in Venezuela for a textbook military insurrection—and the “chicken-hawks” in Washington and Wall Street know it well. After all, they are the architects of the national disintegration into which Venezuela is sinking, and they already have their “Pinochet solution” prepared for the mentally unbalanced President, Hugo Chávez Frias, whom they installed in office in the first place.

The majority of the population, which has been conducting multimillion-man protest marches for the past year against the Chávez regime, is virtually demanding a military coup, in near-total disillusion with the traditional political leadership of the country, which has proven itself incapable of coming up with a coherent proposal for how to bring about some change for the better. Meanwhile, the nation’s productive apparatus is disintegrating, without any of the relevant political or military figures having any idea how to prevent it. President Chávez couldn’t care less what happens to the nation’s productive apparatus, because his game is to bankrupt the economic power groups which form the backbone of the private economy.

National production had been falling throughout last year, but the two-month civic strike that paralyzed the strategically key oil sector from December 2002 until February, dealt it a mortal blow. Chávez not only survived the strike, which under any other circumstances would have ousted any traditional government, but is now pursuing a “scorched earth” strategy, with the idea that his regime will somehow survive to rule over the ashes.

Today, more than 50% of the Venezuelan labor force is trying to survive through the “informal economy,” and unemployment has risen to 20%. The private sector only employs 20% of the workforce, while the government employs another 10%. Despite the price controls the regime imposed in early February, when exchange controls were also put into effect, inflation for the first quarter of 2003 reached 9.4%, and is projected to reach over 43% for the year, despite the dramatic decline in buying power.

## State and Population Impoverished

Under this “government of the poor,” the only thing which has increased is, precisely, poverty. Some 43% of the population are families with monthly incomes of less than \$175 per household, while the basic market basket costs more than \$219. The middle class—families with monthly incomes

above \$750—today compose 16% of the population; in 1986, it represented 24%.

The Chávez regime has been increasing its public spending, but without achieving an increase in revenue. To finance the consequent deficit, Chávez has implemented the IMF practices of predecessor governments to the point of absurdity: His government has practically forced the private banks to buy public bonds, which have grown from 2.3 trillion bolívares in early 1999, to 14.5 trillion bolívares at the end of 2002, the equivalent of 13% of the GNP. That debt has proven so onerous to the government, that for the past year, it has not been paying the banks, except in the form of more paper, with ever more onerous interest rates. As a consequence, the private banks have frozen any lending due to current high interest rates, caused, in turn, by the large portion of their assets in government paper, yielding them only more paper.

Using the pretext of the very real capital flight, which accelerated during the two months of the civic strike, the government suspended the sale of foreign exchange as of Jan. 22, and on Feb. 5, decreed formal exchange controls. These have yet to begin to function, which has meant that almost no dollars have been made available to the private sector in this heavily import-dependent country, for two and a half months. The principal purpose of the exchange controls, in fact, is to cut off access to dollars for the four or five leading economic groups, which dominate both food processing and the national news media—all nominally political opponents of the regime.

Analysts from the major Venezuelan banks, which have not truly been enemies of the regime, have the most pessimistic forecasts for this year. The Spanish bank BBVA Provincial estimates that there was a 40% collapse in the GNP this quarter, and the Banco de Venezuela of Spain’s Grupo Santander estimates a 42% decline.

The paralysis of the economy began last year, when Chávez allocated 38% of the national budget for paying the foreign debt, and a draconian tax plan was imposed, raising the Value Added Tax (VAT) to 16% and eliminating exemptions for medical and school expenses. As a result, the Venezuelan Central Bank officially acknowledged a 17% decline in the GNP, an 8.5% reduction in electricity consumption, and a 48% collapse in VAT collections.

Miguel Pérez Abad, president of Fedeindustria (the association of small and medium-sized industrialists) and an ally of the Chávez government, admits that more than 25,000 small businesses will remain closed in the first half of 2003. The leading businessmen’s association, Fedecámaras, maintains that 300,000 jobs have been lost in the past two months. “The situation is critical,” says Fedecámaras president Carlos Fernández. “We are in a war economy. Twelve thousand commercial establishments have shut down, and some 5,000 companies are bankrupt. The government is using such a powerful instrument as exchange controls, to attack the national productive sector.”

In the more than 60 days since exchange controls were



announced, only \$50 million has been provided to import food, when normally there is an average of \$3.2 billion worth of imports in the first quarter. The government itself has issued no figures in this regard.

This year, Venezuela has to pay \$5 billion to service its foreign debt of \$22.3 billion. Reserves have fallen to \$15.2 billion, and the government has been unable to get the oil industry fully functional, since firing some 17,000 employees—the entire managerial and technical staff of the state oil company PdVSA. Finance Minister Tobías Nobrega, an “anti-capitalist” monetarist, is trying to carry out a Venezuelan bond swap with the nation’s creditors. According to UBS Warburg, even if Venezuela succeeds in foisting this swap on the international financial markets, it will still need another \$5 billion to cover the fiscal imbalance.

### The ‘Bolivarian Revolution’

One year after the frustrated coup attempt against him, Chávez is moving rapidly to “transform the economic structures” of Venezuela, as he himself proclaimed during the swearing-in of the board of directors of the Ezequiel Zamora National Agrarian Coordinator (CANEZ). This agency, according to Adán Chávez—the President’s brother and head of the National Land Institute, whose initiative created CANEZ—will be the “political command post of the agrarian revolution” which the regime intends to bring about.

CANEZ is but one of the organizational structures the regime has been creating over the past year, to displace the traditional social institutions. Chávez has already formed the Bolivarian Businessmen’s Front to replace Fedecámaras; the Venezuelan Union of Bolivarian Workers to replace the Confederation of Venezuelan Workers (CTV), and so on, with organizations of the middle class, doctors, students, etc. He has refused to negotiate with the opposition, organized around a Democratic Coordinator which pulls together political parties and civil organizations subsidized by the U.S. State Department’s National Endowment for Democracy. With the failure of the two-month civic strike which it led, the Democratic Coordinator has lost credibility with the millions who marched through every major city in the country.

Since November of last year, Organization of American States (OAS) Secretary General César Gaviria has practically moved to Caracas, to preside over the Commission of Negotiations and Agreements seeking an electoral solution to the Venezuelan crisis. That Commission has six representatives from the Democratic Coordinator and six from the Chávez government. The government’s position has been to accept no solution other than a referendum to revoke Chávez’s government, as allowed by the Constitution, which would take place only *after* he reaches the halfway mark of his term in office, on Aug. 19 of this year. Chávez had told former President Jimmy Carter that he would also accept the option of a Constitutional amendment to shorten this term, and hold early general elections. Later, at the prompting of the U.S. govern-

ment, a Group of Friends of Venezuela was formed, including the United States, Brazil, Spain, Mexico, and Portugal, whose efforts in support of the OAS Secretary General have proven fruitless, given Chávez’s fierce opposition.

Last November, an August 2003 referendum appeared too distant to the Democratic Coordinator, pressured as it was by the mass anti-Chávez rebellion. But now, given the refusal of the government to accept an electoral alternative that everyone knows Chávez would lose, the Coordinator has ended up accepting the recall referendum which Chávez had put forward from the beginning.

But the government is already sabotaging that referendum, as it did with the consultative referendum that was supposed to have been held on Feb. 2. Chávez is attempting to get a new board of directors named to the National Electoral Council, to guarantee that any efforts by the opposition would get short shrift. And in the unlikely case that the August referendum is actually held, and Chávez loses the Presidency, Vice President José Vicente Rangel has already declared that Chávez would contend with the other candidates to complete his interrupted Presidential term!

In the midst of this tense situation, urban terrorism has begun to leave its mark on Caracas. After Chávez accused the governments of Colombia and Spain of “interference,” bombs exploded at the embassies of those countries in Caracas. A short time later, three dissident soldiers who were part of a military grouping camped in one of Caracas’ public plazas and engaged in “legitimate disobedience” against the regime, were assassinated. Colombia’s armed narco-terrorist groups, the FARC and ELN, have escalated their operations on Venezuelan territory, while the so-called Bolivarian Liberation Front, a group that defends the narco-terrorist FARC from the Venezuelan side of the border, has claimed responsibility for the embassy bombings.

The frustration in the ranks of the anti-Chávez opposition is growing, pressuring more and more intensely for a military solution. The war in Iraq has fueled these inclinations. Carlos Dorado, president of the country’s leading exchange house Italcambio, wrote on April 5 in the daily *El Universal* that “I dream . . . sometimes of the arrival of American aircraft carriers to La Guaira [the port near to the capital, Caracas], and of uniformed American soldiers coming down the highways in their tanks, while their modern airplanes fly over Caracas . . . with a national plan of reconstruction under their arm.” On April 6, in the same newspaper, Carlos Zubillaga Oropeza wrote, “Bush, send the Marines here and let the bombs fall on Chávez and his lackeys!”

It is unlikely that Washington’s chicken-hawks who launched the war against Iraq, are prepared right now for such an operation, but not because they don’t want to. Lyndon LaRouche has warned that if the international community does not address the threat of Chávez’s clinical lunacy, it will be leaving the door open to an “Allende-type solution.” It is fast approaching.

## The ‘Ignoble Liars’ Behind Bush’s ‘No Exit’ War

by Jeffrey Steinberg

On Sunday, March 16, 2003, Vice President Dick Cheney emerged from his cave to appear on the NBC News “Meet the Press” show, for a one-hour interview with Tim Russert. In the course of the hour, Cheney all-but-announced that there was nothing that Saddam Hussein could do to avert an unprovoked and unjustifiable American military invasion of Iraq. Cheney repeatedly referred to the attacks of Sept. 11, 2001, as the “historic watershed” that, for the first time, justified an American unilateral preventive war. Yet Cheney himself, a dozen years earlier, had embraced the idea of preventive war—not against a Saddam Hussein who had been armed by the Reagan and Bush Administrations with weapons of mass destruction, but against any nation or combination of nations that challenged American global military primacy in the post-Soviet world. On the pivotal issue of preventive war, Cheney was lying, willfully. But that was just the tip of the iceberg.

Cheney’s extraordinary hour-long pronouncement was composed, almost exclusively, of disinformation, which had either already been publicly discredited, or would soon be exposed as lies.

Cheney asserted that Saddam Hussein was actively pursuing the acquisition of nuclear weapons, when, days earlier, International Atomic Energy Agency (IAEA) chief weapons inspector Mohammed El-Baradei had testified before the UN Security Council that the allegations were based on documents determined to be forgeries. Indeed, in the March 31 issue of *The New Yorker* magazine, investigative reporter Seymour Hersh detailed how IAEA investigators had determined, in just several hours of research, that purported Niger government communiqués confirming the sale of 500 tons of “yellow cake” uranium precursor to Baghdad, were shoddy forgeries, drawn up on outdated Niger government letterheads. Hersh wrote that the forgeries were passed to the Bush Administration, through British MI6, and had probably origi-

nated with the British intelligence service, with the Mossad, or with Iraqi oppositionists affiliated with the Iraqi National Congress (INC) of Dr. Ahmed Chalabi.

Cheney also repeated the by-then-thoroughly-discredited charge that Saddam Hussein had “longstanding” ties to the al-Qaeda terrorist organization, and that it was “only a matter of time” before Saddam Hussein provided the bin Laden gang with weapons of mass destruction—biological, chemical, and, ultimately, nuclear. As Cheney well knew, an October 2002 assessment from Central Intelligence Agency (CIA) Director George Tenet, delivered to the Senate Intelligence Oversight Committee, had pointedly stated that Saddam Hussein would only resort to WMD, or engage with al-Qaeda, if he felt that he was backed into a corner and facing imminent American military attack. Repeated efforts by “war party” operatives, like former Director of Central Intelligence and Iraqi National Congress lobbyist R. James Woolsey, had failed to turn up any credible evidence of Saddam-al-Qaeda links, particularly prior to Sept. 11, 2001.

Perhaps Cheney’s biggest lie—which flew in the face of all assessments from the CIA, the Defense Intelligence Agency (DIA), the Joint Chiefs of Staff (JCS), and State Department Middle East experts—was that the military conquest of Iraq would be a “cakewalk.” Cheney told Russert, “Now, I think things have gotten so bad inside Iraq, from the standpoint of the Iraqi people, my belief is we will, in fact, be greeted as liberators.”

Russert challenged Cheney’s rosy forecast: “If your analysis is not correct, and we’re not treated as liberators, but conquerors, and the Iraqis begin to resist, particularly in Baghdad, do you think the American people are prepared for a long, costly, and bloody battle with significant American casualties?”

To which Cheney responded: “Well, I don’t think it’s



*The lying by the whole circle led by Vice President Cheney since Sept. 11, 2001, which has led the Administration into “permanent war,” has “signalled a long-in-the-making policy putsch in Washington by a small group of neo-conservatives—a majority of whom were followers of the German-born fascist philosopher Leo Strauss (1899-1973).”*

likely to unfold that way, Tim, because I really do believe that we will be greeted as liberators. I’ve talked with a lot of Iraqis in the last several months myself, had them to the White House. . . . The read we get on the people of Iraq is there is no question but that they want to get rid of Saddam Hussein and they will welcome as liberators the United States when we come to do that.” Later in the interview, Cheney added, “If you look at the opposition, they’ve come together, I think, very effectively, with representatives from Shia, Sunni, and Kurdish elements in the population.”

Towards the end of his performance, the Vice President extended his “cakewalk liberation” forecast, to further assert that American preventive military action to overthrow Saddam Hussein would stabilize the Middle East. He cited Dr. Bernard Lewis, the British Arab Bureau spook and author of the “Arc of Crisis,” “Islamic card” fiasco, as his authority: “I firmly believe, along with, you know, men like Bernard Lewis, who’s one of the great, I think, students of that part of the world, that strong, firm U.S. response to terror and to

threats to the United States would go a long way, frankly, towards calming things in that part of the world.”

Almost exactly 80 hours after Cheney’s appearance on NBC-TV, the United States launched an unprovoked and unnecessary war on Iraq. According to Washington-based senior Arab diplomatic sources, governments of the Middle East were told by top Bush Administration officials, on the eve of the attack, that the Iraq war would be over in seven to ten days.

## **The Straussian Lie**

Vice President Cheney’s lying performance on “Meet the Press” was no mere act of personal hubris and folly. His declaration of preventive war against Iraq—which neo-conservative allies, like self-professed “universal fascist” Michael Ledeen, more frankly celebrated as the beginning of a perpetual Clash of Civilizations war, targeting virtually every Arab nation-state in the Middle East—marked the culmination of a campaign of more than a dozen years, to permanently redraw the map of the Near East and Persian Gulf, through unending war and colonialist raw material seizure.

Even more than that, it signaled a long-in-the-making policy putsch in Washington by a small group of neo-conservatives—a majority of whom were followers of the German-born fascist philosopher Leo Strauss (1899-1973). Their policy is to permanently transform the United States, from a Constitutional republic, dedicated to the pursuit of the general welfare and a community of principle among perfectly sovereign nation-states, into a brutish, post-modern imitation of the Roman Empire, engaged in murderous imperial adventures abroad, and brutal police-state repression at home.

Although a Jew, who was active in the Vladimir Jabotinsky-led Revisionist Zionist circles in Germany in the 1920s, Strauss was also a protégé and enthusiastic promoter of the ideas of two leading intellectual figures of the Nazi Party: existentialist philosopher and Friedrich Nietzsche-revivalist Martin Heidegger; and Nazi jurist Carl Schmitt, who wrote the legal opinion justifying Adolf Hitler’s February-March 1933 post-Reichstag Fire dictatorial putsch. Schmitt personally arranged for Strauss to leave Germany on a Rockefeller Foundation fellowship in 1932, to study in London and Paris, and then took up teaching posts in the United States, first at the New School for Social Research in New York, and later at the University of Chicago.

