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Bush Sets Up Apparatus for Crisis Management
Agenda for National Energy Emergency Action
Sharon Victory Threatens Religious War

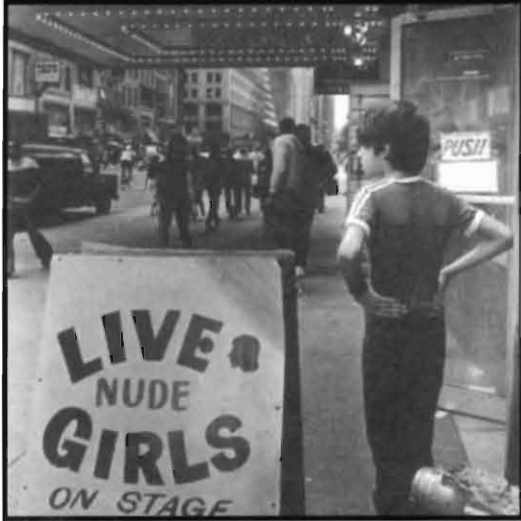
**On the California Energy Crisis:
As Seen and Said by the Salton Sea**



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From the Associate Editor

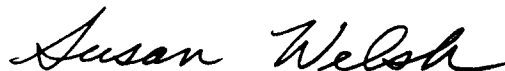
It has been said of Americans, that they always do the right thing — after they've tried everything else. Well, they are certainly being given that opportunity now.

The California energy-price crisis is spreading, and everybody knows that it is not going to go away, but will only get worse, when the demand for electricity peaks during the Summer months. This situation brings to the surface, the systemic economic and financial crisis that was there all along, as *EIR* warned, but most wanted to ignore. The prospect of hyperinflation, which *EIR* forecast, is now becoming increasingly obvious to our increasingly fearful citizenry. President Bush, so far, is responding in the most foolish way that is humanly possible, by doing nothing — as a matter of policy.

Can he — since he is, after all, the President, no matter what one thinks of his moral and intellectual qualities — be forced to change? Can our fellow citizens, who have accepted the doctrines of deregulation, free trade, and “shareholder value,” change? This is the subject of Lyndon H. LaRouche's *Feature* in this issue, one of the most important articles we have published in *EIR*. In fact, it is such a crucial intervention into U.S. politics at this time, that we are also issuing it as a pamphlet, for mass circulation and maximum impact.

It is always useful for Americans to look at ourselves, through the eyes of others. Take the commentary in *Al-Arab International*, which we excerpt on page 17. Hailing LaRouche's outstanding record in economic forecasting, Dr. Mustafa Al-Bazargan writes, “The question now is: Will Americans realize, before it is too late, what kind of storms are going to strike their economy? Or will they go on playing the ostrich, with their head stuck deeply in the sand?”

For those who are ready to take their heads *out* of that sand, *EIR* is the place to go. In this issue, on page 73, we inaugurate a new weekly department, “Agenda for National Energy Emergency Action.” This is “must-know” information for legislators and activists who are struggling to save the infrastructure of their locality and the nation, leaders such as those interviewed by Marcia Merry Baker in *National*. Such people are calling in, wanting to know the big picture, and what to do. We shall provide it.



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By Lyndon H. LaRouche, Jr. “Unless President George W. Bush abandons his present ways, his policies are now going to lead his administration toward a point, in the rapid unfolding of the current California energy-crisis, at which Bush will be confronted with a global crisis so horrifying, that most of you would not now even try to imagine it,” writes LaRouche. “For your own good, you, and President Bush, had better find the courage to face up to that reality, now, before it is too late. For the sake of all of us, please permit me to lead you, step by step, into discovering for yourselves, what it is that you need to know, if we all are to work our way out of this mess.”

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Power and Power Politics.

The California Economy Is On the Brink of Disaster

by Marsha Freeman

On Feb. 8, a U.S. District judge in California had the courage to make a ruling regarding the state's current energy crisis, based on a concept that has all but eluded the policymakers in Sacramento, not to mention Washington: the need to serve the public good. He ruled that electricity wholesalers, who had threatened to cut off supplies to utilities, had to continue to sell power because "the state of California is confronting an energy crisis of catastrophic proportions."

Two days earlier, in granting a temporary restraining order to the state to force the conglomerates to supply power, regardless of their concerns that two of the state's utilities face bankruptcy, Judge Frank Damrell, Jr. stated that not issuing the order could cause "obvious irreparable harm to the public." The court order was necessary, because early on Feb. 7, President Clinton's Executive Order expired, which had forced wholesalers to continue to sell power to California's utilities. President George W. Bush had said that he would not extend the order, and he did not.

The Independent System Operator (ISO), which operates the state's electric grid, brought the case to court, stating that were the supply of the 4,000 megawatts at issue to be interrupted, there would be "a serious impact on the safety, health, and welfare of not only Californians, but everyone in the Western U.S." The ISO stated that the resulting blackouts would affect not only California, but the entire Northwest.

Judge Damrell's ruling will extend to at least Feb. 16, when there will be another hearing. But, thanks to the failed policies being pursued in California, and the malicious policy of the Bush Administration, there is no end to the crisis in sight.

Will the State Go Under, Too?

Gov. Gray Davis (D) and the California state legislature have been trying to cobble together measures they hope will provide adequate power for their citizens, prevent huge rate

increases, keep the utilities out of bankruptcy, and keep the state itself solvent.

On Feb. 1, the legislature authorized \$500 million to finance the state's purchase of electricity on the spot market. The state soon found itself spending more than \$40 million a day to keep the lights on. On Feb. 5, Governor Davis sent lawmakers a letter saying that the state had already exhausted the fund, and will need an additional \$500 million by Feb. 15. This amount was approved on the promise that the state would be negotiating long-term contracts, at lower prices, to assure a cheaper supply.

The long-term contracts are to be paid out of a \$10 billion bond issue, under which the state will buy the power, and sell it to the utilities at close to the real cost. The state will have to make up the difference between what the utilities pay, and what the contracts require. But, one catch is, according to State Treasurer Phil Angelides, that the bond sale will not be ready until May.

Assuming that there is a market for the bonds, the arrangement still leaves the state paying top-dollar spot-market prices for another three months. At the rate of more than \$1 billion per month that the state is now paying for power, California may well see its \$8 billion budget surplus literally go up in smoke.

On Feb. 6, Governor Davis announced that the first series of long-term contracts were close to finalization. While this announcement was given great fanfare, in fact, the contract will initially provide a pitiful 500 MW to the state, out of more than 10,000 MW needed immediately, to supplement the power already under contract, and that produced by the utilities, municipal generators, and others. And even that 500 MW will not be available before the warm weather peak-demand period begins in late Spring.

So, in fact, the state will most likely continue to have a monthly power bill of more than \$1 billion through the Sum-



California Gov. Gray Davis and the state legislature have been trying to cobble together measures they hope will provide adequate power for their citizens, prevent huge rate increases, keep the utilities out of bankruptcy, and keep the state itself solvent. But the Bush Administration is blocking effective action.

mer. When the hot weather comes, and the peak demand increases from the current range of about 30,000 MW to 45,000 MW, spot-market prices could jump from the current average of \$300 per megawatt-hour to more than \$1,000 per megawatt-hour, as it did last year. The state will be quickly burning through its \$10 billion bond money.

Governor Davis had hoped to cap the long-term contracts at \$55 per megawatt-hour. Reports indicate that the rate will be at least \$60. One year ago, California utilities were paying \$30 per megawatt-hour. So, the state is now locking itself into paying, minimally, double the fair and reasonable price, for three to ten years. And, it will be paying back \$10 billion in bonds, at 7-8% interest, for the privilege of overpaying the suppliers.

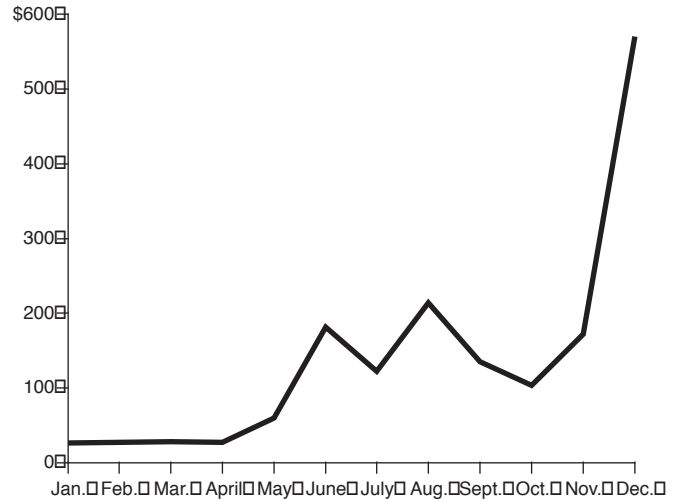
‘Protecting the Consumer’

Much noise was made, when the bill for the bond issue was passed, that the law will “protect the consumer.” The Republicans have been adamant about not raising residential rates to help the utilities pay off their debt. But, within the confines of the proposals to keep the utilities out of bankruptcy, rate increases for consumers are inevitable.

When the bill passed both houses of the legislature, it included a provision that there will be no rate hikes for people if they use less than 130% of a so-called baseline. Usage above the baseline, which is supposedly what an average resi-

FIGURE 1□
Monthly Average Western Regional Peak Electricity Price, 2000□

(Dollars per Megawatt-Hour)



Source: Bonneville Power Administration.

dent needs to run his home, is already charged at a higher rate, to encourage “conservation.” The law stipulates that if the state finds it has to pay more for long-term contracts than it has projected, there will be increases.

“People who use more than 130% of baseline,” according to Pacific Gas & Electric, include 53% of its customers, or more than 2 million people! The *San Francisco Chronicle* reported on Feb. 2, that lawmakers estimate that almost all customers could see a rate increase on about 30% of the power they use.

One of the measures Governor Davis and a half-dozen Western states governors have been lobbying Washington to implement, are region-wide caps, or ceilings, on the price that power suppliers can charge on the spot market. “Soft” caps of \$150 per megawatt-hour for California which were ordered by the Federal Energy Regulatory Commission (FERC) late last year, proved to only make the problem worse. Suppliers who knew that they could sell the power for more, did not “offer” it for sale in California, but only in neighboring states without caps, where the sky was the limit on the price. This dramatically raised the spot-market price for the entire Northwest, as seen in **Figure 1**. For this reason, a number of Western states’ governors have joined Governor Davis in calling for regional, not statewide, caps.

Even regional caps at \$150 per megawatt-hour, while stabilizing the price somewhat, would *quadruple* the price that utilities paid for electricity a year ago. Assuming that suppliers would have no incentive to charge less than the cap, which is a reasonable assumption, the cap builds a hyperinflationary

rise in energy prices into the economy of these states, into the foreseeable future.

Ideological Blinders

Regional caps are not a course of action likely to be undertaken by the Bush Administration, in any case. Both Energy Secretary Spencer Abraham and FERC Chairman Curtis Herbert have already stated emphatically that they are opposed to caps. Some of the Republican governors in the West have joined their cause. The reasoning is that such Federal controls will “send the wrong signals” to the power suppliers, meaning that, unless the prices are allowed to rise, according to the (actually non-existent) “law of supply and demand,” there will be no incentive for the construction of new power-generating plants. If suppliers know that they can charge whatever they want, they will increase supply, the theory goes. One wonders why wholesalers would build new plants at all, increasing supply and theoretically lowering the price, when they can fleece the region’s economy at today’s outrageous prices.

Controlling the price presents another “wrong signal,” according to this ideology. Higher prices, the theory goes, will “encourage” citizens to conserve, thereby cutting back on demand and “naturally” pushing prices down. In the meantime, with the 50% and more rate increases being suffered by people in the West, there are already instances in which the elderly and those on fixed incomes are having to choose between paying their utility bill and buying food or medicines. Somehow, the human cost is not factored into the “supply and demand” equation.

The two utilities in California facing bankruptcy, Southern California Edison and Pacific Gas & Electric, also believed in the “free market”—up until last Fall. After the peaks in demand during a hot Summer, the utilities thought that the price would fall in the cooler Autumn, and they could recoup their Summer losses and get back to “normal” business. While the seasonal demand fell, the price never went back down to that of the previous years. So, today, the two utilities have \$12 billion in debt they accumulated paying profiteering prices, and the only plan the state has come up with, is to have the taxpayer and electricity customers foot the bill.

Under the laws that are still on the books from the 1930s, the Federal government has the power to force the power wholesalers to charge only the cost of production plus a reasonable return. Under the U.S. Constitution’s concept of the general welfare, those companies, making up to 300% profits, could be forced to refund the California utilities for the unconscionable prices that have driven them to near-bankruptcy. Returning regulation of this critical infrastructure to the Federal and state governments would mandate the construction of new power-generating facilities, and make the improvements in the national power grid that are necessary for long-term growth.

Nothing less than those measures will solve the problem.

Italy

Great Infrastructure Dominates Election

by Claudio Celani

Usually, one falls *from* the bridge. But on Jan. 23, the Italian government almost literally fell *on* the bridge—that is, the bridge across the Messina Strait, which does not yet exist, but should be built: It was only after Prime Minister Giulio Amato ordered the two relevant ministers, Vincenzo Visco (Economy) and Nerio Nesi (Public Works), not to attend the press conference to announce the definitive feasibility study ordered by Visco’s and Nesi’s very offices, that the Green Party withdrew its threat to resign from the governing coalition and to provoke a government crisis. Thus were journalists eyewitness to a Kafkaesque scene: The press conference took place without the ministers, who were represented by their offices’ directors general, Barca and Fontana.

The bridge, says the study, is not only feasible, but also advantageous from an economic-strategic point of view. With a single suspension span of 3,360 meters, it will be a magnificent artifact, and will finally connect Sicily, the largest Italian region, to the European mainland. But, this is only one item in a long list of urgent projects necessary for Italy to overcome infrastructure bottlenecks, both at home and to upgrade the country’s connections to the broader Eurasian Land-Bridge.

Another example is the high-speed rail connection between Turin, Italy, and Lyon, France, the “Transpadana” project, which was originally part of the European Union’s Trans-European Network (TEN) first outlined in the “Delors Plan,” as part of the southern East-West route from Barcelona, Spain to Ljubljana, Slovenia, and onward to Budapest and Kiev. The project has been blocked for ten years by local environmentalist opposition. But now, the Italian and French governments have finally decided that the Transpadana must be built, and signed an official treaty in January. When completed, the 254 km long line will reduce travel time from Lyon to Turin to 1.5 hours, from the current 3 hours, and travel from Paris to Turin to 3 hours. Part of the project is a new 53 km tunnel beneath the Alps, which will connect the Maurienne Valley in France with the Val di Susa in Italy.

Behind Rome’s new activism, of course, lies an electoral rationale: General elections are planned in Spring, and large investment projects bring jobs—and votes. Currently, the candidate of the governing center-left coalition, former



An artist's conception of the Messina Bridge, which would connect the island of Sicily, the largest Italian region, to the European mainland. The only obstacles in the way of the project are political.

Rome Mayor Francesco Rutelli, is running well behind opposition leader Silvio Berlusconi in opinion polls. And Berlusconi himself, in early December, suddenly put the issue of large infrastructure projects at the center of his election campaign. Berlusconi appeared on the popular "Porta a Porta" television broadcast, and, with pencil and diagrams, showed how, if he wins the elections, he will turn Italy into one single large workshop: In addition to the Messina Strait Bridge, he promised to double the South-North transport routes, new highways, railways, Alpine tunnels, ports, and airports.

However opportunistic the promises might be, in the meantime, they have sparked a national debate, and this can only be positive. The climate was ripe for such a debate, since the national infrastructure needs to be modernized: The industrialized North suffers from incredible bottlenecks, while in the South, entire towns are threatened by mudslides every rainy season. In Italy, no new, large infrastructure have been built in the last 30 years, and the situation is becoming more and more explosive. This fact has been recognized by reasonable politicians, in both the center-left and in the conservative blocs.

In this context, Berlusconi's program is the most interesting: To overcome the irrational environmentalist opposition, he proposes a preferential legislative procedure for infrastructure projects which are judged on the basis of national priority. To show that they are serious, Berlusconi's "Casa delle Libertà" coalition presented the bill last year in Parliament, signed by Berlusconi, his economic adviser Giulio Tremonti, and Berlusconi's allies Umberto Bossi (head of the Lega Nord) and Gustavo Selva (head of the Alleanza Nazionale faction in the Senate). The bill was defeated, because the center-left majority voted against it. When the

bill was read out, it was explained: "For 30 years, there have been no large public works built in Italy. Abroad, the opposite obtains. If it goes on like this, our country, instead of modernizing, will become isolated, and will increasingly decline. . . . We need large-scale works, not only to unite the country, but also to open it to European traffic; we need special legislation to build it, because the current legislation is paralyzing. . . . Today, a city-district can block a city, a city can block a province, a province a region, a region the state."

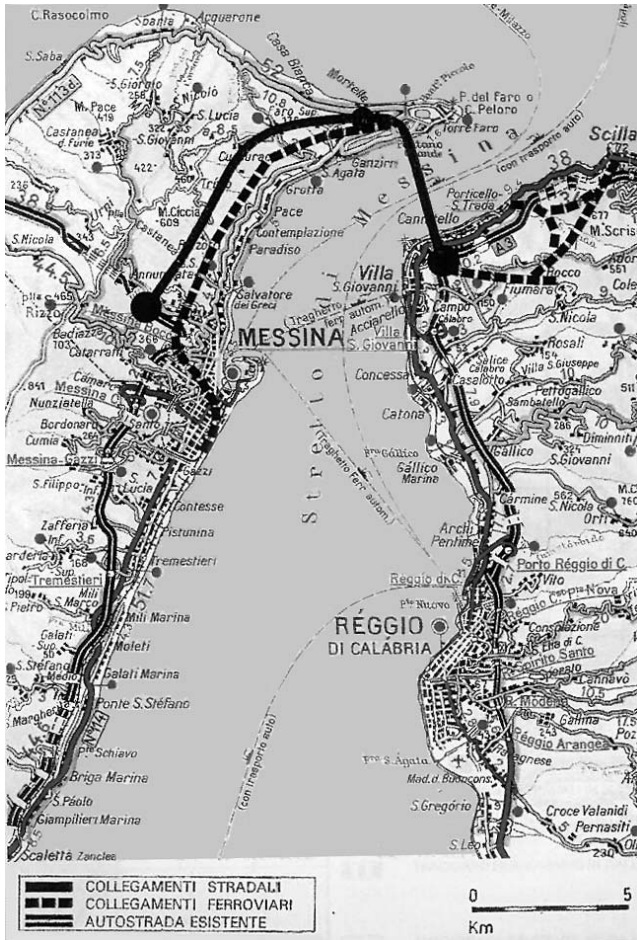
The following infrastructure projects are considered the priorities:

"1. The Europa-Mediterranean Vertical, through the Spluga Tunnel (Switzerland). The Vertical is aimed to substantially improve trade relationships between Europe and the Mediterranean region, which are key to the European policy for developing relationships with the Near and Far East." In order to implement the Vertical, "it is key to double the Bologna-Florence stretch, as well as to improve the final stretch between Salerno and Reggio Calabria, down to the port of Gioia Tauro and on through the Messina Bridge."

"2. The Horizontal 'Mercantour' Axis, developed along a rout from Barcelona, through the Stura and Tinee Valleys (Tunnel), continuing through Genoa, Piacenza and Trieste, and from Trieste toward Eastern Europe." Projects #3 and #4 are corridors along the southern edge of the Alpine belt, from Lombardy through Veneto, reaching up to #5, the highway ring around Mestre (Venice), a notorious bottleneck.

The bill was defeated in Parliament, and the conservative bloc now says, if they win the elections, they will present the same bill, this time successfully.

It has been reported that media magnate Berlusconi's



This map shows the transport connections that will be established with the completion of the bridge over the Strait of Messina. The bridge will connect the superhighway from Salerno to Reggio Calabria, with a superhighway that will link Messina to Palermo (solid line). The new rail line is depicted by the dotted line. Existing highways are shown by double solid lines.

decision to put the infrastructure issue up-front, along with the usual neo-liberal slogans which otherwise have characterized his campaign, is thanks to one person, Prof. Aurelio Misiti. Head of the Rome University Engineering Department and a respected expert, Misiti has headed for many years the Consiglio Superiore dei Lavori Pubblici, the technical council in the Ministry for Public Works. Misiti, from Calabria, has fought many battles for great projects, exposing the infrastructural deficiency in the country, and pushing, in particular, for the construction of the Messina Bridge. In 1999, Misiti was one of many participants in an *EIR* conference in Rome, which was also addressed by Helga Zepp-LaRouche, founder of Germany's Civil Rights Movement-Solidarity, together with former Christian Democratic leader Flaminio Piccoli.

After the Jan. 23 presentation of the bridge feasibility study, Misiti commented: "Not only does such an important

project as the Messina Bridge have the ability to draw the world's attention to the Southern regions of Italy, but it can also give a decisive push for modernizing Italian infrastructure and developing the Mezzogiorno," Italy's underdeveloped South.

The Ideology of Financing Infrastructure

The weak point in Berlusconi's program is, as expected, the financial aspect. In keeping with his neo-liberal approach, he assigns a major role to private capital. The key term is "project financing," and it means that private investors will have concessions to recoup their investments—and make profits—through tolls. For the Messina Bridge, for instance, the government calculates a fare of 10 euros for cars, and a euro 5 fare for rail passengers. In "normal" times, such an operation would work, but these are not normal times; soon, the apparently inexhaustible capital markets will experience an abrupt liquidity crisis.

Giulio Tremonti, who could be Berlusconi's Economics Minister, recently told an interviewer that he looks back to the credit mechanisms of the 1950s and 1960s, when the state holding company IRI financed construction of the entire highway network through emissions (i.e., bonds). At that time, the state bought part of the bonds, either directly or through state-controlled banks.

Tremonti's reference to the 1950s-60s period, when there was sustained development under the Bretton Woods system, unleashed reactions in neo-liberal circles. Eugenio Scalfari, a guru of the leftist opinion-makers, wrote in his newspaper *La Repubblica* on Jan. 14, that Tremonti's proposals remind him of "Mussolini's time," and that the supranational European Commission and the controllers of the EU's "Stability Pact" balanced-budget policy would force Italy to turn down the program. Tremonti's proposals, Scalfari wrote, lead only to increased public debt, and are just a trick "to deceive the gullible."

But also City of London's mouthpiece, the *Financial Times*, rang the alarm on Berlusconi's infrastructure program. As early as Dec. 11, the paper fretted, in a special insert on Italy: "Mr. Berlusconi seems to be intentioned to centralize the whole procedure under one state agency." This is exactly the opposite of his promises of "devolution," wrote the *Financial Times*, and it demanded that Berlusconi resolve these ambiguities once and for all.

Berlusconi knows that Anglo-American financial interests expect a sign of loyalty on his part, and has given indications that he is ready to negotiate a deal. Thus he has left open the decision, of who will be his Foreign Minister, while the name of that old Anglo-American asset, Francesco Cossiga, is being circulated as front-runner. Final decisions are expected after his planned visits to London and Washington, before the election. But Berlusconi should know that there is no margin for compromise in a collapse crisis: Either he is loyal to the Italian people, or he will be doomed.

California Crisis: 'It Can't Happen in Germany . . . Or Can It?'

by William Engdahl

Asked if the German electricity market might be faced with a California-style power-supply crisis in the future, the National Association of German Industry (BDI) told the media, "There is no comparable price regulation in Germany." A BDI spokesman added, "Furthermore, the German electricity market is characterized by overcapacity. So, the crisis-ridden situation in California is no argument to re-regulate the German electricity market."

The gloating complacency of the BDI is part of a campaign to mislead Germans to believe that the new deregulation regime in German electricity markets is a boon to the economy. It's not surprising they do so, when you take into account, who the leading voices of the BDI are: They include many of the giant corporations which are reaping the benefits of the liberalization rules, such as E.on, Ruhrgas, and RWE, as well as industrial powers including DaimlerChrysler, ThyssenKrupp, and Siemens.

For the vast majority of the population, including *Mittelstand* (small and medium-sized) industries and private households, as well as municipal governments, electric deregulation is rapidly shaping up as a catastrophe. True, the details are different from the lunatic California deregulation model. But, they are every bit as threatening, even if it may be another year or two before the full scope of the crisis becomes obvious.

The demand for deregulation of the German electricity market comes from the European Union (EU) Commission in Brussels. Beginning in the early 1990s, Brussels bureaucrats launched a debate about the benefits of deregulating, not only telecommunications throughout the European Union (EU), but also electric power services, the very backbone of a modern industrial economy.

By December 1996, the same year that California deregulated its electric utilities, the EU passed its directive on Common Rules for the Internal Market in Electricity 96/92. This was followed in June 1998 by one on natural gas liberalization. The two directives, according to the EU, "provided the foundations for the creation of a single energy market. They have transformed the conditions under which electricity and gas trade will be carried out in the future, with a view to lead to significant price reductions across the EU, to enhanced efficiency and improved security of supply."

It sounds wonderful. It ain't.

The Brussels deregulation directives only tell part of the story. They were very general and deliberately gradual in scope. They specified that a national electricity market need open only 33% of its electricity to competition by 2003. But national governments were given wide room to apply their own rules.

Germany's Radical Change

Germany went full-steam ahead. Beginning in 1998, under the amended Energy Industry Law, Germany imposed Europe's most radical electricity deregulation, making the market 100% competitive in only two years. Under the new rules, an electric utility must offer its transmission network on equal terms to competitor use, to allow potential customers free choice. The aim, as in California, is to separate the transmission of electricity from the production by power plants. New markets in buying and selling electricity, divorced from the old, integrated production, transmission, and distribution by a single utility, are being created. Utilities are free to sell across national borders, to merge, or de-merge.

New electricity trading exchanges, like stock or commodity exchanges, are also being created, along with derivatives trading in electricity futures contracts. On March 1, the Deutsche Börse will open trading in Frankfurt of the European Energy Exchange, or EEX, whose stated aim is "to build up the leading derivatives market for electricity in Europe, in addition to a leading spot market." Germany is the largest electricity-consuming market in the EU, and German banks behind the EEX plan to make millions selling derivatives contracts to electricity customers.

Aggressive foreign electricity traders, such as Enron Corp. and Southern Company, two of the notorious companies making millions on the California crisis, have recently established operations in the German electricity trading market. The price of future electricity, as with oil today, now will be subject to the casino manipulations of mega-speculators from Deutsche Bank or Crédit Suisse, Enron or Mitsui Trading. Electricity users can no longer count on a stable, long-term fixed price.

The process is going ahead in phases. First, came a radical competition between power suppliers to sell electricity. Power companies rushed to lock up a firm new customer base by competing with other German electric companies. Even the ProMarkt retail chain began offering discounts of 20% below the normal Stadtwerke prices. They would buy the power cheaply, and run it through the local ESWE net to the customer at a tiny profit. Their costs and overhead were minimal, as they had no obligation to provide the long-term, reliable electric capacity reserves for peak demand emergencies, as older utilities traditionally did. ProMarkt was typical of the new "lean 'n' mean" free-trading innovator. Electric power supply was to be sold just like CDs or radios—buy cheap, sell dear.

The German electric deregulation did in two years what not even Britain's electric monopoly, the Central Electricity Generating Board, dared do in eight—100% deregulation. Not only that, but the supervisory role over the process was not to be entrusted to an independent state regulator, as in most EU countries, but to the electric utilities themselves, an incestuous arrangement which has been widely criticized.

The German Electricity Association (VDEW), the BDI, and the Association of Industrial Energy and Power Industry regulate via a round table. They all are dominated by the big multinational players who stand to gain the most from deregulation.

Adalbert Ewen, head of the Christian Trade Union for Mining, Chemicals, and Energy, sees the human costs of deregulation. "Every day we see workplaces lost," he says. "Concentration in the industry is growing; the money is no longer there for investments. This is having strategic effects. Deregulation works to the benefit of the big multinational concerns, not the *Mittelstand* or normal family. This market is not transparent enough."

Opening up the German electricity market initially looked like a winner, as customers at first saw lower electric bills. That phase is rapidly coming to a close. Under the savage price wars of open competition, utilities have been forced to cut costs dramatically to maintain profits. The result has also been dramatic.

According to the VDEW, the prices for electricity have collapsed in the last two years under deregulation competition, by a total of \$7.5 billion for the industry, fully 20%, which has led to enormous pressures on the utilities. To counter this, they have radically cut costs. The number of personnel employed in German electric utilities has shrunk more than 20%, from 190,000 in 1995 to 150,000, and more cuts are in store. Worse, for the longer term, this new market uncertainty has affected new investment by the utilities: Whereas annual new investment in power plants and facilities was \$7 billion in 1995, that figure has fallen to \$5 billion in 2000, and is estimated to fall below \$3.5 billion within the next two years.

Now, the radical market competition is resulting, not in a trend toward more competition, but, as in the international oil industry, to more giant concentrations of "mega-utilities" which soon will dominate and re-monopolize the market on a private basis, without any mission to serve the general welfare which marked traditional municipal electricity works. In the past two years, more than 100 joint-venture agreements between electric utilities have been signed to defend against even more severe competition. Mergers of regional private and public utilities are the order of the day.

The giant RWE electric utility last year took over VEW AG of the Ruhr industrial region to create Germany's largest electricity group, with sales of some \$43 billion and 170,000 employees. RWE has also set up an Internet-based power-trading company, RWE Energy Trading Ltd., to compete with other traders, including Enron.

This came only weeks after two other large German electric utilities, VEBA and VIAG, created another giant utility conglomerate, E.on. Immediately, both mega-utilities announced drastic cost cuts and plant closings to make their stock prices "attractive." E.on will permanently shut down 4,800 megawatts of electric-generation capacity, and RWE AG will slash 5,200 MWe over the next three years. Both call it "overcapacity." The aim is to force prices higher now that they have created giant groups to capitalize on them.

This closing of "surplus" capacity is dangerous. It reflects the shift to a bookkeeping profit calculation, which is driving the cost considerations under deregulation. No longer is an ample reserve for emergency outages or peak demand times deemed needed. Eberhard Meller, head of VDEW, stated in 1998 at a conference in Houston, Texas, "Security in the sense of uninterrupted, trouble-free supply . . . has its price. Some companies depend on 100% security of supply; others would accept less security if asked to pay less. Opportunities such as these can be exploited. The high reliability of electricity supply is undoubtedly expensive."

Greens Add to the Problem

When the German electricity deregulation was put through in 1998, oil and natural gas prices were near record lows, electricity seemed to be in oversupply, and competition was embraced as the way to make the power market more "competitive."

Now, world oil and natural gas prices are soaring to new highs, and electric costs along with them. Utilities have slashed rates in a bid to win or keep customers. Into this deteriorating situation, the Schröder Socialist-Green coalition government has dropped a huge added burden. Much as the government killed the emerging UMTS wireless communications economy by grabbing huge auction fees from the telecoms, now the Schröder government is saddling the electric utilities with a battery of new taxes to rob the benefits of the earlier cost cuts.

The Green party coalition partners pushed through an "ecological" tax, in which electric power is taxed double that for heating oil or gas. In addition, a new "renewable energy law" has been passed, to double the use of expensive and inefficient windmill, biomass, and other such "renewable" energy sources; and a third law for Protection of Coupled Electricity and District Heating, according to the VDEW, in 2000, increased costs to electric companies by \$6 billion. That represented fully 80% of the cost savings achieved by earlier price reductions for electricity to customers. By 2005, the price breaks will be gone entirely, and prices will be significantly higher than before deregulation. Already last year, the average electricity price barely covered utilities' production costs.