In Germany of the 1920s and 1930s, there were Jews who were Nazis, but who, like Strauss and the Frankfurt School gaggle of left-wing Nietzscheans (Theodor Adorno, Max Horkheimer, Leo Lowenthal, Herbert Marcuse, et al.), had no chance for party advancement because of Hitler’s anti-Semitism; and so they chose to leave Germany, to pursue more “universal” fascist ideas and policies abroad, particularly in the United States and Great Britain.

For Leo Strauss and his disciples, the ignoble lie—disinformation—was the key to achieving and holding political power. And raw political power was the ultimate goal. For

Strauss and the Straussians, there were no universal principles, no natural law, no virtue, no *agapē*, no notion of man in the living image of God.

William Kristol, a leading Washington “Straussian” and the chief public propagandist for the war party in the George W. Bush Administration, made the point bluntly in an interview with Nina J. Easton, who authored a book-length profile of the top leaders of the right-wing insurgency of the 1990s, *Gang of Five* (New York: Simon & Schuster, 2000). Kristol told her, “One of the main teachings [of Strauss] is that all politics are limited and none of them is really based on the truth. So there’s a certain philosophic disposition where you have some distance from these political fights. . . . You don’t take yourself or your causes as seriously as you would if you thought this was 100% ‘truth.’ Political movements are always full of partisans fighting for their opinion. But that’s very different from ‘the truth.’ ”

From his perch as editor-in-chief of the Rupert Murdoch-bankrolled *Weekly Standard* magazine, launched in 1995, Kristol has perfected the art of political deception and the Goebbels “Big Lie.” The son of two first-generation postwar neo-conservatives, Irving Kristol and Gertrude Himmelfarb, Kristol was trained at Harvard from the time of his 18th birthday by one of Leo Strauss’ leading disciples, Harvey Mansfield, Jr.

Kristol’s Harvard graduate school roommate and fellow Straussian was Alan Keyes, later a Reagan State Department official and unsuccessful candidate for the U.S. Senate in Maryland (Kristol ran Keyes’ 1988 campaign against Democrat Paul Sarbanes). His other classmates included Francis Fukuyama, later promoter of the Nietzschean idea of “the end of history,” who came to Harvard following undergraduate studies at Cornell, where he was trained by Allan Bloom, another of the inner circle University of Chicago students of Strauss. Bloom’s life was recounted by fellow Chicagoan Saul Bellow in the true-to-life novel *Ravelstein*.

### Neo-Conservative 9/11 Putsch

Bellow’s tribute to Bloom also highlighted another Straussian now playing a larger-than-life role in the Bush Administration inside putsch: Paul Wolfowitz.

Wolfowitz was one of the first of the Strauss-Bloom disciples to come to Washington. Through Bloom, while completing his graduate studies at the University of Chicago, Wolfowitz had been introduced to RAND Corporation founder Albert Wohlstetter and to Paul Nitze, a leading arms control expert who had served in most of the post-World War II governments in senior posts. By the 1970s, Wolfowitz was working his way through the arms control bureaucracy—and establishing his ties to other Straussians and Wohlstetter protégés who had been planted on various Senate committee staffs. Among Wolfowitz’s collaborators during this period were Richard Perle, Steven Bryen, and Elliott Abrams, who served on the Senate staffs of Henry “Scoop” Jackson (D-

Wash.), Clifford Case (R-N.J.), and Daniel Patrick Moynihan (D-N.Y.), respectively. Perle reports that he first was introduced to Wolfowitz in 1969, when the two were both sent by Wohlstetter to do a research project for Senator Jackson.

Among the other Strauss disciples who are currently part of the ongoing neo-con insurgency are: John Podhoretz, editorial page editor of Murdoch’s yellow tabloid, the *New York Post*, former editor of *The Weekly Standard*, and offspring of first generation neo-cons Norman Podhoretz and Midge Decker; Supreme Court Justice Clarence Thomas; Attorney General John Ashcroft; I. Lewis “Scooter” Libby, chief of staff and chief national security advisor to Vice President Cheney, who was introduced to the world of Leo Strauss by his own Yale University professor and mentor, Paul Wolfowitz; Pentagon disinformation officer Abram Shulsky; Gary Schmitt, executive director of the Kristol-led Project for the New American Century (PNAC); David Brook, another editor of *The Weekly Standard*; Werner Dannhauser, a protégé of Strauss, who left academia to assume the editorship of the flagship neo-con magazine *Commentary* following the retirement of Norman Podhoretz; and Robert Kagan, also of *The Weekly Standard*, and the son of leading Yale University Straussian Donald Kagan.

As the Wolfowitz case makes clear, this cabal of Strauss disciples, along with an equally small circle of allied neo-conservative and Likudnik fellow-travellers, has operated as an underground network, in and around government, for the past 30 years—awaiting the moment of opportunity to launch their not-so-silent coup. Sept. 11, 2001 provided them with the once-in-a-lifetime moment of opportunity, a moment for which they were thoroughly prepared.

As Lyndon LaRouche has written in his LaRouche in 2004 campaign report, *Zbigniew Brzezinski and September 11th*, the events of 9/11 could not have occurred without significant inside complicity from elements of the U.S. national security establishment, given the total breakdown of rudimentary security procedures and the depth of inside knowledge about those vulnerabilities. The Sept. 11 attacks could not, LaRouche assessed, have been carried out by al-Qaeda operatives without such complicity. Indeed, the attacks constituted a sophisticated act of military covert irregular warfare, far beyond the capacities of the bin Laden apparatus. The idea that Osama bin Laden, operating out of caves in Afghanistan, could have pulled off the most significant act of irregular warfare against the United States in memory is, perhaps, the most significant Goebbels “Big Lie” of all.

In his *Brzezinski and September 11th* report, LaRouche acknowledged that while the details of precisely how the attack was orchestrated involve covert military secrets that are often the most difficult to unravel, the larger question of *cui bono*—who benefitted—from the attacks is much more accessible. To deal with this question, however, requires a review of some critical events, dating back, at minimum, to the period of the “Bush 41” Presidency.

## Imperial Preventive War

On May 21, 1991, at the request of then-Secretary of Defense Cheney, a team of civilian strategists in the Pentagon policy office delivered an oral presentation to Cheney on the subject of the post-Soviet strategic environment and long-range national security implications for the United States. The bulk of the presentation was delivered by Assistant Secretary of Defense for Policy Paul Wolfowitz. Other team members included: Lewis Libby, who was Wolfowitz's deputy; Zalmay Khalilzad, a RAND Corporation/University of Chicago protégé of Albert Wohlstetter, who was at that time also in Wolfowitz's Pentagon shop; and Eric Edelman, a career Foreign Service officer also working under Wolfowitz. Today, all four men hold top posts in the "Bush 43" government: Wolfowitz is Deputy Secretary of Defense; Libby is chief-of-staff and chief national security aide to Vice President Cheney; Edelman is Libby's deputy there; and Khalilzad is White House liaison to the Iraqi opposition.

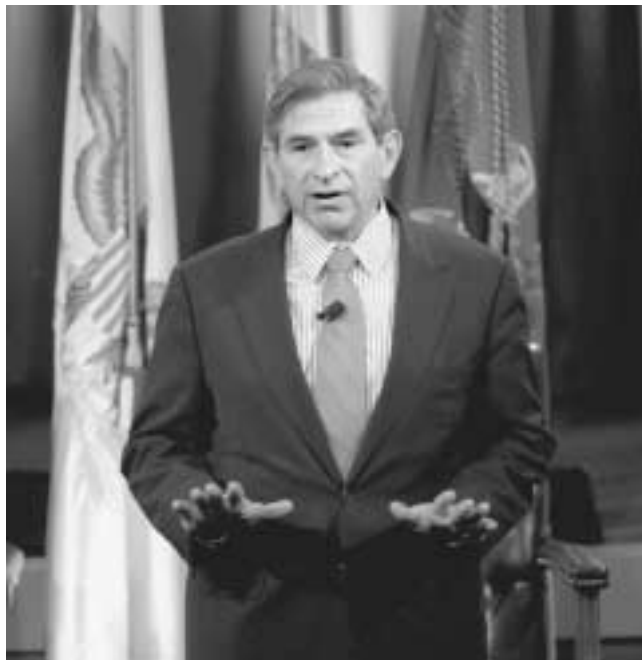
In that 1990 briefing to Cheney, Wolfowitz proposed that the United States adopt a policy of preventive action to forestall any nation or combination of nations from challenging American military and economic "primacy" for the foreseeable future, using all means necessary. When Cheney incorporated the Wolfowitz concept in his 1992 Defense Planning Guidance (DPG), all Hell broke loose. Senior military officers leaked portions of the Guidance to the *New York Times*; President George H.W. Bush, his National Security Advisor Gen. Brent Scowcroft, and his Secretary of State James Baker III, all rejected the unilateralism of the Cheney-Wolfowitz strategy.

Ultimately the DPG was re-written, and featured only a substantially watered-down version of the scheme. But following President Bush's re-election defeat, in January 1993, Secretary Cheney and his team delivered a parting shot, with the publication of *Defense Strategy for the 1990s: The Regional Defense Strategy*, which not only revived the idea of preventive unilateral war, but also promoted the idea that the United States must develop a new generation of mini-nuclear weapons, appropriate for use against Third World targets.

It was no secret that both Cheney and Wolfowitz were furious at President Bush for not allowing the U.S.-led "coalition" forces to roll into Baghdad and overthrow Saddam Hussein, at the conclusion of Operation Desert Storm in 1991. Indeed, associates of Wolfowitz report that he has been obsessed with overthrowing Saddam Hussein and overturning the entire Middle East chessboard since the late 1970s. Saul Bellow's *Ravelstein* reported that Wolfowitz telephoned his Straussian mentor Allan Bloom, back in Chicago, to rant against President Bush for his lack of Nietzschean hubris.

## The 'Clean Break'

Largely out of power in Washington during the eight-year Clinton Presidency, the Straussian cabal did not go dormant. Following the September 1993 signing of the Oslo Accords

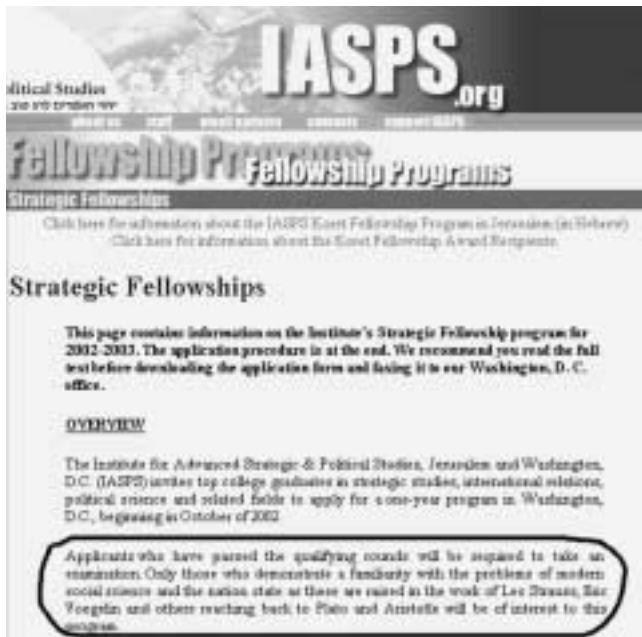


*Deputy Defense Secretary Paul Wolfowitz. "As the Wolfowitz case makes clear, this cabal of Strauss disciples . . . has operated as an underground network in and around government for the past 30 years. Sept. 11 provided them with the . . . moment of opportunity for which they were fully prepared."*

at the White House, the Straussians and neo-cons launched an all-out drive to kill the "land for peace" deal. Several leading disciples of Strauss and Bloom had already migrated to Israel, and they would form the core of an apparatus inside Israel dedicated to sinking the peace process.

In 1994, Hillel Fradkin and Yoram Hazony founded the Shalem Center, with financing from two American billionaires, both associated with the little-known but powerful "Mega Group" of right-wing Zionists—Ronald Lauder and Roger Hertog. Hertog is today part owner, with Lord Conrad Black and Michael Steinhardt, of the *New York Sun*; and is also a one-third owner, with Martin Peretz and Steinhardt, of *The New Republic*, long a bastion of Straussian political propaganda. (*New Republic* editor Lawrence Kaplan, for example, has recently teamed with *The Weekly Standard*'s William Kristol to produce a book-length promotion of the war on Iraq.)

Fradkin was a student of Allan Bloom, and taught at the University of Chicago Committee on Social Thought. He later went on to launch the Shalem Center's Washington office, while also serving as director of the Ethics and Public Policy Center (he replaced Elliott Abrams in that post, when Abrams was brought onto the National Security Council under "Bush 43"), and as a Middle East scholar at the American Enterprise Institute (AEI). Hazony got his PhD at Rutgers University under another Strauss disciple, Wilson Cary McWilliams, then moved to Israel, where he worked as a speech-writer for



At the key neo-conservative Washington think-tank Institute for Advanced Strategic and Political Studies (IASPS), which issued the Cheneyite “Project for a New American Century,” applicants for its fellowship programs must be steeped in Leo Strauss’ fascist work, before they can even apply.

Likud leader Benjamin Netanyahu. Hazoney is an unabashed backer of the racist Rabbi Meir Kahane, the late founder of the terrorist Jewish Defense League and Kach Movement.

In addition to the Shalem Center and the Foundation for a Constitutional Democracy, launched by leading Strauss student Paul Eidelberg—an advocate of the permanent annexation of all of “Judea,” “Samaria,” and Gaza by the Israeli state—a third Israeli think-tank played a pivotal role in advancing the Straussian/neo-con agenda during the Clinton Presidency. The Institute for Advanced Strategic and Political Studies (IASPS), with offices in Jerusalem and Washington, was launched in 1984 as an outpost of the “Chicago School” of British System free-trade economics, promoting the work of Adam Smith, Friedrich von Hayek, and Milton Friedman. Twelve years later, the Institute established a Division for Research in Strategy. By its own description, IASPS is a center of Straussian influence in Israel. An advertisement for the Institute’s Strategic Fellowship program in Washington, posted on the IASPS website, warns applicants that if they are not followers of Leo Strauss, they need not apply.

In 1996, following the assassination of Prime Minister Yitzhak Rabin, the newly established IASPS Division of Research in Strategy commissioned a series of studies on how to undo the Oslo Accords, to be presented to incoming Israeli Prime Minister Netanyahu.

The key study in the series, “A Clean Break: A New Strategy for Securing the Realm,” was prepared by a team of American neo-cons led by Richard Perle. Other members of the study group were: James Colbert of the Jewish Institute for

National Security Affairs (JINSA); Charles Fairbanks of the Johns Hopkins University School of Advanced International Studies (SAIS), a Strauss disciple and an intimate of Paul Wolfowitz since the 1960s; Douglas Feith, now Undersecretary of Defense for Policy; Robert Loewenberg, President of IASPS; Jonathan Torop of the Washington Institute for Near East Studies (WINEP), the think-tank spawned by the American Israel Public Affairs Committee (AIPAC), the official Israeli lobby in America; David Wurmser, then the director of the Middle East project at AEI, and now the special assistant to State Department chief arms control negotiator John Bolton—himself, former Vice Chairman of AEI; and Meyrav Wurmser, formerly with the Middle East Research and Information Project (MERIP) of Sharonist Israeli military intelligence officer Col. Yigal Carmon, and now the director of Middle East programs at the Hudson Institute.

The six-page “Clean Break” document was hand-delivered by Perle to Netanyahu on July 8, 1996—two days before Netanyahu addressed a joint session of the U.S. Congress. Most of Netanyahu’s speech consisted of pre-selected excerpts from “Clean Break.” The paper called for a total rejection of Oslo and “land for peace”; a brutal crackdown and reoccupation of the Palestinian Authority territories by the Israeli Defense Forces—to be justified on the basis of the “right to hot pursuit” of terrorists, leading to Israel’s eventual permanent annexation of the West Bank and the Gaza Strip; and a war against Iraq, to overthrow not only the Saddam Hussein regime in Baghdad, but the Ba’ath regime in Damascus.

“Israel can shape its strategic environment,” Perle and company wrote, “in cooperation with Turkey and Jordan, by weakening, containing, and even rolling back Syria. This effort can focus on removing Saddam Hussein from power in Iraq—an important Israeli strategic objective in its own right—as a means of foiling Syria’s regional ambitions.”

Perle and company penned “Clean Break” knowing full well that in 1990-91, the Bush Administration had launched Operation Desert Storm in response to Israeli threats to launch their own war of extermination against Saddam Hussein. Israel’s move would have triggered a perpetual Middle East religious war, precisely along the lines of the Clash of Civilizations first spelled out by Dr. Bernard Lewis in a 1990 *Atlantic Monthly* article, three years before the appearance of Samuel Huntington’s more well-known Clash of Civilizations diatribe in *Foreign Affairs*. The Bush Administration caved in to the Israeli threats and pre-empted Israeli strikes on Iraq, by conducting the “Coalition” war and imposing the post-war sanctions, no-fly zones, etc. Now, through Perle, Feith, Wurmser, et al. the Straussians were upping the ante.

### ‘New American Century’

In early 1997, William Kristol and Robert Kagan, two of the leading neo-con “Straussian intellectuals” in Washington, joined forces with collaborators at the AEI to shove the “Clean Break” policy down the throat of the Clinton Administration.

Using office space on the fifth floor of the AEI headquarters, Kristol and company launched a new tax-exempt front group, the Project for the New American Century (PNAC), specifically to promote the buildup of American military force to unilaterally police the globe—starting with the overthrow of Saddam Hussein.

On June 3, 1997, PNAC released a Statement of Principle, which was signed by Elliott Abrams, Gary Bauer, William Bennett, Florida Governor Jeb Bush, Dick Cheney, Midge Decter, Francis Fukuyama, Lewis Libby, Norman Podhoretz, Peter Rodman, Donald Rumsfeld, Paul Wolfowitz, and others.

The Statement of Principle was based on an article co-authored by William Kristol and Robert Kagan, published in the July/August 1996 issue of *Foreign Affairs*, the journal of the New York Council on Foreign Relations—simultaneous with the Perle-Feith-Wurmser release of “Clean Break.” Kristol and Kagan called for a “Neo-Reaganite Foreign Policy.” This was a willfully dishonest choice of terms, given that President Reagan’s most noteworthy foreign and national security policy achievement had been his collaboration with Lyndon LaRouche in launching the Strategic Defense Initiative (SDI), which Reagan envisioned as a joint, cooperative effort with the Soviet Union, to bring about the end of the era of “mutually assured destruction.” When Soviet General Secretary Yuri Andropov rejected Reagan’s generous offer of scientific and technological cooperation to build a global defense against nuclear weapons, the collapse of the Soviet empire was guaranteed, as LaRouche forecast in 1984, and again in a now-famous October 1988 speech in West Berlin, in which he anticipated the fall of the Berlin Wall a year later.

Kristol and Kagan defined their “neo-Reaganite foreign policy” as “benevolent global hegemony,” based on a massive buildup of American military might. The authors were reviving the 1991 Wolfowitz doctrine of unilateral preventive war, explicitly stating, “The appropriate goal of American foreign policy is to preserve that hegemony as far into the future as possible.”

Kristol and Kagan specifically called for the overthrow of more than 200 years of American anti-colonialist tradition, singling out John Quincy Adams as their particular nemesis: “Conservatives these days,” they wrote, “succumb easily to the charming old metaphor of the United States as a ‘city on a hill.’ They hark back . . . to the admonition of John Quincy Adams that America ought not go ‘abroad in search of monsters to destroy.’ But why not? The alternative is to leave monsters on the loose, ravaging and pillaging to their hearts’ content, as Americans stand by and watch. What may have



*Leo Strauss as a young man in Germany (left) became a Zionist and admirer of Vladimir Jabotinsky, and was also permanently “gripped” by the writings of Friedrich Nietzsche (right), whose lunatic “superman” ideology inspired Hitler and his Nazis.*

been wise counsel in 1823, when America was a small, isolated power in a world of European giants, is no longer so, when America is the giant. Because America has the capacity to contain or destroy many of the world’s monsters, most of which can be found without much searching, and because the responsibility for the peace and security of the international order rests so heavily on America’s shoulders, a policy of sitting atop a hill and leading by example becomes in practice a policy of cowardice and dishonor.”

On Jan. 26, 1998, PNAC issued an Open Letter to President Clinton, calling for immediate “regime change” in Iraq, based on the bogus claim that Saddam was about to launch weapons of mass destruction against the United States and America’s allies. Among the signators on the Open Letter were the following individuals, all of whom are now in the “Bush 43” Administration: Abrams, Richard Armitage, John Bolton, Fukuyama, Khalilzad, Perle, Peter Rodman, Rumsfeld, Wolfowitz, and Robert Zoellick. Other signators included Kristol, Kagan, and James Woolsey, who briefly served as President Clinton’s Director of Central Intelligence, and who was, at the time the PNAC letter was issued, already the attorney representing the Iraqi National Congress.

In September 2000, on the eve of the Presidential elections, pitting George W. Bush against Al Gore, PNAC issued a lengthy study, “Rebuilding America’s Defenses—Strategy, Force and Resources for a New Century,” which revived at great length the Cheney-Wolfowitz 1991-93 preventive war strategy. Among the “usual suspects” who contributed to the “Rebuilding” study was Wolfowitz protégé Lewis Libby. He had just completed a stint as the general counsel to the Cox Commission, which was promoting a strategic showdown in North Asia with China and North Korea; he would soon be Vice President Cheney’s chief of staff. While out of government, Libby had also been the personal attorney of Marc Rich, the Russian “Mafiya” godfather who had been convicted in



*Strauss, before being posted to Paris and London by Carl Schmitt in 1932 and beginning his long University of Chicago career spawning the leading U.S. neo-conservatives, was an enthusiastic supporter of Martin Heidegger (left), the top intellectual enforcer of Adolf Hitler's Nazism on German universities.*



absentia in Federal court for tax evasion and “trading with the enemy”—Iran’s Ayatollah Khomeini—during the American hostage crisis of 1979-80. Libby was the behind-the-scenes Svengali responsible for the disastrous Clinton Presidential pardon of Rich, working directly with “former” Mossad operatives Zvi Rafiah and Avner Azulay.

Despite the proliferation of Straussians and neo-cons inside the George W. Bush national security team, the Iraq war lobby made very little headway until the event that Vice President Cheney termed “the historic watershed.”

The Sept. 11, 2001 attacks on the Pentagon and the World Trade Center triggered an instant response from the neo-cons in and around the Bush Administration. Just four days after the attacks, Paul Wolfowitz attended a Sept. 15 National Security Council session with President Bush at Camp David, where he delivered a pitch for an immediate U.S. invasion of Iraq. For reasons that still remain in dispute, the President, the Vice President, and even Defense Secretary Rumsfeld rejected the Wolfowitz proposal as “premature.” However, several days later, in a Presidential national security order authorizing the attack on Afghanistan, President Bush did authorize the CIA and the military to begin developing contingency plans for dealing with Saddam.

### **‘Chickenhawk Intelligence Agency’ Is Born**

A week after Wolfowitz’s “premature” war pitch, Richard Perle convened a session of the Defense Policy Board addressed by British Arab Bureau veteran spook Dr. Bernard

Lewis, and INC founder Dr. Ahmed Chalabi, a bank swindler and protégé of Albert Wohlstetter at the University of Chicago, who was the Zionist Lobby and the Israeli right wing’s hand-picked successor to Saddam Hussein. At the CIA and the State Department, Chalabi was considered virtually *persona non grata*, and his INC umbrella was viewed as a collection of martini-slurping professional exiles, with virtually no assets on the ground inside Iraq. Perle and Bernard Lewis had been introduced to Chalabi in the early 1980s, and the former banker, who faces a 20-year prison sentence in Jordan for bank fraud and currency manipulation, has been a pet project of JINSA and AEI ever since.

In a candid moment shortly before Sept. 11, 2001, Defense Secretary Rumsfeld had confided to associates that he was thinking about resigning his Cabinet post and returning to Chicago. His explanation was revealing: “The Likud has taken over the building,” he told friends, referring to the Wolfowitz-Perle cabal that had run circles around him in the early months of the “Bush 43” Administration. Sources familiar with Rumsfeld describe the Secretary as a “control freak” and micro-manager, who had presumed that his participation in a Clinton-era commission on missile proliferation had sufficiently offset his quarter-century absence from Washington, and that he would be able to maintain a tight grip on the vast Pentagon bureaucracy, including the uniformed military command, centered at the Joint Chiefs of Staff.

Through the personal efforts of former Secretary of State and “Chicago School” ideologue George Shultz, Deputy Defense Secretary Wolfowitz had been inserted in the inner circle of George W. Bush campaign policy tutors, the so-called “Vulcans,” which enabled him to bring Perle and the whole neo-con crowd to Austin, Texas for personal mis-education sessions with the President-to-be. Wolfowitz parlayed that personal relationship with the new President, and staffed Rumsfeld’s office with a veritable army of like-minded Strauss disciples and Likudniks.

In June 1988, *EIR* had revealed that then-Secretary of Defense Caspar Weinberger’s general counsel office had compiled a list of suspected members of the “X Committee,” the network of Israeli spies and agents-of-influence who had penetrated the Reagan-Bush Administration’s national security establishment, and were believed to have directed the espionage efforts of Jonathan Jay Pollard. Among the dozen leading “X Committee” suspects being probed by the general counsel team were: Wolfowitz, Perle, Feith, Wohlstetter, Fred Iklé, Stephen Bryen, Michael Ledeen, Frank Gaffney, John Lehman, and Henry Rowen.

Under Wolfowitz, the “Bush 43” Pentagon once again became a hub of “X Committee” influence and penetration.

Nevertheless, the intelligence coming out of the CIA, the DIA, and the State Department firmly rejected any evidence of linkage between Saddam Hussein and the attacks of 9/11. The overwhelming evidence also suggested that Iraq posed no immediate or near-term threat to the United States or any



of its neighbors. Early in the Bush Administration, Secretary of State Colin Powell had proposed a revision of sanctions, called “smart sanctions,” recognizing that international support for the continuing isolation of Iraq was wearing thin.

To seize upon the dramatic shift that occurred on Sept. 11, 2001, Wolfowitz and Deputy Secretary of Defense for Policy Doug Feith, one of the most rabid of the Jabotinskyites in the Pentagon civilian bureaucracy, launched a secret intelligence unit. Its mission was to provide Secretary of Defense Rumsfeld—who had abandoned his pre-9/11 plans to retire, and was now fully in synch with the Wolfowitz cabal—with a constant flow of “intelligence” to counter the CIA/DIA resistance to the “Get Saddam” agenda of the “Clean Break” crowd. One of the principal sources of this unvetted “intelligence” was to be Chalabi’s discredited INC.

Wolfowitz and Feith chose Abram Shulsky to head the secret cell, which was buried in the maze of civilian Pentagon bureaucracy under the Assistant Secretary for Policy. A Strauss disciple, Shulsky had been a professional staffer for Sen. Daniel Patrick Moynihan (D-N.Y.), along with Elliott Abrams and Gary Schmitt—now the President of Bill Kristol’s and Robert Kagan’s tax-front, PNAC. Shulsky had served on the staff of the Senate Intelligence Oversight Committee. He had been an underling of neo-con wunderkind and Iran-Contra operative Roy Godson at the Consortium for the Study of Intelligence, a project of the New York City-based National Strategy Information Center. And Shulsky had co-authored, with Zalmay Khalilzad and others, a 1999 RAND Corporation study, “The United States and a Rising China,” which promoted the idea that China, more than any other nation, posed a direct challenge to American global and regional military primacy, and would have to be directly confronted.

### Who Makes This ‘Intelligence’?

Others identified with the Shulsky “chickenhawks intelligence agency” included:

**Harold Rhode**, the Middle East specialist in Dr. Andrew Marshall’s Pentagon Office of Net Assessments (ONA). Marshall was a founder, with Albert Wohlstetter, of the RAND Corporation at the close of World War II. He was installed at the Pentagon in 1975 by then-Secretary of Defense James Rodney Schlesinger, who created the ONA specifically to house Marshall and his team of RAND systems analysis and game theory utopians. At the very outset of the “Bush 43” Administration, Marshall had grabbed the ear of Rumsfeld, provoking a near revolt of the Joint Chiefs of Staff, who considered Marshall to be the driver behind the dangerously incompetent “revolution in military affairs.”

Michael Ledeen, in his recent book-length rant, *The War Against the Terror Masters* (New York: St. Martins Press, 2002), described Rhode as his “guru on the Middle East for nearly 20 years.” In 1991, Rhode was in the Pentagon Office of International Security Policy, covering Turkey, at a time that Perle and Feith were running an international consulting

operation, selling Israeli military hardware to the Turkish Army. Wolfowitz has described Rhode as his “Islamic affairs advisor” at ONA; and according to one account, Rhodes, in a meeting during the early months of the Bush Administration, had staged a noisy in-your-face confrontation with a top Saudi official, vowing that the historical U.S.-Saudi partnership was a thing of the past. The incident reportedly cost Rhode a more senior—and visible—post inside the Wolfowitz-Feith Pentagon bureaucracy.

Rhode, according to several sources, has travelled, on several occasions, to London, with Richard Perle, Chairman, until recently, of the Defense Policy Board, to gather “intelligence” from INC officials, which has been funneled through Shulsky’s shop to Rumsfeld—without first being evaluated and cross-checked by CIA or Defense Intelligence Agency professionals.

**William Luti**, formerly an advisor to Vice President Cheney, more recently named as the Deputy Under Secretary of Defense for Special Plans and Near East and South Asian Affairs, has been described by a recent visitor to his office as a man crazed with the mission to eliminate Saddam Hussein. “He reminded me of a serial killer, right out of a Hollywood horror flick,” according to the source, who described Luti’s Pentagon office as covered from floor to ceiling with desecrated photographs and news clippings of Saddam Hussein and his inner core. A retired Navy Captain and pilot who served during Operation Desert Storm, Luti was described, in a March 11, 2002 *New Yorker* story by Seymour Hersh, as “so obsessed with an immediate overthrow of Saddam Hussein that he hasn’t thought through the consequences.” Despite these psychological profiles, Luti has been one of the Pentagon civilian point-men, working with the Iraqi “opposition” on both intelligence and operations. According to accounts in the *New York Times*, Luti was dispatched to London in November and December 2002, to meet with Chalabi and other Iraqi exiles.

On Dec. 17, Luti and Maj. Gen. David Barno met secretly with 11 Iraqi opposition figures in London, and selected the initial group of Iraqis to be trained in Hungary to participate in any military operation, as the indigenist “window dressing” on what would, in reality, be an all-American or Anglo-American military invasion.