With less plant capacity, low reserves, and no major new plants scheduled to begin construction until at least 2010, Germany, year by year, is becoming increasingly vulnerable to California-type electricity shocks.

Fox Embrace of Bush's 'Free Trade' Is Death for Mexico

by Cynthia Rush

Mexico's President Vicente Fox would do well to remember that oft-recited saying alluding to Mexico's unfortunate geographical and historical relationship with its neighbor to the North. Mexico's misfortune, the saying goes, is that it is "so far from God and so close to the United States." That has certainly been the case over recent decades, when the United States strayed from the American System policies of Washington, Lincoln, and Franklin Delano Roosevelt.

Fox has been strutting around recently, boasting that Mexico's proximity to the United States has made it "the envy of everyone." Asked many times about the effect of the U.S. economic crash on Mexico, Fox's glib response is that there is no reason for concern, labelling as "catastrophe-mongers" those who argue otherwise. Even if Mexico is overly dependent on the United States for 90% of its exports, he predicts, it can always switch to European markets, and "there really won't be any extraordinary impact" on Mexico of the U.S. crisis.

But the rapidity with which Mexico's U.S.-linked crisis is growing, is forcing other members of Fox's Cabinet to speak more truthfully. An evidently panicked Labor Secretary Carlos Abascal has warned that "massive unemployment" is one of the "inevitable consequences that we have to pay, as a result of the excessive dependence on the U.S. for our exports."

As U.S. corporations either cut back or shut down their domestic operations, as has occurred in the automobile industry, their subsidiaries in Mexico are laying off thousands of workers, and this is just the beginning. Alejandro Faes, president of the National Clothing Industry Chamber, told Notimex news agency that he expects at least 30,000 jobs in this sector to be lost in the first quarter of this year, as a result of the U.S. economic "slowdown." And, he said, this figure could go as high as 100,000 by year's end, should the internal market remain depressed, and the U.S. economy not "recover."

Even the *maquiladoras*, the foreign-owned, in-bond assembly plants, most in states bordering the United States, are laying off workers. Hailed as Mexico's salvation under globalization because they can employ people at slave-labor wages, many will close down and move south to Central America, where wages are 40% lower than the pitifully low salaries paid to Mexicans.

On top of this, the hyperinflationary natural gas price, which is pegged to the "free market" (i.e., speculative) price set in Houston, has forced the shutdown of Mexican steel and chemical plants, and as many as 176,000 jobs in gas-dependent industries are now threatened.

The Nation Is at Stake

Desperate national and state leaders, from political parties and business, agricultural, and labor organizations, are demanding that the government act immediately to cap the gas price, before the country's remaining productive activities are forced to shut down. Businessmen and farm producers in northwestern Mexico, who have been particularly hard hit by the crisis, asked to meet with Fox on an emergency basis in late January, when he visited the northwestern state of Sonora to confer with the region's governors.

Preparatory to Fox's arrival in Sonora on Jan. 23, two regional dailies, *Tribuna del Yaqui* and *Diario del Yaqui*, published an ad signed by Lyndon LaRouche's co-thinker organization, the Ibero-American Solidarity Movement (MSIA), and the Permanent Forum of Rural Producers, warning Fox that he ignores Mexico's crisis at his peril. Under the headline "Stop the Free Trade Suicide," the ad stated that the United States' inability to serve as "importer of last resort" for the rest of the world "has dramatic implications for Mexico. . . . The utopia of globalization and free trade is coming to an end. NAFTA [the North American Free Trade Agreement] is exhausted, and Mexico must therefore prepare to get off the sinking ship."

It is suicide to remain enslaved to NAFTA, the ad told Fox. Instead, he should adopt a dirigist credit policy "oriented toward strengthening the domestic market and reactivating national industry." The ad told Fox that he must choose Mexico's interests over those of Wall Street and the City of London, which would mean linking up with the international movement for a New Bretton Woods, led by LaRouche. These forces are growing "not only in various countries around the world, but also in the United States itself," the ad underscored.

Fox refused to meet with the producers, but effectively gave them his answer in his Jan. 26 address to the World Economic Forum meeting in Davos, Switzerland. There, he said that Mexico's future lies with "NAFTA-plus," a widening of NAFTA to include the rest of Ibero-America, an idea he said he would discuss with President George W. Bush, when the two meet Feb. 16 at Fox's Guanajuato ranch. As he told London's *Financial Times*, the "NAFTA-plus" idea also includes a "common energy policy" with the United States, which Fox has already indicated means opening up Mexico's protected energy sector for looting by foreign investors—among them, Bush's friends at Enron. Even though Mexico's energy resources haven't been developed, because of lack of investment and exploration, foreign firms are drooling over the possibility of building new electricity plants in northern Mexico, purportedly to provide electricity to California!

BSE: A 'Chernobyl' For Europe's Agriculture

by Rosa Tennenbaum

Three letters have changed central aspects of the European agricultural situation overnight: BSE, bovine spongiform encephalopathy, better known as "Mad Cow" disease. BSE is a disease of the nervous system in cows, which was diagnosed for the first time in England in 1985. There have been about 180,000 animals since then infected, in England. In continental Europe, there were only isolated cases, which were noticed only after the disease had broken out fully. Creutzfeldt-Jakob disease in human beings, appears to be related to BSE, as it shows similar destructive processes in the brain. Whether BSE is communicable to human beings, is not known, and very little can be said at all about the two diseases.

Since Jan. 1, every cow slaughtered in the European Union (EU), has had to be tested for BSE; France and Germany started testing even earlier. As a result, BSE-infected animals have been discovered in all 15 EU member countries. Although the pathogen was found in only 0.02% of tested animals—and therefore, one could not speak of an epidemic—and although it is not known whether BSE can be transmitted to human beings, a panic broke out in the population, and governments began bustling in such a way as to increase public mistrust.

Overnight, the consumption and export of beef collapsed; while consumption in the EU dropped 23%, exports fell by 53%. In some countries, the situation is even worse: In Germany, for example, sales were halved, and numerous slaughterhouses stopped operations completely. Of the 75,000 people employed in the meat industry, 10,000 have already lost their jobs, and the rest are on short work. Some 30,000 more jobs are in danger.

In the last two months, producer prices have fallen 40%, and older cows are no longer sellable. The stalls are full, the farmers are stuck with their mature cows, which they still have to feed. At the same time, feed has become more expensive. Feed with animal remains has very high protein content (47%), which was much cheaper than plant protein. But now, every form of animal protein in feed has been banned because it is the suspected vector of contagion; even fat, which is used normally for human consumption, is not allowed to be mixed with animal feed.

For farmers, the situation is extremely threatening. Not only do they have stalls filled with cows they cannot sell,

but they are also stuck with the costs of tests, elimination of slaughtered remains considered infectious, and must continue milking cows that should have been sold for slaughter. This means that they will exceed their milk quotas, for which they will have to pay a high fine. Since farmers already work at near-subsistence levels, now, because of a totally bankrupt agricultural policy among EU governments, many farms are threatened with ruin. Although prompt government assistance is urgently required, it is not to be expected. The losses are in the range of billions of dollars, but governments have no money. Some want to exploit the crisis, in order to force through fundamental changes in agricultural policy.

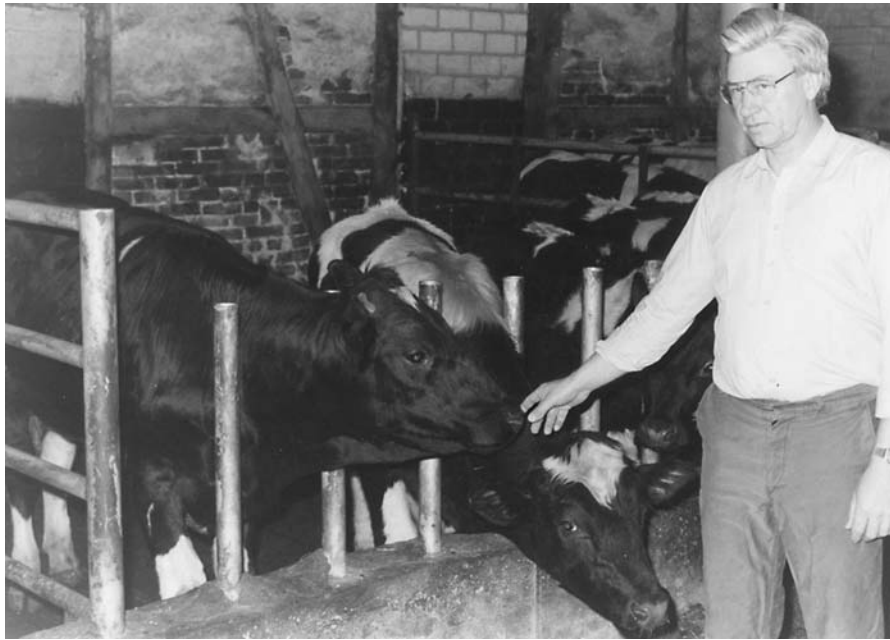
The Example of Germany

This is the case in Germany, for example, where Social Democratic Chancellor Gerhard Schröder, who has been an advocate of ruthless globalization of agriculture, shifted suddenly to radical ecologism. He fired his Agriculture Minister, renamed the ministry the Ministry for Consumer Protection, Nutrition, and Agriculture, and put a representative of the Green party in the post. Renate Künast is a jurist and social worker, who belongs to the left wing of her party, and has shown to date not the slightest interest in agricultural or consumer-protection issues. It is precisely her lack of qualifications that has been emphasized, as a "great opportunity for fundamental changes." Künast, in short, will be making farm policy purely according to ideological criteria, and the fact that she has no knowledge of the field, will make it all the easier.

BSE is to be for agriculture, what Chernobyl was for nuclear energy, the Greens demand, when, in 1986, the horror of the nuclear reactor accident in Chernobyl was used, to force a halting of peaceful use of nuclear energy. Not much will be left of Germany's agriculture, if the Greens are allowed to implement their plans.

The Greens brand modern conventional farming as "industrial," and normal family farms are disparaged as "agricultural factories." These "agricultural factories" are allegedly responsible for BSE, they say, although the BSE pathogen does not take notice of the size of a farm. (In fact, it appears more frequently in small herds than in larger ones, probably as a result of the fact that in Europe, the majority of beef cows are kept in small herds.) But, facts do not matter, now that political goals can be reached so easily through opinions.

Agricultural policy is henceforth supposed to be oriented more to ecological criteria, and the portion of ecologically organized farms are to be increased from 2.5% to 20% by the year 2010. The government in Berlin, however, does not want to allocate more funds for agriculture, so the existing farm-support programs will be redistributed. The government now wants to stimulate consumers, through large-scale advertisement campaigns, to purchase "ecological" food. Such ecological products are not any better, in fact, the contrary, and they are a lot more expensive. At the same time, the federal



German farmers are being driven into bankruptcy by the government's support for Green ideology and globalization.

government will put the screws on the food industry and trade. They will be forced to start marketing ecological products, because otherwise, the entire project would be doomed to failure.

A Turn for the Worse

With this ecological shift, the process introduced by globalization will be completed. Through the continuing reduction of producer prices, which was massively implemented following the Uruguay Round of the General Agreement on Tariffs and Trade in 1991, the migration out of agriculture will be enormously accelerated. Between 1990 and 1997 alone, 22% of Germany's farms, mainly medium-sized ones, were abandoned. The average size of the remaining farms increased, while the number of farmers with second jobs, grew.

Ecological cultivation reduced income by half. Many tasks, which will now shift, for example, to more targeted plant protection and use of fertilizer, will have to be carried out again manually. This means that more workers will have to be deployed to perform dull, back-breaking work, and at the same time, income will fall significantly. These extra costs will never be passed on to the consumer, so farmers' income will sink further. Especially family farms, which work with little or no outside workforce, will be forced to start hiring. The polarization into huge farms and very small farms, will increase enormously.

The same holds for the consumer. The very rich will enjoy their "organic" food, while the general population will be fed cheaper food, imported from around the world.

The European Union Commission has enthusiastically welcomed Künast and the ecological shift. For years, the EC has aimed at an ecological orientation, but its plans were blocked by France and Germany. With the shift in Germany, the balance is tipped in the EU in favor of a Green policy.

Through ecological farming, Brussels achieves two goals: First, the EU's costs for agricultural policy can be reduced, before the entry of countries from Central and Eastern Europe. Second, the United States has for years demanded the opening of the lucrative European market, an aim which now will be easier to achieve in the World Trade Organization negotiations, if Europe's self-sufficiency sinks as a result of ecological farming.

Radical ecologists, such as Lester Brown, the head of the Worldwatch Institute in Washington, have been waiting a long time for an "ecological Pearl Harbor," which mankind needs, he says, to change its fundamental behavior in this neo-Malthusian direction. Thus, the unconcealed jubilation over the outbreak of Mad Cow disease in continental Europe. Jeremy Rifkind, a well-known ecologist and author, expressed his pleasure recently in the German daily *Die Welt*, over the fact that, thanks to BSE, "the end of beef culture" had been rung in. "It is a blessing, which has only been disguised as a curse," he said. Teddy Goldsmith, brother and successor of the megaspeculator and financier of the ecology movement, Sir James Goldsmith, called Chancellor Schröder's move "the only positive result" in politics, because he decided "to end industrial agriculture." They find themselves in the best of company with the British Prince of Wales, organic farmer Prince Charles, and his father, Prince Philip, who explicitly welcomed the outbreak of dangerous epidemics such as AIDS, on the grounds that they help to drastically reduce world population.

The dimensions of this new cattle disease and its—perhaps already worldwide—spread, are the result of a completely failed agricultural and economic policy, which have considered their sole criterion to be short-term, purely financial profits. Under the slogan of "ecologization," this policy will be pushed forward unhindered. Fertile soil will be offered for new animal diseases like BSE—as well as new plant diseases. Since they go hand in hand with a fall in the population's living standard, unless the global economy is put back on its feet, combatting such diseases will become hopeless.

Collapse of U.S. Imports Threatens World's Leading Economies

by Richard Freeman

America's role as importer of last resort, which has dominated world trade for the last decade, is coming to an inglorious and violent end. This is starting to produce a shockwave of devastation throughout the world's trading system, while being amplified by and intensifying the disintegration of the world's financial system.

The nations which are most at risk from this development, are those that attempted to satisfy America's insatiable need for imported goods, to the extent that today, they ship an astounding 20-40% of their physical goods exports to the United States alone. These nations include many of the world's leading economies, including Japan, South Korea, Taiwan, Mexico, and Venezuela.

Under the press of the worldwide financial disintegration, the United States has entered a zone of instability, wherein it will neither be able to generate enough income internally, nor bring in sufficient funds from abroad, to finance the continued import of goods. This means that many of the nations that export to the United States will suffer sharp drops in their trade. Since many of these countries are heavy exporters, this will lead to steep cuts in their domestic production. This effect will spread to the whole trading system.

In its Jan. 19, 2001 issue, *EIR* explored the effect of the demise of the U.S. economy as the importer of last resort. We now concentrate on what effect that will have on America's trading partners. Let us first look at how the "importer of last resort" relationship arose and how it functions.

The Importer of Last Resort

The origination and growth of the United States as the world's importer of last resort, destroys the myth that the U.S. experienced ten years of unbroken "economic expansion" during the decade of the 1990s.

In the mid-1960s, the Anglo-American financier oligarchy imposed a policy of the "post-industrial society" upon the United States. This policy collapsed production in manufacturing, agriculture, and infrastructure, while fostering a huge speculative bubble. Since then, especially since President Richard Nixon took the U.S. dollar off the gold reserve

standard in August 1971, the U.S. physical economy, inclusive of infrastructure, has contracted at an average rate of 1-2% per annum. Increasingly, America impaired or destroyed its capacity to produce certain categories of physical goods.

In an attempt to compensate for and disguise that fact, the United States imported those goods it was no longer capable of producing. To do so, it used a vastly overvalued dollar to loot goods from around the world. The fact that the dollar was artificially appreciated against other currencies, meant that over a period of time, for the same volume of dollars, the U.S. imported a larger volume of goods.

As a result of this arrangement, each year, especially during the 1990s, America imported far more than it exported. This generated annual physical goods (merchandise) trade deficits of successively larger and larger record sizes. In chain-reaction fashion, the rising trade deficit swelled the current account deficit.

To cover the current account deficit, Wall Street and the City of London have rigged the world financial system so that large flows of foreign-held dollars are attracted back into paper investment inside the United States. What the United States pays out in dollars for its physical goods and other items that make up the current account deficit, and more, is brought back into the United States.

This process depends on the U.S. speculative financial bubble. Foreigners will only bring their dollars into the United States to invest in U.S. financial instruments—such as Treasury bonds, stocks, corporate bonds, derivatives—if the rate of return on these instruments pays more than the rate of return on financial instruments in other countries. Thus, the existing U.S. speculative bubble was stoked higher and higher, in part, to keep an increasing flow of foreign money coming in.

The bubble's imminent rupture, in the worst breakdown crisis in 300 years, ends this system. Foreigners, to protect themselves, will yank their investments out of the United States and out of dollar-denominated investments. This will send the dollar tumbling: A 40% fall in the value of the dollar is likely. Such a dollar crisis will trigger the de-leveraging of the highly leveraged U.S. financial system, splintering the

TABLE 1

Percentage of Total Physical Goods Exports That Go to the United States

(Percent)

	Philippines	S. Korea	Taiwan	Japan
1990	41.9%	28.4	33.8	34.2
1995	40.0	19.3	25.9	27.9
1999	33.7	20.2	28.9	31.2

Sources: U.S. Department of Commerce; World Trade Organization; *EIR*.

TABLE 2

Percentage of Total Physical Goods Exports That Go to the United States

(Percent)

	China	Indonesia	Thailand	Malaysia
1990	24.2%	13.0	22.9	17.9
1995	30.6	16.4	20.1	23.6
1999	41.9	19.6	24.5	25.4

Sources: U.S. Department of Commerce; World Trade Organization; *EIR*.

TABLE 3

Percentage of Total Physical Goods Exports That Go to the United States

(Percent)

	Canada	Mexico
1990	71.6%	74.1
1995	75.1	78.1
1999	83.3	80.3

Sources: U.S. Department of Commerce; World Trade Organization; *EIR*.

dollar-centered financial system as a whole. The United States will not have the wherewithal—the dollars—to sustain its huge volume of imports. America's trading partners will experience a jolting contraction of trade.

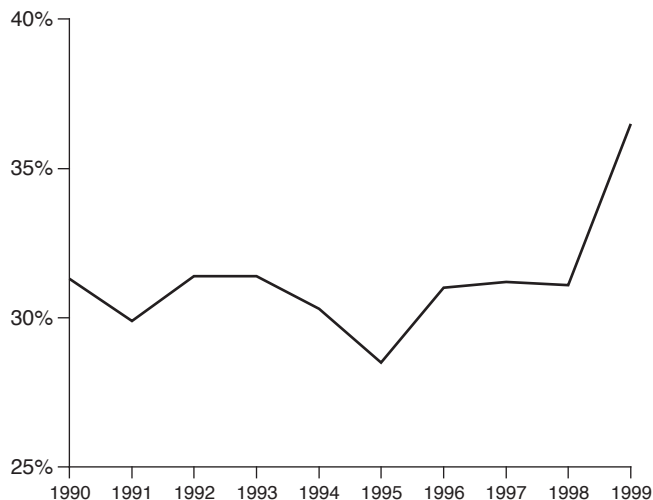
The effect of this trade contraction will be non-linear. In the midst of the financial disintegration of the past decade, for many nations in Asia and Ibero-America, exports to the United States represent all that allows them to keep certain factories open. The disappearance of this trade will shut down large portions of manufacturing in their economies, which will in turn impact the non-export-oriented domestic economy.

As for the United States, the removal of this physical goods "subsidy" will send the economy into a free-fall. This

FIGURE 1□

Percent of Ibero-American Physical Goods Exports, Exclusive of Mexican Trade, that Go To the U.S.A.□

(Percent)

Sources: U.S. Department of Commerce; World Trade Organization; *EIR*.

will set off an interacting downward spiral in worldwide trade, as each collapse in trade lowers a country's industrial production, reducing its ability to export and import, and so forth.

The Vulnerable United States

The arrangement of "importer of last resort" entails a reciprocal relationship between the United States and the rest of the world, which involves a very brittle mutual vulnerability.

America's dependence on physical goods imports extends across consumer goods, intermediate goods, and capital goods (see "The Bursting of the U.S. Import Bubble," *EIR*, Jan. 19, 2001.) To summarize, of the total American consumption of a particular good, the following percentage is supplied strictly by imports:

Consumer goods: 53.7% of all men's and boys' outerwear garments; 52.5% of all women's and girls' outerwear garments; 35.3% of all household cooking equipment; 44.5% of all electric housewares and fans; 34.2% of all cars.

Intermediate goods: 61.8% of all ceramic tiles; 22.5% of all steel; 22.2% of all industrial fasteners.

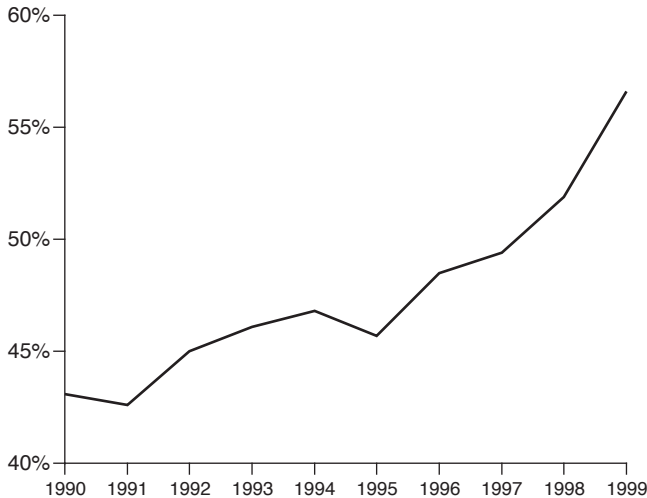
Capital goods: 25.1% of all electrical equipment (which includes specialty transformers; steam, gas and hydraulic turbines; etc.); 59.4% of all machine tools.

During 1990-99, the percentage of America's import dependency for most goods rose sharply; in some cases, the percentage doubled.

FIGURE 2□

Percent of Ibero-American Physical Goods Exports, Inclusive of Mexican Trade, that Go To the U.S.A.□

(Percent)



Sources: U.S. Department of Commerce; World Trade Organization; EIR.

FIGURE 3□

Percent of World Physical Goods Exports, Exclusive of Intra-European Trade, That Go To the U.S.A.□

(Percent)



Sources: U.S. Department of Commerce; World Trade Organization; EIR.

TABLE 4

Percentage of Total Physical Goods Exports That Go to the United States

(Percent)

	Germany	France	Italy
1990	6.7%	6.1	7.5
1995	7.1	6.0	7.0
1999	10.2	8.6	9.7

Sources: U.S. Department of Commerce; World Trade Organization; EIR.

Asia

We can now focus on what will happen to those economies which have a large export dependency on the United States. We look at what percentage of a nation's total physical goods exports goes to the United States, starting with Asia.

Table 1 lists countries, which between 1990 and 1999, had a falling percentage of total exports that went to the United States. Though the reason for the fall is not known, it should be recalled that any time a nation sends 20% or more of its exports to another nation, that is a very significant relationship. Thus, for Taiwan to export nearly 30% of its physical goods exports to the United States alone, and for Japan and the Philippines to export approximately one-third of their total exports to the United States alone, is a highly

concentrated relationship.

Table 2 lists countries, which between 1990 and 1999, had a rising percentage of total exports that went to the United States. Look at China, which ships 41.9% of its total exports to the United States, an extraordinary concentration.

These eight Asian countries conduct a large volume of trade with the United States. Of the 20 countries from which the United States imports the most physical goods, these countries have the following rank: #2, Japan; #4, China; #7, Taiwan; #8, South Korea; #10, Malaysia; #18, Philippines. Meanwhile, for each of these countries, the United States represents either the first, second, or third largest market for their exports.

The Western Hemisphere

Table 3 shows that both Mexico and Canada send more than four-fifths of their total exports to the United States, as part of the North American Free Trade Agreement (NAFTA).

Figure 1 shows that in 1990, in the case of Ibero-America, except Mexico, 29.9% of its physical goods exports went to the United States; in 1999, that rose to 36.5%. When Ibero-America is considered to include Mexico (**Figure 2**), then in 1990, 45.2% of Ibero-America's physical goods exports were exported to the U.S.; in 1999, that rose to 56.6%. (Though Brazil had a larger economy than Mexico, the latter, through the slave-labor *maquiladora* system, has the biggest

trade of any nation in Ibero-America. This further weights upward the percent of all of Ibero-America's exports that are exported to the United States.)

Europe

Though for Europe's leading economies, the percentage of their total trade that goes to the United States is small, it is nonetheless strategic.

It must be kept in mind, that for the major nations of Europe, approximately 50% of their trade stays within Europe, since in trade terms, Europe has a significant degree of integration. **Table 4** documents that today, 10.2% of Germany's total physical goods exports are exported to the United States. Since roughly 50% of Germany's trade is intra-European, then, we see that 20.4% of Germany's trade outside of Europe is exported to the United States. Trade with the United States represents a strategic function, as a pathway for Germany to get its goods out to the rest of the world. This plays an important marginal role in domestic German production. The same is true for France and Italy.

World Trade

World trade is now so constituted, that an increasing share of total physical goods exports has been caused to flow to the United States.

Figure 3 depicts that whereas in 1980, 15.8% of all the world's physical goods exports, excluding intra-European trade, were exported to the United States, today that has risen to 24.2% (this figure includes all of Europe's exports outside the European Union). Critically, this is particularly concentrated in certain regions: The export dependency of many major Asian nations and all of Ibero-America is in the range of 30% to 56.5% of all exports being shipped to the United States.

In conclusion, the inability of the United States to finance its current account deficit, which is heavily weighted by physical goods trade, will cause a sharp contraction of goods trade between the United States and the rest of the world, and create a worldwide interacting downward spiral. The continued existence of all economies is threatened. A New Bretton Woods System could restart world production and trade.

Al-Arab Reports: 'It's LaRouche or Greenspan!'

Under that headline, Dr. Mustafa Al-Bazargan, economics editor of the London-based Arabic daily *Al-Arab International*, on Feb. 2 gave his readers a report on *EIR*'s cover story of Jan. 19, "The Demise of the Importer of Last Resort." He showed why Lyndon LaRouche, and no one else, should be listened to, in order to avoid an international economic collapse.

Al-Bazargan writes: "In the past few days, I couldn't find any more precise and honest description of the true state of the American economy, than a biting political cartoon on the cover of the American weekly magazine *Executive Intelligence Review* issued on Jan. 19." He describes Claudio Celani's cartoon, in which a freezing, shirtless Uncle Sam looks longingly into a shop window, where items are for sale that are "Made in Germany," "Made in Japan," or "Made in China."

"This is a more than truthful picture of what has become of the American economy, after its submergence in record imports at the expense of the national industry. This was a result of a two-sided policy. The first was a public policy, manipulated by the American Administration to deceive the American citizen and to brag about dreamed-up economic successes and achievements for the sake of getting support in the elections. The second was a real

policy through which the Administration was hiding and burying the true impact of a policy that has been leading the American economy to the abyss. Politicians, businessmen and the mass media were not allowed to mention, acknowledge, or warn against it.

"Yesterday, an important industrial report was published, showing that the American industrial sector has been shrinking for the sixth consecutive month, proving that the American economy is heading into a depression. . . .

"Here, we must state clearly, that what has happened to the American economy was forecast and the appropriate steps were described to avoid it by the American economist and statesman Lyndon LaRouche for more than two years. He wrote numerous articles and studies which revealed that true state of the economy in the U.S.A., and warned against the collapse of the speculative bubble. He stressed that the economy is heading to this depression and will head into graver conditions, unless it were dealt with through appropriate plans. . . .

"We see today that LaRouche's warnings and forecasts are hitting with full force. Even members of the new Republican Administration and Chairman of the Federal Reserve Alan Greenspan admit today all the problems facing the American economy, 'the most powerful economy in the world,' according to previous statements made by Greenspan himself. The question now is: Will Americans realize, before it is too late, what kind of storms are going to strike their economy? Or will they go on playing the ostrich, with their head stuck deeply in the sand?"

ON THE CALIFORNIA ENERGY CRISIS

As Seen and Said By the Salton Sea

by Lyndon H. LaRouche, Jr.¹

Sunday, February 4, 2001

Looking at the California energy-crisis from where some of us were gathered, yesterday, at a place near the Salton Sea, I can tell you this.

If you can afford the gasoline and the repair bills, most among you can, by free will, take a detour that might bring you a bit later, or quicker, to whatever your chosen destination might be; but, sooner or later, if you survive the journey, you will usually probably arrive at the place you have chosen, whether you later wish you had, or not.

Soon, unless President George W. Bush abandons his present ways, his policies are now going to lead his administration toward a point, in the rapid unfolding of the current California energy-crisis, at which Bush will be confronted with a global crisis so horrifying, that most of you would not now even try to imagine it. The exact time that point will be reached, may vary slightly, according to which detours are tried; but, nonetheless, it will be reached very soon.

For your own good, you, and President Bush, had better find the courage to face up to that reality, now, before it is too late. For the sake of all of us, please permit me to lead you,

1. Long-standing Democrat Lyndon H. LaRouche, Jr. is a registered candidate for the Year 2004 election as President of the U.S.A. He is a Democrat in the footsteps of John Quincy Adams and Abraham Lincoln, and carries into today's crisis the legacy of Franklin Roosevelt's leading this nation out of the national economic disaster created by the cumulative effects of the then preceding Presidencies of such American Tories as Theodore Roosevelt, Ku Klux Klan fanatic Woodrow Wilson, and Calvin Coolidge.

step by step, into discovering for yourselves, what it is that you need to know, if we all are to work our way out of this mess.

The most important political issue now confronting all of the most intelligent and moral citizens of the United States, today, is: How could we prevent that terrible thing from happening? The only available, intelligent answer to that question, has two parts to it. First, speaking from a strictly technical, administrative standpoint, what kind of U.S. policy would bring this crisis quickly under control? Second, to speak politically, what are the chances, given President Bush's presently stubborn attitude on the subject, of bringing his administration around to accepting the needed, drastic changes in U.S. economic policy before it is too late to do so?

Competent answers to important questions, are never found without giving the matter serious thought. Don't expect answers to be cooked up in a minute or less in your microwave. You must accept the fact that the time has come for you to stop looking for simple-minded, snappy slogans, and do some careful thinking, which includes a considerable amount of re-thinking, instead.

To find the answers to the combination of those two questions, there are six distinct, leading points which we must take under consideration.

1. What are the policies which have led into the crisis presently centered in California? Why did this crisis become more or less inevitable?
2. What practical measures by the Federal and state



The present crisis came about as a result of the continuing social process which began about 1966, with Richard Nixon's "Southern Strategy." It was perpetuated by the fanatically irrational policies of such officials as Senators Phil Gramm and Trent Lott. Left to right: Nixon, Gramm, Lott.



governments, would quickly bring this crisis under control, and gradually solve it?

3. What are the proven precedents from past experience, which show that the solution I propose will work?
4. What would happen if the measures which I propose, were not adopted?
5. All things considered, what are the methods to be used, by relevant Democrats and others, in working to persuade the Bush Administration to adopt those needed policies, even in spite of his administration's presently more or less hysterical opposition to every step needed to bring this crisis under control?
6. Finally, apart from the kind of reluctance we must expect from among the experts in the new administration, such as Vice-President Cheney and Secretary of Defense Donald Rumsfeld, how shall we overcome the fanatically irrational objections we must expect from the numerous, Elmer Gantry-style, true believers, among Senators Phil Gramm's and Trent Lott's, or Representative Tom DeLay's political followers, within the Republican Party's popular "Southern Strategy" base?

1. How the Crisis Was Created

This present crisis came about as the result of a continuing social process, which began about 1966, at the time future President Richard M. Nixon was meeting with types such as the Ku Klux Klan, to negotiate what became known as the Republican Party's "Southern Strategy."

The intent of Nixon's policy, was to begin a process of reversing every remnant of those U.S. national economic policies, through which President Franklin Roosevelt had led the nation out of that Great Depression of 1929-1933 which former President Calvin Coolidge had bequeathed to his own successor, Herbert Hoover.

From the time of the outgoing Hoover Administration's collaboration with the incoming President Franklin Roosevelt Administration, the successive reforms by Hoover and Roosevelt, as measures taken in response to the collapse which Coolidge had created, had shielded the general welfare of our republic against a return to those Coolidge-style follies which had caused the 1929-1933 Depression. Since Nixon's election in 1968, every administration since Nixon's launching of the Southern Strategy, has contributed, in one degree or another, to stripping away, shingle by shingle, that protective roof of continued prosperity, which Roosevelt's reforms had installed.

As a result of those Southern Strategy-led changes in both

U.S. and world-wide trends in policy-shaping, two ultimately fatal new directions were introduced into both national and leading international economic policy-shaping. Thus, during the sweep of the interval 1933-1965, the overall trend in U.S. economic policy and practice, had been for improvement in the productive powers of labor and the economic conditions of life of the typical individual and family household; since Nixon's 1968 election, that policy, which once led us out of the Great Depression of the 1930s, has been reversed, downward step by downward step, during the recent thirty-two years.

The first major disaster, which Nixon brought upon the world economy, was his wrecking of the Bretton Woods monetary system, in mid-August 1971. With this action, Nixon ruined every essential feature of the monetary policy upon which the international economic progress of the 1945-1965 interval had depended, especially that of the U.S.A. on the one side, and, on the other, western Europe and Japan. Since that change in direction, first evolved under the influence of Nixon's so-called "Southern Strategy," during 1966-1972, the Americas and Europe as a whole, including what were formerly the Warsaw Pact nations, have fallen into a worsening, downward trend in both productivity and the general economic welfare of the populations considered as a whole. Since the introduction of "globalization," during 1989-1991, this decline has tended to become catastrophic.

The second major factor, has been that destruction of the U.S. internal economy itself, which was introduced systematically, also under the influence of Southern Strategy ideology, under the 1977-1981 Carter Administration.

Those two major changes in policy, whose effects have taken over our nation's policy-shaping increasingly, during the approximately thirty-five years, since the launching of the so-called "Southern Strategy," have had the following four, most notable impacts upon both the U.S. and world economies.

1. A pro-racist reaction, as typified by the Nixon "Southern Strategy" turn of 1966-1968, against the social-policy trends associated with the pre-1966, post-World War II campaigns for civil rights and improvement of the general welfare. This racism has been reflected in the shaping of our foreign policy of practice, as toward Africa, over this period to date.
2. A growing, increasingly mass-based, overt hatred against the Franklin Roosevelt legacy, a turn back to what Roosevelt had accurately identified as "American Toryism," a turn away from the economic recovery which had been made possible by Roosevelt's premising our nation's policy on the Constitutional principle of the promotion of the general welfare. This anti-Roosevelt impulse has been the driving force behind a pro-Confederacy-like

trend, in favor of "shareholder value," and against the Constitution's establishing the principle of the general welfare as a fundamental principle of our Federal law.

3. As already noted, these changes created a downward trend in the economies of Europe, Japan, and the Americas, and also of most of the world as a whole, a collapse set into motion by the Nixon Administration's uprooting of the pre-1971 Bretton Woods agreements.
4. To understand the cause of crises such as that striking the West Coast of the U.S.A. today, we must recognize these developments as the predictable outcome of a systematic wrecking, begun by the pro-Malthusian Carter Administration, of that post-1929 system of regulation, which had been established, initially, by cooperation between the administration of the outgoing President Herbert Hoover and the incoming President Franklin Roosevelt. The present crisis, as typified by the California case, has been the result of overturning those rules of bankruptcy and general economic regulation, upon which the 1933-1965 economic recovery and prosperity of the U.S. economy had depended.

The Long-Term Cycle Behind This Crisis

In history generally, but in modern, globally extended European civilization most emphatically, the effects of the kinds of radical changes in the rules of the game, which the disastrous after-effects of the Nixon and Carter Presidencies illustrate, usually manifest their full effects approximately a generation after such changes in rules are introduced. The 1618-1648 Thirty Years War in Europe, is an example of this. The quarter-century from the 1977 inauguration of Democratic "Southern Strategy" phenomenon President Jimmy Carter, to the California deregulation crisis hitting upon the inauguration of Republican "Southern Strategy" sprig President George W. Bush, is also an example of this.

One of the principal reasons there is a tendency of such cycles to unfold over approximately twenty-five-year intervals, is cultural. The key to this connection, is the fact that about a quarter-century must pass before today's newborn babies become the next generation of established adults. Also, in modern economy, the most significant long-term cycles of physical forms of capital improvements, especially vital improvements in, and maintenance of basic economic infrastructure, also unfold over a span of about a quarter-century.

So, we might say of the past thirty-five years of downward trends in U.S. policy-shaping, the years since Nixon's "Southern Strategy" campaign of 1966-1968, that "the sins of the fathers are now visited upon the sons." It is from seeing today's California energy-crisis in that light, and only in that

way, that true causes and clear alternatives for the present situation can be presented and discussed in a rational way.

The corresponding problem today, is, that the adults now in their fifties, who were "Baby Boomer generation" adolescents when these changes in cultural paradigms began, have grown up, usually, without consciousness of the need to view their own culturally instinctive reaction-patterns of today critically, that from the standpoint of such immediately relevant evidence, as the contrasted reaction-patterns typical of their parents' generation, a quarter-century, or more, earlier.

In the history of similarly downward periods in culture generally, it is sometimes difficult for any of that current generation of leading policy-shapers under sixty years of age, to recognize, that their own generation's generally accepted values, have been, too often in history, the harvest of seeds of catastrophe planted a quarter-century or more earlier.

It is especially difficult, for most among today's leading executives, in or out of government, to take a still further, necessary step, to recognize the nature of the relevant mistakes made earlier by their parents' generation, the kinds of mistakes which, for example, contributed to shaping the state of mind of today's presently leading generation of policy-shapers. In the case of the so-called "Baby Boomer generation," this kind of difficulty, by one generation, in understanding the mind-set of a predecessor generation, has been aggravated most significantly, by the current failure of our secondary and higher educational institutions to teach real history, a collapse in the quality of education which has gripped both our nation's educational institutions and its mass media-misshaped popular opinion, over a period of more than a quarter-century to date.

It is reliving history, through experiencing the act of discovery of experimentally demonstrable universal principles made by earlier generations, which enables the student to relive, within himself or herself, the actual, important thoughts and related experiences of those from several generations, centuries, or, as in the case of Classical Greek, millennia earlier. It is only in that way, that a present generation can know and judge the world-outlook actually experienced by earlier generations, and earlier cultures. It is only in what came to be known as such a Classical-humanist approach to education, that a sense of history is developed in the young.

The recent generations of university-educated Americans, the so-called "now generation," have been generally denied that competence, which should have been provided them through Classical-humanist modes of education. Most of them, even those in high positions today, have been denied the competence to judge the ways in which both they and their predecessors had thought similarly, or differently, on important specific issues of policy-making. The ability to seek out truth, is suffocated under the weight of blind faith in the pathetic assumption, that current opinions are right simply because they are currently prevailing opinions.

So, to understand the cycle of developments during the

past thirty-five years, we must, first, re-experience the period from the 1920s through the time of the Kennedy Administration, the social conditions experienced by the U.S. population, under the combined impact of the Great Depression of the 1930s, the 1933-1940 struggle for physical-economic recovery, the imperatives of World War II, and the continuing effort to remedy painful physical shortages. These experiences produced a certain, paradoxical duality of value-judgments, among, at least, most of the adult generation from the period of World War II.

For that generation, the fearful impact of the Depression had tended, on the one side, to intensify popular fascination with "having money," money in and for itself; but, at the same time, the experience of suddenly aggravated physical want, had prompted a keen sense of physical reality, as being, in the final analysis, more important than that money itself. So, our population reacted, often paradoxically, in the way its members viewed personal conditions of family life, on the one side, and, on the other side, the politically shaped physical conditions of the government-policy-shaped environment on which personal and family life's conditions and opportunities depended. This dual view of personal and general circumstances, was reflected in a paradoxical way of viewing the juxtaposition of relative condition of the physical environment for living, and the more narrowly personal features of financial interest.

For various reasons, the change in cultural outlook among a significant portion of that portion of the youth entering our more fashionable universities, during the post-missile-crisis, post-Kennedy, middle to late 1960s, prompted many among them to tend to reject the degree of relative emphasis placed upon physical realities by their parents' generation. A common expression for such flights from reality, was the ejaculation, "We don't go there!"

Aggressive shifts in that direction, away from physical realities, had already begun in the form of the so-called "White Collar" and "Organization Man" mythologies of the family households of new suburbanites of the 1950s. Among the relevant strata of students on campuses during the middle through late 1960s and beyond, an intellectually blind dislike, akin to the ideology of the so-called Nashville Agrarians, for anything associated with "Yankee-style blue collar values," influenced a leading portion among those students who would become most typical of the upward-rising future policy-shapers of today.

The effect of that shift of those Baby Boomers into a Nashville Agrarian style of ideology, is to be seen in the transformation of most of the formerly great industrial centers and modern family farms, through which we had won World War II and rebuilt war-torn post-war western Europe, into today's "rust belt." It is that "rust belt" phenomenon, which typifies the developments which have made the U.S. economy so vulnerable to the crisis of the region including California, today.



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The social effect for today, of the so-called cultural paradigm-shift of the campus Baby Boomer generation, was expressed then as a growing, so-called “New Leftist” style of disdain for the previous generation’s values, among that rising generation of future policy-influences entering adulthood.

The “New Leftist” was only the relatively extreme case, who typified a much broader part of the same university population. Both shared, more and more, in varying degrees, a revulsion against the importance formerly attached to technological progress in the production and maintenance of basic economic infrastructure and physical goods. This was especially notable in matters bearing upon attitudes toward capital-intensive modes of infrastructure-building and production of goods. A related, “New Leftist” enmity against unionized “blue-collar” strata, and against technological progress in basic economic infrastructure and capital-intensive forms of agricultural and industrial production, shaped the social setting in which what became known as “the environmentalist movement” was developed.

At first, the so-called “new radical” portion of the campus population of the late 1960s, affected the now familiar tattered-jeans styles, by aid of which they associated themselves, “spiritually,” and, usually, temporarily, with the “underclass” of the very poor. Soon, during the course of the 1970s, they yearned again for the gaining of that same “my money” which they had pretended to disdain during the late 1960s.

In the worst such cases, the trend was, that, more or less unlike their suburbanite parents, they no longer wished to associate the gaining of money with those benefits for the economy as a whole, which are expressed in increase of the

energy-intensive, capital-intensive physical productive powers of labor. In the worst, but increasingly influential numbers of such cases, reality was supplanted, for them, by “my money” as such, “my money” now associated with the intangible called “information,” or simply sensual pleasure for its own sake, or even entertainment in the forms of ephemeral, faddish fantasy-styles, like that of the morally self-degraded *vox populi* cheering the slaughter in the Roman Colosseum.

So, as this Baby Boomer-led, existentialists’ “transvaluation of values” emerged as a growing political force, during and following the Carter Administration, our nation did worse than merely permit the accelerating decay of our basic economic infrastructure, and the looting and ruin of our farms and industries. Our government enacted law after law, our popular culture adopted ideological change after change, all of which accelerated the tearing apart of everything which the great recovery of 1933-1965 had built up.

Few cases illustrate the importance of that connection more simply and dramatically today, than the combination of the catastrophic collapse of the share of the national income among the lower eighty percentile of family-income brackets, since 1977, and the virtual non-history of new development of energy production in California during the recent twenty-five years since the inauguration of that President Jimmy Carter.

In an earlier time, during the periods of the Depression, World War II, and the 1946-1989 “Cold War,” U.S. national security had signified the ability to muster the means to secure the most essential needs of our population and a “full-set economy” within our national borders. Gradually, especially



Demolition of a U.S. Steel plant in McKeesport, Pennsylvania, 1985. It is this “rust belt” phenomenon, which typifies the developments which have made the U.S. economy so vulnerable to the crisis of the region including California, today.

with the 1972 “détente” agreements with the Soviet Union, and “the opening to China,” the need for self-reliant national economic security, was less keenly felt in leading policy-shaping circles.

This became an increasingly conspicuous policy-trend during and following Henry A. Kissinger’s Nixon Administration activities of the year 1972. In contrast to the traditional view of national-security interests, Carter’s wrecking of agriculture, industry, and basic economic infrastructure, followed by related legislation such as Garn-St Germain and Kemp-Roth, like the famous “Plaza Accords” later dictated to Japan, signalled a trend toward looting the U.S. economy’s, and also the world’s productive base, in favor of greater emphasis upon floods of cheaply produced goods brought into the U.S.A. and western Europe from abroad. With the 1989-1991 collapse of the Soviet system, the willful collapse of the U.S. economy was accelerated under the rubrics of NAFTA in particular, and “globalization” in general.

During earlier times, before the sweeping changes introduced by Nixon and Carter, the notion of national economic security, was regarded as interchangeable with another notion, that of a “full-set economy,” the notion of a national economy which would be capable of surviving, successfully,

even vigorously, were it to be cut off from imports from much of the world outside it. Economic national security signified commanding, at home, all of the essential technologies, scientific laboratories, and means of agricultural and industrial production on which the welfare of our nation and its population depended.

Today, as a result of that global aftermath of the Southern Strategy, virtually no nation in the world has any longer the actively functioning means to reproduce the kind of “full-set economy” represented by the leading economic powers of the 1960s and 1970s. The post-1989-1991 plunge into the hysterias of NAFTA and “globalization” have represented the greatest single source of strategic threats to the U.S. economy, as also that of Europe, and elsewhere, in modern times.

The Present Inflationary Trend

Now, add the effects of the currently soaring rates of inflation. That is not all, since the 1966-1982 structural changes in U.S. and other nations’ policies, the levels of physical output, which the nations, and the world as a whole, have been able to maintain during the recent decade, until now, have been maintained by using up, without replacement, more and more of the produced wealth created during periods two or three decades ago.

To a large degree, this willful collapse of the economy has been recognized, but also camouflaged, by the popular delusion, that a new, better way of life, called “information economy,” has inevitably superseded the old “smokestack economy.”

In the U.S., in particular, today’s crisis in basic economic infrastructure, including energy production and health-care capacity, is a reflection of the accumulated using-up, and systematic destruction of capacities which had existed in the U.S. itself a quarter-century ago. In other words, if we measure economic costs of output in purely physical terms, the world, if considered as it were a business, has been consistently operating at a net physical loss, over the entirety of the past quarter-century. Forget financial statistics, for the moment. Think of the physical reality which shows those financial figures to be a giant hoax.

Yet, while the U.S. has been plunging toward national financial bankruptcy, living, more and more, until now, on its national current account deficit, and while the lower eighty percentile of our family-income brackets have been driven, since 1977, into an increasingly desperate impoverishment, official Washington and most of the news media have insisted, frantically, on speaking of a wonderful, never-ending growth and prosperity. Now, we have come to the point, that clinging to an hysterical commitment to the slogans of “free trade,” “deregulation,” and “globalization,” would mean a virtually immediate, chain-reaction collapse of California and much of the world besides. All in all, the fantasies of the popular mass-media create quite a paradox.

To be more exact, the U.S. economy, while operating at

a net loss, in terms of physical accounts, has been enjoying super-profits for its financial markets. Most of this financial profit has no real content; most of it is merely financial-accounting's fictitious bookkeeping profits on a vast bubble of financial speculation, much like, but far worse than the famous John Law bubble.

Think of a weekend poker-game, in which some players profit, and other players lose. Yet, all the time, the total money in the room becomes less and less, as the players send out for yet another round of beer and pizza. Except for what the U.S. is able to import, more and more, from cheap-labor markets abroad, while shutting down U.S. production itself, all without actually paying for all of what is imported, the U.S. is becoming physically poorer and poorer, while the debts pile up, and the lower eighty percent of the family households, work more jobs per week, and take less and less of the total national income home, each year, since 1977. *Are you poker-players so drunk, that you consider the proceedings in that room to represent an increasingly prosperous economy?*

Thus, while the U.S. economy has been losing money, and shrinking, as measured in physical terms of cost and output, it has been accumulating vast paper profits from what is Federal Reserve Chairman Alan Greenspan's orgy of pumping up purely financial speculation. At the same time that the nominal rate of inflation of prices of consumer goods was creeping up relatively slowly, a vast inflationary debt-bubble was building up to the point it must sooner or later explode.

During the recent years, since about 1995, the symptoms of an oncoming global financial crisis, have been increasingly clear. From time to time, the truth has been forced to the surface, as by the so-called "Asia crisis" of 1997 and the Russian bond-speculation crisis of 1998. During the interval March-September 2000, the inflationary process reached the level of a threatened break-out, like that which struck Germany during the Summer of 1923. That comparison of the U.S. of today to the Germany of the inflationary crisis of 1923, is no exaggeration; the measurements are precise and the evidence conclusive.

The German inflationary crisis of 1923, was the outcome of the earlier French military occupation and looting of the Rhineland. To get the French troops out of Germany, Germany agreed to print the money, to pay the financial reparations demanded by the French. For a time, this growing flood of printing-press money did not show up as a hyperinflationary trend in prices of German commodities. During the Spring of 1923, that trend shifted. There was a reason for this, as a similar factor lies behind such hyperinflationary figures as an estimated 1,000% rate of inflation in California energy-prices today.

In both of these cases, Germany 1923 and the U.S. today, a critical point was reached, at which the amount of new inflationary credit required, to roll over the existing relevant accumulation of debt, exceeded the amount of the debt being rolled over in that way. When such a condition arises, ac-

companied by a trend toward contraction of production-levels, a hyperinflationary potential has been set into motion. Any continuation of monetarist forms of credit-expansion, beyond that critical point, sets off, inevitably, the type of hyperinflation seen in the July-November statistics for 1923 Germany. That happened in 1923 Germany; that is what lies behind the hyperinflationary bubble in energy prices, in California, and elsewhere, today. Alan Greenspan is, therefore, a dangerous sort of ideologue, and also, more recently, a panic-stricken, reckless fool.

So, during the year of the election, 2000, the U.S. money managers were caught between putting sufficient financial inflation into the system, as "plunge protection" measures intended to keep the system from collapsing before the November 7th election-day, while holding back as much as they dared, for the sake of avoiding, or, at least, restraining the knee-jerk impulse of Alan Greenspan's Federal Reserve System, for feeding a growing tendency toward hyperinflation in the fictitious values attributed to shareholder and related financial assets. The worst, and potentially most deadly of those fictitious financial assets, existed in the form of the mere gambler's debts to mere gamblers, debts known either as assets or as debts, otherwise known as financial derivatives.

There was already hyperinflation under way, in some categories, such as costs of acquiring housing, energy costs, and others, even before the present surfacing of the California energy crisis. The most devastating impact has been felt in the area of production and distribution of electricity, hitting hardest in what has become the most vulnerable sector of the national economy as a whole, the California-centered West Coast region.

This presents the nation, and the Bush Administration, with a threat of the type for which the miracle cures of the monetarist medicine-men, such as lunatic doses of "free-market cocaine," are a cure for depression which is worse than the disease.

None of the measures which would be presently considered acceptable by the Bush Administration, will have any other effect than to ensure a chain-reaction blow-out of the world's financial system, should the world be willing to put up with such policies from within the U.S.A. Only a return to the kinds of strategies introduced under President Franklin Roosevelt, that, in part, in cooperation with the outgoing Hoover Administration, could address the present situation successfully.

Otherwise, unless a return to the Franklin Roosevelt way of thinking is introduced now, an early, catastrophic failure of the current Bush Administration, is inevitable. Unless President Bush changes his present policies, as I indicate, once again, here, his administration is about to suffer the greatest catastrophe of any Presidency in more than a hundred years, and that about now. Such is the fate of those fallen empires, like that of the poet Shelley's "Ozymandias," which tarried too long in their substitution of ideology for reality.

A fundamental, and sudden shift, back in the direction of Franklin Roosevelt's solution, in the policy-shaping paradigms of the U.S. government, will either occur now, or an incalculable horror of combined financial, economic, social, and strategic catastrophe is inevitable for the short term ahead.

2. A Twenty-Five-Year Solution

The first step which must be taken, is to put the entire, formerly regulated sections of our nation's energy industry under Chapter 11 bankruptcy protection. This does not necessarily mean putting each entity into bankruptcy; it means putting some entities under Chapter 11 protection immediately, but it also means putting the protective umbrella of Federal and state government threat to provide such protection to any relevant entity within the domain of maintaining national and regional energy security.

As a leading feature of that use of Chapter 11 methods, bankruptcy reorganization must be conducted to further the aims of immediate reinstatement of former types of Federal and state regulation of the generation, and distribution of the nation's energy supplies, that at prices sustainable by businesses and typical households, and consistent with pre-2000 trends in such prices.

The difficulty in taking those urgently needed forms of corrective action, is not only that deregulation has become, like cocaine, a habit; but that the financial interests associated most closely with the campaign for the election of the present administration, represent chiefly a Southern Strategy-based complex of financial interests which are deeply committed to defending the revenues from activities which are choking California's economy to death at this moment.

If all among those interdependent courses of action are not taken, no real solution to the presently skyrocketing crisis is possible. In that case, the Bush Administration would come to be seen soon as more or less doomed from the outset, hung, so to speak, by the rope which supported its election.

The Franklin Roosevelt precedent is to be understood to be applicable to this case. The mission is to defend national economic security, as the principle of promotion of the general welfare and national security of all of the population and its posterity, defines the meaning of law under our Federal Constitution, absolutely contrary to the errant opinion of some text-offenders among the U.S. Supreme Court justices.

The prices and assured, regulated flow of the stream of electrical and related supplies, must be immediately re-regulated by the standard of pre-1977 precedents. This regulation should be Federal, insofar as interstate commerce or national-security requires, and shall be otherwise left to the states, but with Federal support and guidelines, as needed for coordination among the states.

Presently strong official and related objections to such policies, should not be considered as tolerable excuses for

failing take such actions. When the perceived pain is sufficiently acute, as will soon be clear, those objectors who are still capable of rational behavior, will feel themselves under the greatest pressures to become less stubborn in opposing the restoring of regulation. The nation's electorate will demand such changes, and they will be right in demanding that such changes be made promptly, now, before the present crisis becomes impossible to manage under our Constitutional form of government.

These emergency measures of re-regulation must be complemented by a new matrix of combined, short-term, medium-term, and long-term national energy policy.

Short-Term Energy Policy

For the moment, we must operate on the working assumption that we have presently available to our nation, approximately sufficient capacity for generation and distribution of required energy-supplies. Major generating installations, and their matching grid-system elements, presently require periods in the order of three to five years to install, even if high priorities are assigned to such installations. Increasing of capacity for refining and delivering fuels also requires lapsed time. That means, that only certain marginal adjustments in primary energy-supplies are feasible during the year or two immediately ahead.

The suggestion that floods of fuels or electricity from abroad would overwhelm the price-crisis, is a childish delusion. No cheap theatrical stunts of that sort will work. Saner people will concentrate on managing what we have, while beginning to build for the medium and long term ahead.

For the relatively short-term period ahead, arranging supplementary supplies for critical points in the grids, will be needed, in the manner of shoring up weak points in the dike. This will be applicable to the needs for improvements in the quantity of supplies, and for improvements in spots of less reliable performance within the regional distribution grids.

Among the required priorities, there must be a cautious avoidance of over-reliance on what might be an excessively extensive scope of load-frequency distribution operations. A large degree of local and regional ability to isolate systems from potential calamities in the broader distribution grids, should be considered a national-security priority. "Just-in-time" and "justly barely enough" practices must be avoided, that as a matter of national economic security. There must be built-in slack within the system, both nationally, and regionally; there must be ready reserves available.

We have an analogous, and related case, in the instance of those who propose to expand FEMA and similar capabilities, for dealing with infectious disease emergencies, without recognizing that the post-1973-1975 take-down of the former Hill-Burton health policy, has resulted in the accelerating destruction of the medical capacities, in institutions, actively employed professionals, and health-care policies, which would be a precondition for doing anything significant in the

face of a real health-care emergency. The just-never-really-on-time delivery of supplies of flu-virus vaccines, typifies the evidence of possible lunacy, and clearly incompetence, in proposals for special emergency “crisis-management” re-arrangements of that which does not exist to be arranged.

Among included measures, the following are to be considered. The use of jet-engine complexes, as relatively mobile auxiliary power generation for patching up the distribution dike, is typical of the kinds of short-term actions available. The logistics of fuel supplies, for this purpose, is an integral part of that.

Meanwhile, there must not be reliance upon hydroelectric sources to the degree that such uses might undermine the relevant water-management systems’ other essential functions. The primary mission of water-management systems, should be water-management, from which hydroelectric generation serves as both an integral feature and a by-product. The environmental impact of drawing down the water reserves, as a way of avoiding government’s responsibility for actions which some political interests might not like, is something this nation need not, and should not tolerate.

Medium-Term Policy

The notion of medium-term energy policy is pivoted on the observation that, at present, three to five years is required, to install a completed electrical generating facility of one to two gigawatts average output-capacity. Most desirable, are facilities which would supply process-heat and synthetic fuels, such as hydrogen and methane, for local and regional industrial and other uses.

On this account, medium-term energy policy overlaps long-term policy. The principal generating plants of the system as a whole, are constructed with an intended useful life of about a quarter-century, or longer; major hydroelectric installations significantly longer. These principal installations involve capital expenditures, and related financing arrangements, at rates which should be sustainable in the order of 1-2% simple interest, amortizable over long-term periods.

Given the reality of the awful financial crisis threatening our nation’s, and the world’s banking systems now, the resurrection of an adequate energy-system for our nation, will require a long-term credit facility of a special type, with a special mission-assignment. There must be a Federal authority which coordinates this, and provides Federal credit for facilitating long-term investments in medium-term construction and rehabilitation of generating and distributing capacities.

In connection with this same point, we must not separate national energy policy from its natural relationship to the financial systems of banking and pensions. Regulated systems of national basic economic infrastructure, operating at low simple interest rates, are the broad base of the pyramid upon which to build national economic growth in depth. This pertains to the natural complementarity between the functions of local and regional banking, and the development of the basic

economic infrastructure and communities of the region in which the banker’s market is most usefully situated.

The U.S. experience of the Reconstruction Finance Corporation and Germany’s Kreditanstalt für Wiederaufbau, are models of reference for such rebuilding and long-term development programs.

This has special importance for national banking and other policies at this present time. The perilous conditions of speculation-ridden private banks at this time, and the need to save those banks as functioning institutions, sometimes almost despite themselves, requires that Federal and state government act to foster the growth of a solid new base of bank assets, by aid of which to manage the difficult work of financial reorganization of banking institutions which must not be allowed to fail, even though they be awfully bankrupt.

The fostering of public sponsorship of large-scale investment in maintenance and improvement of long-term basic economic infrastructure, is still, today, the most solid foundation available for mobilizing combined public and private resources for a national economic recovery along lines typified, by the work of the Reconstruction Finance Corporation and the Tennessee Valley Authority, during President Franklin Roosevelt’s tenure. Clearly, Federal policy and action now, must reference those highly successful precedents.

In such matters, we must always shape the implementation of any important policy, especially those of medium-term and long-term impact, with regard to their impact upon the so-called “macroeconomic” totality in which such undertakings are situated. The interdependency among large-scale infrastructure programs, regional and local banking, and general community and business development within a region, must be the minimal setting within which infrastructure policies and programs must be defined.

In that vein, consider the following.

The location of prospective such plants, must be subject to Federal, as well as state, local, and private initiatives. In any rational form of U.S. national law and related policy, the requirements for power, as measured in even such raw figures as kilowatts per square meter, are subject to the same types of policy-planning as national railway, waterway, and highway projections. Geography and related considerations indicate where such facilities may lie, optimally, over the decades and generations yet to come.

In such respects, the kind of long-term energy-policy under which directions for medium-term actions are subsumed, resembles long-term general staff planning in the military domain. The indispensable role contributed by West Point graduates, as engineers, in building up the basic economic infrastructure of our nation, is among the experiences which reflect the principles involved.

Medium-term policy in this area must take into account, that since the beginning of the Carter Administration, there has been a catastrophic collapse in U.S. energy national security, as a reflection of the combined failure to develop new

generation, and attrition of pre-1977 installations. The coming four years in energy policy, must be directed to clearly concretized goals, as defined from a long-term perspective, in choices of locations and numbers of newly constructed generating capacities and in related improvements in grids.

Also, present policy-making for the medium, and long term, must take into account, that throughout the world, there have been significant, qualitative advances in the standards for types of designs of generating plants. Two implications of this, are not to be overlooked in projecting national energy policy for the medium term.

In this connection, we must also recognize a complementarity between needs for new installations inside the U.S.A. itself, and what should become a growing vast market for such installations in other parts of the world.

Our national policy must foster the resurrection of U.S. capital-goods-producing capacity lost over the recent quarter-century, with the intent of fostering the reappearance of firms which find the base-line for their market in combined domestic and foreign requirements. Such a marketing perspective warrants acceleration of scientific and related technological progress in this field of capital goods production and installations, and indicates a corresponding requirement in even the medium-term programs of our universities and related institutions.

This also points to the need for permanent functions of our Federal government, to bring together the public and private interests and agencies which will contribute crucial parts to implementing such a perspective.

Long-Term Policy and Environment

It should come to be understood, that “long-term energy policy” has two distinct, but complementary meanings for practice. In the first approximation, it signifies the intended cumulative effect of adding generating facilities which each could be installed, usually, during periods of three to five years. It should also mean something distinctly more profound; we should see energy policy in terms defined by the celebrated biogeochemist Vladimir Vernadsky’s conception of the *noösphere*.

To make this clear, I summarize Vernadsky’s conception, resituating it in the setting of my own original work in physical economy, and correcting some widespread, but incompetent popular opinion on this subject.

Vernadsky is famous for defining the term “biosphere,” as signifying that our world’s atmosphere, oceans, and much of the surface of the Earth down tens of kilometers, is, increasingly, the *natural product* of the action of living processes upon the otherwise non-living Earth as a whole. He went further, to emphasize that the rate at which the biosphere itself is growing, is increased by the creative economic activity of mankind. Thus, he defined our planet as, in the first instance, under the reign of a biosphere, which is, in turn, under the reign of a creative force, human creativity. Vernadsky then

defined this superimposition of the *noetic* powers of creativity, unique to the human species, upon the biosphere, as through physical-economic activity, as the *noösphere*.