In a Washington speech on Oct. 16, 2002, Luti had promoted, aggressively, the need for the United States to adopt a new, imperial interventionist policy, which he dubbed “anticipatory self-defense.”

**Reuel Marc Gerecht**, a retired CIA officer, has been identified as one of the secret liaisons between the Shulsky “chickenhawk intelligence agency” at DOD and the Iraqi oppositionists in London and elsewhere in Europe. Based most of the time in Brussels, along with Robert Kagan, Gerecht is a senior fellow at AEI, and is the Director of the Middle East Initiative at PNAC, working directly under Kristol, Kagan, and Shulsky’s close associate Gary Schmitt.

# The Secret Kingdom of Leo Strauss

by Tony Papert

Just a decade ago, a friend and I first read through Allan Bloom's *The Closing of the American Mind*, and were quite attracted to him. Why? For one thing, his opposition to the counterculture seemed to come from the heart: For example, he described how, as a college professor, he would take his own recordings with him up into his students' dorm rooms, to get them to turn off their rock music and listen to Mozart with him. Bloom also passionately denounced the fact that the universities were teaching nothing; so do I. On the other hand, I also saw that I had disagreements with Bloom, but I was going to give him the benefit of the doubt: Maybe they would just turn out to be misunderstandings.

My friend and I intended to approach Bloom to join us in Lyndon LaRouche's campaign. But first, I wanted to find out more.

As anyone who read it will remember, *Closing of the American Mind* always left a peculiar mental aftertaste, no matter where you happened to close the book. In the midst of other matters, Bloom would slip in emphatic, unexpected statements, apparently off the subject, never followed up, but which would stay with you for days afterwards, just for that reason.

I still remember two of them. Bloom wrote that at Socrates' trial, there were men present who wanted him to be acquitted; they were the "gentlemen." What did he mean by that word "gentlemen"? I had never heard anyone use it in this context before, but Bloom just let it drop after that one sentence, and never picked up the thread again. In another nearby location, he wrote that Socrates was accused of not believing in the gods of the city, and inventing other gods. Notice, wrote Bloom, that he never denied the charge. But I remembered, as I thought, that Socrates *had* denied the charge; and, prompted by my puzzlement at Bloom's remark, I found the words in Plato's *Apology of Socrates*, where Socrates did deny it.

And yet this Bloom was supposed to be a Greek scholar and a translator of Plato. Just what was he trying to get at? What did he mean?

## **Strauss vs. Socrates**

When I learned that Allan Bloom had been a follower of the late Professor Leo Strauss of the University of Chicago, I decided I had to find out what Strauss had said. My only knowledge of Strauss at that time, was through another friend, whose mother had taken his course at the New School in New York, where Strauss had taught from 1938 to 1948. She had

marvelled at his command of ancient Greek. For the rest, all that she would remember was his close attention to the texts.

Leo Strauss, born in 1899 to observant Jewish parents in Kirchhain, Germany, in the province of Hesse near Marburg, had lived in the United States from 1938 until his death in Annapolis, Maryland, in 1973. He had written at least 16 books. Most of them were long, and had such uninteresting-sounding titles as *The City and Man*, or *Natural Right and History*. I decided I would read Strauss's book *Socrates and Aristophanes*, both because I was interested in the subject, and also because I now recalled that Bloom had given me an impression, in one of those dark asides of his, that Aristophanes' lampoon of Socrates in his play, *The Clouds*, had been at least partly truthful, while I knew it to be a lie.

Wading into the beginning of Strauss's prefatory material to his *Socrates and Aristophanes*, it all seemed simple, artless, and totally dull. Aristophanes wrote a play about Socrates. This play, *The Clouds*, is important—essential, in fact—to understand the issues surrounding Socrates. And—here it is! Strauss lands us smack into his own translation of the play. A very pedestrian translation, with the additional burden of lengthy stage directions inserted by Strauss, and even directions for what happens offstage, which somehow overwhelm the dialogue.

Well and good. At length, having made it through *The Clouds*, I was back to Leo Strauss again. As important as this play is, he writes, it cannot be understood apart from its context. Ten other plays of Aristophanes have survived. And—here they are! In dry-as-dust translations by Strauss, complete with his lengthy stage directions. I put the book away, and with it my project to read long books of Leo Strauss.

There must be another approach.

Now, I had a friend with a classics background, with whom I was frequently in touch, who was then leading a long-running seminar on Plato's *Republic* among some of the volunteers for Lyndon LaRouche, who was himself in prison at the time, having been framed up in a rerun of Socrates' trial at Athens. I learned somehow that my friend, the seminar leader, had studied under the Straussian Stanley Rosen.

I had always thought that this Plato seminar was a bit of a mixed bag. Some parts, which I think stemmed from my friend's own study of the history of Athens, were quite useful. Others were unexplained and eerie: such as, for example, his insistence that Socrates "seduced" his hearers. But more to the point was an indefinable, ominous sort of quirkiness which overhung every discussion.



*The willful intellectual strategy of emphasizing Plato, but turning him into a “secret fascist,” characterized Harvard Prof. Allan Bloom, intellectual mentor of the Pentagon’s chicken-hawk leader Paul Wolfowitz. Bloom himself was a leading disciple of the late German-born University of Chicago professor Leo Strauss, whose followers now dominate Bush Administration strategic and legal “thinking.”*

Eventually it became clear to me, that Strauss, through Stanley Rosen, had made the same sort of imprint on my friend, that Strauss’s teacher Martin Heidegger had made upon Strauss himself. In the insightful account of Shadia Drury, “Nothing made a greater impact on Strauss than Heidegger’s manner of studying a text. He was totally struck by Heidegger’s analysis of Aristotle’s *Metaphysics*; he thought that Heidegger’s approach laid bare the intellectual sinews of a text; and it was unlike anything else he had ever seen or heard. Strauss’s reaction is not unusual. Heidegger’s style of teaching was reputed to have a totally mesmerizing effect. He has been accused of a certain “mystical bullying.” The goal was not so much understanding as initiation in a mystical cult. This is precisely why Karl Jaspers’s letter to the Denazification Commission advised against Heidegger’s return to teaching after the war. The gist of Jaspers’s letter was that Heidegger’s style was profoundly unfree, and that the students were not strong enough to withstand his sorcery. The youth are not safe with Heidegger until they can think for themselves, and Heidegger is no help where that is concerned. On a much smaller scale, the same can be said for Strauss.” [Drury, 1997, p. 77]

### **Kabbalism in Annapolis**

We also have imprints in the LaRouche movement of Saint John’s College, in Annapolis, Maryland, and Santa Fe, New Mexico, with its “Great Books” program, another offshoot of the University of Chicago.

I had the chance recently to speak with a relative of one of our members, who is in effect an evangelist for Saint

John’s; soon he was giving me thumbnail sketches of each of the courses there. When he got to a class on a Plato dialogue, he said that the teacher had stayed up all night, counting each word in the dialogue, so that she could show her class the central word: word number 25,000 out of 50,000 words, for example. The notion is that the central word in this sense, points to the central idea of the work.

“It sounds just like Strauss!”, I burst out. Yes, he said, Strauss is influential in the Greek classics program at Saint John’s.

The influence is probably broader. Already in the 1950s, Saint John’s in Annapolis was headed for years by Strauss’s lifelong friend Jacob Klein. Strauss retired from Chicago in 1967, and spent a year at Claremont Men’s College in California. Then, from 1969 until his death in 1973, Strauss was scholar-in-residence at Saint John’s at Annapolis.

Now, was it an accident that Strauss’s books, especially his later books, were unreadable? No; I came to see that it was deliberate. The purpose was to ensure that the huge majority of readers will “tune out,” after finding nothing but some familiar-sounding exhortations, such as advice to be moral, patriotic, and god-fearing. This is largely how Bloom’s *Closing of the American Mind* was read during its ten weeks on the best-seller list: as a pile of salutary exhortations. The mass of people will find nothing but pabulum. But, the few “intelligent young men”—and it’s always “men” or “boys”; never “women” or “people,” but “men” or “boys”—the few intelligent young men will be intrigued by these *obiter dicta*, or these fragmentary remarks, which are almost always off the subject—and they’ll say, “Now, what is that really all about? I’ve got to get into it; I’ve got to understand.” And, then, they’re taken aside, and taught in private, individually.

The case is the same as that of the police infiltrator, who, whenever anything important comes up in a meeting, says, “I have to talk to you about it after the meeting.” He will never discuss anything of significance in a meeting, but only one-on-one, because he is habitually telling different things to different people.

### **‘Without Fear and Without Hope’**

By far the best book on Strauss is Shadia Drury’s 1988 *The Political Ideas of Leo Strauss*. It may be that part of its excellence is related to her awareness that there is a sense in which no woman could be a Straussian. In fact, Strauss said that no woman could be a philosopher. But, for many of the bright young boys, or men, their purpose for studying with Strauss was to become “philosophers.”

Illustrative of Strauss’s method is Shadia Drury’s report of a debate between two long-time leading Straussians—Thomas Pangle and Harry Jaffa—which ran in the *Claremont Review* from Fall 1984, through Summer 1985, and continued in *National Review* on Nov. 20 and 29, 1985. Pangle had implied that for Socrates (i.e., for Strauss), moral virtue had no application to the really intelligent man, the philosopher.

Moral virtue only existed in popular opinion, where it served the purpose of controlling the unintelligent majority. Elsewhere in the debate, Pangle implied that for Strauss, philosophy had disproved religious faith. As the fight continued, Pangle said that Strauss had characterized America's distinctiveness as "modern," which for the Straussians is one of their worst terms of abuse.

Harry Jaffa found "Pangle's interpretation completely foreign to his own understanding of his teacher and friend of 30 years," in Shadia Drury's summary. "Jaffa observes that such a vision of Strauss is Nietzschean, and he denounces Pangle for having perverted the legacy of Leo Strauss." [Drury 1988, page 182]

How is this contradiction possible? As Drury says, "Strauss taught students such as Jaffa and Pangle different things." [Drury 1988, page 188] The esoteric, or supposedly secret teaching which was inculcated into Pangle, Bloom, Werner Dannhauser, and many others, including, reportedly, Bloom's protégé Paul Wolfowitz, was indeed pure Nietzsche. In fact, the version which Pangle represented in that 1984-85 debate, as outrageous as it may have seemed to Jaffa, was greatly watered down. From Nietzsche to Leo Strauss, only the names have been changed, as they say. To begin with, what Nietzsche called the "superman," or the "next man," Strauss calls the "philosopher."

The philosopher/superman is that rare man who can face the truth: that there is no God; that the universe cares nothing for men or mankind; and that all of human history is nothing more than an insignificant speck in the cosmos, which no sooner began, than it will vanish forever without a trace. There is no morality, no good and evil, and of course any notion of an afterlife is an old wives' tale.

In a eulogy for a colleague, Strauss said, "I think he died as a philosopher. Without fear, but also without hope."

But the great majority of men and women, on the other hand, is so far from ever being able to face the truth, that it virtually belongs to another species. Nietzsche called it the "herd," and also the "slaves." They require the bogeymen of a threatening God and of punishment in the afterlife, and the fiction of moral right and wrong. Without these illusions, they would go mad and run riot, and the social order, any social order, would collapse. And since human nature never changes, according to Strauss, this will always be so.

It is the supermen/philosophers who provide the herd with the religious, moral, and other beliefs they require, but which the supermen themselves know to be lies. Nietzsche said that his supermen were "atheistic priests," and Strauss pretends that their lies are "noble lies." But they do not do this out of benevolence, of course; charity and benevolence are mocked by Nietzsche and Strauss as unworthy of gods and godlike men. Rather, the "philosophers" use these falsehoods to shape society in the interest of these "philosophers" themselves.

Now, the philosophers require various sorts of people to serve them, including the "gentlemen," that word which had

struck me earlier, when Bloom had used it in speaking of Socrates' trial. Rather than the "esoteric," or secret teachings, the future "gentlemen" are indoctrinated in the "exoteric," or public teachings. They are taught to believe in religion, morality, patriotism, and public service, and some go into government. Think of former Education Secretary William Bennett and his *Book of Virtues*. Of course, along with these traditional virtues, they also believe in the "philosophers" who have taught them all these good things.

Those "gentlemen" who become statesmen, will continue to take the advice of the philosophers. This rule of the philosophers through their front-men in government, is what Strauss calls the "secret kingdom" of the philosophers, a "secret kingdom" which is the life's objective of many of Strauss's esoteric students.

### Hiding From the Truth

Now the peculiarities I had found in Allan Bloom's book, as well as in the Plato seminar I mentioned, resulted not only from the Nietzscheanism of Strauss and Bloom, but equally from Strauss's insistence that the truth must be hidden, which Nietzsche did not share in that form.

It is because the truth would destroy society and the philosophers alike if it became known, that Strauss said that Plato and the ancient philosophers, like Strauss himself, wrote in a

## Leo Strauss Chronology

**1899:** Leo Strauss was born to observant Jewish parents in the German town of Kirchhain, near Marburg, in the province of Hesse.

**C. 1916:** At the age of 17, Strauss was converted to "straightforward, political" Zionism.

**1917:** Strauss began his university education, but it was interrupted by his conscription for military service as a translator in occupied Belgium.

**1919:** Strauss resumed his university education at the University of Marburg.

**1920:** Strauss first met his three lifelong friends Jacob Klein, Hans-Georg Gadamer, and the emigré Russian, Alexander Vladimirovitch Kojevnikov (1902-68), later known as "Kojève," who had just left Russia to study under Karl Jaspers in Heidelberg.

**1921:** Strauss received his PhD. His dissertation, which praised the irrationalism of F.H. Jacobi, was supervised by Ernst Cassirer, the successor of Hermann Cohen as leader of the Marburg neo-Kantian school. By then, Strauss has also studied at the Universities of Frankfurt am Main, Berlin, and Hamburg. Later, Strauss said that Nietzsche so dominated and bewitched him between his

kind of code, whose true meaning only disclosed itself to the wise. If the vulgar happened on their books, they would find only the familiar salutary myths about the rewards of virtue, the punishment of vice, and the like.

Strauss gives an example from Al-Farabi, another of his esoteric writers, of how one may tell the truth in words, only to deceive. In Drury's paraphrase, "The pious ascetic was well known in the city for his abstinence, abasement, and mortification, and for his probity, propriety, and devotion. But for some reason he aroused the hostility of the ruler of his city. The latter ordered his arrest, and to make sure he did not flee, he placed the guards of the city gates on alert. In spite of this, the ascetic managed to escape from the city. Dressed as a drunk and singing a tune to cymbals, he approached the city gates. When the guard asked him who he was, he replied that he was the pious ascetic that everyone was looking for. The guard did not believe him, and let him go." (Drury, 1988, pages x-xi.)

No surprise, then, that the Allan Bloom whom I and others had thought we had seen through the pages of his *Closing of the American Mind*, was not the real Allan Bloom at all. You can obtain a truer idea of his real beliefs, through the extracts from his "Interpretive Essay" on Plato's *Republic* (see box). Indeed, the real Allan Bloom was also, among other things, a promiscuous homosexual whose life was cut short by AIDS.

When he recognized that he was dying, he charged his close friend, the Chicago University novelist Saul Bellow, to write what has been called a "literary monument" to Allan Bloom, the *roman à clef* titled *Ravelstein*. It is a true-to-life biography. Bellow may justify his having suppressed some facts about himself, by the need to keep his friend Bloom in the foreground. Otherwise, only names and minor details have been changed. Bloom is "Ravelstein," Strauss is "Davarr" (Hebrew for "word"), and Bellow himself is "Chick" or "Chickie."