That means, that we must view mankind’s development of what we call basic economic infrastructure, as functionally an extension of the biosphere’s role in generating and sustaining the preconditions needed for human life.

Therefore, domains of public interest such as mass transportation, water management, improvements of fields and forests, and production and distribution of energy, must be viewed as what Vernadsky would term the *natural products* of the *noösphere*, just as he classified atmosphere, oceans, and so on, of pre-human Earth, as natural products of the biosphere. From a standpoint of modern economy, the development of general basic economic infrastructure, and our maintenance and improvement of the biosphere, are to be seen as a continuous, single process within the *noösphere*. Among the relevant points to be stressed, is the beneficial role of rational development of basic economic infrastructure in improving what would be otherwise called the biosphere.

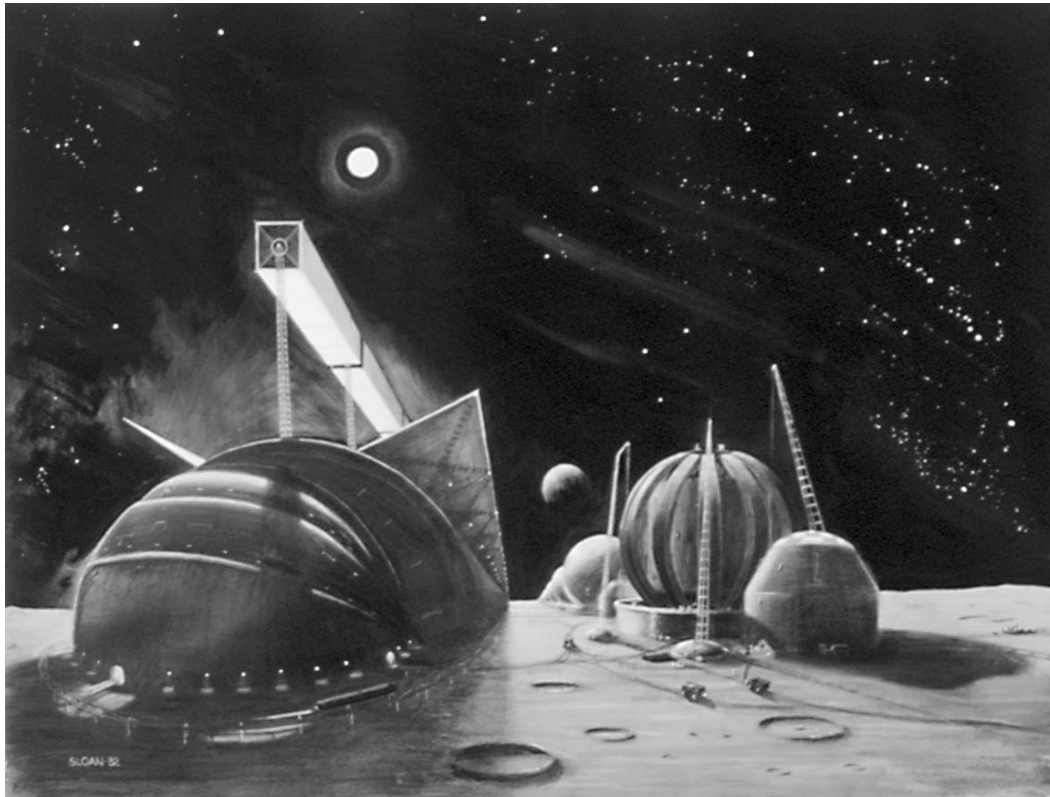
This means, that one of the goals of public administration, is to ensure that the land-area of the world is improved, as a biosphere, to the effect of enhancing the conditions required for human life.

To this end, I, in my function as a specialist in the science of physical economy, have introduced a refined notion of what I and my associates have introduced to Eurasian policy-deliberations as “development corridors.” This is to be seen as an extension of what American System economists Friedrich List and Henry C. Carey defined as the function of a transcontinental railway system, such as those which integrated the U.S.A., from Atlantic to Pacific, as functionally a single national territory.

If we examine relevant examples from both ancient and modern history accordingly, we should recognize, rather readily, that it is necessary to correlate general transportation routes, with power generation and distribution, and with water management, all under a single, unified conception. By developing corridors of this type, in bands of up to fifty miles or more in breadth, we create the preconditions under which what is economically otherwise more or less marginal land-area within a continental interior, is transformed into highly productive, economically fertile area.

If we approach such pathways of development appropriately, the effect of such development is, to enhance the biosphere for man’s existence, not, as many misinformed persons have feared, the reverse.

The present crisis, born out of the follies of U.S. policies (in particular) during the recent thirty-five years, has brought us to the time, that our properly informed concern for the coming generations of our population, should impel us to develop and adopt long-range policies whose effect on the *noösphere*, is to enhance the condition of the nation and the world bequeathed to our descendants.



Vernadsky's notion of a noösphere coincides with what should be adopted as a leading feature of our national long-range mission: the colonization of space. Here, an artist's rendition of a production-facility on the Moon.

Lessons From Space-Science

This notion of a *noösphere* coincides with what should be adopted as another leading feature of our national long-range mission. One of the greatest drivers for scientific and technological progress during the course of the Twentieth Century, was developments pertaining to the exploration of nearby Solar space. Most of our leading achievements in science and technology on Earth, have occurred either as by-products of combined military and other space programs, or in symbiosis with them.

For reasons which I have elaborated in other locations, the establishment of a production-facility on the Moon, and the long-term goal of establishing a Los Alamos laboratory-scale of scientific research installation on Mars, pertain to the future security of the planet Earth itself from asteroid threats and numerous other causes. The danger to be averted with aid of such space researches, is not from a child's fancifully fearful images of invading species of malicious living consciousnesses, but from the kinds of natural, biological and other catastrophes which are, at present, built into the design of our Solar system. The evidence, that the cosmic-ray showers impinging upon Earth are traced back, principally, to the highly anomalous Crab Nebula, indicates the classes of problems and possible benefits which a space-oriented science mission must take into account. We might not intend to visit the Crab Nebula itself, during mankind's presently foreseeable future, but we must study it from afar, and examine more

closely the effects of that radiation on the characteristics of both living and non-living processes within the inner region of the Solar system, as on Earth itself.

Such relatively long-term missions into nearby Solar space, may be distinctly long-term, involving perspectives of from a quarter- to half-century, but it is clearly necessary, and must necessarily have immediate and continuing benefits to life on Earth, even simply through the use of by-products obtained from such scientific discovery and related development. If there is something "out there," threatening us a half-century to a century ahead, we should get started on the necessary development-work, now. It is such long-view commitments, which separate science and its progress from merely tinkering.

When we consider, from Vernadsky's standpoint, the actual requirements for replicating the micro-environmental equivalent of an Earth-like *noösphere* in a site on Mars, we are forced to look at the relationship among human populations, their *noösphere* and the biosphere in a fresh and valuable way. The very fact, that such a significant portion of our present population, was attracted to concern for the well-being of the biosphere, whether they understood that subject competently, or not, reflects a natural, and healthy disposition for viewing the future conditions for human life as a guiding mission-orientation for the present policy-making of society.

Morality, the glue which holds society together as human, rather than Hobbesian beasts, is not confined to local relations

among presently living persons; it lies, more essentially, in the way in which the living moral individual, views the shortness and fragility of his or her mortality, in respect to preceding and future generations of all humanity. It is the passion so aroused, in the individual's reflection upon that relationship to past and future, which is the living bloodstream of true civilized morality.

Thus, it is, sometimes, those missions which may seem intangible to the unthinking person, which imbue the society with the motive for that individual and cooperative accomplishment on which healthy social relations within society depend. It is the passions such a sense of mission imbues, which have proven indispensable, historically, for the most notable efforts on behalf of general human progress.

Government policy-shaping must never become so obsessed with the more obvious practical side of near-term goals, that it loses sight of the role of human motivation in making possible the achievement of any sort of important goal. Without a well-developed sense of mission, well-planned wars are lost in their execution, and capable units fail in their local tasks. Without long-term goals, the motive for simply moving ahead today is weakened to the degree, that even simple obstacles appear to be insuperable, when they might have been rather readily overcome. We must never be so imbued with the mind-set of the financial accountant, that we lose sight of the importance of that which does not appear in his proposed budget, a quality of human motivation, which, in its finest expression, spans the work of generations yet to come.

3. The Hoover-FDR Precedent

Just as the example of the 1966-1968 march back toward slaveholders' society, the Nixon Southern Strategy, illustrates the way in which rather sudden changes for the worse are sometimes brought about, so the collaboration of the outgoing Hoover Administration with President-elect Franklin Roosevelt, illustrates, as does the Treaty of Westphalia which ended the Thirty Years War, the way in which sudden changes for the better may be set into motion as a reflex-reaction against the crisis-conditions a society's follies have been generating over a long-term cycle to date.

It is the great paradoxes which confront a people, which are usually the occasion on which a people may choose to make an abrupt change, for the better, as we did with Franklin Roosevelt's response to the 1929-1933 crisis, or, for the worse, as Germany did, during January-February 1933, in establishing the Hitler dictatorship. Those who study such examples from history, know that anyone who says, "You can not change the way the cards have been dealt," is wrong. Man is distinct among species, as a creature endowed with free will; our responsibility is to cease our piteous whimpering about "the way things appear" to be, and use that free will to

correct our society's mistakes.

There are many leading examples of such changes in the pre-history and history of the United States.

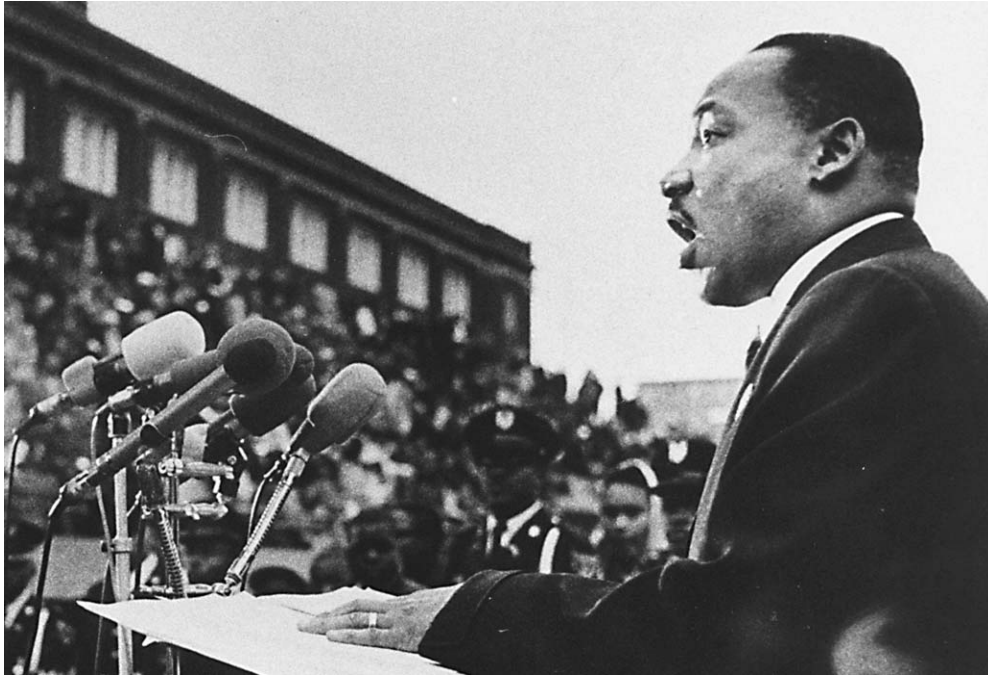
The first great English settlement in North America, the Commonwealth of Massachusetts, led by the Winthrops and the Mathers, had been an early model for the kind of economy we associate with the name of Alexander Hamilton later. This happy progress continued, until developments in 1688-1689 England crushed much of the original colony's independence, its vitality, and its remarkable earlier trends for economic and cultural development. Less than two decades after that, the defeat of those English patriots, who had been allied with a prospective first minister of Britain, Gottfried Leibniz, created a desperate situation for the English colonies, a situation which forced both the defeated faction of the patriotic English, such as Spotswood and Hunter, and also the colonists such as Cotton Mather, James Logan, and Benjamin Franklin, to prepare the way for the future independence of the United States from the British monarchy.

The horrid events of July 14, 1789, in Paris, turned our young republic's former chief ally, France, over, successively, to the hands of such deadly enemies as "Adam Smith" follower Jacques Necker and the Jacobin Terrorists of 1789-1794, our republic's ugly adversary Barras, and the Barras protégé who betrayed him, our adversary Napoleon Bonaparte. Next, from the 1814 defeat of Napoleon, through 1848, both the British monarchy and the Holy Alliance powers were our deadly enemy, determined to destroy us. So, came the greatest war in our history, the Civil War, from which we emerged victorious as the greatest single national economy of the planet.

Then came the 1901 assassination of President William McKinley, and the pestilence of Presidents Theodore Roosevelt, Woodrow Wilson, and Calvin Coolidge, from which President Franklin Roosevelt rescued us for a time.

So far, in each of these and similar crises, our nation has survived, because, in each case, we produced and adopted from among us the quality of leadership, such as that of Presidents Monroe, John Quincy Adams, Abraham Lincoln, and Franklin Roosevelt, to guide us out of the practice of that folly which our popular opinion itself, had condoned. Indeed, President John Kennedy, and Rev. Martin Luther King are examples of exceptional persons who could have emerged as also such great national leaders, had they lived.

The unusual degree of relative success, which our U.S.A. has exhibited, in rising up from out of the swamp of past periods of national moral peril, is no accident. It is a product of the best influences from old Europe, as assembled on our territory, by what came to be known as "the American intellectual tradition," the tradition expressed simply, but also profoundly, by the 1776 Declaration of Independence and the 1789 Preamble of our Federal Constitution's dedication to the promotion of the general welfare as our most fundamental principle of domestic law-making.



Rev. Martin Luther King, Jr. In each of the crises which our nation has survived, we did so because we produced and adopted from among us the quality of leadership required to guide us out of the practice of that folly which our popular opinion itself, had condoned. King was one who could have emerged as such a great national leader, had he lived.

It has been the ability of those who were imbued with that tradition, who have recognized the history and content of those peculiar constitutional documents as the legacy of what we recognize, and act to defend, as the “American intellectual tradition” to which President Franklin Roosevelt summoned our nation, up and out from the great peril which been created by the preceding, morally corrupted, and corrupting Presidencies of Theodore Roosevelt, Wilson, and Coolidge.

In the case of Germany, for example, virtually every leader of Germany today, recalls, humbly, that Germany was twice crushed by the Anglo-American maritime power in world wars. The sense of national interest, among the leading intellects of continental Europe, is often clear, but the European patriot’s sense of capacity to act independently in accord with the national interest, does not match the sentiment endemic to a U.S. population which senses itself a great power which has never yet been conquered. Throughout the world today, only, to a certain degree, do the British, we, and Russia share in common, today, a sense of an historically defined global strategic capability, as embedded in our nature as a nation.

Thus, in assessing the implications of the presently on-rushing, global financial collapse, our republic has a twofold distinction. We have the culturally conditioned confidence to exert a role of leadership among nations. Provided that we rely upon reviving that American intellectual tradition expressed by our Declaration Independence and the 1789 Preamble of our Federal Constitution, we have the resources through which to call up from that heritage, the added element of international leadership needed to bring nations into effective cooperation in solving even such menaces as the great

global financial and economic collapse descending upon the world today.

The remarkable thing to be stressed in the immediate setting of this report, is what must be for many students of history, our republic’s remarkable ability to recall the heritage of that American intellectual tradition, even when we seem to have fallen far below that moral level, as today, and, to do that not but once or twice, but to have repeated that remarkable renaissance at a number of crucial points in our past history.

Morally, we as a people are in worse straits than President Franklin Roosevelt’s inauguration found us. Yet, I say two things in opposition to the pessimism that comparison might suggest today. First, such a renaissance never occurred except under extraordinarily perilous circumstances; second, it is the only option we, and perhaps all of present civilization as well, have available to us. We had better try, and better than try, succeed.

However, we have reason to be optimistic about our potential to improve ourselves under conditions of crisis. What is actually historically exceptional, among nations, about our Federal republic, is the way in which the legacy of a Fifteenth-Century political revolution in Europe, gave Christopher Columbus the map which aided him in reaching our shores, and set into motion that conception of the constitutional modern sovereign nation-state, which was imported to North America at a time that conditions in Europe did not permit such forms of self-government being established there.

This legacy, reenforced by the implications of our nation’s development as a melting-pot for immigrants, has embedded within us a heritage which even the Southern Strategy has not yet stamped out of existence. Whenever a great crisis,



President Franklin D. Roosevelt, with members of Congress, during World War II. "Morally, we as a people are in worse straits than President Franklin Roosevelt's inauguration found us. Yet, I say two things in opposition to the pessimism that comparison might suggest today. First, . . . a renaissance never occurred except under extraordinarily perilous circumstances; second, it is the only option we, and perhaps all of present civilization as well, have available to us. We had better try, and better than try, succeed."

provokes us to summon back to life that American intellectual tradition born in the best aspects of Europe's modern culture, we have the potential for greatness as a nation within us, still.

Our urgent task, is to take those steps which are most likely to bring about a renaissance of that American intellectual tradition, a renewal of the idea reflected in the Declaration of Independence and Preamble of the Federal Constitution. It is the adoption of that intellectual mission, as the model for our cooperation in addressing the present crisis, which must become the form of political action around which we rally to change an otherwise impossible present situation.

Practical measures are indispensable, but we are not likely to mobilize the force to implement them, unless we place a still higher priority upon a certain moral impulse, a commitment to affirmation and vigorous revival of the anti-Southern Strategy, American intellectual tradition. If we can revive that tradition, we shall succeed in carrying out the needed practical measures.

4. If Not That, What?

There are those persons who, unfortunately, will argue, that, "What if Bush doesn't change, as you suggest? Isn't there something else he might do? We might not like it; but, can you say he does not have the power to make it succeed? Anyway, perhaps the crisis is not as bad as you say it is." Silly people! Famous last words! Don't run around telling people,

that you know a medicine-man who could cure a disease, when you don't even know what the disease is.

First of all, think back to that national loser's contest, which George Bush did not win because he was a political genius, or a glorious spell-binder of the campaign platform. He won by default, beating the Democrats' patsy he was set up to defeat. Even with a stacked deck like that, he needed a Supreme Court's dubious intervention, to certify the appointment, not exactly by election, but, virtually, by decree.

That said, now, considering the fact, that the present financial crisis, and also the California situation, was building for an explosion all during the past national Presidential election-campaign, and, also considering, that neither of the two hand-picked candidates, Bush and Gore, addressed this issue during the campaign, even when challenged to do so on a nationally televised event, the new President is not exactly a man with the qualifications one would seek, in case of a serious crisis, such as that specific, already onrushing current economic crisis, which he thought not important enough to discuss while campaigning.

The best you could expect from a President of President Bush's qualifications, is that he, like some Presidents before him, might be so impressed with the awesome authority and responsibility of the office he has come to occupy, that he would push aside personal habits and considerations, when he were faced with what he recognized as a choice between his personal inclinations, and his moral accountability for the present and future interests of our republic.

Therefore, don't assume that the President, or any among his leading advisors, even the ones who are known to be intelligent and experienced, has any inclination or qualifications for crafting the kind of policy on which the survival of the U.S. might depend at this juncture. The best for which you might hope from any or all of them, is that their conscience, simply as patriots with a sense of deep moral accountability for the office they occupy, might prove more influential than, and often directly contrary to their presently stated policy commitments.

That is not meant as an insult to the new President. That is, however, a slap in the face to those among my fellow-citizens, who need it. For once, they should grow up, and face those realities of our national political life from which they ran away, in hordes, during the recent elections. Bush is not qualified for making policy; therefore, we can only appeal to him as a man, and as a man who, hopefully, cares about what the future, hearing that future through what such voices as his grandchildren's, might come to say about his performance of his present duties.

If you, as a citizen, had really cared about our nation's ability to cope with this crisis, you should not have allowed the choice of President to be limited to persons so ill-qualified, relative to all plausible choices of available rivals, as Bush or that ill-tempered Mr. Gore who seemed, most of the time, to be campaigning against himself. You, the typical citizen, played your part in creating the present mess; and, you should admit it, rather than seeking someone else to blame for the results you did virtually nothing to prevent when you might have done so.

However, we do have a curious advantage in the fact that neither Presidential candidate actually won, or deserved the election. The campaign was virtually rigged, on the side of both parties, by Autumn 1999. No serious campaign was allowed to appear on the mass media, after February 2000. Thus, there is an ominous shadow of a Presidential election for which no relevant campaign was allowed, hanging over our nation's capital today. By no reasonable standard, did the U.S. electorate choose either of the two principal candidates. Who, then, earned that election, under such conditions? There stands the image of the unknown candidate who would have been chosen by a thinking electorate, but what face does he bear?

Who would the electorate have chosen, had there actually been a real election-contest? The question is clear, but the definitive answer is not yet provided. Nonetheless, that question itself haunts both the new administration and the Congress, like a new, popularly based political force, waiting in the wings.

While that unknown candidate lurks in the background, watching, always watching, we have a national disaster, which is also a global one, on our hands.

So, the California side of the crisis is only the most obvious element of a global panic in progress at the present mo-

ment. No one visible in the present U.S. Federal government, has shown the slightest independent knowledge of what the causes for this crisis are, or what to do about it. Our job, therefore, is to fill the policy-vacuum so described. Our job is to define the nature of this crisis, define the needed solution, and then convince those with the legally constituted responsibility for doing so, to do what they must do. That is the job of many, but, it is, above all others, my job right now.

In other words, the definition of, and solution for this crisis must come from authorities outside of the government, and must win support for that from within the political processes of political party and government. This will occur, if it succeeds, through a proportionately large role by the legacy of the Franklin Roosevelt tradition within the Democratic Party, but also through cooperation with relevant Republican and other channels. Hopefully, the President of the U.S.A. will be brought, by his conscience, to agree to the needed policy-actions.

The Count-Down

The question is: at what point, might the crisis itself, confront the present Congress and Administration with the sense that such a sweeping change in national emergency policy must be accepted, whether they like the idea, or not? That brings us to the next point: What will happen, should President Bush continue in his present, disastrous approach to the California situation?

To answer that question, you must recognize, first of all, that the California crisis is merely an individual eruption, among an entire series of coming eruptions, which are inevitable, because this present world financial crisis has a built-in hyperinflationary impulse, which is, so far, beyond the comprehension of both the President and his relevant advisors.

Thus, as the case of the California legislature's panicked reactions illustrates, the kinds of government bail-out used thus far, have the effect of trying to put out an ongoing fire-storm by cooling it down with large floods of Alan Greenspan-brand, chilled monetary gasoline. Everything done in that direction, or by the Bush Administration's matching negligence, has not only made the situation far worse than when Bill Clinton was still President, but is pushing the situation toward an uncontrollable, global disaster.

In this situation, only massive and drastic re-regulation of the national energy system, reversing President Jimmy Carter's follies, combined with the application of the notions of Chapter 11 bankruptcy reorganization employed by the Franklin Roosevelt Administration, will even dent the ongoing crisis. Any delay, any attempt to deal with the crisis by so-called "free market" and implicitly hyperinflationary monetarist madness of the type which the panic-stricken, ideology-ridden fool, Federal Reserve Chairman Alan Greenspan is attempting, will make things even much worse than if those parties were to do nothing at all.

Thus, we are in a count-down, in which one crisis will lead quickly to a more intense and broader crisis, and, then, another, until the agony is brought to its end. If this is continued for long, even, during the short term, the greatest financial blow-out in history, will erupt as a global phenomenon to which Bush's continued bungling of the California situation will have contributed in large degree.

Thus, we are confronted with the prospect of a series of critical decision-points, one among which carries the label "point of no return." What that point is, is, so far, undetermined; but, by the nature of the process, it is there, and coming up faster than almost any among you are prepared to think. At that point, the most certain consequence, among many others, will be a general disintegration of the world's present banking and financial system, including the virtual evaporation of some leading national currencies.

Between that outer limit, that "point of no return," and the immediate California-centered crisis, we may assume within reason, that there are several successive crisis-points, between now and that limit, at which Washington will be confronted with a challenge which will be usually greater than at any earlier crisis-point.

Our best option is, that somewhere in that process, there may come a point, before all options have run out, at which the combination of relevant political forces, would induce the U.S. government to adopt a Franklin Roosevelt-modelled action.

The possibility of success along that line, depends absolutely upon the level of popular and other political mobilization around the present policy-outline set forth here.

This mobilization, must be, first of all, a national mission within the U.S. itself. However, it must also be expressed as an intensified effort in support of what I have already circulated as my proposal for a New Bretton Woods agreement.

In sum, if anything good happens, that will occur only if we do our part in making it happen.

5. Making It Happen

It was for reasons so described, that I made the decision to announce my candidacy for the 2004 election as the President of the U.S.A. The purpose was to provide the U.S. a public figure who is actually qualified to be the kind of President this nation needs, and the world requires of it, at this crucial juncture.

The nature of mankind is such, that, up to the present time, the lack of adequate qualities of Classical-humanist forms of education in the population as a whole, has limited the ability of nations to defend themselves in times of crisis, to the degree they found leaders who served as a focal point of rallying for a clearly defined mission.

The idea that every person is, even today, in some way qualified to lead under crisis-conditions, is mythological non-



Lyndon H. LaRouche, Jr., candidate for the Democratic Party's 2004 Presidential nomination. "If the Democratic Party's forces do not rally around a figure, who not only clearly expresses the alternative to the folly of the Gore faction, but who expresses efficiently the applicability of the Roosevelt legacy to the specific character of the present economic crisis, the Democratic Party will flop."

sense. Not that every human being is not born with a relevant such potential, but that society has failed thus far to develop that potential adequately among its members generally. Thus, it often appears that qualified leaders for a time of crisis, such as Konrad Adenauer for Germany, or Charles de Gaulle for France, appear in ways which are not mysterious, but in ways which leave much about the reasons for their exceptional development unexplained. Hence, there was no Gaullism without a living President Charles de Gaulle.

Such qualified leaders are not the mythical creatures of G.W.F. Hegel's "World Spirit" fantasies; no attempt to explain these cases in terms of some mystical "leadership principle" should be tolerated. In each study of truly great leaders, there is a clearly rational case for that selection, which becomes more or less evident after the fact. They were better able to make and motivate the right decisions, when others,

in that time of crisis, were either not competent in development, or lacked that quality of decision needed to make the necessary, rational decisions, at the right time. So far, in history, and in politics, as in physical science and Classical artistic composition and performance, these qualities of critical leadership are limited to a relative sprinkling of individuals.

By contrast, study of this matter shows us why other putative candidates for such leadership roles were not qualified. We should recognize from such studies, at various levels of leadership responsibilities in society, what rather common flaw in the development of the individual has deprived him or her of the qualities of mind needed to avoid playing the tragic role, of a perhaps Hamlet-like figure, should he or she come into a post of great responsibility at times of existential crisis.

Thus, while awaiting a society which does a better job in developing its young to their true potential, a prudent people gives special attention, especially in times of crisis, to selecting what it hopes will prove to be persons suited for the role of leadership under crisis-conditions.

In this respect, in the matters of policy at hand, as posed by this crisis, my capacity for leadership is of relatively outstanding quality, certainly the best suited for a crucial mission before our nation at this present juncture.

As history shows, as in the case of the person of Socrates, for example, leadership for times of crisis is not necessarily a matter of official authority, but may be, as in the case of great scientific discoverers, a special kind of moral authority which may, thus, move institutions to act in needed ways. At this juncture, because of the way in which I was fraudulently excluded from the year 2000 Democratic primary process, and because the present crisis has shown that I was the only qualified candidate prepared to deal with the greatest crisis of this time, it was necessary to underscore the paradox of my superior qualifications over all other candidates, in contrast to the incompetence of the habitual loser and bungler Al Gore, and the menacing implications of the mistaken policies associated, thus far, with the candidacy of President George W. Bush.

Therefore, for the present moment, the function of my role as the leading candidate for the 2004 election to the Presidency, is to provide an indispensable personalized rallying-point for addressing a kind of crisis which no other known political figure of the U.S. today is qualified to address in an adequate way. That does not imply that my candidacy for 2004 is not a serious one; it merely points out that that is the reason I must put myself forward as that candidate, at this time, and in this way.

Since President Bush presently represents a Republican administration, my role as a leading Democrat is a crucial aspect of my role in our efforts to deal with the present economic crisis.

There are two leading considerations involved in this choice of role. First, that the revival of the legacy of President

Franklin Roosevelt is a political precondition for any effective mobilization of the national will for dealing with this crisis at this time. Second, that the Democratic Party has been crippled in the manner and degree candidate Gore's pitiable performance attests, by precisely that factional element within the Democratic Party which has been my savage persecutor in the party's organization up to this time.

Thus, for a Democratic Party struggling to come up off the floor where Gore's foolishness dumped it, my role as a leading intellectual figure of a Roosevelt party reborn, is essential in filling a crucial aspect of that political vacuum which Gore's folly generated within the party and its constituency as a whole. In other words, if the Democratic Party's forces do not rally around a figure, who not only clearly expresses the alternative to the folly of the Gore faction, but who expresses efficiently the applicability of the Roosevelt legacy to the specific character of the present economic crisis, the Democratic Party will flop.

If the majority of the Democratic Party were not mobilized around a combination of the Franklin Roosevelt legacy and my specific and unique competencies for addressing the current crisis, there could be no significant force set afoot to push President Bush into reconsidering the measures needed to avert looming catastrophe.

There is thus, that matter of party and personalities. There is also a crucial, much deeper issue of method involved.

The special, exceptional quality lurking within the history of our United States, is, as I have said, above, that American intellectual tradition which brought into being both the independence of our constitutional Federal republic, and the rescue of that republic under the leaderships of President Abraham Lincoln, and, later, of President Franklin Roosevelt. We should not idolize Franklin Roosevelt as a perfect man, but regard him as like a soldier, who came to the fore to save the situation, and that other important leaders have played a similar role at critical times, when such leadership was needed.

To awaken this nation to the role it must play, for its own defense, and for the benefit of humanity more generally, there must be, first and foremost, an upsurge of that American intellectual tradition expressed by our Declaration of Independence, the Preamble of our Constitution, the leadership of President Abraham Lincoln, and that rescue of civilization led by President Franklin Roosevelt in his time.

The practical measures of policy-change, needed to address the present world-wide economic crisis, are one indispensable side of the solution. However, that solution will not be recognized, or implemented, without a corresponding, indispensable quality of motivation. The needed return to the precedent of the Franklin Roosevelt recovery, will be adopted only if a leading mass-based force among our citizens, chooses that model out of confidence in what Roosevelt represented in that time and place.

Failed leaders would advise, "Don't keep bringing up Roosevelt! You will win support for these measures, only if you present them in terms which are consistent with presently prevailing ideologies." Directly to the contrary, when a nation has brought itself to the verge of self-destruction, by means of what has become its popular opinion, that popular opinion is not the cure of the disease; it is the potentially fatal infection which dooms any enterprise taken on behalf of that opinion.

The essential quality of any leadership fit to lead the way out of the present crisis, is that it makes the people conscious of the fact, that it was popular opinion itself which has brought the nation to the verge of doom. That lesson pervades history generally. It is only when popular opinion, or the like, has brought the nation to the brink of doom, that popular opinion will confess its folly, and consider choosing a different way.

Look back a little more than a decade, to a time in Leipzig, when the unarmed people stood on one side of a row of lighted candles set upon the street, and an armed force, ready to shoot down the people, stood, that night, on the opposite side of those candles. The shooting did not occur; the regime of Erich Honecker fell within days. There is nothing mystical in numerous such cases from history. To understand that point, is to see how and why it is possible, to bring the present U.S. government around to considering the alternative I have identified here.

The distinction which sets the human mind above that of the beasts, is a quality defined as cognition. This is the quality which enables the individual to generate what prove to be valid universal physical principles, or to compose or perform great works of Classical artistic composition. This method can not be reenacted on the blackboard, or within the bounds of a digital computer system. Great such discoveries can not be generated by deduction or so-called induction. They are generated by a quality, sometimes associated with Platonic forms of spiritual exercises, unique to the sovereign individual human mind.

The expression of cognition relevant to the case immediately under discussion here, occurs when a population recognizes that its habituated way of thinking compels it to think about a certain relatively awesome situation before it, as suggesting two, mutually contradictory conclusions about the way in which things work. Thus, a people may come to the conclusion, that previously accepted institutions, and previously prevailing popular opinion, simply do not work in the way previously assumed. When this realization spreads throughout a considerable portion of the population, the potential for a sudden change in institutions erupts. If, in that circumstance, there appears a suitable, available way to replace the failed, previously prevailing leaderships and opinions, a situation for sweeping change, such as that witnessed in that moment at Leipzig, may occur.

That is the hopeful prospect for our U.S. today. The self-discrediting of the ideology associated with the recent thirty-

five years of the Southern Strategy, as expressed in the inability of the present Bush Administration to come to a sensible response to the California and related crises, typifies a range of presently imminent crises, on various issues, and in various parts of the world, which may, even probably, produce a state of affairs akin to the referenced events in Leipzig.

If that opportunity arises, as we must look for it, then a successful outcome depends largely on the ability to present the role of a mobilized movement which associates its authority with the precedent of the Franklin Roosevelt case, and expresses that in terms consistent with the American intellectual tradition underlying our Declaration of Independence and the Preamble of the 1789 Federal Constitution. The remedy so situated for adoption, must, of course, be a competent one. This locates, and defines my personal role in this presently spiralling crisis-situation.

If the enemies of that effort succeed, then, the United States is assuredly doomed.

There lies the opportunity to save this nation, and to rally international institutions to join us in bringing about the needed change.

6. The Yahoo Factor in Politics

The present administration and its complement in the Congress, has two principal features. On the one side, as typified by cases such as Vice-President Cheney and Secretary of Defense Rumsfeld, it is identified with the Wall Street "establishment." At the same time, at the bottom, quite literally, its most notable popular base is found among a specific spectrum of populist fanatics, a stratum fairly described as "bottom feeders," typified by such representatives as Oliver North, Senators Trent Lott and Phil Gramm, and Representative Tom DeLay, and also by "televangelists" such as Pat Robertson and Jerry Falwell. The latter is to be fairly described as the "Yahoo Factor," as Jonathan Swift portrayed the Yahoo, in present U.S. politics.

The current administration, taken together with its constituency in the Congress, is thus, in large degree a symbiosis of such an alliance between its Southern Strategy's crisis-management "establishment" component, and the medley of combined "fundamentalist" and heathen varieties of so-called "conservative" populist rabble, functioning as a kind of terrorist Jacobin mob within U.S. political life generally today.

It is that symbiosis of the Bush Administration with that Yahoo Factor, which constitutes the mass-based kernel of something threatening to approximate an American equivalent of the Nazis' fascism within today's U.S.A.

The use of "conservative" to describe this rabble, has the same connotations as the use of "conservative" in Armin Mohler's published report on the origins of Hitler's fascism, in *The Conservative Revolution in Germany*. "Conserva-



A rally by the Promise Keepers cult in Washington, 1997. The notion of the "Yahoo Factor," is demonstrated most dramatically, by the barking Elmer Gantry types among so-called religious "fundamentalists."

itive" so used, then as now, signifies the pro-feudalist-led opposition to the influence of the American Revolution of 1776-1789. That symbiosis is the danger to be averted; that is the most stubborn of the political obstacles to be overwhelmed, in the effort to bring about a rational solution to what is presently presented to us as the California energy crisis.

The notion of the "Yahoo Factor," is demonstrated most dramatically, by the barking Elmer Gantry types among so-called religious "fundamentalists." Swift's image of the degraded, rutting, quasi-human Yahoos of his tale, is to be recognized as most ironically appropriate, when one thinks back to the days of those mass revival meetings, of which it was said, many "more souls were made, than saved." The spectacle of the televangelist appeals to the hypocrisy in his audience, underscores the appropriateness of reference to such sordid escapades.

To understand the Yahoo Factor, in these specific terms of reference, is to grasp the political character of the stratum, whether from among those who present themselves as religious hypocrites, or the more frankly heathen varieties of such populists.

The way to deal politically with the national-security threat represented by that Yahoo Factor, is to demonstrate that the "fundamentalists" and professed heathen of this stratum, share, in their variously glinty-eyed certainties or wild-eyed frenzies, the same, common stench of actually heathen varieties of syncretic religious beliefs, behind the veils of the "fundamentalists'" Sunday-go-to-meeting hypocrisies.

The lesson from European history to be learned on this account, is the phenomenon of the Flagellants of the Four-

teenth Century's New Dark Age, and the religious warfare which dominated the history of Europe during that "little dark age" which dominated all of Europe from 1511 until the 1648 Treaty of Westphalia. It is that quality of so-called "religious fanaticism," which is also reflected in the "biological religion" of the Nazis and both "fundamentalist" and heathen varieties of American Yahoos today. History warns us, that this type of phenomenon, is a deadly factor of insanity in human history, the kind of development which has often plunged entire civilizations into prolonged new dark ages.

To understand these poor, misguided unfortunates, these Yahoos, one must focus on the practicalities of their expressed beliefs respecting their personal relationship to God and to their fellow human being. The propensity for Southern Strategy-style racism, as repeatedly expressed publicly over years, by new Attorney-General John Ashcroft, is of crucial relevance to understanding the actual, heathen nature of the religious beliefs professed by such types.

Take the televangelist, for example. There is about as much smell of raw sex in those "Elmer Gantry"-style sermons, as one might expect of a bordello. Sordid sensuality pervades sermon and ecstatic enthusiasms of the clientele, alike.

This aspect of the performance is not accidental. For what do these poor creatures pray? Wealth, health, and family, the latter pronounced with a strong, gothic sort of emphasis upon sexual overtones, are the matters of business negotiated between the parson and his credulous clientele. It is their practiced attitudes toward God, mankind, and nature, which, proverbially, "gives the show away."

In Christianity, in contrast to these poor fellows, man and woman are made equally in the image of the Creator of the universe, and thus endowed with a natural goodness, which need but be redeemed. God has no bad taste, and would not waste his efforts on redeeming worthless wretches, but rather, spends His effort reclaiming, and cleaning up, that which belongs to Him. So, *Genesis* 1 and the *New Testament's* Gospels and Epistles teach.

The Yahoo parson, like Thomas Hobbes, John Locke, the Heritage Foundation's Bernard Mandeville, Adam Smith, and Jeremy Bentham, teach a different, more earthy, and also more unearthly sort of religion, more in keeping with the theology of the referenced "fundamentalists." For them, human nature is that of a beast, which knows nothing but that which its lusts and senses teach it to believe. On that account, like the lurid cult of the medieval bogomils and their syncretic imitators among religious varieties today, they believe in the kind of God which is fairly described as typified by the control over the fate of mankind by little green men operating from under the floorboards of sensuality. Thus, if a true believer in such rubbish is a member of what the Bogomils defined as their elect, prestige and great material rewards will be mysteriously heaped upon them by those little green men.

Such is the teaching of Bernard Mandeville, whom Friedrich von Hayek assigned the role of saint for his Mont Pelerin Society's pagan religion. Such is the teaching of Adam Smith, and so on, and on. Such empiricist and kindred forms of heathen styles in "under the floorboards" mysticism, is the premise upon which Nazism and horrors to kindred effect are constituted as militant mass movements, such as the Yahoo Factor in U.S. political life today.

In Christianity, matters are considered in an entirely different way, as in all rational forms of civilized society. We, as the Christian Apostles did, find our peculiar mixture of mortality and immortality, in our characteristics as cognitive beings. Through that aspect of our nature, cognition, which sets us apart from, and above the beasts, we experience our immortality as our continuing cognitive relationship with those minds which have preceded and come after us. We experience this in the expression of those creative powers, by means of which, man, unlike any other species, can willfully increase its power within and over the universe. So, in this relationship and kinship to the Creator, we find our true human nature.

The Yahoo, whether professing "fundamentalist" or heathen, finds his relationship to the universe and God in magic, such as the alleged "magic of the marketplace," as performed by the equivalent of "little green men under the floorboards."

The Yahoo is, on that account, quite mad, and tends, thus, to act in a passionate way, contrary to any sense of reality. As a Yahoo, reality means nothing to him, if it conflicts with his arbitrary fanatical faith in a heathen sort of magic. Thus, he is not only mad, but extremely dangerous, in the sense that a

drunken driver behind the wheel is a reckless endangerment for society.

The only good thing one can do with such fellows, is to attempt to redeem them, in the same way we might hope to prompt an obsession-ridden dear friend to "snap out of it!" Sometimes, the shock of reality, breaks through the veil of the Yahoo's delusion; he shrugs his shoulders, grins sheepishly, and, as it is said, "comes out of it."

The tactic for dealing with this Yahoo style in lunacy, is, first of all, to recognize it for what it is, not to dignify it as if it were some legitimate body of public opinion. As in dealing with all lunatics, one hopes they might "come out of it." To this end, we must rely on our expressions of compassion toward all human beings, to make them less fearful of the threat our very presence represents for the fanatic in them, and to rely on the benefits of "reality shock," to bring them out of their fantasy, into the real world of the real-world problems we would hope they would join us in mastering.

The rule is: one is not being kind to a psychotic, by defending his psychosis. The Yahoo is what he is; if he choose to be a Yahoo, he must be recognized as the problem he represents for as long as he, like any lynch-mob habitué, continues in that profession. Don't blame God, or Christianity, for the behavior of the Yahoo. Blame those who have made such Yahoos a political commodity of their commerce.

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Sharon Victory, Plus Bush, Threaten Religious War

by Dean Andromidas

What once appeared as the beginning of a “doomsday scenario” has now come to pass: Ariel Sharon, the “Butcher of Lebanon,” has become Prime Minister of Israel, while George W. Bush, whose father brought the world the Gulf War, is President of the United States. To say that this latest development brings us closer to religious war, trivializes the grave potential for catastrophe that lies ahead.

Sharon, defeating Israel Prime Minister Ehud Barak by winning 62% in elections on Feb. 6, not only put a dramatic end to the political career of Barak, but also shut tight the window of opportunity for an effective Middle East peace agreement, which had been opened by the 1993 Oslo Accords. Sharon gave his victory speech in front of the Western Wall, what remains of Solomon’s Temple, in the Old City of Jerusalem, and proclaimed that Jerusalem will remain united under Israeli rule, “with the Temple Mount at its center for all eternity.” On Sept. 28, 2000, Sharon touched off the Palestinians’ “Al Aqsa Intifada,” when he took his infamous walk onto the Temple Mount (Al Haram Al Sharif in Arabic), Islam’s third-holiest site. Now, the man who unleashed a process that threatens to engulf the region in religious war, is Prime Minister of Israel.

On Feb. 8, two days after the election, a powerful car-bomb exploded in an ultra-Orthodox Jewish neighborhood in East Jerusalem. An unknown group, the Popular Palestinian Resistance Force for Sabra and Shatila, took responsibility.

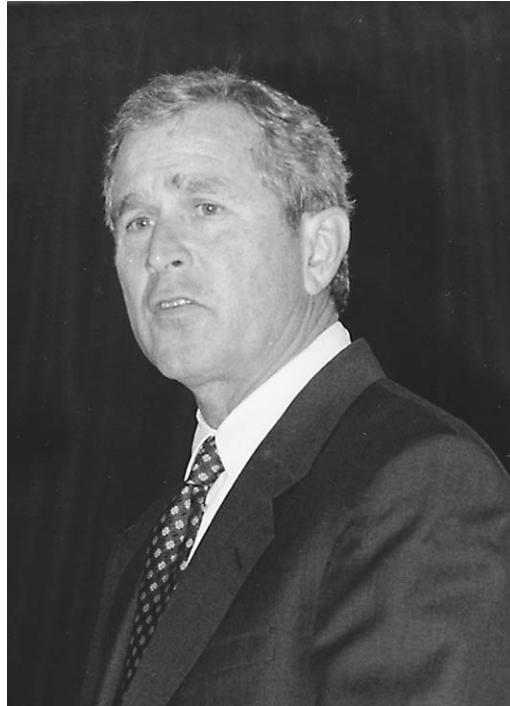
The only way to prevent a religious war from tearing apart the Middle East, U.S. statesman Lyndon LaRouche has said, is through the implementation of a policy modelled on the Treaty of Westphalia, which ended the religious wars which ravaged 17th-Century Europe. Such a perspective would envision laying to rest bitter religious differences in the service

of establishing a policy of economic development to benefit all the populations among the former adversaries. LaRouche has consistently put forth his Oasis Plan for Middle East Peace, which envisions regional development centered around a massive program of water desalination projections and building a regional infrastructure network.

It remains to be seen when Sharon will shed the sheep’s clothing he donned during his campaign, so as to appear to be a “peace candidate.” A commentary in the Labor Party-oriented daily *Ha’aretz* on Feb. 8, gave him the benefit of the doubt, and described his peace policy: “His concept of peace is to create strategic stability and no more. He does not have an exciting vision of a new Middle East with man-made rivers, trains, multinational manufacturing plants, and kisses from [Egyptian President] Hosni Mubarak. Neither does he care particularly for ceremonies on the White House lawn, nor dream of a Nobel Peace Prize for putting an ‘end to the conflict.’ . . . So there will be no expectation that during Sharon’s administration there will be any new agreements between Israel and the Palestinian Authority.”

Sharon’s Ally: Bush

The idea, bandied about among certain Middle East circles, that the Bush Administration will be “even-handed,” or even “anti-Sharon,” because of its interests in Arab oil, is proving to be yet another illusion. Following Sharon’s victory, Bush went way beyond simply congratulating the Prime Minister-elect, and committed his administration to opening doors to Sharon, within the international community, and especially among the Arabs, that might otherwise have been shut tight. Speaking to reporters at the White House on Feb. 7, Bush said he will give Sharon “a chance to do what he



President George W. Bush's green light to Israel's new Prime Minister, Ariel Sharon (left), in the latter's bid to form a government of national unity, undercuts the peace camp in Israel.

said he was going to do, which was to try to form a unity government and reach out to the parties to promote peace in the region. . . . We're going to play the hand we've been dealt. And we're going to play it well."

Bush, along with Secretary of State Sir Colin Powell, then proceeded to work the phones, calling up the region's Arab leaders, including President Mubarak, King Abdullah of Jordan, Crown Prince Abdullah of Saudi Arabia, and Syrian Foreign Minister Farouk Sharaa. Palestinian Authority President Yasser Arafat was last on the list. The Bush Administration's message was clear: Do not "provoke" or isolate Sharon. These rounds of calls have managed to hold off the potential for organizing a united Arab "boycott" of any diplomatic contact with a Sharon government that was being discussed, particularly in Egypt.

Bush's de facto support for Sharon's call for a government of national unity with the Labor Party, had a similar effect in Israel. Prior to the elections, the peace camp in the Labor Party resisted moves for a unity government. These forces received support from President Bill Clinton while he was still in office. In fact, it is said that Clinton told Barak that he found a national unity government with Sharon to be "unacceptable." Bush's green light, fully undercuts the peace camp. As of this writing, talks between the Labor Party and Sharon's Likud have already begun. They will be led by Barak and Labor leader Shimon Peres, and are very likely to succeed.

The significance of Bush's endorsement becomes clear, once one considers the fact that it is widely believed in Israel, that without the support of the Labor Party, the life expectancy of Sharon's government could be the shortest in Israeli his-

tory. Sharon's first order of business, once he forms a government, will be to get the government's budget through the Knesset (Parliament) by March 31, and for this he needs the support of the Labor Party. Without Labor's support, it would be voted down, and under Israeli law, new elections for Prime Minister and the Knesset would then have to be held. Thus, it seems clear that Sharon will most likely stay in office for at least a year, if not until the 2003 general elections.

In another gift to Sharon, the Bush Administration announced that it was not bound by any of the proposals or understandings that former President Clinton had initiated, in his efforts to negotiate a peace agreement. This is precisely Sharon's position, and counters the Palestinian position, which is supported by Egypt, that talks should begin where they left off under Barak.

While the above are worrying enough, they are only the most superficial aspects of the danger.

Bush's Gulf War Policy Team

There has been much chatter in Middle East circles that because Bush supposedly represents American oil interests, he will be more "even-handed" in his dealing with the Arab countries and Israel. Nonetheless, a look at his foreign policy and defense team reveals the exact same team that President Sir George Bush used to launch the 1990-91 Gulf War against Iraq.

This includes Vice President Dick Cheney and Secretary of State Powell, who were, respectively, Secretary of Defense and Chairman of the Joint Chiefs of Staff during the Gulf War. Others include Paul Wolfowitz, who has been named as

Undersecretary of Defense. A strong supporter of Israel's right wing, he held this same position in the first Bush Administration, and spent the Gulf War in Israel, as Bush's chief liaison to the Israeli government. Then there is Richard Armitage, who is tipped for the position as Deputy Secretary of State. A veteran of the murderous Operation Phoenix in the Vietnam War, in the 1980s Armitage was one of the leading players in the Iran-Contra Affair. During the Gulf War, he functioned as President Bush's special liaison to King Hussein of Jordan. Richard Haass, a former adviser for Middle East Affairs to the elder Bush, has been named to head the policy planning section of the State Department. Haass is a devotee of the step-by-step approach in Israeli-Palestinian peace negotiations, and not the Oslo approach.

Another significant appointment is that of John Hannah as adviser on Middle East affairs to Vice President Cheney. Hannah formerly worked for the notorious Washington Institute for Near East Policy, which is the leading think-tank associated with the right-wing American Zionist lobby.

The idea of identifying these advisers as "pro-Arab" or "pro-Israel," is absurd. They all share the same geopolitical policy outlook of Samuel Huntington's "clash of civilizations" thesis, in which manipulating Arab-Israeli "religious war" is a powerful tool for U.S. superpower interests.

Israel: Moving Toward Civil War

The Israeli elections saw only 60% of the electorate going to the polls, the lowest voter turnout in the nation's history. This compares with a 79% turnout in the 1999 elections. Sharon's 62% of the vote represents only 36% of the electorate. The massive absenteeism has been attributed to a population enraged over the failures of consecutive governments, not only to come to a peace agreement with the Palestinians, but also their failure to deal with the erosion of the standard of living and social conditions now affecting broad sections of the population. This 40% of the electorate represents the demoralized peace camp and the traditional "swing voters," many of whom voted for Barak in the 1999 elections. It also represents the Israeli Arab vote, which accounts for 12% of the electorate. The Israeli Arabs totally boycotted the election, which is a reflection of their rage at the Labor-led government, including over the fact that during last year's riots, 13 Arab Israelis were killed by police.

Thus, the only mandate Sharon won, was from the extreme right wing, which includes the settlers, the ultra-nationalist and right-wing ultra-Orthodox parties, and the religious Zionists. Although representing a minority of the population, these layers coming out to vote for Sharon demonstrates a political cohesion that is lacking among more moderate elements of the population.

Prime Minister Barak has announced that he will resign as head of Labor, and resign his Knesset seat as well. This has left the party deeply divided between the party's right wing and pragmatists who want to enter a national unity govern-

ment with Sharon, and a left wing which wants to lead a Knesset opposition with the strategy of bringing down the Sharon government as soon as possible. In between are a number of "Young Turks," who are more interested in seizing the leadership of the Labor Party, than in stopping Sharon.

One development that could considerably strengthen the peace camp and forces of moderation, is reportedly that Yossi Beilin, one of the framers of the Oslo Accords and leader of the Labor Party's peace camp, is considering forming a new, social democratic type of party. Beilin is said to be considering leaving Labor, with as many as nine Labor Party Knesset members, to form a new faction which would merge with the pro-peace and secular Meretz party and several other Knesset members. Such a faction would immediately become the largest in the Knesset, and would not only work for a peace agreement with the Palestinians, but also constitute a political formation dedicated to social reform aimed at countering the growing power of the radical nationalists and religious right wing.

The 120-seat Knesset has become a kaleidoscope of political factions. Although the Labor Party (One Israel) is the largest faction, it has only 24 seats. Sharon's Likud is the second-largest with only 19 seats, the ultra-Orthodox Shas party is the third-largest with 17 seats, and the pro-peace Meretz is fourth with 10 seats. The rest of the seats are shared among 14 parties of various stripes, ranging from right-wing secular, ethnic-Russian, to ultra-Orthodox religious parties. Any coalition, with or without Labor, would be highly unstable and subject not only to the demands of the nationalist lunatics, who are among the biggest supporters of Sharon, but other, more narrow interests. This instability is a danger in itself.

In *Ha'aretz* on Feb. 1, Israeli Prof. Gabriel Sheffer warned that because of this political instability under a Sharon-led government, a "non-democratic" future could await Israel. "Unstable democratic regimes usually collapse during times of severe crisis. In the case of Israel, that crisis is partly connected to relations with the Palestinians. According to Arik Sharon, a very long war of attrition awaits us; according to some of his supporters on the extreme right wing, Israel can expect a continuation of the difficult war with the Palestinians, perhaps with the addition of the Arab countries. According to this logic, it will be necessary to enact emergency regulations here that do not necessarily conform to normal democratic procedures." This development, Gabriel said, is occurring while the internal political situation is in a "severe crisis," and points to the danger posed by the fact that the "three main rifts in society—between Israeli Arabs and Israeli Jews; between the ultra-Orthodox and secular Jews; and between proponents and opponents of far-reaching compromise with the Palestinians, are deeper than ever before."

In this context, a growing political disillusionment in the Israeli population could create a "yearning" for a "strong leader." Will Sharon be that "strong leader"?

A Current Look at Threats to the Temple Mount by Extremist and Messianic Groups

by Yizhar Be'er

In our Jan. 19 issue, EIR reported the release of a study on the threat to peace in the Middle East posed by extremist and messianic groups to the Islamic holy sites in Jerusalem—especially Al Aqsa mosque and the Dome of the Rock—on the Temple Mount/Al Haram Al Sharif. The report was written by the Center for the Protection of Democracy in Israel (Keshev). Because the report presents information that is explosive and virtually ignored by the media outside of Israel, EIR here reprints the report (with slight explanatory editing) with the permission of Keshev. The report fills out the Israeli side of the picture presented in the EIR Special Report, “Who Is Sparking a Religious War in the Middle East?” released in December 2000.

With the election of right-wing Likud chairman Ariel Sharon as Prime Minister on Feb. 6, Keshev's report should set off alarm bells for anyone concerned about preventing religious war. Keshev has demonstrated that these fanatical movements have gone from the fringe, to the very center of the Israeli political spectrum. Many of the individuals mentioned in the report are personally and politically close to Sharon.

Keshev was founded after the assassination of Israeli Prime Minister Yitzhak Rabin in 1995, to promote democratic values. Among its directors and supporters, are academics, attorneys, and public figures.

Introduction

The Temple Mount is like a smoldering volcano that is bubbling and threatening to erupt—a threat that is liable to endanger Israel's existence.

Recently, we have witnessed the great expansion and consolidation of Temple Mount Jewish groups. There are two main reasons for this development, one external and the other internal. The external reason is the fear of an arrangement that will institutionalize the existing situation, in which the Palestinians hold the Temple Mount. Fear of the arrangement leads to pressure on national-religious rabbis and the Chief Rabbinate to remove the halachic [Jewish religious law] prohibition against entry onto the Temple Mount.

(Since it is not known where Solomon's Temple actually lies, this law forbids observant Jews from entering the Mount, lest they step on the “holy of holies” and therefore commit a sin.)

The internal reason relates to the increasing involvement in the concept of the Temple. What was once not part of the Jewish consciousness has in recent years penetrated into all the religious sectors. The Western Wall has diminished in importance and extensive activity has been directed toward the Temple. If once the subject of establishing the Temple was attributed only to the will of the Almighty, the current attitude is that action must be taken to prepare for the founding of the Temple.

In this document, Keshev focuses on extremist Jewish groups because of the great potential inherent in their activity and because many of the activists in these groups have a record of violent nationalistic criminal offenses. These activists include members of Kach and the Jewish underground. The fear that a political arrangement will be achieved, the calls by rabbis that are liable to be interpreted as permission to attack the mosques on the Temple Mount, the explicit urgings of Temple lovers to “destroy the mosques,” and the desire to revenge the death of Rabbi Binyamin Kahane make the mosques on the Temple Mount a principal target of attacks by Jews.

Extreme Christian and Islamic groups also have, and might have in the future, a significant effect on events which take place on the Temple Mount. We choose, however, to focus on activities of Jewish groups, since, in our view, they present the most imminent and concrete threats.

Temple Lovers Groups: The Dynamics of Growing Power

Temple consciousness has been increasing, as is apparent from the number of conferences of Shocharey HaMikdash [The Temple Lovers]. The most recent conference was held in 1999 and was financed by the Ministry of Religious Affairs. The previous government contained at least six ministers who demanded that some degree of Jewish prayer be allowed on



Jerusalem: In the distance, the Dome of the Rock and the Al Aqsa mosque; in the foreground, the Western Wall, all that remains of the Temple.

the Temple Mount. Supreme Court Justice Menachem Elon also called on the government of Israel to reconsider its policy on the Temple Mount. Recently, Jerusalem's mayor, Ehud Olmert, placed himself at the head of the battle over the Temple Mount.

Until recent years, the number of Temple lovers, who considered destruction of the mosques on the Temple Mount a necessary goal that human beings would have to realize, did not exceed a few dozen activists in a number of minimally influential movements. Over the past five years, there has been dramatic growth in the number of activists and supporters and increasing ideological and public support for the idea of destroying the mosques.

In an interview with the weekly newspaper *Jerusalem* (Nov. 1, 1996), Noam Livnat, a leader of the movement *Hai v'Kayam*, stated that he aspires to a situation in which it would be possible to "blow up the Golden Dome on the Temple Mount and raise it to the heavens." He explained how this could be done: "If three people go to blow up the Golden Dome, they would simply be crazy. If 30 people do it, it is an underground. If there are 300, it is a movement, and with 3,000, it is a revolution. Everything depends on the number of people taking part. The aspiration is to gather public power to do it."

On Sept. 15, 1998, during the Premiership of Benjamin Netanyahu, the "Annual Conference of Shocharey HaMikdash" was held at the Binyaney Ha'Ooma International Con-

ference Center, in Jerusalem. Thousands of people participated: national-religious, Ultra-Orthodox, and secular Jews. At the conference, rabbis ordered that substantive preparations be started to build the Temple on the site of the mosques. Invitations to the conference were sent by the head of the Constitution, Law, and Justice Committee of the Knesset [Parliament], MK [Member of the Knesset] Hanan Porat (National Religious Party), on official Knesset stationery. He also sent his recorded welcoming comments. MK Moshe Peled (Tzomet Party), then Deputy Minister of Education, also gave his greetings. In a symbolic and concrete manner, the Knesset and the Israeli government gave their blessing to the plans of Shocharey HaMikdash. What had been a few years ago the concern of an eccentric few became a legitimate stream in national-religious Zionism.

In preparation for the "Seventh Feast of the Temple" in February 1997, the rabbis of Yesha (the organization representing Jewish settlers in the West Bank and Gaza), announced a revolutionary halachic, giving permission for Jews to enter the Temple Mount, something which has so far been halachically prohibited by all the trends in mainstream Judaism. The letter written by the rabbis (including Daniel Shailo, one of the heads of the council of Yesha rabbis) contains the plea "that every rabbi who believes that it is permitted to enter the Temple Mount should go up there himself and also guide the members of his community on how to enter the area according to the halachi restrictions."

Chronology of the Growth of Shocharey HaMikdash

Date	Event	Number of Participants
April 1990	First public conference of Temple Mount organizations (“The Temple Feast”)	60
February 1997	Seventh conference of Temple Mount organizations	1,000
September 1998	Eighth conference of Temple Mount organizations	2,000
December 1999	Demonstration on behalf of the Temple Mount, organized by Zo Artzenu	4,000
August 2000	Demonstration on behalf of the Temple Mount opposite the Lions’ Gate	50,000

Support Organizations for Establishing The Temple

According to Keshev’s investigation, at least ten organizations are actively involved, in the first circle, in promoting in practice the idea of establishing a third Temple. Each of the entities mentioned below is involved in its own unique area, but shares the general ideology of Shocharey HaMikdash that is based on the theory of stages, beginning with study and reinstating Temple practices and rituals and subsequently establishing the Temple on the site of the mosques on the Temple Mount. In the second circle is a broad support group that includes halachic bodies such as the Temple Mount Rabbinical Court, Amutot [non-profit organizations] located in Jerusalem such as Ateret Cohanim, which focus on purchase of property near the walls of the Temple Mount, extremist yeshivas such as Shuvu Banim, YESHA [acronym for Judea, Samaria, and Gaza] Council groups, Zo Artzenu, Matz MAAMATZ, rabbis, and community leaders.

Shocharey HaMikdash: The umbrella group that unites most of the Temple Mount organizations, headed by Prof. Hillel Weiss. The idea in its founding was to “unite separate fingers into one fist,” as Yehuda Etzion defined it.¹ A major activist in this movement is Rabbi Baruch Kahane, son of Rabbi Meir Kahane, the murdered head of Kach.

The Temple Establishment Movement: Headed by Rabbi David Elbaum. The movement professes to handle the practical aspects of reinstating the sacrifices and other sacred practices. It calls for reinstating the sacrifices now and is preparing the priestly garments, Temple vessels, and the duty rosters of the Kohanim [priests].

1. In a conversation with Keshev on July 4, 2000.

Machon HaMikdash [Temple Institute]: Founded in 1983 by Rabbi Israel Ariel, Moshe Neiman, and Michael Ben Horin in Jerusalem’s Jewish Quarter. In the mid-1970s, Rabbi Ariel was number two on the Knesset candidates list of Kach. Founded by the late extremist and founder of the Jewish Defense League, Meir Kahane, Kach and its sister organization Kahane Chai were declared illegal terrorist organizations following the assassination of Prime Minister Yitzhak Rabin. These two organizations are also on the U.S. State Department’s list of terrorist organizations. In the 1980s, Rabbi Ariel was indicted for attempting to ascend to the Temple Mount for the purpose of “increasing dissension and hate between Jews and Arabs.” Moshe Neiman, a resident of Mitzpeh Yericho, and Michael Ben Horin, a resident of Nov, in the Golan Heights, are also former Kach members. Rabbi Ariel believes that the Temple will not be built by miracles but that its founding demands active initiatives. Therefore, Machon HaMikdash focuses on preparing the vessels for reinstatement of the 200 commandments that can only be performed when a Temple exists. Machon HaMikdash has a museum of Temple vessels, spices, Kohen vestments, and other items. The organization receives financial support from the state and assistance from young women in Sherut Leumi [national service for religious women]. People active in the organization confirm that it also receives contributions from Christian fundamentalist bodies.