### The Straussian Network

From a professor with a taste for luxury, but without the means to afford it, *The Closing of the American Mind* made Allan Bloom an overnight multi-millionaire. Japanese royalties alone were in the millions. Bellow's book begins with a fabulously expensive, all-night dinner party thrown by Bloom for perhaps two dozen people, including Bellow, in the Crillon, which Bloom had chosen as the best hotel in Paris. Bloom and Bellow wake up at two o'clock the next day, and go window-shopping through expensive Paris shops. Eventually, they pick up a \$5,000 yellow jacket, tailor-made for Bloom. Then, in a cafe, the jittery Allan Bloom accidentally pours an espresso down the front of his new jacket. Bellow squirms, and tries to assure his friend that the porter at the Crillon will know how to repair his jacket, but Bloom just

22nd and 30th years, that he literally believed everything that he understood of him.

**1922:** Strauss studied under Martin Heidegger, who impressed him deeply.

**1920s:** Strauss researched and wrote principally on Jewish topics. He also met several times with Vladimir Jabotinsky, the fascist leader of "revisionist" Zionism, whom David Ben-Gurion later called "Vladimir Hitler."

**1925-31:** Researcher and writer for the Academy for the Science of Judaism in Berlin. Between 1925 and 1930, Strauss wrote his first two books, which were on Spinoza.

**1931:** Applied for a Rockefeller Fellowship. Strauss' research on Thomas Hobbes brought him in contact with the future "Nazi Crown Jurist," Carl Schmitt. Schmitt was shown Strauss' unfinished book on Hobbes. Strauss wrote a review of Schmitt's little book, *The Concept of the Political*, which so pleased Schmitt that he got it published in the same journal which published the book. Schmitt's recommendation obtained for Strauss a Rockefeller Fellowship to study in France and England.

**1933:** In Paris, Strauss married a recently divorced German Jewish woman, Marie (Mirjam) Bernsohn, whom he had met in 1930, and acquired a stepson.

**1934:** Strauss and his family moved to London. He studied Hobbes in the British Museum.

**1937:** Appointed Research Fellow in the Department of History at Columbia University, New York, Strauss left his family behind in Britain.

**1938-48:** Brought onto the graduate faculty of the New School in New York, on the basis of a strong recommendation, and a subsidy, from Harold Laski. Strauss' family joined him in New York in 1939.

**1948-73:** Hans Morgenthau, acting chairman of the Political Science Department at the University of Chicago, brought Strauss over to President Robert Hutchins' office. Half an hour later, Hutchins had appointed Strauss a full professor, with a salary greater than anyone else in the department.

**1953:** Strauss was visiting professor at Berkeley. Offered a tenured position there, he declined.

**1954-55:** Visiting professor at the Hebrew University in Jerusalem. Visited Germany.

**1956:** Strauss suffered a heart attack.

**1967:** Strauss retired from Chicago at the end of the academic year.

**1968-69:** Professor of political science at Claremont Men's College in California.

**1968-73:** Until his death, Strauss was Scott Buchanan Distinguished Scholar in Residence, St. John's College, Annapolis, Maryland.



*Leo Strauss' own mentor was the man known as the "Crown Jurist of the Nazis," Carl Schmitt, who drafted the emergency laws by which Hitler justified his seizure of dictatorial power.*

laughs uncontrollably.

Instead of a telephone, Bloom's Chicago apartment featured what was in effect a custom-made, private telephone switchboard. He spent much of his time sitting at the center of the spiderweb getting telephone calls. With this device he could have a number of people on hold, while presumably conferencing others in ad hoc or preplanned discussions. And Bloom, who died in 1992, was one of the first to carry the equivalent of a cell-phone, so that he could get his important calls anywhere.

One incident describes a call from Wolfowitz in Washington to Bloom's device during the Gulf War in 1991. Wolfowitz told Bloom that the White House will announce the next day, that they're not going on to Baghdad. Bloom denounced them as cowards.

And what he did was discuss politics, manage the careers of his brood of acolytes, talk about their love lives, and about the other guy's love life, and match people up. Indeed, he helped break up Saul Bellow's marriage, while finding him a beautiful young literary assistant, a student of Bloom's, who then fell in love with Bellow and married him.

Remember that Strauss graduated 100 PhD's. Bloom graduated many. They in turn graduated others, and so forth. By now, the fourth generation has graduated. And there was a role for each one, whether they were esoteric or exoteric, "philosophers" or "gentlemen," or dissidents or whatnot. Remember, for instance, that a coveted academic job requires 10-20 unreservedly positive recommendations, from others who already have such jobs. Now, this is one thing the Straussians will always do for each other, regardless of what might seem some very serious disagreements. And this academic "buddy system" stretches into the government, through the increasing proliferation of think-tanks which bridge between the two. This was the bridge crossed by Wolfowitz and many other Straussians.

Now, a year and a half after Sept. 11, the "secret kingdom" seems at last at hand, or perhaps it is already here. Something similar probably appeared to Nietzsche through the syphilitic ravings of his final days.

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## Documentation

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### Straussian Allan Bloom 'Interprets' Plato

*These excerpts are taken from The Republic of Plato, an "interpretive essay" by Leo Strauss' student and Paul Wolfowitz' teacher Allan Bloom, published in 1968 and 1991.*

"If the distinction between friends and enemies, and the inclination to help the former and harm the latter, were eliminated from the heart and mind of man, political life would be impossible. This is the necessary political definition of justice, and Socrates does not simply reject it as he appears to do." (p. 318)

"Socrates does not suggest that the just man would want to benefit all men, only that he would want to benefit his friends and remain indifferent to the others." (p. 324)

"Socrates' view is perfectly consistent with stealing from or killing an enemy, just so long as he is not made more unjust." (p. 325)

"And no reader can be satisfied that Thrasymachus' definition [that justice is the will of the stronger] has been refuted, or that this discussion has proved that there is sufficient reason to devote oneself to the common good." (p. 334)

". . . the character of men's desires would make it impossible for a rational teaching to be the public teaching." (p. 367)

"The Socratic teaching that a good society requires a fundamental falsehood is the direct opposite of that of the Enlightenment, which argued that civil society could dispense with lies and count on selfish calculation to make men loyal to it." (p. 368)

". . . from the point of view of the healthy city, perhaps men like Socrates should be repressed." (p. 377)

"The soul in which reason is most developed will . . . abound with thoughts usually connected with selfishness, lust, and vice." (p. 377)

". . . if the parallel of city and man is to hold true, then a man, like the city, should be interested only in himself and merely use others for his own advantage." (p. 378)

"Socrates can contemplate going naked where others go clothed; he is not afraid of ridicule. He can also contemplate sexual intercourse where others are stricken with terror; he is not afraid of moral indignation. . . . Shame is the wall built by convention which stands between the mind and the light." (pp. 387-388)

"The philosopher's public speech must be guided by prudence rather than love of the truth; . . . It is obvious that a man can love the truth without telling it." (pp. 392-395)

"The silent lesson would seem to be that it is indeed possible to possess intellectual virtue without what later came to be called moral virtue." (p. 396)

“However, he [Socrates] is silent about the charge of atheism.” (p. 400)

“This was not just any city, but one constructed to meet all the demands of justice. Its impossibility demonstrates the impossibility of the actualization of a just regime. . . . The thinkers of the Enlightenment, culminating in Marx, preserved Socrates’ ultimate goals but forgot his insistence that nature made them impossible for men at large.” (pp. 409-411)

“The *Republic* finally teaches that justice as total dedication to the city cannot be simply good for the philosopher, and that hence it is somewhat questionable for other men as well. . . . But there is one kind of doing good to one’s friends which is also beneficial to the philosopher. There are some young men in whom his soul delights, for they have souls akin to his own and are potential philosophers; . . . He must always carry on a contest with the city for the affections of its sons.” (pp. 411-412)

“Socrates’ political science, paradoxically, is meant to

show the superiority of the private life.” (p. 415)

“The tyrant and the philosopher are united in their sense of their radical incompleteness and their longing for wholeness, in their passion and in their singleness of mind. They are the truly dedicated men.” (p. 424)

“Socrates, by curing Glaucon of his lust for tyrannic pleasures, can indulge his own lust for beautiful souls while at the same time acting the part of the good citizen who defends his city’s regime.” (p. 424)

“. . . the moral problem consists in a simple alternative: either philosophy or tyranny is the best way of life. . . . If philosophy did not exist, tyranny would be the desideratum which only a lack of vigor would cause one to reject.” (p. 425)

“So Socrates undertakes to convince Glaucon that the soul is immortal. This discussion can hardly rank as a proof, and there is no attempt at all to show that the *individual* soul is immortal, which is the only thing a man anxious about his fate after life would care about.” (p. 435)

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# Why the Democratic Party Failed To Function in This Crisis

by Anton Chaitkin

In the weeks leading up to the invasion of Iraq, the world’s governments and millions in the streets spoke out against the impending disaster. Demonstrators protested within the United States as well. But except for the LaRouche wing and scattered individual politicians, the Democratic Party—the putative opposition—was frozen, intimidated. Its new controllers had locked the former party of Franklin Roosevelt and John Kennedy into complicity.

Shamefully, key Democratic leaders had stood publicly at the White House on Oct. 2, 2002, announcing they would give a “bipartisan” blank check, authorizing an insane war on Iraq. Flanking President Bush were Senators Joseph Lieberman (Conn.) and Evan Bayh (Ind.), and Rep. Dick Gephardt (Mo.) (Bayh was then chairman of the Democratic Leadership Council and Lieberman and Gephardt were past chairmen), Republican Sen. John McCain (Ariz.), and the two Republican official leaders of the Senate and House. (The Democratic leader in the Senate, Tom Daschle, did not initially support the agreement.)

As the nightmare approached, Sen. Robert Byrd (D-W.V.) addressed a nearly deserted Senate chamber on Feb. 12, warning that “every American on some level must be contemplating the horrors of war. Yet, this Chamber is, for the most part, silent—ominously, dreadfully silent. There is

no debate, no discussion, no attempt to lay out for the nation the pros and cons of this particular war. There is nothing. We stand passively mute in the United States Senate, paralyzed.”

Once the war began, the Democrats, like whipped dogs, joined in approving a resolution lauding Bush’s leadership, unanimously in the Senate, with tiny resistance in the House.

How has this happened—since typical Democratic voters overwhelmingly oppose the imperial madness of the Bush Administration, preferring the humaneness Americans associate with Franklin Delano Roosevelt and John F. Kennedy? The answer is similar to that of the religious question: How have Christians and Jews come to be represented, as far as the public sees, by right-wingers and Armageddonists?

The Democratic Party has been hijacked by the same fascist faction driving the Bush Administration mad. The identical Straussian neo-conservative clique embodied in the Pentagon and Cheney’s office, now dominates the Democratic Party top-down. They operate largely through the tiny Democratic Leadership Council (DLC) of Joe Lieberman and Al Gore, and they control the party apparatus through gangsters and gangsterism.

Although some call it the rightist or corporate “wing,” the DLC has never been an actual faction of the Democrats. It deliberately has no rank-and-file members. Since 1985 it has



*The obvious right-wing wrecking operation among the Democrats has been centered on candidacies of Sen. Joe Lieberman, who led even the White House in the Iraq war drive, and who headed up and now represents the Democratic Leadership Council (DLC). DLC senior advisor and strategist William Galston (right) is a leading American follower and “expert” in Leo Strauss’ writings.*

increasingly intruded into and disrupted the party, passing along money from outright gangsters, Wall Street criminals, and Republicans to party officials, officeholders, and candidates, aiming to silence and break the Democrats.

High-ranking Democratic Party officials have told associates of Lyndon LaRouche that the DLC was launched in order to stop the takeover of the party by LaRouche, as well as others who were working to bring the party back to its Franklin Roosevelt orientation.

### **Bury FDR, Bring in the Bull Moose**

Roosevelt himself, speaking to labor, the poor, Depression-wrecked farmers, the forgotten man, in his 1933 Inaugural Address, blasted “the rulers of the exchange of mankind’s goods. . . . Practices of the unscrupulous money changers stand indicted in the court of public opinion. . . . Stripped of the lure of profit by which to induce our people to follow their false leadership. . . . [T]he money changers have fled from their high seats in the temple of our civilization. . . . Our greatest task is to put people to work. . . . [T]here must be a strict supervision of all banking and credits and investments; there must be an end to speculation with other people’s money.”

The DLC, sponsored by the criminal element Roosevelt denounced, has boldly announced their intention to bury Roosevelt’s Democratic Party. In the September 1998 issue of its magazine, *Blueprint*, DLC strategists William Galston and Elaine Kamarck propounded certain supposed “Realities That Will Shape 21st Century Politics,” whose main premise is that “the New Deal era has ended.”

They declare that America has a “declining working class”—and that is good for politics. They celebrate the collapse of labor unions in the hyper-speculative New Economy, and applaud “the decline of organized labor as a force within the Democratic Party.” The “Hollowing Out of the Middle

Class” is “mostly for the better”; the “widening gap between the wealthy and the poor” is a good development!

Shamelessly, they claim: “The . . . middle class is shrinking . . . not because poverty is on the march, but because millions of Americans are surging into the ranks of the upper middle class and wealthy.”

They cheer that the New Deal-generation voters are dying off, leaving instead a supposedly “better-educated,” “wired” generation of Baby Boomers and their children, who have never known successful government.

The DLC says the widening gap between the rich and poor must *not* be seen “as grounds for returning to a New Deal-style politics,” nor be allowed to induce the party “to mobilize lower-income groups for a new round of interventionist, centralized government that protects Americans against all forms of economic insecurity.” The Democrats must not be allowed to think they “can construct majorities based on a swelling pool of poor and near-poor Americans waiting to be mobilized by an old-fashioned politics. . . .”—since the average American is doing so much better in recent years!

Note here the background of the two authors of this piece. William Galston, senior advisor to the DLC, is a leading American follower of fascist Leo Strauss, and a specialist in Strauss’ attack on Plato’s doctrine of truth. Elaine Kamarck is a long-time enforcer of Wall Street rule in the Democratic Party and the wife of an investment banker; she will be encountered again in this report.

But what is to replace Franklin Roosevelt’s party, so as to represent the “newly wealthy”? The DLC projects a third-party scheme to wreck the Democrats, while blackmailing George W. Bush to move to the right, if not to elect the unsellable chicken-hawk Joe Lieberman.

This scenario is a repetition of the 1912 election. Then, Theodore Roosevelt (“TR”), who had earlier been President, ran again on a “Bull Moose Party” ticket, to sink the Republican candidate, President Taft, and elect TR’s fellow Anglo-Saxon imperial racist, Democrat Woodrow Wilson. The DLC proposes Lieberman’s closest ally, Republican Sen. John McCain, as the new Teddy Roosevelt to go up against President Bush in 2004 on a third-party ticket. The object: maximum mayhem against the Democrats.

It is noteworthy, here, that on his way to the Presidency, Franklin D. Roosevelt explicitly repudiated the thuggish imperialism of his cousin Theodore.

The DLC announced the Bull Moose scheme in the May 2002 *Blueprint*, where Marshall Wittman wrote that “John McCain [seeks] to recapture the legacy of President Theodore Roosevelt, by advocating government as an agent of ‘national greatness.’” Wittman demanded that Bush give up any remaining tendency to protect American jobs, as with steel tariffs, which Bush had imposed earlier that year.