Hai v’Kayam [Enduring]: Established in the early 1990s by a member of the terrorist Jewish underground, Yehuda Etzion, and a group from the Bat Ayen settlement, in Gush Etzion. The movement defines itself as a messianic “Redemption Movement to Renew the Kingdom of Israel,” and its members define themselves as belonging to the “Third Temple culture.” Other members include Yoav Lerner, founder in the mid-1970s of the underground Gal, whose objective was to turn Israel into an halachic state and to blow up the mosques on the Temple Mount, and who was convicted and imprisoned three times for planning to blow up the mosques; Captain (Res.) Moti Karpel, former head of the Yesha Council which represents all the Jewish settlements in the West Bank and the Gaza Strip; and Noam Livnat (brother of MK Limor Livnat, former Minister of Communication, a senior member of the Likud, and a partisan of Benjamin Netanyahu), a student of Joseph’s Tomb Yeshiva, whose statement on blowing up the Dome of the Rock is cited above.

El Har Hamor [To Mount Hamor]: An academic, theoretical group whose principal members are from the radical Yitzhar settlement. Rabbi Yitzhak Shapira (Yitzhar), Rabbi Dudi Dudakvich (Yitzhar), Shay Dawim (Elon Moreh), Rabbi Yossi Plai (son of Menachem Felix).

The Temple Women: This group is headed by Michal Aviezer, a housewife and pleader in the rabbinical courts, resident of Kiryat Shmuel, near Haifa. The organization gathers gold jewelry and precious stones in preparation for estab-



Pictured is a sampling of some of the most important books and publications around which the Freemasonic, Protestant, and Jewish fundamentalist crazies have built the mystical “end-times” political movement that is responsible for the bloodbath in Israel and the Palestinian Authority.

lishment of the Temple. The jewelry and precious stones collected are kept in the safe of Machon HaMikdash.

Lechatchila [To the Beginning]: Headed by Rabbi Moshe Feiglin, who is also chairman of the nationalist Zo Artzeinu and brother-in-law of Benjamin Netanyahu. Lechatchila centers its activities around the Temple Mount and building the Temple by human efforts in accordance with the commandment “make me a Temple,” which is not dependent on the coming of the Messiah.²

Mishmarot HaKohanim [The Kohanim’s Preserves]: This organization is composed of members of the Cohen family, who are considered to be descendants of the Tribe of Levi, whose task is to assist in performing the sacred practices in the Temple.

To make the actual preparations for building the Temple, the land is divided into *mishmarot* [preserves]—areas, such as Mishmeret Yehuda, Mishmeret Binyamin, Mishmeret Menashe, and the like. Each *mishmeret* has a person in charge, who is responsible for serving the Kohanim in his area. In practice, each of the Kohanim join together to complete a form containing personal details and a description of what he is prepared to do “at the time the command is given,” i.e., if the time comes to prepare the sacred practices. The sacred practices and the expertise required from Mishmarot HaKohanim include skills in building, cleanliness, slaughtering,

and sacrificing the ritual sacrifices, musicianship, and other matters.

In the studies on the slaughtering of sacrifices, residents from Mitzpeh Yericho requested an American Jew, an owner of a plastics factory in Texas, to produce and donate animal figures from plastic for practice in slaughtering: lambs, cows, and fowl. Another program that was formulated in Mitzpeh Yericho is building in the settlement a full-scale model of the Temple (including the courtyards), an area comprising 187 meters by 187 meters. The plan has been frozen for the time being because of planning, financial, and halachic problems.

Mitzpeh Yericho has a *kolel* (yeshiva for married men) that specializes in Temple studies. Every day at 6:00 a.m., a group of men, under the instruction of the settlement’s rabbi, Yehuda Kreuzer, gather and study the laws regarding the Temple and the making of sacrifices.

Moshe Neiman, a resident of Mitzpeh Yericho, is in charge of the practical aspect of building a model of the Temple on the hills of Mitzpeh Yericho, and is also involved in raising funds and recruiting supporters for Temple organizations. Neiman contended, in a conversation with Keshev, that Rabbi Kreuzer forbids him to publicize the detailed plans and the site on which the preparations for building the Temple are being made. Rabbi Kreuzer was suspicious and reserved when he spoke with Keshev. According to him, although the full-scale construction of the Temple is in an advanced stage, procedural and technical problems remain,

2. *Lechatchila*, issues 57 and 61.

and the project has not yet reached the execution stage. In the meantime, he said, their activity is focusing on studies and training of the Kohanim, “to be ready when the command is given.”³

Ne’emaney Har HaBayit [Temple Mount Faithful]: Founded by Gershon Solomon, this organization works outside the umbrella organization. Solomon raises funds from fundamentalist Christian communities in the United States which consider the war of Gog and Magog and establishment of the Temple a necessary theological stage preceding the second coming of Jesus. In his conversation with Keshev, Solomon contended that close to 10,000 Christians from around the world, including from Muslim countries—Egypt, Indonesia, and in Africa—have recently joined his movement. He further contends that his movement has a registered membership of more than 10,000 people in Israel.⁴

The Temple Mount Rabbinical Court: On this body sit rabbis who are Temple lovers, such as Dov Lior, Nahman Kahane, and Israel Ariel. This is an institution with an alternative approach, whose halachic attitude toward Jews ascending the Temple Mount differs from most rabbis in the various streams of Judaism. By means of halachic rulings that the “court” issues, the Shocharey HaMikdash intend to erode the halachic prohibitions preventing Jews from ascending the Temple Mount. On the eve of the Tisha b’Av, in August 2000, the Temple Mount Rabbinical Court issued an halachic ruling allowing Jews to ascend the Temple Mount in places that are not part of the Temple enclosure, which constitutes, they contend, only 5% of the entire expanse of the Temple Mount. These places, the Court contends, may be entered by persons who are impure from having come in contact with a corpse, i.e., from the gates of the Temple Mount to the *Heyl*. “This is allowed following strict immersion according to Halacha, compliance with the commandments of ‘fear of the Temple,’ walking barefoot, and the like.”

The Amutot for Settling Jerusalem [“Jerusalem Forum”]: The Jerusalem Forum is an Amuta that unites and unifies the Amutot that redeem Jerusalem homes in the Old City: Beit Orot, Elad, Ateret Kohanim, Ateret L’yoshna. The idea behind unification is to concentrate the activity of all the Amutot and coordinate efforts in matters of common interest. The defining ideology of the Amutot is redemption of land in Jerusalem, with emphasis given to proximity to the wall of the Temple Mount. Many activists in the settlement Amutot are also activists in Temple Mount organizations.

Ateret Kohanim: Founded by members of Yeshivat Ha-Golan in 1978 as a yeshiva for the study of the laws dealing with Kohanim and sacrifices. Twice a year, at Passover and

Sukkoth, Ateret Kohanim, together with the Ministry of Religious Affairs and other bodies, convene to study the laws dealing with sacred practices and the Temple. The spirit behind this Amuta, which is the largest and most lively of all these Amutot, is Mati Dan. Rabbi Shlomo Aviner, the rabbi of Ateret Kohanim, emphasizes study of the Temple laws as spiritual, emotional, and intellectual preparation for establishing the Temple and not necessarily as a practical act.

Beit Orot: Founded by Beni Elon, who remains the leading figure in the Amuta even after being elected to the Knesset. The rabbi of Beit Orot is Elhanan Ben Nun, the brother of Yoel Ben Nun, a national-religious leader of the settlers with moderate views.

Amutat Elad: Operates in Ir David (outside the walls of the Old City). Its head is David Barry. Rabbi Tao works with them, but the organization is independent. They determine their policy and actions and are not tied to rabbinical rulings.

Ateret Leyoshna: A dormant Amuta. Its spiritual father is Rabbi Avigdor Nevatsal, rabbi of the Old City’s Jewish Quarter.

Shuvu Banim: Towards the end of 1999, Keshev published a special report on Shuvu Banim Yeshiva, which is situated in the Old City’s Muslim Quarter in Jerusalem. The report portrays a dangerous extremist group composed of repentant Jews, some of them with criminal backgrounds, and others army veterans, with military operational capabilities. Most of the students come from depressed communities with high unemployment, and have anarchistic mentalities and no fear of law or government.

The yeshiva heads and students are encompassed in a milieu of dangerous messianism, nurtured by the extremist (and charismatic) personality of the head of the yeshiva, Rabbi Eliezer Berland. The mixture of religious fundamentalism, national extremism, criminal backgrounds, great messianic tension, and geographical (ten meters) and ideological proximity to the Temple Mount mark this group as extremely likely to take violent action regarding the Temple Mount.

Practical Steps in Preparation for the ‘Redemption’ and Establishment of The Temple

Tradition views redemption as a deterministic process that is determined by the Almighty without human intervention. The extreme fringe elements hold activist conceptions that are part of the ancient tradition of groups or individuals who do not have the patience to wait for redemption and seek to hasten it. Prof. Dov Schwartz, head of the Department of Philosophy, Bar Ilan University, told Keshev that this attitude is similar to an act of witchcraft.

Thousands of activists in dozens of organizations, some small and of minimal influence, dedicate their time and energy to “redemption of the Temple.” The activity of most of these organizations can be perceived as legitimate because they

3. This information is based on visits by Keshev to Mitzpeh Yericho and conversations with Itamar Cohen, Moshe Neiman, and Rabbi Yehuda Kreuzer, residents of the settlement.

4. Keshev held its conversation with Solomon on June 28, 2000.

Rabbi David Elbaum: 'Rabbinate Are Traitors'

The following statement was headlined in the Keshev report: "Rabbi David Elbaum, head of the Temple Establishment Movement: The archeologists sold out to the enemy. The rabbinate are traitors."

The Jewish people abandoned the holy of holies and this would not have happened if we didn't have a state. Then the Jews of the world would unite and let out a cry. Now they rely on the state and the Rabbinate—who are traitors in the full sense of the word. The archeologists sold out to the enemy—this is clear. Bakshi Doron, the Chief Rabbi—he is leading the way to ruin. Anyone who sees what is happening on the Temple Mount and does not lift a finger is Judenrat incarnate. The Wakf [agency responsible for Muslim holy places] does not mention that there was a Temple there and the Chief Rabbi supports the Wakf and gives it all the authority. The Jewish people lost its head. As we expelled the British administration, it is possible with cunning to also remove the mosques and the Wakf. Without the Temple Mount, the spice of life is gone. We forgot our roots and cling only to money. The blame lies with the Chief Rabbinate. It abandoned [it] and continues to abandon [it].⁵

5. The conversation with Keshev was held on June 5, 2000.

ostensibly do not imperil anyone. In the broader context, however, the activity of all the groups together, which is often coordinated, has a cumulative effect. The ultimate objective is the same—establishment of the Temple in its original location, on the Temple Mount in the place of the Islamic mosques, and establishment of an halachic Jewish state in Israel. The attempt to realize these goals threatens, we believe, not only democracy in Israel, but also Israel's very existence. The extensive activity of the groups described above is on the way to fulfilling these objectives.

Reinstitution of the Sanhedrin

According to Shocharey HaMikdash, establishment of the Third Temple also requires reinstating the Sanhedrin. Keshev's investigation shows that, quietly and secretly, Shocharey HaMikdash have recently renewed the "Small Sanhedrin," an halachic group of 23 members that ceased to operate in the Fifth Century of the Common Era. The Sanhedrin (from the Greek, meaning "Council of Elders"), was the supreme

religious, judicial, and political Jewish institution in the Land of Israel from the days of the Hashmoneans until abolition of the presidency. The Great Sanhedrin included 71 members. The Small Sanhedrin was empowered to hear capital offenses pursuant to the Torah. During the period of the Second Temple, the Sanhedrin sat in the Lishkat HaGazit [an area of the Temple]. After the Second Temple was destroyed, the Sanhedrin moved to Yavneh and its powers were reduced.

Thirty people are behind the initiative to reinstitute the activity of the Small Sanhedrin, among them leaders of Shocharey HaMikdash, such as Prof. Hillel Weiss, Yehuda Etzion, Moshe Feiglin, and Yoel Lerner. Activists include Rabbi Pinhas Heiman, former rabbi of Bar Ilan University; Dan Stein, a repentant Jew; and Rabbi Pinhas Idan, who is associated with the Shas party which is the third-largest party in the Knesset. The new body, which is called "Sanhedrin" (its composition is kept secret), meets periodically in a renovated house on 17 Misgav Ladach Road, in the Jewish Quarter of Jerusalem, which was leased for that purpose, and is adjacent to the Temple Institute. According to Yehuda Etzion, the intention is to seat rabbinical sages, such as Rabbi Elyashiv, Rabbi Ovadia Yosef, Rabbi Shapira, Rabbi Eliahu, and Rabbi Steinman, and the Council of Torah Sages, on the Sanhedrin, whose function will be to rule on critical problems. "It is necessary to reestablish the Sanhedrin because the state is betraying its mission and is forsaking national land, water, [and] economic resources in favor of the enemy," Etzion says.

In an article published in *Lechatchila* (issue No. 76), under the title "Sanhedrin Now," Hillel Weiss presented the conceptual motivation behind reinstitution of the Sanhedrin:

In order to be saved from destruction, a supreme national—judicial—Torah institution will be established that will, without fear, resolve public matters and every private matter both where the parties come to it or upon its own initiative. This institution is the Sanhedrin, which must be established now by public pressure on Torah, legal, and economic figures and on governmental officials and politicians. . . . And if it does not adhere to the goal, if it fears the governmental authorities, then it shall be responsible for the results. This is the time to strictly perform the commandment of "fear no one." Whoever is fearful and weak-hearted is not a suitable member of the Sanhedrin. . . .

Temple lovers acting behind the scenes to reinstitute the Sanhedrin told Keshev that they are not interested in publicizing at this time the fact of establishment of the Sanhedrin because the Jewish people are not yet ready to accept it.

Prof. Hillel Weiss told Keshev, that "this is a religious alternative to the state's secular leadership."⁶

6. Professor Weiss made this comment in a conversation with Keshev on Aug. 16, 2000.

The Red Cow — The Search for the Tenth Cow

In various locations in Israel, Shocharey HaMikdash are attempting to raise a red cow—an animal from whose ashes it is possible to purify the Kohanim and prepare them for their sacred acts in the Temple. This purification is a necessary precondition to sacred acts in the Temple because, according to Halacha, every Jew in our times is impure from contact or being near a human corpse (*tumat metim*). The First and Second Temple contained a limited area, “the *Heyl*,” in which entry was allowed only after purification with the ashes of the red cow. Today, it is impossible to state precisely the borders of the Temple and the site of the *Heyl*, so most rabbis prohibited entry to the entire Temple Mount area out of fear that Jews would walk on the *Heyl* area before being purified with the ashes of the red cow. Therefore, the lack of a red cow is a fundamental reason for the sweeping halachic proscription on ascending onto the Temple Mount, and explains the urgency of Shocharey HaMikdash in finding or raising a red cow.

According to tradition, from the time of Moses to the destruction of the Second Temple, nine halachically fit red cows were burned. Moses prepared one, and its ashes were sufficient until after the Babylonian exile; the second was prepared by Ezra the Scribe; the others were prepared by Kohanim HaGedolim [chief priests] who lived during the Second Temple period. Maimonides wrote that the tenth red cow will be prepared by the Messiah, but Shocharey HaMikdash are not willing to wait and they initiated an intensive search for the red cow.

According to Halacha, the red cow must be three years old, perfectly red, a uniform hue, and even a number of hairs of a different color invalidates it for sacred use. Its horns must also be red. It may not have a blemish, and a yoke must not be placed on it.⁷

An attempt to raise a red cow was made in Kfar Hassidim. In early March 1997, it was announced that a red cow was born after the sperm of a red American bull was artificially inseminated in the womb of an Israeli cow. However, a few months later, the cow was invalidated because two white hairs were found in its tail.⁸ In Bat Shlomo, Danny Greenberg’s cattle ranch, an attempt was also made to raise a red cow. Red cows were reported grazing on pastures in Sweden. Greenberg travelled to Sweden and brought back frozen embryos of these cows. He was able to raise funds for this project, but it failed.

Prof. Yehuda Weller, of the Vulkani Institute, which specializes in developing animal strains, focuses on genetics and skin color of animals, primarily cows. He told Keshev that Ultra-Orthodox Jews come to him looking for a way to grow

7. See further, Nadav Shargai, *The Mount under Dispute—The Battle over the Temple Mount* (in Hebrew) (Keter Publishing, 1995).

8. See Shmuel Berkowitz, *Wars over the Holy Sites* (in Hebrew) (Jerusalem Institute for Israel Studies, 2000).

red cows and seek his assistance. At the Vulkani Institute, Ephraim Ezra, a computer scientist and statistician, manages the “Flock Book,” a book of the genealogy of cows, which includes details on all the cows raised for beef or milk. A study of the book indicates how a cow with red skin is created. In a conversation with Keshev, Professor Weller stated:

It was the mixture of several strains—a gray strain, a French strain, to which was added standard mahogany in combination with a black-white strain. It is unclear how, but a cow with a red hue resulted from this mixture. This is the cow that was taken to Kfar Hassidim. It was 3-4 years ago, and I did not follow up what happened to it since then.

The nurturing of the cattle branch of agriculture poured lots of money into the attempt to raise a red cow—because it is a tempting economic matter. This includes inviting experts from abroad, [and] importation of frozen embryos, but so far all the attempts have been resounding failures. I know that there was great interest among the Ultra-Orthodox on this issue, and even Rabbi Ovadia Yosef went to Danny Greenberg’s ranch to try to resolve halachic questions related to raising a red cow.⁹

The failure to raise a red cow is an halachic basis for the prohibition imposed by most Ultra-Orthodox rabbis on entry of Jews onto the Temple Mount. However, this position has recently been eroded and weakened.

Conclusion

Threats on the Temple Mount have reached a critical stage. More than ten entities of Shocharey HaMikdash containing tens of thousands of people are actively engaged in promoting the idea of establishing the Third Temple.

Each of these entities is involved in its special niche, but shares the general ideology of Shocharey HaMikdash based on the realization of their idea in stages, starting with study and reinstatement of the sacred practices and rituals and then establishing the Temple on the site where the mosques on the Temple Mount are situated. The second circle of persons involved is an extensive support group that includes halachic bodies such as the Temple Mount Rabbinical Court, Amutot settling East Jerusalem such as Ateret Kohanim, that focus on purchasing property near the walls of the Temple Mount, extremist yeshivas such as Shuvu Banim, groups from Judea and Samaria, Zo Artzenu, Mateh MAAMATZ, rabbis, and community leaders.

Keshev’s investigation further indicates that, quietly and secretly, Shocharey HaMikdash have recently reinstated the Small Sanhedrin, an halachic body of 23 members, that ceased

9. The comments were made in a conversation with Keshev on Aug. 6, 2000.

to function in the Fifth Century of the Common Era. The Small Sanhedrin is the initiative of some 30 people from Shocharey HaMikdash, who wish to establish an halachic state in Israel and establish the Third Temple.

Public consciousness about the Temple has been increasing in recent years, with encouragement by the state. The state regularly finances the activity of institutes and institutions acting to reinstitute the Temple rituals and conventions of Shocharey HaMikdash. The Jerusalem municipality also assists the organizations in their activities, and Jerusalem's mayor recently placed himself at the head of the Temple Mount campaign.

This policy is irresponsible and dangerous. These bodies are not solely involved in history, culture, and education, but are actively endeavoring to establish the Temple. Their goal is to establish the Temple on the Temple Mount in the place where the mosques are presently situated. This goal dictates destruction of the mosques.

The concern that a political agreement will be signed, the urgings of rabbis that are liable to be construed as permission to harm the mosques on the Temple Mount, and the explicit calls recently made by Shocharey HaMikdash to "destroy the mosques," as well as the desire to revenge the death of Rabbi Binyamin Kahane make the mosques on the Temple Mount a principal target of attack by Jews.

If the Muslim holy sites are attacked, all the responsibility will be placed on Israel, and it is likely that destructive forces of apocalyptic power will be unleashed. Therefore, whatever the nature of the political arrangement regarding the Temple Mount, it is in Israel's vital interest to bring in international bodies to share responsibility over the holy sites. This should be done even if a peace agreement cannot be signed at this time. Keshev therefore urges the Israeli government to move without delay to invite international bodies (the UN or a multi-lateral force) to share responsibility for the security of the holy sites on the Temple Mount.

Simultaneously, Israel's government must take measures to safeguard the Temple Mount and its surrounding areas and to obtain the relevant intelligence to enable effective protection of the area. Security forces must closely monitor the activists from groups primarily and secondarily involved. The immediate danger of an attack on the Temple Mount is likely to occur, in Keshev's view, primarily from the fringe elements—from an isolated individual from groups of repentant Jews (such as Shuvu Banim), who will be willing to sacrifice themselves in the manner of Yigal Amir and Baruch Goldstein.

Keshev also urges the authorities to cease providing support and funding to organizations and institutions of Shocharey HaMikdash.

In addition, the government must demand rabbis in Judea and Samaria and the leaders of the national-religious and the Ultra-Orthodox communities to publicly decry the calls to "destroy the mosques." Our lives depend on it.

Conference Report

Bush Team Wants To Be 'Master of the World'

by Rainer Apel

On Feb. 2-4, Munich was the site of the annual Conference on International Security Policy, more commonly known as the "Wehrkunde Meeting." The 37th gathering of the Western world's leading experts on defense, plus select spokesmen for Russia, China, India, Japan, and the potential future members of NATO in Europe's East, provided the first occasion for the Bush Administration to present its views on global affairs to an international audience.

The fact that the conference was held only two weeks after the inauguration of the new U.S. President, predetermined that it would occur in a somewhat eerie atmosphere: Non-American participants were mostly on "different wavelengths" than the Bush team. Europeans and Russians in particular, who are known to be skeptical of the views of the new U.S. Administration, were very hesitant to voice clear and firm positions. Europe and Russia are agitated, but leading politicians tend not to sound "undiplomatic" toward the Americans. The Bush team is trying to exploit this vacuum, making aggressive advances.

Rumsfeld: NMD Is Inevitable

In his first foreign appearance, U.S. Secretary of Defense Donald Rumsfeld stated in no uncertain terms on Feb. 3, that the Bush Administration will push ahead with its National Missile Defense (NMD) program—no matter what European NATO allies think or do. There may be talks about missile defense, said Rumsfeld, but the U.S. decision for it is definite. With an aura of arrogance, Rumsfeld did not address Russia directly in his remarks; he simply ignored the presence of Russian Security Council head Sergei Ivanov, while greeting the delegations from Japan, China, India, and Singapore.

More brutally than Rumsfeld, Henry Kissinger, also speaking on Feb. 3, warned Europeans, Russians, and Asians not to provoke the wrath of the United States, and risk (unspecified) American retaliation. Kissinger attacked, though not by name, "European leaders" for criticizing American policies during their recent visits to Moscow (such as the German Defense Minister, who criticized the NMD project). Dropping the usual rhetoric, Kissinger said that the U.S. missile defense program is not directed primarily against "rogue states," such as North Korea and Iran, with their limited capabilities, but rather against the bigger nuclear powers Russia,

China, or India. Other American participants, notably former Democratic Vice Presidential candidate Sen. Joseph Lieberman (Conn.), illustrated with their remarks—along the line that “NMD will happen anyway, but we’ll also talk”—that America’s defense policy has bipartisan support.

When Ivanov spoke the next day, he attacked the U.S. missile defense program, as violating the 1972 Anti-Ballistic Missile Treaty (described by Rumsfeld as “ancient history”) and disrupting the past decades’ arms control regime. But there was no broader strategic design presented by Ivanov, who, instead, went through a lengthy *tour d’horizon* on Russia’s achievements, problems, and complaints. This may indicate that Russia is still testing whether or not a bilateral political deal over ballistic missile defense and related issues is possible with the Bush Administration. A trial balloon in this direction was launched by Kissinger, when he described in his speech how the ABM Treaty (which, as he said, he and his friends in the Nixon Administration helped to bring about) enabled the Americans to freeze the Soviet project for a missile defense of its own.

On the European side, serious worries over U.S. missile defense and its impact on Russia and China were voiced, particularly by the Germans, though cautiously. Christian Democratic foreign policy spokesman Karl Lamers, an “old hand” from the pre-1998 Helmut Kohl era, provoked Rumsfeld with the remark that if the Americans believed the “dream of invulnerability” would make them the “master of the world,” they were being misled by the same “Siegfried myth” of invulnerability that had misled the Germans in the past. Rumsfeld conceded that, indeed, Bush’s election campaign promise of big tax cuts for the American people would pose budget constraints to future funding of efficient NMD systems.

In fact, as acknowledged by Senator Lieberman in Munich, the proposed NMD system is not yet technologically feasible, and requires much more research and development. Moreover, the Bush Administration will soon be hit with a massive economic collapse and financial crisis, centered around the California energy crisis, which is likely to derail all of their best-laid plans.

India, Russia Have ‘Complementary Interests’

Worth special note was the presentation by India’s National Security Adviser, Brajeesh Mishra, who rejected hopes harbored among some geopolitical circles in Washington for a strategic alignment with India, against Russia and China. Indirectly, Mishra also spoke up for Russia’s genuine interest in drawing a line against the new would-be “master of the world.” In his Feb. 4 speech, Mishra said that “India-Russia relations have several remarkable characteristics. They have demonstrated a robust strength, withstanding major structural changes in both countries. Indo-Soviet relations moved almost seamlessly into Indo-Russian relations, in spite of the post-Cold War political and military realignments, and the



Secretary of Defense Donald Rumsfeld, who said at the Wehrkunde conference, that the United States is proceeding with a national missile defense program, no matter what.

upheavals caused by the breakdown of our economic arrangements with the Soviet Union.” Mishra referenced the Asian financial crisis of 1997 and the Russian one of 1998, in this context.

“There was, and remains, a national consensus in both countries on the fundamentals of our bilateral relations,” Mishra said. “The two countries have a common interest in the development of a multipolar world, based on a cooperative security order. In fact, even in the bipolar construct of the Cold War, the development of India’s relations with the Soviet Union was perhaps one of the first expressions of multipolarity.

“Russia’s ‘National Security Concept’ of January 2000, and its ‘Foreign Policy Concept’ of June 2000 enunciate a worldview similar to that of India. We share disquiet at insidious attempts to undermine sovereignty and to justify intervention in the name of human rights, to encourage protectionism in the guise of labor and environmental standards, and to impose alien socio-cultural conditions in the name of globalization.

“The increasing political and economic importance of Asia has created a new security matrix in which both India and Russia have crucial and complementary interests.”

Thus, the military and economic conflict with the rest of the world which the Bush team is heading for, was most directly addressed by the Indians. But the first concrete actions by the Bush Administration toward realization of its projects will polarize the situation in most other countries, including the NATO allies, and frictions between the United States and the rest of the world will intensify. The ugly reality may then force those who still hope for special deals with Bush to realize, that such arrangements with people who consider themselves “master of the world,” are impossible. If the prevailing U.S. attitude is to pose the alternative, “either talk on our terms, or don’t talk at all,” the opposition to the Bush team will grow—it simply has to, if there is to be any dignity left in foreign relations.

Anglo-Americans Prepare New War Against Iraq

by Muriel Mirak-Weissbach

When George W. Bush was campaigning, one of the most embarrassing incidents which befell him, occurred in an ad hoc exchange with a New England journalist, who asked him to name several foreign heads of state. Young Bush could not reply. His ignorance of simple geography has since been summed up in his comment about Nigeria, that it is an important continent.

Yet, despite this well-rounded lack of knowledge about the world, there is one name of a head of state he does know, and knows as well what state he leads: Iraqi President Saddam Hussein. Indeed, since the Nov. 7 elections, it has become cliché in certain press circles, to remark on the coincidence of George W. Bush's ascension to the Presidency, on the tenth anniversary of the war against Iraq which his father led, under the rubric of Operation Desert Storm.

At the same time, the crescendo of press opinions, in favor of a new assault on Iraq, should not be mistaken as another expression of herd instinct among unimaginative journalists. On the contrary, the literal drumbeat which has been growing, for young Bush to finish the job his daddy left undone, should be taken deadly seriously. It signifies a commitment on the part of political circles in London and Washington, to explode the Middle East region as a whole, and soon.

The Propaganda

The public-opinion-shaping started with a *New York Times* piece, two days after the inauguration, which asserted that "satellite photos" had documented the existence of factories, officially producing castor oil brake fluid, which were also producing a by-product, a "deadly biological toxin called ricin." Since Bush had pledged to take serious action against Iraq, were it to be shown that the country is producing biological or chemical weapons, the *Times* said that new reports of such allegations constituted a "test of Bush's pledge" to be tough.

Richard Beeston picked up the same story a day later in the London *Times*, as Bush "Faces Saddam Weapons Challenge." Beeston quoted an unidentified American source saying that if Bush acts, "It will not be a pinprick, it will be strong and decisive." And the article concluded, "Bush may have no option but to act if he wants to contain Saddam."

The same day, Jan. 23, the London *Daily Telegraph*, organ

of the same Tory faction which ten years ago organized Sir George Bush the Elder to launch the war, ran a prominent commentary by Richard Butler, the discredited former head of the United Nations Special Commission (UNSCOM). Butler, who was caught spying for British, American, and Israeli intelligence under the cover of his UN weapons inspections team in Iraq, entitled his piece, "Bush Should Start Where His Father Left Off: With Saddam." There was nothing new in the article, except its timing. Butler argued that the war against Iraq, and the sanctions, were justified and effective. However, he added, now that the UN inspectors have been expelled, and Russia and France have shown support for Iraq, there is need for action.

"Saddam is undefeated," Butler wrote. "The new President Bush, George II, is about to enter a new world. It will not be the new world order of which his father spoke." Bush "should address this problem early, starting where his father left off—with Saddam. He must make clear to the Russians and the French that, whatever their allergy to American power may be, it must not be expressed in terms of support for Saddam. . . . Arms control must be restored and, if that means redesigning the focus of sanctions, then that should be considered. Britain must be robust in containing Saddam's addiction to weapons of mass destruction," and so forth.

Just days later, on Jan. 28, the same British daily reported on an Iraqi military engineer, a defector, who claimed that he had helped Saddam Hussein build two atomic bombs. The defector, who had allegedly been hiding out in Europe for two years, suddenly surfaced, to report, "There are at least two nuclear bombs which are ready for use. Before the UN inspectors came, there were 47 factories involved in the project. Now there are 64." In addition to the figures, the defector provided names of persons in charge of the project, all the way up to the Presidential palace. The bombs, he said, had been built in Hemrin, in the northeastern part of the country. He said that international inspectors were "alarmed," and would doubtless demand access to the area. The *Telegraph* concluded by noting, "Colin Powell . . . and Vice President Dick Cheney are known to favor a radical approach in dealing with Iraq."

In the estimation of Lyndon LaRouche—the only political figure, anywhere in the world, who forecast the first war against Iraq in July 1990, prior to the Iraqi invasion of Kuwait—it is the intention of the Bush Administration to attack Iraq. A new military move would probably be carried out in tandem with Israeli actions, under a new Ariel Sharon government. This could mean the immediate implementation of Sharon's well-known policy option, to expel the Palestinians from the West Bank, into Jordan. Syria, Lebanon, and Iran would also be targetted. Such aggression would rapidly transform the religious conflict, set off by Sharon in Jerusalem on Sept. 28, 2000, into religious war throughout the Islamic world. This, as LaRouche has recently restated, would make Samuel Huntington's Clash of Civilizations a reality.