In the same issue, Tod Lindberg praised McCain’s “rogue state rollback” policy, commending John Ashcroft’s “Freedom Corps” (which includes the blockwatch and mass FBI



informants programs) as originally having been a McCain and DLC proposal.

Note again the background of the authors, in this supposedly “Democratic” magazine.

Marshall Wittman is an advisor to John McCain, and works for the right-wing Hudson Institute, as does the recently disgraced Richard Perle. Beyond this, the McCain Bull Moose scheme was explained candidly by author Franklin Foer in the *New Republic* (March 20, 2000):

“Jewish neo-conservatives have fallen hard for John McCain. It’s not just unabashed swooner William Kristol, editor of *The Weekly Standard* . . . [but] . . . such leading neo-con lights as David Brooks, the entire Podhoretz family [etc.] . . . [In this the neo-cons are following] their forefather Leo Strauss, the political theorist. . . . Kristol and Brooks [are] both Strauss disciples. . . .

“It’s easy to think that Kristol and Brooks are projecting their Straussianism onto McCain. . . . Kristol has worked with McCain advisor Marshall Wittmann, another Jewish neo-con, to cultivate the Arizona maverick. A year ago, Wittmann gave McCain *Standard* articles on ‘National Greatness Conservatism’—the Kristol-Brooks theory that Republicans should return to the domestic activism and foreign interventionism of Theodore Roosevelt. And Wittmann has regularly worked the *Standard*’s rhetoric into McCain’s speeches.”

The other *Blueprint* author, Tod Lindberg, is editor of *Policy Review*, issued by the Hoover Institution. The April-May 2003 issue of Lindberg’s own magazine carries an article entitled “Leo Strauss and the Conservatives,” showing the reader why he must “appreciate Strauss’ greatness.” Lindberg put in his February-March 2002 issue, an article entitled “Charmed by Tyranny,” on why the great Strauss should not be blamed for being sponsored by the Nazi Carl Schmitt, since Schmitt’s “pathological anti-Semitism was . . . the identity handed him by fate.”

## The Great Betrayal—Moynihan and Nixon

Where did such a “Democratic Party” originate?

Facing the true history of this abomination will require cutting through such hypocrisy and deliberate memory-suppression as was seen recently in the eulogies for the racist Daniel Patrick Moynihan, who died March 26, 2003.

Recall that FDR won the Presidency by creating a new majority coalition of labor, farmers, intellectuals, white and black, taking the Democratic Party out of the hands of the London-New York financiers and Southern racists who had dominated it since the days of Andrew Jackson and slavery.

Recall that John F. Kennedy strove to revive FDR’s nationalism and anti-colonialism, resisting the Vietnam War scenario. The Kennedy assassination allowed financiers such as Morgan, Rockefeller, Harriman, Rothschild, Paul Volcker (Federal Reserve), Felix Rohatyn (Lazard Frères), and McGeorge Bundy (Ford Foundation) to overturn America’s whole mission for industrial progress, and move toward erasing the American Revolution itself.



*The potential “Bull Moose” partner of Lieberman and the DLC is Sen. John McCain (R-Ariz.), also backed and promoted by followers of Strauss. New Republic noted that front-line McCain backers William Kristol (right, the neo-cons’ Weekly Standard editor), David Brooks, and the Podhoretz family “are Strauss disciples. It’s easy to think that Kristol and Brooks are projecting their Straussianism onto McCain.” Another McCain promoter, Policy Review editor Tod Lindberg, just brought out “Leo Strauss and the Conservatives” in his magazine.*

Recall, finally, that Richard Nixon’s election campaign (1967-68) and Presidential term (1969-74) brought in explicit political racism, free trade to destroy workers’ jobs, and austerity to crush the poor. The Straussian gangsters, now on center-stage in the current war crisis, originally entered the picture in connection with this Nixon “Southern Strategy.” Their main agent, the Benedict Arnold who began burning down the Democratic Party, was Daniel Patrick Moynihan.

Back in the late 1960s, Moynihan was a bitter man. He had been a minor Labor Department official in the Kennedy and Johnson Administrations, but neither the Kennedys nor Johnson liked him or valued his services. Moynihan had issued a notorious 1965 report on the black family, claiming that the ingrained culture of slavery—not the destruction of the industrial economy—caused blacks’ unemployment and poverty. He left the government in a storm of criticism from the civil rights movement.

Democrats shunned him. They mocked his British airs, his affectation since attending the London School of Economics.

The only “Democrat” to whom Moynihan was ever close, was banker Averell Harriman, his former boss. This was the same Harriman who had financed the eugenical racial propaganda of the early fascists; the same Harriman who, with his banking partner Prescott Bush (grandfather of the current President), had financed the Nazis’ rise to power. When Harriman ran for New York Governor in 1954, he hired Moynihan as speechwriter, and then brought him into the Governor’s office as a publicist. Harriman entrusted Moynihan with writing the authorized history of the Harriman gubernatorial term. Harriman would persist as shadow sponsor of the anti-FDR side of Democratic Party politics.

After Moynihan’s debacle in the Labor Department, he began writing right-wing articles for *Reporter* magazine, and became a devoted follower of its editor, the Straussian Irving

Kristol. Moynihan later (in “Pacem in Terris IV,” Dec. 2, 1975) called Leo Strauss “the foremost political philosopher of his time in America.” It is Irving’s son William of the *Weekly Standard* who, as we have seen, has concocted the McCain-Lieberman Bull Moose scheme.

Thus it was that in 1966, Moynihan was hired as director of the Ford Foundation’s Joint Center for Urban Studies, at Harvard and MIT. The foundation’s boss, McGeorge Bundy, had just reversed Kennedy’s decision to get out of Vietnam, immediately after Kennedy was murdered. At the Ford Foundation, Bundy was running racially divisive schemes to pave the way for severe austerity and banker looting against New York and other cities. At Harvard, under Bundy, Moynihan could now be audaciously racist.

Thus employed, Moynihan made history on Sept. 23, 1967 with an explosive, Hitlerian speech to the National Board of Americans for Democratic Action.

He ranted, “American liberals . . . have . . . presided over the onset both of the war in Vietnam and the violence in American cities. . . . The Vietnam War was thought up and is being managed by the men John F. Kennedy brought to Washington to conduct American foreign and defense policy.” (Ironically, this must mean McGeorge Bundy.)

He warned, “Liberals must see more clearly that their essential interest is in the stability of the social order; and given the present threat to that stability, they must seek out and make much more effective alliances with political conservatives.”

He cursed FDR: “Liberals must divest themselves of the notion that the nation—and especially the cities of the nation—can be run from agencies in Washington. Potomac fever became a liberal disease under the New Deal.”

He ushered in a new, Imperial America: “But the biggest problem of running the nation from Washington is that the real business of Washington in our age is pretty much to run the world. That thought may not give any of us great pleasure, but my impression is that it is a fact and we had better learn to live with it.”

With his sissy diction, he spoke for a new White Politics: “Liberals must somehow overcome the curious condescension that takes the form of defending and explaining away anything, however outrageous, which negroes, individually or collectively, might do.”

At that time, Richard Nixon had a law partner named Leonard Garment, a New York lawyer plugged in to right-wing Jewish leaders and gangsters such as Max Fisher. Garment was helping steer Nixon, the former Vice President who had lost the 1960 Presidential race to Kennedy, back to the top by introducing him to New York politicians and moneymen.

Leonard Garment seized on Moynihan’s startlingly evil speech, and told Nixon how to use it in his “Southern Strategy” campaign. Nixon quoted the speech and praised Moynihan in his address to the National Association of Manufacturers (Dec. 8, 1967). Moynihan offered his services. He was brought in as Urban Affairs counselor in the Nixon Adminis-

tration.

Moynihan’s notoriety stems largely from his memo to Nixon, urging “benign neglect” as the best racial policy. But he did his real damage as the architect of so-called Welfare Reform, or slave labor—which was later a central issue of the Gore-Lieberman DLC. This was the tactic of forcing welfare recipients, under threat of starvation, to go to work for their sub-minimum-wage welfare checks, while the number of standard-pay industrial jobs was decreasing, thus sabotaging the general wage level.

Congressional Democrats defeated the welfare slave-labor bill Moynihan crafted. But another law, authorizing creation of health maintenance organizations, was pushed through under Nixon by Moynihan and his allies. The HMO Act imposed Nazi medical standards, closed hospitals, and greatly increased suffering and death among the lower-income Americans. Again, this “privatization” is a hallmark of the DLC neo-conservatives who have since then strangled the Democratic Party.

### **Timeline: The Battle for the Democratic Party**

In 1974-75, Moynihan was Ambassador to the United Nations, with his Republican host Leonard Garment at the UN as an aide. Garment’s gangster friend Max Fisher got Garment this UN post, and Garment told Moynihan to accept the ambassadorship. Garment and Norman Podhoretz taught Moynihan the doctrine of right-wing Zionism, using as a guide the British Arab Bureau’s Bernard Lewis, who claimed that the Arab view of the matter was merely a product of Soviet propaganda.

Garment and his neo-con friends now convinced Moynihan to run for the U.S. Senate. The clique that formed around Moynihan’s 1976 campaign and subsequent Senate career, later emerged in the core of the fascist war faction that sabotaged the Democratic Party.

- Leonard Garment and his law partner Lewis “Scooter” Libby became chief attorneys for Russian gangster godfather Marc Rich. They and Michael Steinhardt, the DLC’s main financier and Rich’s investment partner, conned outgoing President Bill Clinton into pardoning Marc Rich, by then a fugitive from U.S. justice. Recently Clinton said he regretted the pardon, citing Libby’s role as chief of staff for Dick Cheney.

- The first employee of the 1976 Moynihan election campaign was Lynn Forester, who was to be the central courtesan-operative in the DLC’s Bull Moose scheme (see below).

- As Senator, Moynihan brought onto his staff:

**Elliott Abrams:** Norman Podhoretz’s son-in-law, later an Iran-Contra criminal, currently chief of Middle East affairs for the Cheney/Rumsfeld-dominated National Security Council. In 1980, Abrams proposed that Ronald Reagan take Moynihan as his Vice Presidential running mate.

**Abram Shulsky:** Straussian, later head of Rumsfeld/Feith/Wolfowitz intelligence unit that “cooked” the Iraq intelligence.

**Gary Schmitt:** Later executive director of the Project for the New American Century (PNAC), which issued the September 2000 document outlining the world-conquest and regional Mideast strategy of the current war cabal.

By 1980, the Jimmy Carter-appointed Federal Reserve Chairman Paul Volcker was demolishing the industrial economy. At the August 1980 Democratic national convention, the Democratic Party forces associated with Lyndon LaRouche and with Sen. Ted Kennedy (Mass.) pressed for an open convention, for deliberation on an economic recovery program, and on the choice of a new candidate instead of a second term for Carter. But thug operations run by Harriman political fixer Robert S. Strauss, and led on the floor by banker operative Elaine Kamarck, prohibited discussion and gooned the opposition.

As all had expected, the renominated Carter was defeated by Reagan. After the election, Senator Moynihan told a press conference that he would lead a fight to prevent the takeover of the Democratic Party by the “extremist” backers of Ted Kennedy! Moynihan declared that Kennedy is a “cadre” who believes government should be strong while America should be weak.

The LaRouche wing of the party now rapidly advanced in popular support. LaRouche and Democratic House Majority Leader Jim Wright of Texas, both demanded the firing of Fed Chairman Volcker. LaRouche associate Steve Douglas got 20% of the statewide vote, and 35% of the Philadelphia vote, in the Democratic primary for Governor of Pennsylvania on May 18, 1982.

At a mid-term Democratic convention soon thereafter, “Democrats for the ’80s,” the personal committee of Averell Harriman and his wife Pamela, was given complete control of the meeting by Bob Strauss, banker Felix Rohatyn, and labor faker, AFL-CIO President Lane Kirkland. Harriman’s group, nicknamed PAMPAC, got the franchise to directly issue a “fact book” for all Democratic candidates; they stressed slashing the Federal budget, squeezing Social Security payments to seniors, saving health-care costs by forcing HMOs on the population, and demolishing U.S. industry to make way for an “information economy.”

Meanwhile, in July 1982, Senator Moynihan began his assault on LaRouche. Moynihan lied that Mel Klenetsky, a Jewish associate of LaRouche who was challenging Moynihan in the primary election for Senate in New York, was “anti-Semitic.” Klenetsky’s campaign focussed on Moynihan’s support for eugenical “race science” theories.

In May and June 1983, anti-LaRouche strategy meetings were held in the home of New York investment banker John Train. Among those attending were members of the neo-conservative clique within Reagan’s National Security Council and Justice Department, rightist billionaire Richard Mellon Scaife (later funder of the “Get Clinton” campaign), Peter Spiro of the *New Republic*, the Anti-Defamation League (which was then crafting the right-wing religious alliance behind Ariel Sharon in Israel), assorted neo-conservative me-

dia men, and a representative of rightist spook Leo Cherne.

This Cherne was Moynihan’s close associate and former employer, and a government intelligence advisor. Cherne and Henry Kissinger had jointly activated an FBI harassment onslaught versus LaRouche on false “national security” grounds, following LaRouche’s meeting and collaboration with the President of Mexico José López Portillo for an anti-imperial banking program.

In July 1983, Louisiana Congressman Gillis Long and Harriman operative Bob Strauss began a U.S. tour to promote the “National Democratic Caucus,” demanding a rightist turn for the Democrats. Their main advisors were Averell Harriman and Felix Rohatyn. Al From, who was soon to found the Democratic Leadership Council, was an aide to Gillis Long, a personal protégé of Strauss, and an operative of Harriman’s PAMPAC.

A *New Republic* article by Peter Spiro (Feb. 6, 1984), urged a political attack on LaRouche, and an Internal Revenue Service prosecution. Spiro warned that LaRouche Democrats were regularly getting 20-30% of the vote, had thousands of candidates, and 100,000 dues-paying members in LaRouche’s National Democratic Policy Committee.

An avalanche of anti-LaRouche slurs now poured through the media, originating in the Train salon meetings. In this environment, Al From formed the Democratic Leadership Council on March 1, 1985. The initial group of officeholders receiving DLC funds were predominantly Southern Democrats; they warned Democratic Party officials they must stop being cozy with blacks if the party were to hold the South. The creation and initial funding of the DLC was aided by Heritage Foundation chief Ed Feulner, who worked with DLC founder Al From while personally shaping the Reagan Administration’s policies on the model of Tory British Prime Minister Margaret Thatcher.

LaRouche associates won the March 1986 Illinois Democratic primaries for Secretary of State and Lieutenant Governor, with over 50% of the vote.

A Moynihan op-ed in the April 1, 1986 *New York Times* stated that the “rise of primary elections has weakened the Democratic Party,” and demanded party rule changes to enforce discipline. Moynihan ordered Democratic chairman Paul Kirk’s participation in an “Operation LaRouche,” which Moynihan had set up in New York State, aimed at keeping neo-conservative control of the party.

Pollster J. Michael McKeon, consultant to Moynihan, told *EIR* on June 24, 1986, “Senator Moynihan is the only person in the Democratic Party who is thinking seriously of how to respond to LaRouche. That’s why he brought me to Washington.” McKeon, who had predicted the LaRouche Illinois victory, said, “LaRouche has about a 25% core vote throughout the country.”