The Push for Dictatorial Powers

Those political forces in London and the Bush team who are planning this, are acting according to crisis-management methods, in the illusion that they can wield military power, to deflect from the onrushing economic and financial breakdown crisis; and can exploit the sense of emergency, to establish dictatorial powers inside the United States, as well as vis-à-vis the rest of the world.

As Butler clearly stated in his commentary, one leading feature of a new war against Iraq, would be to discipline Russia and France, both permanent members of the UN Security Council, which have actively challenged the UN sanctions regime. Russia had led the way in reestablishing international air links with Iraq, by flying into Saddam Hussein International Airport in Baghdad last Summer. Russia has sent high-ranking government delegations to Baghdad, to consolidate far-reaching deals, especially in oil. The most recent such visit occurred on Jan. 29, when Russian Minister of Energy and Fuel Alexander Gavrin arrived with a delegation.

France has also been adopting a critical posture toward the sanctions regime, and has joined the “airplane diplomacy,” by sending a plane into Baghdad — something which does not sit well with Washington. Interestingly, the political force inside France which has lined up with the Bush regime, against the French government’s overtures toward Baghdad, is the Green Party.

As the Paris daily *Le Monde* reported on Feb. 7, the French Green Party organized a seminar in Paris on Feb. 5, with various Iraqi opposition groups (the Supreme Council for the Islamic Revolution in Iraq [SCIRI], Saawa, the Communist Party, and Kurdish groups), intellectuals, and others. Among them were the Human Rights Alliance, and the Coalition for Justice in Iraq, a group of 200 non-governmental organizations from 24 countries; also present were Amnesty International and the International Federation of the League of the Rights of Man. Amin Bakhtiar, of the Human Rights Alliance, argued that they should not allow the human suffering provoked by the embargo, to overshadow the “crimes” of the government. Bakhtiar rejected calls for lifting the sanctions, and instead proposed “humanizing” them.

The other proposal, supported by all the participants, was to put Saddam Hussein on trial at an international tribunal. They proposed that an expert commission be formed by the UN Secretary General, or the Security Council, to review the 14 tons of documents seized in the north by Kurdish forces, together with the report of UN Special Rapporteur Van de Stoel on Iraq, and see if the charges of crimes against humanity are substantiated. Thus the Green Party joins the INDICT initiative, launched by intelligence-linked circles in Great Britain, to haul Saddam Hussein in front of an international court, and thus remove him from office.

In the region, the Bush Administration’s action would shatter the dense network of political, diplomatic, and espe-

cially economic cooperation agreements, that have come into being. In these arrangements, which include pipelines, transportation links, and trade and economic development projects, Iran and Iraq have enhanced relations with Jordan, Egypt, Syria, Lebanon, Morocco, and Saudia Arabia, all of which were formerly aligned with the Anglo-Americans, most of them as members of the 1990-91 coalition against Iraq (see Hussein Al-Nadeem, “Economic Cooperation Outflanks Political Differences in Mideast,” *EIR*, Feb. 2, 2001). Iraq has been gradually, but steadily, reintegrated into the Arab world; most recently, on Jan. 27, Egyptian President Hosni Mubarak visited Kuwait and Saudi Arabia, reportedly as part of a mediation effort between them and Iraq. Mubarak had received Iraqi Vice President Taha Yassin Ramadan shortly before, to discuss this initiative toward reconciliation.

The Fast Track

Two developments in Washington in early February indicate that the Bush Administration is indeed on a fast track against Iraq, especially in reaction to the growing rejection throughout the world of the U.S.- and British-imposed sanctions that are killing hundreds of thousands of Iraqi civilians, especially children.

On Feb. 5, the Administration announced that it had released \$4 million to the London-based Iraqi National Congress, led by the notorious huckster, Ahmed Chalabi. The funds are earmarked specifically for use *inside* Iraq for “gathering evidence” in order to indict Saddam Hussein and other Iraqi government officials for “war crimes.” The open use of U.S. funds for funding insurgency inside Iraq is a provocation that puts the crisis on an even faster track.

Bush has also nominated Paul Wolfowitz, author of a detailed war plan to overthrow Saddam Hussein and launch civil war inside Iraq, to be Undersecretary of Defense.

If, as expected, the Bush team opts for war, in coordination with military actions to be taken by the Sharon regime in Israel, it will not be a matter of “finishing up the job that daddy left undone.” There would be no glorious march on Baghdad, to remove Saddam Hussein from power. Instead, there would be a regional catastrophe, with ramifications throughout the Islamic world. And there would be a response from Russia, perhaps very different from what the authors of the computer-spun scenarios would like to believe.

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Fox's Strategy in Chiapas Opens Door to National Disintegration

by Marivilia Carrasco

Immediately following his inauguration as President of Mexico on Dec. 1, 2000, Vicente Fox, to signal his readiness to reopen the so-called "peace dialogue," gave the order for the Mexican Army to begin withdrawing from areas dominated by the Zapatista National Liberation Army (EZLN) in Chiapas, under the battle cry that "actions speak louder than words." Fox thus conceded to the demand to "liberate" a portion of national territory to indigenism's separatist project, creating the immediate conditions for violent confrontation between the population that supports the Zapatistas, and those who are resisting being subjugated by them.

The EZLN responded to the President's gesture by demanding three conditions, the which would enable them to retake the political offensive, something they have been unable to do for the past two to three years. Indeed, although the initiative to withdraw the Army came from the government, the Zapatistas did not pass up the opportunity to organize violent demonstrations, stoning and insulting the soldiers, seeking to humiliate the National Army, as the soldiers obeyed the order to withdraw. Sebastian Guillén (a.k.a. "Subcommander Marcos"), the political and military chief of the EZLN, stated outright that the intent of the three conditions demanded, was to put President Fox to the test, to see if he is truly the Supreme Commander of the Mexican Armed Forces, and consequently willing to submit to the Zapatista demands, which would signify nothing less than the surrender of a portion of national territory.

The three conditions demanded by the EZLN before they will accept any contact with the government, include:

1. Withdrawal of military forces from seven separate sites in the so-called "conflict zone" (four of which have already been demilitarized);
2. Release of all Zapatista prisoners (only 17 have been released thus far, and 100 more are still being held); and
3. Constitutional recognition of Indian rights and culture, in accordance with the initiative of the Pacification Commission (Cocopa), established by Congress a few years ago.

Each of these conditions fall under different powers of the republic, and cannot be granted without violating the country's juridical, political and Constitutional order. Thus,

it is evident that they serve as the merest pretext for launching a new phase of provocations. The most dangerous of all, however, is the last condition, which would set the precedent of separatism, which threatens the integrity of the nation as a whole.

To back up the demands, "Marcos" convoked a spectacular march of the *comandantes* from Chiapas, to Mexico City, which he is to personally lead, on the pretext of organizing "civil society" and forcing the Legislature—which already has four different bills to reform the Constitution on the table—to approve the proposed constitutional reform bill which would grant them social, political, cultural, and military autonomy. The Zapatistas intend to enter Mexico City in the early days of March, after putting more than half the country on a war footing. They intend to traverse a third of the national territory, accompanied by hundreds, at a minimum, of international supporters, on a crusade whose goal is not to win the three conditions posed to Fox, but the destruction of the very idea of the sovereign nation-state.

Fox Offers To Give the EZLN What It Wants

Fox is offering to grant the EZLN what it is asking for, as long as they sign a peace (which will never come), under the chimera of thus beginning the march of the *maquiladoras* (virtual slave-labor assembly plants) into the country's southeast. The international financial oligarchy is hoping to turn Mexico's south and southeastern region into a new free trade zone, integrated with Central America in the so-called "Puebla to Panama" project. This strategy to turn that region into a new "Hong Kong" of sweatshops, plantation agriculture, and offshore banking, was elaborated in the early 1980s by Henry Kissinger's Commission for Central America. It was revived as part of Wall Street and the City of London's new offensive to impose a Free Trade Alliance for the Americas (FTAA), under which the dollar would become the legal tender continentally, eliminating the monetary sovereignty of Mexico, as well as other countries, as is already occurring in El Salvador and Guatemala.

With the illusion that many new *maquiladoras* will spring up, Fox adopted as his own the original draft of the

EZLN-Cocopa bill, rejecting the modifications introduced by the Zedillo government in 1996 to eliminate the bill's anti-constitutional ambiguities. The EZLN had used those modifications as a pretext to break off the peace talks at the time. On Dec. 6, 2000, immediately after assuming office, Fox sent the EZLN-Cocopa initiative to the Congress, as a federally backed bill. That step became a de facto call for an uprising by forces even more radical than the EZLN in other parts of the country, so that, instead of sowing peace, it is leading toward war.

In his Jan. 13 radio program, President Fox stated that "the Chiapas matter, which is so important, is moving forward; it is developing. In his latest message, the EZLN Subcommander indicated that there would not be peace in Chiapas unless the Vicente Fox government fully met the guerrillas' three demands. I took him at his word! I took him at his word! If there is peace, if they put down their weapons, and if we reach agreements, certainly, for our part, we will fully meet the guerrillas' three demands. Now, we can match their expectations. . . . We want to integrate the vision of the Indians; we want to give them autonomy; we want to respect their dignity; we want to help our Indian brothers; we want to do this now, right away, and we are doing this throughout the country. And we certainly want to do it in Chiapas."

Abandoning Non-Intervention

The Fox government is undermining the defenses of national sovereignty on the foreign front, as well. At the beginning of the year, Fox's Secretary of Foreign Relations, Jorge Castañeda, a participant in George Soros's campaign to legalize drugs, announced a break with Mexico's traditional support for the Estrada Doctrine of non-intervention in the internal affairs of other nations. Dismissing the doctrine as the "inertia" of previous governments, Castañeda said the Fox government will replace it with a new policy of participating actively in United Nations' supranational interventions, "with the Armed Forces, or of another sort . . . with civilian and logistical components, engineers, military doctors and nurses, etc."

Given that Mexico has long participated in foreign humanitarian missions, such as when earthquakes and other natural disasters occur, the ominous change in Mexican foreign policy signalled by Castañeda does not stem from charitable concerns. Rather, it is the first step toward implementing the doctrine of "limited sovereignty," and the formation of a multilateral hemispheric force, the policy promoted by the Inter-American Dialogue and U.S. State Department since the Sir George Bush government, as part of his "New World Order," to which Mexico had always adamantly refused to submit. Such a policy reorientation implies authorization for supranational incursions in the name of Wall Street into any country or region in the continent: for example, in Chiapas.

Lorenzo Meyer, a Mexican member of the Inter-Ameri-

can Dialogue, welcomed Castañeda's announcement, in a manner revealing precisely that the real purpose of such a change is to subject Mexico to international oversight, and to supranational interventionism: "The policy of non-intervention served to hide a great deal of abuse, illegality, and violation of human rights in Mexico," said Meyer.

In fact, Castañeda himself is certain that only internationalization can resolve the conflict with the EZLN. According to the Jan. 29 edition of the newspaper *La Jornada*, during an International Colloquium entitled "Building for Peace, Teachings for the New Millennium," organized by the Autonomous University of Guerrero in Acapulco on June 15-18, 2000, Castañeda argued that mediation is required in a conflict such as that in Chiapas, and if an arrangement is to be reached, "recourse is going to have to be made to some form of international mediation." According to him, Mexican society is so polarized, that there is no one inside Mexico today who "can serve as mediator."

It is in this context that Castañeda visited Chiapas at the end of last December, heading up a large group of Ibero-American ambassadors who could serve as international witnesses to the army's withdrawal from one of their positions in that state.

This is also the policy Mexico is now applying toward Colombia. For example, Castañeda's step-brother, Andrés Rozenthal, Fox's Ambassador for Special Missions, recently travelled to the so-called "demilitarized zone" in Colombia's south, to meet with the genocidalist head of the narco-terrorist Revolutionary Armed Forces of Colombia (FARC), Manuel Marulanda (a.k.a. *Tirofijo*), supposedly as part of Mexico's efforts to facilitate peace negotiations in that country. It is not a coincidence that these efforts ignore the information in the hands of the Mexican Attorney General's office regarding collaboration between the FARC and the bloodiest of the Mexican drug cartels, that of Arellano Félix.

President Fox is so divorced from strategic reality, that his government views as positive for Mexico's tourism industry, the shameless intervention of the non-governmental organizations (NGOs) in Chiapas, and nationally, backing each and every EZLN maneuver. The representative of the National Institute of Migration (INM), Felipe de Jesús Preciado, went so far as to advocate "guerrilla tourism" as good for the country. Preciado announced on Jan. 19 that the hundreds of foreigners applying for visas to accompany Marcos and the *comandantes* on their march to the capital are more than welcome. "In some Romantic way, they think the Zapatistas are making the French Revolution," the INM official explained. "Everything in this life has its advantages and disadvantages. I repeat, tourism for Mexico is key. We are called upon to be pioneers in world tourism," he said, adding, "Throughout the world, there is enormous interest in what is going on in Chiapas, and Marcos has won a lot of clientele among the international NGOs, who are coming to help them and see how they can participate."

Globalization and ‘Land Rights’: The Crown Plot To Loot Australia

by Allen Douglas

In the global strategic context defined by the Jan. 20 inauguration of the professedly Anglophile administration of President George W. Bush, the son of that Sir George Bush knighted by Queen Elizabeth II for his service to British imperial interests, two seemingly disparate attacks were launched on the associates of American statesman and physical economist Lyndon H. LaRouche, Jr., one in Brazil, and the other in Australia.

However, both attacks, which occurred within a week of each other, came from individuals and agencies intimately associated with the Crown; in Brazil, through the local branch of the Worldwide Fund for Nature (WWF), founded in 1961 by Prince Philip and the ex-Nazi, Prince Bernhard of the Netherlands, and, in Australia, through the B’nai B’rith Anti-Defamation Commission, whose board is dominated by four members of Her Majesty’s Privy Council, the ruling body of the British Empire, now known as the Commonwealth.

In his response, “Look At What Happened in Brazil” (*EIR*, Feb. 9, 2001), LaRouche identified the nature of the Crown’s renewed attacks on him as flowing from a conflict between two different species. For his part, LaRouche represents the interests of the human species, as embodied in the existence of nation-states committed to the general welfare of their populations, while Prince Philip et al. represent an inferior species; not, as one might suppose, the animal species, for there exists abundant proof of the WWF helping to eliminate rare animal species, including through such instruments as Philip’s own gun,¹ but, of another inferior species—the Crown-centered world financial oligarchy which is committed to pursuing its own evil, heteronomic interests, including the elimination of all nation-states, and the reduction of what is left of the human species to the condition of feudal serfs, or worse.

The assault on LaRouche personally, in Brazil and in Australia, where he has a rapidly growing movement, belies the Crown’s fear that, under conditions of the accelerating global financial collapse, LaRouche, whose track record in economic

forecasting is unparalleled in history, might succeed in rallying resistance to their royally pernicious schemes. Thus, the cry goes out from Buckingham Palace, across the globe: “Shut That Man’s Mouth!”² The present article will provide the background to the latest attempt to silence LaRouche in Australia.

Her Majesty’s Anti-Defamation Commission

On Jan. 24, the Australian B’nai B’rith Anti-Defamation Commission, Inc., which styles itself as “a national Jewish anti-racism organization,” issued a press release entitled “One Nation Candidate’s Racist Background.” Its ostensible target, to which it devoted only a tiny portion of the release, was Tony Drake, a candidate of the One Nation party for the Legislative Assembly in the Western Australian state elections scheduled for Feb. 10, and formerly a member of the Citizens Electoral Council, LaRouche’s associates in Australia. Almost the entire rest of the release, however, was devoted to a lying attack on LaRouche.

The ADC complained that Drake “has long been associated with the far-right ‘Citizens Electoral Council’ (CEC), the Australian arm of the U.S.-based racist Lyndon LaRouche cult, which believes that the world is on the verge of a great financial crisis, engineered by the ‘Oligarchy,’ an alleged cabal of Jewish bankers and usurers.” “Apart from vilifying Jews,” the ADC continued, “the CEC is an antagonist of multiculturalism, [and] depicts Aboriginal land rights as a ‘fraud concocted by Prince Philip to splinter Australia.’”

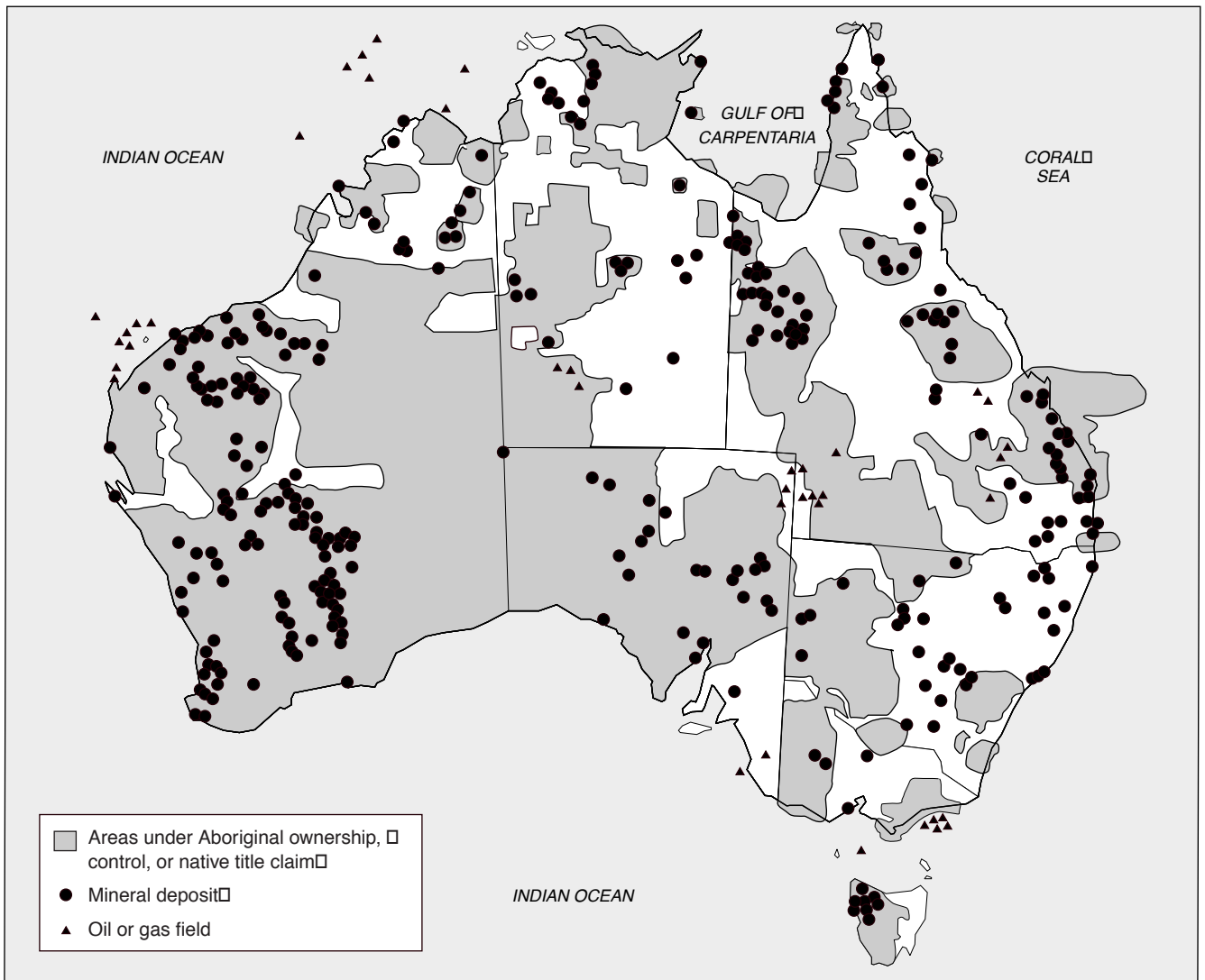
One might pass off the ADC release as the typical sort of diatribe it has issued against LaRouche repeatedly over the last decade, characterized by its usual wholesale lying and reckless disregard for truth, except for one striking new feature: the board of directors which is listed prominently in the upper-right-hand corner of the release, includes four members of Queen Elizabeth’s Privy Council (signified by the preface

1. The WWF’s complicity in helping to ensure the near-extinction of the panda, the elephant, and the rhino, for instance, is documented in “The Oligarchs’ Real Game Is Killing Animals and Killing People,” by Allen Douglas, in *EIR*’s *Special Report*, “The True Story behind the Fall of the House of Windsor,” September 1997.

2. In mid-1999, the British pro-royal magazine, *Take a Break*, published an article entitled “The Queen on LaRouche: ‘Shut That Man’s Mouth!’” noting that Buckingham Palace had become increasingly alarmed at LaRouche’s activities. The article quotes an unnamed Palace source, that LaRouche represents “the biggest threat ever to the reputation of the Queen worldwide. Something has to be done.”

FIGURE 10

The Queen's 'Indigenous' Control Over Australia's Raw Materials



Sources: Department of Primary Industries and Energy 1997; Bureau of Resource Sciences; Minerals Council of Australia.

The Queen's mining cartel, led by Rio Tinto, Funds Aboriginal "land rights" in order to lock up Australia's vast mineral wealth.

"The Right Honorable"). These include two former prime ministers (The Right Honorable Bob Hawke and The Right Honorable Malcolm Fraser) and two former Governors General, the Queen's personal representative in Australia (The Right Honorable Sir Ninian Stephen, GCMG, and The Right Honorable Sir Zelman Cowen, GCMG).

The ADC is one of a stable of nominally Jewish institutions built up by the brothers Mark and Isi Leibler, Melbourne-based businessmen (though Isi has recently moved to Israel), and fanatical, right-wing Zionist extremists, who have dominated Australia's Jewish community over the past two

decades, despite often intense opposition within that community itself. The Leiblers have been bitterly opposed to LaRouche, since even before his Australian associates opened a full-time office in Melbourne in October 1992. The Leiblers have also been the chief proponents, since the early 1990s, of "racial vilification" legislation on a state and federal level, for which a renewed drive is presently under way in the state of Victoria, where LaRouche's movement is headquartered. The legislation stipulates \$30,000 fines and six-month jail sentences, for those deemed "racist." The main purpose of such laws is to shut down anyone opposing the Crown's dogma of



Diamonds are for ER

The discovery of a rich new diamond mine in the Kimberley means more money for the monarchy, republic or no. **Anthony Hoy** goes prospecting.

Her Majesty is pleased. Very pleased. Because, regardless of the outcome of critical deliberations in the weeks ahead, her loyal minions in the

ernment to King Edward VII in 1907 to celebrate his 66th birthday.

It was later carved into 11 sizeable stones and 96 smaller ones, a 530.20-carat specimen

Australian offshoot CRA (formerly Conzinc Riotinto of Australia) to throw its exploration expertise and finance behind what was to become known as the Ashton Joint

Among her other vast Australian raw materials holdings, Queen Elizabeth II (“Elizabeth Regina”—ER) owns a big piece of the world’s largest diamond mine, as acknowledged in this article from Australia’s main weekly news magazine, The Bulletin.

Aboriginal “land rights,” of which LaRouche has been the chief opponent, both directly, and through his influence on the One Nation party.

‘Land Rights’: A Right Royal Scam

As in the actions by the Crown’s WWF in Brazil, there has never been the slightest attempt to refute what LaRouche or his Australian associates in the CEC have actually said about “land rights,” or about virtually anything else, for that matter. Instead, the Crown’s lackeys endlessly repeat their ludicrous charge that LaRouche and the CEC are “racists” or “anti-Semitic.” In his article “Look At What Happened in Brazil,” LaRouche summarized the issues being obscured by this bodyguard of lies:

“In both Brazil and Australia, one among the leading strategies used by the anti-technology, neo-Malthusian NGOs and kindred associations, has been to exploit the name of ‘indigenous peoples’ as a way of conducting enormous tracts of land containing natural resources, out from under the control of the nation and its elected government, and into the hands, in fact, of private multinational interests contracting with the representatives of the so-called ‘indigenous peoples.’ We should compare this, with what is being done, aided by mercenary’s armies, in takeovers of large tracts of mineral resources in Brazil’s neighbor, war-torn Sub-Saharan Africa.

“In Australia, it is that use of the ‘indigenous peoples’ variant of the general WWF line, which is the strategy in the attacks upon my associates by the Australia Anti-Defamation Commission, Inc. (ADC), a privately controlled entity whose relevant Board of Advisors includes four members of the British Privy Council.

“Thus, in the tradition of the British East India Company as once represented by Lord Shelburne, we have the agents of an imperial form of political rule, employing entities which are, in turn, its agents, either as nominally private mercenary armies, or other forms of private associations, as instruments of, first, furthering the personal whims of the imperial ruling family under private covers, and, secondly, denying the ruling family’s accountability for the actions it so fosters.”

In illustration of LaRouche’s point, we summarize the merest headlines of the voluminous material on the subject, which both *EIR* and LaRouche’s Australian associates have widely circulated over the past decades, during which “land rights” has been one of the most bitterly contested of Australian public issues.

Fact #1. Her Majesty Queen Elizabeth II is the largest non-institutional shareholder and dominant political power in Rio Tinto, the largest (or, according to some accounts, the second-largest) mining company in the world.³

Fact #2. Rio Tinto is the dominant corporate presence on the continent of Australia, with enormous political power, as well.⁴

Fact #3. Rio Tinto has been the single largest funder of “land rights” over the past several decades, into which it has poured hundreds of millions of dollars, both directly, and indirectly, the latter in its capacity as the chief financier for the Australian Conservation Foundation (ACF), which Prince Philip personally established following his 1963 Royal Tour of Australia, as a de facto branch of his WWF. The ACF, supplemented by an official WWF-Australia established slightly later, has spawned the entire “green” and “indigenous” movements now infesting the country.⁵

Fact #4. The Queen’s personal representatives, such as the present Governor General, Sir William Deane, and The Right Honorable Bob Hawke and Malcolm Fraser, have played leading roles in the “land rights” movement, and in the derived “reconciliation process,” whose purpose is to negotiate a “treaty” between a presumably sovereign Aboriginal “nation” and the nation of Australia. With the ground well-prepared by her representatives, the Queen, who is by far the

3. The relevant details, and numerous public citations, of the Queen’s financial interest in Rio Tinto (and in other British multinationals), are summarized in “Stop the British Crown Plot To Crush Australia’s Unions,” CEC Australia, 1998.

4. Ibid.

5. Ibid. Also, “Aboriginal ‘Land Rights’: Prince Philip’s Racist Plot To Splinter Australia,” CEC Australia, 1997.

richest woman in the world, has personally over the past year begun lobbying for “land rights.”⁶

Fact #5. Both of the founders of that WWF which has sponsored “land rights,” ostensibly on behalf of the Aborigines, are notorious racists, as evidenced by Prince Bernhard’s years-long membership in the Nazi Party, and through Prince Philip’s seemingly endless racist comments about the “slitty-eyed” Chinese, “wogs,” and numerous similar remarks, which the press politely refers to as his “gaffes.” As *EIR* has documented, the co-founders of the WWF with Philip and Bernhard, such as Sir Julian Huxley, were officials of the British eugenics (“race science”) movement, simultaneously with their founding of the WWF.⁷

In short, Aboriginal “land rights” is a thoroughly racist movement sponsored by the royal family, and run through such fronts as Rio Tinto, for the purpose of consolidating their political control over Australia, and greatly enriching themselves financially.

Bronfman Downunder

The Anglo-American establishment has had a long-standing method of dealing with the “LaRouche problem,” as that was explained to *EIR* investigators back in 1978, by Canon Edward West, rector of the Episcopalian Cathedral of St. John the Divine in New York City, the church of most of New York’s financial and social elite. Said West, “We will not get directly involved. We will have our Jewish friends at the Anti-Defamation League deal with Mr. LaRouche and his organization.” One of the major powers in the Anti-Defamation League (ADL) for decades, has been the Bronfman family of Canada, one of the Crown’s leading assets in dirty financial dealings since at least Prohibition, as documented in the bestselling book, *Dope, Inc.* In his “Look At What Happened in Brazil,” LaRouche said, regarding that ADC, the Australian wing of the ADL, which had attacked him on Jan. 24:

“The connections of the ADC itself cast additional light on the background for the sundry WWF and related hysteria against me at this time. Typical are the ADC and related connections of Canada’s Edgar Bronfman, a one-time booster of East Germany’s Honecker regime. The following documentation, not only gives additional exposure to evidence of the fraudulent disregard for truth by WWF’s actions on those two continents, but points to the nature of the influence which the British Commonwealth’s (Canada’s) Edgar Bronfman has

6. The involvement of Deane, Hawke, and Fraser in ferociously lobbying for land rights, is a matter of daily commentary in Australia’s press. The Queen herself took a leading role in the “land rights” project during the year 2000, by, for the first time ever, inviting indigenous leaders to Buckingham Palace, and then, later, during a trip to Australia, by visiting “sovereign” Aboriginal land, bestowing her de facto recognition, as Australia’s head of state, upon that “sovereignty.”

7. Allen Douglas, “The WWF: Race Science and World Government,” in “The True Story behind the Fall of the House of Windsor,” op. cit.

exerted within Australia through channels associated with the ADC.”

LaRouche then cited extensive documentation of the filthy role of Bronfman (a major funder and Honorary Vice Chairman of the ADL), in collusion with East German intelligence, the Stasi, in such projects as the U.S. Department of Justice’s “Nazi-hunting” legal gestapo, and the U.S.-based public/private “Get LaRouche” task force which framed up LaRouche and sent him to jail for five years. All of these operations, through Bronfman protégé Isi Leibler, were to appear in Australia, as well, in particular the attack on LaRouche.

In 1992, simultaneously with the CEC establishing its national office in Melbourne, but before LaRouche’s associates had much national influence to speak of, Leibler commissioned a 17-page diatribe against LaRouche in his amusingly titled *Without Prejudice* magazine. “There is no doubt,” said the magazine of the LaRouche movement, “that it has a disruptive capacity never before seen in this country,” a prophetic warning, given the explosion of LaRouche’s influence in Australia in subsequent years, as documented below. Leibler himself told the *Australian Jewish News* of Nov. 27 of that year, without, as usual, offering the slightest shred of evidence, that “LaRouche and his followers seem to be in step with the ugly recrudescence of the right-wing extremist neo-Nazism which has recently manifested itself in Germany.”

Isi, the longtime head of the Executive Council of Australian Jewry, was not merely speaking for himself, nor for “Australian Jewry.” His rise to fame, in Australia, in Israel, and throughout Asia, was sponsored by Edgar Bronfman, through Bronfman’s personal fiefdom, the World Jewish Congress (WJC).

In 1981, Isi, whose service to the Crown was to earn him a knighthood in the Order of the British Empire, pronounced himself “deeply honored” that the newly inaugurated WJC president, Edgar Bronfman, had “personally extended to me” the post of chairman of the WJC’s International Advisory Committee. In 1983, Isi set up the Australian Institute of Jewish Affairs, as a “research arm” of the WJC; the AIJA, Isi said, was “modeled upon the Institute for Jewish Affairs in London,” funded by the ADL, and by the Rothschild family, longtime financiers to the Crown. The patron of Isi’s AIJA was none other than Sir Zelman Cowen, formerly the Queen’s Governor General of Australia, and presently the president of the Advisory Board of that ADC which just attacked LaRouche! In 1984, Bronfman asked Isi to set up the Asia Pacific Jewish Association of the WJC—that is, to head up the WJC’s operations in all of Asia—and then anointed him, in quick succession, co-chairman and chairman (in 1996) of the WJC’s Governing Board.