## **Mob Orders Cement Shoes for the Party**

Lyndon LaRouche was falsely imprisoned in 1989, following a several-year attack by neo-conservatives corrupting



*Sen. Daniel Moynihan (D.-N.Y., right) was a liberal imperialist intellectual of banker Averill Harriman, and a racist who shoved the Democratic Party to the right by linking up with the notorious “Southern Strategy” of Richard Nixon’s 1967-68 Presidential campaign. Moynihan in the 1980s spurred and ran “Operation LaRouche,” against Lyndon LaRouche’s growing influence in the Party—out of this operation, the DLC was formed.*

the media and the justice system.

The Democratic Leadership Council was now in full swing, under the leadership of Michael Steinhardt, a second-generation New York mobster. Steinhardt chaired the DLC board, and chaired the DLC’s Progressive Policy Institute think-tank, personally contributing millions in mob-generated funds. Steinhardt’s father, in Sing Sing prison as a fence for Meyer Lansky’s syndicate, had sent his son cash which Michael turned into a billion through speculation. Steinhardt got other funds for investment from fugitive gangster Marc Rich, who was then looting Russia and Africa.

The DLC, jointly with Averell Harriman’s widow Pamela, arranged and financed the Bill Clinton-Al Gore ticket in 1992, knowing that Clinton could get votes that their friend Gore could not. This ticket won election; but Clinton promptly told a gathering at *Washington Post* owner Katharine Graham’s house, that they would not like what he would do as President. The DLC was “stiffed”—Clinton had ambitions to side with the poor, as had FDR. Among other things, under Clinton, Lyndon LaRouche was paroled in 1994 from his false imprisonment as soon as this was possible.

The mobsters raged. The DLC’s own, sanitized, authorized history (*Reinventing Democrats*, by Kenneth S. Baer, 2000) relates the public action of one of Steinhardt’s operatives: “Joel Kotkin, a PPI [Progressive Policy Institute] senior fellow, made the first public call for a break with Clinton. In a *Wall Street Journal* column [Dec. 7, 1994], Kotkin argued that the New Democrats should sever ties with Clinton, back a primary challenge in 1996, and even consider leaving the Democratic Party altogether. . . .

“The largest . . . sign [of the DLC’s break with Clinton

and the Democrats] was its ‘Third Way Project’ . . . [T]here is some evidence that this project was to be the beginning of a third-party movement. According to Michael Steinhardt, chairman of PPI’s Board of Trustees until he resigned at the end of 1995, the Third Way Project was to be ‘a new approach to separate ourselves from the Democratic Party.’ He explained that the DLC began to take on a more bipartisan focus, which appealed to a number of contributors, including Steinhardt himself, who advocated the formation of a third party and went so far as to meet with Bill Bradley to try to persuade him to run for President in 1996.”

The DLC gang pressed Clinton to fall in line with the Conservative Revolution. With Dick Morris and other moles, DLC advisor Elaine Kamarck, Gore’s aide, was lead enforcer pushing the President to accept the “Welfare Reform” bill, Moynihan’s original project, which became a political disaster for Clinton. The DLCers tried to use the situation to force Clinton to resign in the Monica Lewinsky scandal. The LaRouche Democrats successfully counterattacked.

Steinhardt turned over the formal leadership of the DLC in 1995 to his co-factioneer, Connecticut Sen. Joseph Lieberman. But Steinhardt continued to drive forward the DLC’s “Third Way” scheming. This Steinhardt project was co-financed by banker Felix Rohatyn, currently a DLC board member, and a longtime controller of the *Washington Post*.

There is also a trans-Atlantic link, with a fascinating historical echo.

British Prime Minister Tony Blair, a Margaret Thatcher in “New Labour” pants, had a well-known collaboration with Bill Clinton. Now Blair, without missing a beat, collaborates with the war-crazed Bush Administration. Steinhardt’s DLC and some powerful friends are behind this smooth political gender switch.

During the last period of the Clinton Administration, a think-tank called the Policy Network was created in England as an official coordinating agency between the Democratic Leadership Council and Tony Blair’s advisors. Policy Network’s chairman is Blair crony Peter Mandelson, the former Blair Cabinet member (who became known as “Lord Mandy of Rio” following an at-government-expense romp through the homosexual haunts of Rio de Janeiro).

This official channel from the DLC to Blair’s “Third Way” inner council was funded entirely by Sir Evelyn de Rothschild, head of Britain’s famous N.M. Rothschild bank.

How did Sir Evelyn get into American gangster Mike Steinhardt’s DLC scheming, aimed at wrecking the Democratic Party from the inside?

In the 1990s Steinhardt picked up the assistance of Lynn Forester, who had climbed into the big time since her appearance as a Democrat on Moynihan’s notorious 1976 campaign staff. She first married New York politician Andy Stein, of the Roy Cohn/Dick Morris sleaze set. She dumped Stein when he lost a mayoral bid. Meanwhile she was building a fortune on mergers and acquisitions, tutored by Virginia billionaire corruptionist John Kluge. She dated the richest and most pow-

erful men, coached by Henry Kissinger. Along the way she befriended Bill and Hillary Clinton.

In 1998 Forester flew on a private plane with Henry Kissinger to a Bilderberg Group meeting in Scotland. There Kissinger introduced her to Sir Evelyn with a lewd joke. Forester brought Rothschild to the United States and connected him to Steinhardt's and Rohatyn's New Economy speculator friends.

With Clinton on his way out, and an economic disaster shaping up, the DLC crowd hurried to scuttle the Democratic Party before an FDR reflex set in. Rothschild, 70, married Forester, 46, in November 2000. The couple were fêted at a party thrown by Senator Moynihan. On their wedding night they slept in the White House. By this time Rothschild had contributed an acknowledged £250,000 to the Policy Network, the Steinhardt-Forester Third Way link to Blair.

Lady Lynn de Rothschild, meanwhile, is a top director of the corporate empire of billionaire Ron Lauder, who has created the Shalem Center, Israel's headquarters for Leo Strauss' philosophy and the funding of Ariel Sharon's politics.

### **How Did This Elephant Get Into the Parlor?**

The Democratic Party has now been dragged all the way back to the slavery days, when it was known as the Party of Treason. The Rothschild family's official American representative, banker August Belmont, whom the Rothschilds had trained as a British spy, was chairman of the U.S. Democratic Party during and after the American Civil War. For several decades, in conjunction with the British Empire, Belmont promoted every aggression and secession scheme of the slaveowner radicals.

Against the background presented by this report, the observer should now be able to discern clearly how the Democrats' enemies took over the party. And what such a disgraced character as Terry McAuliffe represents, as chairman of the Democratic National Committee (DNC), when he works to block criticism of the chicken-hawks' war.

McAuliffe was DNC Finance Chairman in Clinton's first term. He brought in huge contributions from billionaire Carl Lindner, a leading figure in latter-day American gangster circles. Lindner chaired United Fruit/Chiquita Banana, running that empire along with mobster Max Fisher, and was considered the godfather and organizer of the Michael Milken junk bond swindle.

McAuliffe arranged for the use of the White House Lincoln Bedroom for donors, and personally brought Lindner into the White House. Then the Clinton Administration, and Trade Representative Mickey Kantor, went into the "banana wars" (tariffs, etc.) against Europe on behalf of Lindner's company.

In about 1995, Lindner made McAuliffe the chairman of a huge Lindner subsidiary in Florida, American Heritage Homes. For the rest of Clinton's tenure, McAuliffe was taking a chairman's salary and profits from the Lindner organiza-

tion—by informed accounts, doing nothing for the money but providing access to the White House—until McAuliffe resigned in October 2000, shortly before becoming Democratic chairman.

But this was not nearly enough.

In 1997, McAuliffe was hired as a consultant by billionaire Gary Winnick, creator of telecom giant Global Crossing and a partner with DLC kingpin Michael Steinhardt in Israeli operations.

Working out of Winnick's office in Los Angeles, McAuliffe made political connections that helped spin up the value of Winnick's holdings. As Global Crossing's phony stock inflated towards its inevitable collapse, McAuliffe sold out at just the right moment. He turned an original \$100,000 stake into an \$18 million profit. Investors not on the inside lost tens of billions in Global Crossing's bankruptcy.

Later Global Crossing hired Richard Perle to convince the Defense Department to allow the sale of the company to Chinese investors. Since Perle was being paid \$700,000-plus to lobby the Pentagon, of whose Defense Policy Board he was chairman, this became part of the case leading to his March 27, 2003 forced resignation as chairman of the DPB.

Perle has promised to contribute these particular ill-gotten gains to the widows his war makes.

Perhaps Terry McAuliffe will now likewise resign and cough up his loot.

Look, now, at the gangster cartel that sent Democratic chairman McAuliffe to Israel in February 2002: When the decent elements in Israeli politics were demanding an end to Ariel Sharon's murderous war provocations, when the Labor Party was agonizing over whether they should stop collaborating with Sharon, McAuliffe showed up—"representing the U.S. Democrats"!—to support Sharon in his difficulties.

Look, now, at the gangster cartel that went in the persons of Michael Steinhardt and Marc Rich, to Israel in January 2003; they intrigued inside the Labor Party, to fatally undermine the candidacy of Amram Mitzna that challenged Sharon's war drive.

Gaze, now, at African-American Democrat Donna Brazile, as she strategizes with Bush advisor Karl Rove on how to crush Democratic opposition to the war. As Al Gore's 2000 campaign manager, Brazile arranged to cancel the South Carolina Democratic primary so Democrats would vote for McCain (against Bush in the state GOP primary), and has since been a McCain-Lieberman mole. Basking in the Ashcroft witchhunt atmosphere, Brazile attacks Senator Daschle for insufficient hawkishness; she sneers that the Congressional Black Caucus members seem to "have their reasons" for not applauding the war. She says that for President, she could "support Lieberman. Gephardt or Lieberman."

In sum, this is why the Democratic Party has failed to function in the present crisis.

*Barbara Boyd and Mary Jane Freeman contributed to the research for this report.*

## Ashcroft, DeLay Thumb Noses at 'Road Map'

by William Jones

Attorney General John Ashcroft has introduced major changes in the U.S. Justice system since he took office in early 2001. Sept. 11, 2001, in particular, gave Ashcroft an ideal pretext for putting to one side some of the protective mechanisms assured the individual under the U.S. Constitution. While these measures have been focused against Arab-Americans, or American Muslims, this would seem to be motivated by the fact that the Sept. 11 attacks ostensibly involved Muslims. A critical examination of Ashcroft's peculiar brand of "Christianity," however, clearly indicates that his push for extraordinary measures against American Muslims may involve much more than the simple "law and order" bias of a very conservative Republican.

This "religious" character of Ashcroft's peculiar brand of legal philosophy was never more apparent than in his appearance as the main speaker at a meeting of the "Stand for Israel" campaign on April 2. This Fellowship is the pet project of Rabbi Yechiel Eckstein, and for almost two decades has functioned to mobilize the Christian Right in support of radical Zionism. Eckstein is seconded by Pat Robertson protégé and former executive director of the Christian Coalition, Ralph Reed, who has been instrumental in swinging the Christian Right in support of a Greater Israel. These disparate, albeit not contradictory, brands of fundamentalism, the Bible-Belt Protestantism and the Torah-clad Zionism, have been successfully welded together as a battering ram to prevent efforts to achieve a Middle East peace. Assistant Secretary of Defense, Doug Feith, one of the main chicken-hawk proponents of the Iraq war at the Pentagon, has been a favorite speaker at Fellowship gatherings.

The belief of the radical Zionists, that the land of Israel, including the West Bank and Gaza, belong to the State of Israel because the "Bible said so," is of course not incompatible with the Christian fundamentalist's interpretation of the

Bible. Richard Lamm, of the Southern Baptist Convention, explained how, when he was a boy, during the Suez crisis in 1956, his "mamma" told him that what he was seeing on TV—Israel occupying the Sinai Peninsula—had already been prophesied in the Old Testament. Of course, the Christian fundies have had to suppress their traditional anti-Semitic outlook in order to accomplish this amalgamation; but as Rabbi Eckstein himself pointed out, the two are both waiting for the coming of the Messiah. They just have some quarrels about whether "the Messiah" sees this as his First or Second Coming!

While the two-day "Stand for Israel" rally in Washington was in part a rally in support of the U.S. invasion of Iraq, the real aim was to prevent President Bush from implementing the Administration's "Road Map" for peace in the Middle East, drawn up in U.S. negotiations with Europe and Russia. While Bush, seeking to allay Arab concerns about the real meaning of his invasion of Iraq, was forced to reiterate his commitment to the "Road Map" for gradually creating a Palestinian state, the Christian fundies and the Zionists are convinced that they wield enough power in this Administration to change that.

Prior to Ashcroft's arrival at the meeting, the crowd was "worked" to fever-pitch by radio talkshow host Janet Marshall, who ridiculed the very notion of anything called Palestine, taking a joke from comedian Dennis Miller about how it was only when Israelis had occupied the Holy Land, and started producing "oranges as big as grapefruits," that Arab inhabitants of the area "suddenly discovered something called Palestine." The proponents of the Mideast peace plan, Marshall explained, "do not want to permit Israel to become all God has called her to be"; Eretz Israel, containing all the West Bank. "They will never remove Israel from the West Bank," Marshall announced to the wild jubilation of the crowd.



*As Attorney General Ashcroft has stepped outside the Constitution in regard to law-enforcement powers, he stepped far outside his duties at an April 2 "Stand for Israel" rally, rejecting the "Mideast peace road map" which is the public policy of President Bush and Secretary of State Powell.*

## Waiting for Further Wars

Senator Sam Brownback (R-Kan.), a Christian fundamentalist who recently converted to Catholicism under the influence of Carlist Catholic elements associated with Supreme Court Justice Anton Scalia and the Washington Opus Dei crowd at the K Street Catholic Information Center, also tickled the right chords of this crowd. The U.S. war on Iraq, Brownback told his audience, was not about "regime change," but about "region change." "Iran has supported terrorism much more than Iraq," Brownback said, indicating his agreement with the Pentagon chicken-hawks that after Iraq, Iran and Syria will be next. "We want democracy in the region," Brownback said. "We will spread our values and the beauty of democracy in the region and throughout the world," asserted this modern-day Crusader. Brownback also took a swipe at the "Road Map." "The Road Map is a journey," Brownback said, "not a time frame." Obviously, Brownback and his cohorts feel that President Bush "misspoke" when he promised that there would be a Palestinian state in three years.

Brownback's unconverted colleague, House Majority Whip Tom DeLay (R-Tex.), was even blunter. "Certain parties to the peace process, more interested in appeasing aggression than combating terrorism, have forfeited their right to leadership on this issue," DeLay ranted. "The United States is the world's defender of freedom, and Israel is one of our greatest allies. We won't allow anyone to reward terrorists and terrorist acts, least of all nations and organizations who

appeased Saddam Hussein and who continue to appease Yasser Arafat. This struggle is one of good versus evil; nations and organizations who fail to distinguish between the two, disqualify themselves from input on this matter. Israel should not be expected to offer substantive concessions, while the Palestinian leaders offer only empty promises. . . . Israel should have the freedom to defend its national security and to negotiate at a time and on terms set by its democratic government, not those imposed by anyone else," DeLay said, in a direct attack on the idea of the "Road Map," which had been worked out through the combined efforts of the United States, Russia, the European Union, and the UN.

## Rapture or Rupture?

The arrival of Ashcroft sent the crowd into near rapture. The mere presence of the Attorney General—whose introduction of prayer meetings at DOJ gatherings has made him a darling of the Christian fundamentalists—at this particular event, was probably the clearest sign that the Bush Administration was not as firm as it lets on, with regard to its promises to the Arab world about the "Road Map." Ashcroft was introduced by Jay Sekulow. Sekulow, long the top attorney for televangelist "Diamond Pat" Robertson, has also been the legal counsel for the American Center for Law and Justice, a Robertson-linked operation working to expand the legal prerogatives of religious groups in the United States. Sekulow was appointed an adviser on Legal Education at the Justice Department by Ashcroft.

"After 9/11, Israel was the country that understood our situation the best," Ashcroft said. "Israel has been under siege, but it has stood true to its values." These values, Ashcroft said, were also shared by the United States. "These values stem from the Old Testament through the Magna Carta to the Constitution," Ashcroft claimed, giving his own peculiar "lineage" to the document which he is playing fast and loose with—the U.S. Constitution—in his own particular crusade to "weed out" terrorism. The two countries "are bound together by cords of virtue that span the seas," Ashcroft said. "We are peoples of faith."

Conscious of the heavy criticism the Ashcroft Justice Department has been under in its abrogation of the basic civil rights of Muslim citizens as well as non-citizens, Ashcroft felt the need to rationalize the extraordinary measures. "When we came to the Department, we didn't like what we got, so we changed it," he said, quickly adding the proviso that "of course, there are things which we should never change, like the Constitution." Many noted legal scholars have, however, taken issue with the Attorney General on that very point, arguing that the basic Constitutional rights of citizens have already been violated by the Ashcroft crusade. "We are sending a clear message to the terrorists: 'The rules have changed,'" Ashcroft said. "We have created a hostile environment for your activity." And an extremely hostile environment in these United States for the Constitutionally-guaranteed rights of citizens of Arab origin or of Muslim faith.

## Bush Tries End-Run on Power of the Purse

Both the House and the Senate completed action on April 3 on President Bush's supplemental appropriations request to fund the war against Iraq, the Senate passing it by a vote of 93 to 0, and the House by a vote of 414 to 12. The \$78.7 billion bill included \$62.6 billion for the Defense Department, \$7.8 billion for the State Department, and \$4.6 billion for homeland security spending.

The most contested part of the bill had to do with the additional "flexibilities" requested by the Bush Administration. In the original request, the White House had asked for almost all of the Pentagon spending to be put into a defense emergency response fund, which would have allowed the Defense Department to spend the money with almost no oversight—in effect taking away the Constitutionally mandated power of the purse from Congress. The Senate bill provided \$11 billion of that amount, with the rest appropriated into specific accounts, including operations and maintenance, personnel, and to replenish munitions stockpiles. Sen. Robert Byrd (D-W.V.) told the Senate, "These 'flexibilities' startle me. . . . We have been at war before, but the nation never wandered, never sought to wander away from the Constitution, never sought to impinge upon the Congressional power of the purse as we have seen in this instance."

Also contested was the White House notion that Iraq reconstruction should be funded through the Pentagon, rather than the State Department. Byrd noted that the Senate bill "stipulates that funds may not be transferred to the Department of Defense, and that all funds available under this appropriation shall be subject to the regular prior notification procedures." House

Foreign Operations Appropriations Subcommittee Chairman Jim Kolbe (R-Ariz.) indicated that the House bill included similar language, directing money for reconstruction and humanitarian relief in Iraq to the State Department and related agencies, rather than the Pentagon.

The differences between the two bills were sufficient, however, to cause House Appropriations Committee Chairman Bill Young (R-Fla.) to warn, on April 8, that compromise might be difficult. The Senate added some extra money for homeland security, though not enough to satisfy the Democrats.

## House Reverses Itself Over Budget Cuts

On April 1, the House approved by a vote of 399 to 22 a non-binding motion to instruct members of the conference committee on the fiscal 2004 budget resolution to eliminate those parts of the House version of the measure that would mandate large cuts in mandatory and discretionary programs. John Spratt (D-S.C.) said that most of the cuts could have been restored during consideration of the resolution on the House floor. "Since everyone knows that they would have emasculated Medicare and Medicaid, I think" Democratic amendments to restore the cuts "would have passed," he said. "But we were not allowed to make such an amendment."

Spratt said that the cuts called for in the resolution were not part of President Bush's budget request, nor were they included in the Senate version of the bill. "They are wrapped up in ambiguity, written in language so evasive that no one can know where the cuts may fall," he said, adding that cutting veterans benefits when there is a war

under way, and cutting Medicaid when the states are facing collapsing budgets, "is just wrong; callous and wrong."

The large bipartisan vote in favor of the motion may have been signaled by House Majority Leader Tom DeLay (R-Tex.), who announced to the House that, while he was concerned about the extra spending the motion supported, it also appeared to support a tax cut of \$514 billion. While it was not the full amount that the House voted for, "I think we could do some really good stimulative effect with \$514 billion," he said. Spratt retorted that "in no way can this resolution be construed to support a tax cut of \$514 billion." It remains to be seen, however, what effect, if any, the vote will have on the conference negotiations.

## Congress Paralyzed as U.S. Hits Debt Ceiling

On April 4, Treasury Secretary John Snow notified Congress, in a letter to the leadership of both parties, that due to the statutory debt limit, the Treasury Department would not be able to invest that portion of the Civil Service Retirement and Disability Fund which not immediately required to pay beneficiaries. The Treasury needs the cash, because it cannot issue new debt without an increase in the debt ceiling, now set at \$6.4 trillion.

Congress has been struggling with the problem. On April 2, Senate Appropriations Committee Chairman Ted Stevens (R-Ak.) introduced an amendment to the war supplemental appropriations bill to increase the debt ceiling "by the total amount of funds appropriated" for the war on terrorism and military operations in Afghanistan and Iraq. Sen. Robert Byrd (D-W.V.) expressed surprise that Stevens would



propose such a thing, complaining that it was open-ended. Stevens replied, "I wanted people to understand I believe it is my duty to see to it that this subject is addressed during consideration of this bill." He offered to put a hard number in the amendment so it would not appear open-ended, but wound up withdrawing it without a vote.

While Stevens never said what that number might be, Sen. Kent Conrad (D-N.D.) later calculated that it would be in the range of \$887 billion. Senate Minority Leader Tom Daschle (D-S.D.) noted that such a large increase in the debt limit, "ironically, is about the same amount of increase in the tax cut that is proposed by this administration."

Republicans generally try to bury the debt limit issue in other legislation to avoid a vote on it. Both Daschle and House Minority Leader Nancy Pelosi (D-Calif.) professed, on April 2, that they had no knowledge as to how the GOP intended to address the issue.

## **A**irline Aid Added To Supplemental

The House and Senate leadership included aid packages for the financially troubled airline industry in the supplemental appropriations bill, even though such aid had not been requested by the White House. The Senate package totalled \$3.5 billion and the House package \$3.2 billion. The House plan would return taxes and fees that the airlines have paid for security since Sept. 11, 2001 and free them from paying those costs until Sept. 30, 2003. The Senate plan gives the airlines a holiday on those taxes from April 1 to Sept. 30, reimburses them for specific security measures, extends unemployment benefits for

airline employees, and provides \$475 million for airports. The industry is projecting losses of up to \$7 billion in 2003, excluding the impact of the Iraq war.

Senate Majority Leader Bill Frist (R-Tenn.) told reporters on April 1, "The purpose of this is to respond to the impact of the war on terror. It's not to solve all of the problems that the airline industries have today." Later in the day, however, White House spokesman Ari Fleischer said that while the Bush Administration does not oppose some assistance for the airlines, "we believe that the level of airline assistance recommended by the House and Senate committees is excessive," a charge denied by at least one GOP leadership aide.

On April 8, President Bush announced that he would oppose the extension of unemployment benefits for the airline industry. The House responded by voting 265 to 150, with 67 Republicans joining all the Democrats, for a motion to instruct House members of the conference committee on the bill to support the Senate provision on unemployment benefits. Rep. David Obey (D-Wisc.), the ranking member on the House Appropriations Committee, told the House that if Congress is going to bail out the airlines and their executives, then it should also ensure that "at least some of those taxpayers' dollars wind up trickling down to the workers who keep the airlines moving in the first place."

## **T**ax Cut Dispute Threatens Budget Resolution

According to the April 8 *Washington Post*, House Majority Leader Tom DeLay (R-Tex.) told reporters after a meeting of the House-Senate confer-

ence committee on the budget resolution that, if the Senate refuses to reach an acceptable compromise on the tax cuts, conservative House members would reject the resolution. "It probably would not be the worst thing in the world to not have a budget resolution," he said.

The irony is that Republicans have repeatedly excoriated the Democrats for their failure, last year, to pass a budget resolution, when they controlled the Senate.

Procedurally, failure to pass a resolution would also jeopardize chances of passing any tax cut this year, because under Senate rules, tax cuts under a budget resolution can be passed with simple majority votes. Without a budget resolution, the Senate would need 60 votes to pass any tax cuts. To get them, the GOP would need the votes of nine Democrats—an unlikely scenario.

While DeLay was telling anybody who would listen that he could do without a budget resolution if it did not include the entire \$726 billion tax cut package, President Bush and the Senate Republican leadership have been arm-twisting the four moderate Republicans who are standing in their way: George Voinovich (Ohio), Olympia Snowe (Me.), Lincoln Chaffee (R.I.), and John McCain (Ariz.). Sen. Rick Santorum (Pa.) told reporters on April 8, "We are continuing to work to see if we can maximize" the tax cut package, which the GOP keeps calling a "growth package."

But Santorum frankly admitted, "If we had the votes, I wouldn't be out here saying we're still talking about it." Senate Minority Leader Tom Daschle (D-S.D.) expressed confidence that the \$350 billion figure voted up by the Senate would hold. "I don't think the votes are there for a higher figure," he said.

### *Time for the Truth*

Amelia Boynton Robinson's letter to Leipzig Mayor Wolfgang Tiefensee and St. Nikolai Church Rev. Christian Führer, which we print here, is a powerful shot against the media liars on both sides of the Atlantic, who are fearfully trying to keep the millions mobilized worldwide against imperial war, from knowing and following the leadership of Democratic Presidential candidate Lyndon LaRouche. On March 31, Mrs. Robinson addressed tens of thousands of demonstrators at a "Monday Demonstration" in Leipzig, about LaRouche's leadership in the fight to change the policy of the United States (see *EIR*'s April 11 cover story). Reverend Führer and Mayor Tiefensee were then attacked by MDR Radio/TV channel in Leipzig for allowing "politics"—LaRouche's name, ideas, and leadership—into the March 31 rally. Reverend Führer had been attacked in just the same way 13 years ago, when he led "Monday prayers," vigils, and then demonstrations, in the same square in front of St. Nikolai Church, which started the process leading to the fall of the Berlin Wall.

Mrs. Robinson, on hearing of the attacks, on April 11, immediately wrote a letter from her home in Alabama, which LaRouche Youth Movement leaders in Leipzig delivered to the pastor and the Mayor:

"Dear Pastor Führer,

"It gives me great pleasure to have the opportunity to express to you my appreciation for permitting me to speak before the audience of 45,000 people at the Monday Demonstration in Leipzig, March 31. The reception was great, which made me know that people join me in fighting for justice for all of God's children. We all realize that injustice to a people is injustice to all, as often said by my friend with whom I worked, Dr. Martin Luther King.

"Dr. King was not afraid to speak the truth which gives people hope. Fear, in our system, causes people to be told lies, which some may perhaps repeat, to please their employers. But in dealing with people with justice, as you do, will certainly overcome the fearful and the haters.

"I understand there were certain news reporters who

were disgruntled because I spoke of one who is prepared to become the next President of the United States, who is Lyndon LaRouche—those who said politics were not to be a part of the assembly. Who in the news media does not realize that this was certainly a political rally, where people are concerned about a political war, imposed by strong politicians—the world's best evil minds known as 'Chicken-Hawks'—to politically destroy countries and set up their own dictators or puppets? What's more political than that?

"The economy (which is political), the culture, and the morals of this world have disintegrated because the system has not been fair in telling the truth to its people. My telling the truth is why I have been attacked.

"Economically and politically the United States was in its worst Depression in 1929. Franklin D. Roosevelt and his programs for recovery were successful. LaRouche was young, but became impressed with Roosevelt's workable program. Dr. Martin Luther King circled the globe with messages of justice, nonviolence, and the eradication of hate. Lyndon LaRouche has combined these successful programs with the beautiful virtues of these two great heroes, for the needs of the present time, and is handing the world a blueprint to put it back on track. His program is being implemented in the form of infrastructure in some countries, while the evil, small minds of hate against truth and justice, have poisoned the minds of some controlled media and some others who fail to think for themselves.

"You and I, and many more, realize that God is not dead, and truth crushed to earth shall rise again. Just keep the good work up. I commend you and pray for your great success."

The same fight rages in the United States, where media and political controllers would exclude from Presidential debates, the Lyndon LaRouche who has the only national campaign movement, not generated for him by mass media. On April 24 at 2:00 p.m. EDT, he will address an Internet campus broadcast with student activists and college editors nationwide. Unlike in 2000, the media and corrupt party leadership will not bar the truth from this Presidential campaign.

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 AT&T Ch. 25  
 Fridays—1:30 pm

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 Thu: 11 pm (Ch. 20)  
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 7:30 pm, 11 pm  
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 2 pm & 9 pm

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 Tuesdays—5:30 pm  
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 Time Warner Ch. 2  
 Unscheduled pop-ins

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 Fridays—4 pm

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 T/W Ch. 34; RCN Ch. 109  
 Alt. Sundays—9 am

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 Adelphia Ch. 20  
 Thursdays—10:35 pm

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 4/25—6 pm (Ch. 34)  
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 Thursdays—7 pm

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 Thu—12 Midnight

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 Sundays—3 pm  
 Mondays—10 pm

• ROCKLAND—Ch. 71  
 Mondays—6 pm

• SCHENECTADY Ch. 16  
 Mondays—3 pm  
 Wednesdays—8 am

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 Time Warner Cable  
 Thu—11 pm (Ch. 35)  
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Mon & Wed—11 am  
 Saturdays—8 pm  
 Sundays—9 pm

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 Thursdays—6:30 pm

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 RI Interconnect\*  
 Cox Ch. 13  
 Full Ch. 49

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 T/W & Grande  
 Sundays—12 Noon

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 Tuesdays—10:30 pm

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 Thursdays—11 am  
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 Saturdays—9 am  
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 AT&T Ch. 10-A  
 Thursdays—6 pm

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 Precis Cable Ch. 10  
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 Mondays—4 pm  
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 WTOB Ch. 2  
 Mondays—6 pm

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 Tuesdays—5 pm

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 Tuesdays—12 Noon  
 Thursdays—7 pm

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 Thursdays—7 pm

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 Thursdays—2 pm

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## TABLE OF CONTENTS

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Rebuilding U.S. Rail System  
Is Top Priority  
States' High-Speed Rail  
Plans Ignore Amtrak  
Save Bankrupt Airlines, But  
Re-Regulate Them  
The Waterways Are Aging  
and Neglected  
Rebuild America's Energy  
Infrastructure  
A Meltdown-Proof Reactor:  
GT-MHR  
Rebuild, Expand U.S. Water  
Supply System  
Hill-Burton Approach Can  
Restore Public Health

Resume Land Reclamation  
and Maintenance  
DDT Ban is a Weapon of  
Mass Destruction  
FDR's Reconstruction  
Finance Corp. Model  
The Brzezinski Gang vs.  
Infrastructure—The  
Biggest National Security  
Threat of All  
Campaign for Nation-  
Building  
President Must Act 'In an  
FDR Fashion'  
Italy Parliament  
Breakthrough for  
LaRouche's New Bretton  
Woods Drive  
The Emergency Rail-  
Building Program in the  
2002 Mid-Term Elections