Sir Cowen was not the only longtime crony of Isi to show up in the present ADC attack on LaRouche. Leibler was also a longtime close associate and mentor to the unstable, alcoholic Bob Hawke during the latter’s years as Prime Minister of



LABOR'S FATAL SPLIT

MIKE STEKETE - REVIEW

THE GUN DEBATE
THE LAROCHE LINK
BUSH REBELLION

REVIEW, FOCUS

FROM LUCY TO GAUGUIN

THE AUSTRALIAN MAGAZINE

Jakarta forces envoy nominee to quit

By DON GREENLEES and PATRICK WALTERS in Jakarta

THE Howard Government's embryonic relationship with Indonesia suffered an embarrassing setback yesterday after Australia's choice as the next ambassador to Jakarta was forced to withdraw.

The withdrawal of the government's nominee, senior diplomat Mr Miles Kupa, follows a damaging controversy in Jakarta over criticism he made eight years ago of corruption within the Suharto regime.

The incident follows Indonesia's

year of a candidate for ambassador to Canberra, Lieutenant-General Herman Mantri, because of controversial remarks that a 1981 massacre of East Timorese civilians was "quite proper".

The withdrawal of General Mantri was a major blow to relations with Jakarta. Mr Kupa's decision to pull out, announced late yesterday by the Minister for Foreign Affairs, Mr Downer, came as pressure was building on the Government from Indonesia to review the appointment.

Earlier, recording the Indonesian Foreign Minister, Mr Ali Alatas, said that if Mr Kupa's suitability in his first

Accident-prone Downer mishandles it again

It is the revenge of the Indonesians for the humiliation of the Mantri affair, and another poorly handled episode from what is becoming an accident-prone Foreign Minister.

In another irritant to the Australia-Indonesia relationship, the Indonesian effectively rejected Miles Kupa, the diplomat Alatas nominated as ambassador. Although the Indonesians certainly did not plan it as a pay-back for Mantri, elements of the Indonesian military have been drawing some Indonesian officials from the parallel in the way the two affairs have unfolded.

Herman Mantri was nominated as ambassador to Australia last year by the Government of Australia, but has been publicly and privately questioned in Indonesian government circles after the publication of the reports, with reservations

Greg Sheridan
FOREIGN
OPINION



Jakarta. After earlier comments of his on the 1981 massacre were unreserved which caused a political storm here in Australia, his nomination was withdrawn by the Indonesians at Australia's private urging. Miles Kupa in 1988 wrote a confidential paper for an internal departmental review which was highly critical of President Suharto and the business activities of the first family.

It was titled Little, Big Man and was leaked sensationally in 1992. When his comments were reviewed after the publication of the reports, with reservations

stan MPs said Mr Kupa should apologise if, indeed, he had insulted the Indonesian leader. In October 1988, Mr Kupa gave a confidential briefing for colleagues in the Department of Foreign Affairs and Trade soon after his return from Jakarta as deputy ambassador.

A record of the briefing was leaked to Channel 9 in March 1992. According to reports of the record, Mr Kupa claimed that "the Suharto family's capture of power had come to have a macro-economic impact and was restrained to opening up the economy". He also criticised Mr Suharto's "personal style" as being inconsistent with Indonesia's playing a major role in

competitive economy. Mr Downer broke the news about Mr Kupa to the Indonesian ambassador in Canberra, Dr Wuryono Baktiwardoyo, by telephone. The Australian ambassador, Mr Allan Taylor, simultaneously spoke to Mr Mantri in Jakarta.

In an embarrassing oversight by DFAT officials, Mr Downer was not informed of Mr Kupa's leaked briefing before deciding to put forward his name as ambassador to Indonesia's Foreign Ministry. Mr Kupa yesterday expressed regret to Mr Downer that he may be well informed of the leak before deciding on the nomination.

Continued—Page 2

The influence of LaRouche in rural Australia ("the bush") terrified the Australian establishment, whose media from 1997 on played up Pauline Hanson and her One Nation party, in an attempt to supplant him.

Australia (1983-89). In May 1988, WJC President Bronfman, on his first official visit to Australia, gave Hawke the AIJA's first Human Rights Award.

The rest of the ADC crowd has been closely intertwined with Isi, or with brother Mark, as is evident in the ADC's joint sponsorship, with Isi's AIJA, of the annual "Sir Zelman Cowen Oration." Additionally, the board of Isi's AIJA has boasted two longtime heads of the ADC, while the present ADC Executive Director, British immigrant Danny Ben-Moshe, previously worked at Mark's *Australia Israel Review* magazine.

As LaRouche emphasized, one of the chief roles which the Crown has assigned to the Leiblers and their ADC apparatus, is as thugs and enforcers for Aboriginal "land rights." In 1990, Her Majesty's Australian High Court handed down the "Mabo decision," which overturned 200 years of law in Australia, and established the right of Aborigines, as Australia's "indigenous" inhabitants, to claim virtually any part of the continent, as their own. The decision stunned many Australians, and there was an uproar against it. Almost immediately, the Leibler brothers began to lobby for federal "racial discrimination," or "anti-vilification" laws, with draconian penalties. As proposed by the Leiblers (but later passed in less draconian form), anyone who said anything which could be interpreted as "vilifying" someone's "race," could be heavily fined or thrown in jail for two years. Such a law is most convenient as a bludgeon against anyone who criticizes "land rights," or perhaps Mark Leibler's own shady financial dealings, which have repeatedly erupted into public scandal over the past decade. (Mark is a tax lawyer for 20% of Australia's richest citizens, many of whom are notorious tax evaders.) In April 1998, Mark blasted the federal government for "refusing to link" the federal Racial Discrimination Act for which he and Isi had heavily lobbied, to the Native Title bill, a piece

of land rights legislation passed by the federal parliament to implement the Mabo decision.

The Leiblers were not merely doing a favor for the Crown: Mark Leibler's law firm employed one Noel Pearson, whom the March 3, 1997 *Australian Financial Review* called "Australia's foremost Aboriginal land rights negotiator," whom Rio Tinto executives have lauded to the skies.

The Role of 'One Nation'

The Jan. 24, 2001 ADC press release concluded with the following: "One Nation has endeavored to portray themselves as having shed their racist associations," but, the ADC demanded, "If One Nation is serious about addressing the problem of racism in their ranks, they should immediately disendorse Mr. Drake."

The ADC attack followed by only a few days a similar one by Western Australian Premier Richard Court. On Jan. 19, in the context of the Feb. 10 state election, Court charged, regarding the Curtin Labor Alliance (an electoral alliance of the Citizens Electoral Council and the Municipal Employees Union of Western Australia), "We find some of their policies and statements quite racist," arguing, as the ADC had clearly implied, that One Nation were much preferable to the LaRouche-linked CLA. Both statements raised more than a few eyebrows in Australia: first, because there is an unwritten rule of Australian politics, since 1996, to never mention LaRouche publicly; and second, because from 1998 until recently, One Nation had been denounced, by the ADC—as by the often-terrified major parties—as the Devil himself, because the party had drawn over 1.2 million votes in the October 1998 federal election, and had caused the biggest uproar in Australian politics in decades, upsetting the cozy arrangements between the Australian Labor Party and the ruling Liberal/National Party Coalition. Now, all of a sudden,

some of the leading figures in Australian politics — led by two former Governors General and two former Prime Ministers — were publicly naming LaRouche as more dangerous than the hated One Nation. To appreciate this emerging phase-shift in Australian politics, it is necessary to review some history, in which key figures on the ADC's board have played decisive roles.

In 1983, ALP Prime Minister Bob Hawke overturned the protectionist, national banking tradition which had characterized his party, and the nation in general, for several decades. Using plans drawn up by the Australian think-tanks of the Crown's London-based Mont Pelerin Society,⁸ Hawke dropped tariffs, floated the Australian dollar, and generally ushered Australia into what later became known as "globalization." A new phase of globalization was opened in the wake of the 1990 High Court's Mabo decision, through the "land rights" scam, under which as much as 75% of Australia was claimed.

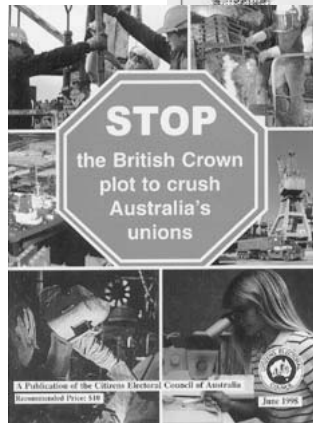
As rage built in the country over these policies, LaRouche's Australian associates opened a full-time office in Melbourne in late 1992, and poured out millions of pieces of literature throughout the country over the next few years. Despite bitter opposition by the Leiblers and their friends, LaRouche's influence soared, particularly in rural Australia, where the globalist policies had hit hardest, and where the CEC had most of its members. In mid-1996, the situation exploded, when then-Deputy Prime Minister Tim Fischer, within hours after meeting a high-level British government official, launched an all-out attack on LaRouche, charging (falsely) that LaRouche had organized a 150,000 person anti-gun-control rally in Melbourne. Fischer blustered, in press conferences in Canberra and also in Washington, D.C., "There is no place in Australia for the sort of ideas associated with Lyndon LaRouche."

The Leibler brothers called for a federal parliamentary inquiry into the CEC, while circulating bucketfuls of lies, such as that LaRouche was "linked to right-wing death squads in Spain." However, LaRouche himself appeared on Australian radio and TV and calmly dismissed Fischer's and Mark and Isi Leibler's hysterical slanders, and identified the real nature of the battle as being between the "old Labor" tradition of Australia's heroic wartime Prime Minister John Curtin, and his collaboration with Gen. Douglas MacArthur and President Franklin Delano Roosevelt, against the sabotage of Winston Churchill, to win the war in the Pacific.

Then, word went out, that LaRouche should never again be publicly mentioned in Australian politics.

But the issue that remained, was, how to control his influence. Soon after, in 1997, the major Australian media, dominated by Rupert Murdoch and Kerry Packer, two multi-bil-

8. The role of the Crown's Mont Pelerin Society in establishing the major Australian economic think-tanks, and its takeover of both major Australian parties, is documented in "Stop the British Crown Plot To Crush Australia's Unions," op. cit.



Lyndon LaRouche's Australian associates in the Citizens Electoral Council have published extensive documentation on the British Crown's operations against their country, and on the Crown's use of Australia as its marcher-lord against Asia.

lionaires closely tied to the Crown, chose to lionize a previously unheard-of former fish-and-chips shop owner from rural Queensland, Pauline Hanson, who had managed to win a seat on the One Nation ticket in the federal parliament. In one memorable speech in Parliament, Hanson blasted the fraud of Aboriginal land rights, using material unmistakably drawn from LaRouche's associates. She charged, "There is no doubt the long-term goal of the Aboriginal industry is to create a separate indigenous nation within Australia," as had effectively been done already in Canada, with the creation of the "Nunavut" nation for the Inuit indigenous people. In her speeches and press releases, she also called for the restoration of tariffs, the "reindustrialization of Australia," the re-establishment of a national bank, and other economic nationalist measures — measures which had been previously uniquely associated with LaRouche's friends in the CEC.

The coincidence of Hanson's ideas with those of LaRouche did not go unnoticed. As the *Brisbane Courier Mail* noted on Aug. 26, 1998, "But she does have ideas, alas, and her ideas are essentially those of the CEC." Or, as well-known journalist Philip Adams wrote in the *Weekend Australian* of May 3-4, 1997, "It's been noted that Pauline Hanson's memorable maiden speech was chocker with policies that bore an eerie resemblance to those of Lyndon LaRouche."

Hanson showed courage in her attacks on the establishment's pet projects. However, the major media could have

Race law is 'top priority'

Shoshanah Lenthén

THE first National Forum of Ethnic Organisations concluded in Melbourne last week with a call for federal racial vilification legislation as the top priority for multicultural Australia.

Sponsored by the Federation of Ethnic Communities Councils of Australia, the forum decided that FECCA should inform Federal Attorney General Michael Lavarch "that there be an urgent introduction of legislation against racial vilification, including effective penalties."

The forum brought together more than 35 representatives of peak ethnic bodies representing communities such as the Vietnamese, the Latvians, Spanish speakers, the Greeks, the Italians and the Dutch.

The Executive Council of Australian Jewry was represented by Josie Lacey and ECAJ president Isi Leibler was one of the speakers.

Mr Leibler told the forum Australia could not always claim to be the "lucky country".

"My concern is that multiculturalism in Australia is today under threat. Sadly full equality and



ECAJ representatives Isi Leibler (left) and Josie Lacey.

acceptance is still a long way away."

Pledging his support for the introduction of racial vilification legislation, Mr Leibler said "we must pledge to combat all forms of violence and aggression in both the physical and verbal variety".

Ms Lacey led a workshop on community relations, listed as the second priority issue by the forum. Other issues of concern included funding for nursing homes, home care, languages other than English, cultural diversity and re-defining the family reunion criteria for immigration.

FECCA chairperson Rebikoff said the multiculturalism "in ac-

He said the list would be pursued either individually by the ethn-

ions. "Equally significant, agreement on the me-

A review of progress undertaken within six a follow-up forum held this year or early 1995,

Community should ignore antisemitic newspaper

Victor Kleerekoper

MEMBERS of the Jewish community receiving a publication titled *The New Citizen* were on Monday advised to ignore the newspaper and "throw it in the garbage bin."

American extremist Lyndon LaRouche.

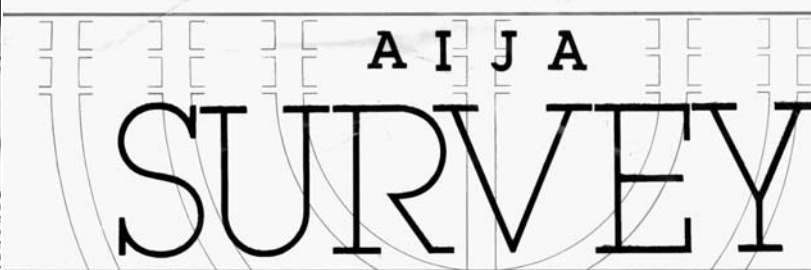
Professor Rechter said it was not the first time associates of Lyndon LaRouche had distributed the paper in areas where there were known to be a heavy concen-

Israeli art ex opens in Can

Bernard Freedman

ISRAEL'S 46th Independence was marked in Canberra with the opening of an modern Israeli art at the of Australia building. The exhibition is

Edgar Bronfman's protégé, Isi Leibler (far left; center, right) and the Queen's Privy Councillor, Sir Zelman Cowen (far right), Patron of Leibler's AIJA, have slandered LaRouche as a "racist," and are pushing "anti-racism" laws to muzzle his associates in the CEC.



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Left to Right: Chief Rabbi Dr. Jonathan Sacks; Mr. Isi Leibler, Chairman AIJA; Sir Zelman-Cowen, Patron of AIJA at the Chief Rabbis public address in Melbourne

THE CHIEF RABBI'S VISIT

CHAIRMAN COLUMN

We stand at the start of a crucial evolution of AIJA, which has had difficult financial circumstances maintaining its edge as the most enterprising and intellectual institution in our community. It successfully meets its needs, firstly, on our ability pool of community resources the Institute, and secondly, on continue to stimulate and imagination of the community the past. In both these areas we cut out for us, and can not at our laurels.

As for this week's programme...

simply blacked her out, and that would have been the end of the story — she had no mass organization whatsoever. By choosing to attack her, particularly given the enormous anger against globalization and land rights, and the well-known Australian tradition of supporting the underdog, Murdoch and Packer made her a heroine among working class and rural Australians—as any fool could have predicted. After hundreds of millions of dollars of effectively free advertising had made Hanson and her One Nation party household words, many commentators openly admitted the obvious—that the media itself had *created* the "Hanson phenomenon." Then, in the Queensland state election in June 1998, Hanson's One Nation party exploded into prominence when it won 11 seats in the 89-seat parliament, and was predicted to win as many as 12 seats in the October 1998 federal elections.

The Leibler crowd went nuts, and attacked Hanson as "racist" and "anti-Semitic." The Leiblers' attacks drew fire, even from leaders of Jewish Holocaust survivors' organizations. One Holocaust survivor, Walter Dohan, denounced Leibler's actions: "I don't think Pauline Hanson would have done any damage to the Jews. She has never said anything anti-Semitic. Why are we attacking someone who's never attacked us?"

The issue, of course, was economic policy.

Globalism versus the Nation-State

In a 1998 article entitled, "Only Hanson Defends the Nation-State," longtime columnist for the *Melbourne Age*, Ken-

neth Davidson, noted the obvious: that the rise of One Nation was due to the "globalization, privatization, and competition [deregulation] agenda" embraced by both major parties. The title of Davidson's article was disingenuous: The establishment had summoned up the energies of a populist mob, One Nation, precisely in order to avoid a far more dangerous threat—an emerging mass movement based upon the ideas of Lyndon LaRouche, in particular the notion that every man and woman has a divine spark of reason.⁹ However, through ways which the establishment had clearly not foreseen—including when Hanson dumped her earliest, establishment-provided advisers, and adopted others not so owned—One Nation became a Frankenstein's monster. Thus, the explosion in the party's influence after the June 1998 Queensland election began to cause shifts and realignments even within the major parties, and a distinct slowing down of the rate of implementation of "economic rationalism," as globalist policies are known in Australia.

With a federal election only months away, Her Majesty's Privy Councillors—precisely those later involved with the ADC—swung into action. The Right Honorable Bob Hawke

9. Hanson has since dropped, or played down nearly into non-existence, most of the key policies upon which One Nation rose to power, including her once-outspoken opposition to "land rights," and virtually all of the party's economic nationalist planks. As One Nation advisers told CEC officials, "They cause a lot of controversy and division." It is no wonder that the Australian media have recently been, once again, lionizing Hanson.

organized a coalition of business, union, community, and church leaders, including longtime Rio Tinto board member Sir Gustav Nossal, around an hysterical manifesto denouncing One Nation, which was a paean to globalism.

The Right Honorable Malcolm Fraser jumped in as well, and issued a heretofore unthinkable call, on the alleged basis that “racism is so great an evil that to prevent racism from having an influence in Australia within the body politic,” for the allegedly bitter enemies, the ALP and the Coalition, to form a government of national unity, based on a shared economic policy, to stop One Nation. The major banks were terrified; Citibank, for instance, issued an hysterical report globally, warning that foreign investment would plummet and the Australian stock market, its dollar, and interest rates, could come under widespread attack.

Royal Honors versus Australian Patriotism

The LaRouche-triggered rise of One Nation represented the biggest upsurge in Australian economic nationalism since the early 1970s Labor government of Prime Minister Gough Whitlam, whom the Queen dumped from power.

Contrary to the carefully cultivated image of a kindly old soul, who spends her time at tea parties and in endless rounds of meaningless ceremonies, Her Majesty Queen Elizabeth II commands far more concentrated power than any elected (or hereditary) head of state in the world, as *EIR* documented in its September 1997 *Special Report*, “The True Story behind the Fall of the House of Windsor.” This is so, by virtue of the position of the Queen and her Consort Prince Philip, atop the Club of the Isles, a City of London-centered world financial combine which controls an estimated \$9 trillion in assets; and by virtue of the formal powers invested in her as Queen of Great Britain and the sovereign of a dozen other countries, including Australia, and as de facto head of the 54-member-nation British Commonwealth. For instance, according to what are known as her Prerogative Powers, the Queen alone may declare war at her pleasure; as commander-in-chief of the armed forces, she may appoint all commanders and officers of all services; she may convoke, adjourn, remove, and dissolve Parliament; she may dismiss the prime minister and choose whom she will as replacement, etc., etc.

These powers are customarily exercised through, and with the advice of the Privy Council, which body stands above the Parliament, and serves as the ruling body of the British Empire/Commonwealth. Thus, the fact that the Advisory Board of the Anti-Defamation Commission boasts four Privy Councillors, signifies the actual provenance of the ADC’s attack on LaRouche. To maintain her image as “above the fray,” the Queen prefers to exercise her powers at apparent arms-length, than to act in her own name.

The method of her attack on LaRouche, through such right royal toadies, calls to mind the methods through which the Crown in 1975 dumped Whitlam, who was moving to “buy back the farm” — to take back sovereign control of Australia’s

vast mineral deposits from Crown-allied multinationals, in order to industrialize the continent. With the complicity of The Right Honorable Malcolm Fraser, then the leader of the Opposition, and under cover of a nominal deadlock in Parliament (which was in the process of being solved), Governor General Sir John Kerr, the Queen’s personal representative in Australia (who thus holds her Prerogative Powers), suddenly sacked Whitlam, in one of the most shocking events of Australian political history. Astounded, tens of thousands poured out into the streets, as Fraser took over as Prime Minister.

But, the deed was done, and it involved precisely the same “honorable” entities as in the ADC attack on LaRouche. As Whitlam himself noted, in his memoirs, “The explanation of Sir John’s priorities and preoccupations lies in the complex hierarchy of Imperial Honours,” that is, the Crown-centered pecking order denoted by such titles as “The Right Honorable,” and suffixed initials such as “GCMG” (signifying one of only 120 Knights Grand Cross of the Most Distinguished Order of St. Michael and St. George, including the ADC’s Sir Ninian Stephen and Sir Zelman Cowen).

Kerr claimed that he never consulted the Queen in dismissing Whitlam, but only his superior in the Order of St. Michael and St. George, Sir Garfield Barwick, Chief Justice of the High Court, and the president of the Australian Conservation Foundation, the local arm of Prince Philip’s WWF. Buckingham Palace claimed ignorance of Sir John’s actions. However, as Sir John himself proudly recorded in his autobiography, the Queen showered him with honors shortly after the sacking: “I was sworn in as a member of Her Majesty’s Privy Council at a meeting presided over by the Queen.” Not only did she elevate him to the Grand Cross of St. Michael and St. George, she dubbed him a member of the Royal Victorian Order, which ranks below only the Order of the Garter and the Order of the Thistle. Membership in the RVO is conveyed solely at the discretion of the Queen, without any recommendations from any of her governments, as is the case with lower-ranking orders. As Whitlam noted drily, after Sir John Kerr sacked him, Kerr “had become in a single *annus mirabilis* The Right Hon. Sir John Kerr, A.K. GCMG, GCVO, KSt. J.”

The old Australian Labor Party maintained a proud tradition among its members, of refusing all “imperial honors,” because they realized that the “honor system” opened the pathway to treason. For the same reason, the American Founding Fathers wrote a Constitution that expressly forbids American citizens to accept any titles bestowed by a foreign power. Notwithstanding the Constitution, President George W. Bush’s father was dubbed Sir George Bush by the Queen, and made an Honorary Knight Grand Cross of the Order of the Bath—the highest award which can be given to a non-subject of her realm. President George W. Bush’s Administration is largely made up of the associates of his father, Sir George, including Secretary of State Sir Colin Powell.

Such are the dishonorable roots of the recent attacks on LaRouche in Australia.

Book Reviews

The Method of Redemption

by William F. Wertz, Jr.

The Spiritual Exercises of John Paul II: Testimony of Hope

by Francis Xavier Nguyen Van Thuan, President of the Pontifical Council for Justice and Peace
Boston: Pauline Books and Media, 2000
222 pages, paperbound, \$15.95

“Look at the cross and you will find the solution to all the problems that assail you.”

—Francis Xavier Nguyen Van Thuan

In the Jubilee Year 2000, Pope John Paul II selected a humble, Vietnamese former prisoner, Msgr. Francis Xavier Nguyen Van Thuan, to preach the spiritual exercises to the Roman Curia during Lent. Van Thuan, after studying in Rome as a young man, was Bishop of Nha Trang, Vietnam, from 1967 until his 1975 appointment as coadjutor Archbishop of Saigon (now Ho Chi Minh City). A few months later he was arrested, and he spent 13 years in prison, nine of which were in solitary confinement; he was then released, under house arrest. In 1991, Van Thuan was expelled from Vietnam. In Rome, he became vice president of the Pontifical Council for Justice and Peace, and, since 1998, he has served as the council’s president. On Jan. 21, 2001, he was named Cardinal by Pope John Paul II.

After reading the 22 spiritual exercises contained in his book, which John Paul II asked him to publish, one can only conclude that John Paul II was once more inspired when he instructed Van Thuan to submit his testimony.

What makes this testimony so powerful, is Van Thuan’s profound experience in prison, of overcoming suffering with love. Having been unjustly imprisoned myself, along with

Lyndon LaRouche, whose cellmate I was for the first 6 of the 39 months of my own incarceration, Van Thuan’s testimony reminded me strongly of the way in which LaRouche responded to his unjust imprisonment.

Van Thuan begins his book by echoing the Apostle Paul, saying, “I do not believe that I know many things except Jesus Christ crucified.” I recall to this day LaRouche’s statement on Christ at Gethsemane to the court in 1989, before being sentenced to 15 years in prison, comments which he recently reemphasized in his essay “Jesus Christ and Civilization” (*EIR*, Oct. 6, 2000): “The lesson of Christianity over nearly 2,000 years, shows how the sense of a personal relationship to a living Christ crucified, supplied to European civilization that degree of admittedly unperfected passion for Reason, which has proven essential to bring civilization to the levels reached by the Fifteenth-Century Renaissance and its actual progress in the human condition since.”

As Pope John Paul II wrote in thanking Van Thuan for his spiritual exercises, he wanted to give particular place to the witness of people who “have suffered for their faith,” in this case for “courageously facing interminable years of imprisonment and privations of every kind.” Such a witness shows that “the merciful love of God, which transcends every human logic, is without measure, especially in moments of greatest anguish.”

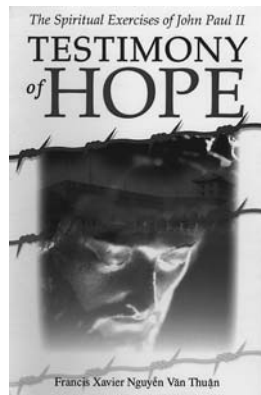
And indeed, as Van Thuan’s testimony makes clear, it is this most profound ontological paradox, Christ crucified, which is the key to the capacity of humanity to achieve a true Jubilee of peace and justice.

The method Van Thuan employs in his spiritual exercises is that needed to prevent a terrible outcome in the world today—far worse than the catastrophe experienced in the 20th Century. It is a method which transcends the sense perceptions of the empiricists and materialists, and the logic of the Aristotelians and Kantians. It is a method which instead emphasizes those powers of cognition which are the characteristic of man as a creature of Reason, as made in the image of God.

One is reminded of such writings of Cardinal Nicolaus of Cusa as *On Learned Ignorance*, where he distinguishes, as does Plato, among the senses, rationality (logic), and intellect (cognition). As Cusa writes, “Christ is the center and the circumference of intellectual nature,” and when one elevates one’s mind above sense perception and rational logic, to the level of intellect, one becomes Christ-like (*Christo similior*).

The way in which one makes this radical change (*metanoia*) in mentality, so as to “transform the human into the divine,” is through the ironical statement of an ontological paradox, in which no deductive solution is possible, which obliges us to recognize a higher principle, which overcomes the paradox as such.

In Van Thuan’s testimony, this method can be seen most clearly in his discussion of “the defects of Jesus,” a confession of faith, which, as he writes, “might sound more like a heresy.”





Pope John Paul II and Cardinal Francis Xavier Nguyen Van Thuan.

The paradox is, isn't it a heresy to suggest that Jesus, who is divine, has any defect? But, as he develops the idea, Jesus is only defective from the standpoint of the logic of human practice. By posing this paradox, Van Thuan compels the reader to elevate his own mind Socratically from an actually defective human logic, to harmony with the divine intellect. As he develops this exemplary exercise, he forces us to see that Jesus has a terrible memory, and thus forgets transgressions; he doesn't know math, when it comes to saving another human being; Jesus doesn't know logic, witness the Beatitudes, which are a paradox from beginning to end; Jesus is a risk-taker, who in contrast to the publicity manager of a company or a poll-driven election campaign, promises trials and persecutions for those who follow him; nor does he understand finances or economics, from the standpoint of predatory capitalism.

The Same Method Applied to Physical Science

Ironically, although Van Thuan does not develop this point in his exercises, this same method is lawfully applicable not only in respect to theology, but also to the physical sciences, including physical economy. As Van Thuan points out in respect to the Eucharist, we must not only serve our fellow man spiritually, but also materially. "The Church that celebrates the Eucharist is also to be capable of changing the unjust structures of this world into new social forces, into economic systems where the sense of communion rather than profit prevails."

As LaRouche has demonstrated, we must look at the non-living, the living, and human cognition as a multiply-connected manifold. All discoveries of universal physical principles employ this same principle of paradox employed in the spiritual exercises. Two examples suffice: Kepler discovered, when confronted with the fact that the orbit of Mars could not be derived on the basis of reductionist doctrines of pre-existing mathematical physics, that the orbit was characterized by non-constant curvature. Similarly, Fermat discovered for the case of refraction of light through different media, that the determinant of that refraction was not the shortest distance, but the least time, again because the pre-established forms of deductive mathematics left an unexplained gap, based upon a pervasive, false-axiomatic assumption of linearity in the small.

As LaRouche has argued, life represents a principle that exists, even pre-exists, independently of the principles of the non-living. Thus, the living cannot be derived from the false-axiomatic premises used to misdefine the origin of life as located causally within the category of non-living processes.

Similarly, individual cognition, as through Van Thuan's spiritual exercises, exists as a physically efficient principle above the principles of both the non-living and the living. The human personality, in the image of God, is superimposed on the living, which serves as the medium of its mortal existence, but its origin is not from within the domain of living processes *per se*.

The point to be made here is identical to that made by Nicolaus of Cusa in *On Learned Ignorance*. Just as one cannot square a circle, because the square is an inferior geometrical species characterized by linearity, and the circle is a higher order (transcendental) species characterized by curvature, so neither does the living derive from the non-living, nor the human cognitive personality, in the image of God, derive from the living.

Hence, the true scientist knows, as did Leibniz, as opposed to Newton, Descartes, Kant, et al., that without God, man could not exist; without God, there could be no life, and without God there could be no universe.

Since man participates in God through his intellect, his responsibility is to exert dominion over the physical universe and thus to contribute to the continued perfection of God's creation, as His instrument and companion. This is the fundamental principle of all physical science, including the science of physical economy.

Mechanisms of Control

Having been imprisoned by a Communist regime, Van Thuan had to discover within himself the means by which to liberate himself from the mechanisms of social control. This experience of his, of discovering and relying on the power of love, gives him the capacity to speak with authority not only of the means by which the enemy exercises social control, but also of how to unlock the mental shackles by which we are enslaved.

In the third exercise, he tells the story of an Asian kingdom in which no one dares to speak the truth except a mandarin, who finally says: "I'm afraid that our nation is in great danger and risks downfall!"

Van Thuan then reports the state of the seven churches of Asia Minor, addressed by Christ in the Book of Revelation. One church has lost the fire of its first love; a second tolerates idolatry; a third is given to compromises in morality; a fourth sleeps and relies on the glories of the past; and a fifth, having become wealthy, is tepid. In contrast, Van Thuan says, Christ does not reprove the final two churches. The sixth church is persecuted and poor, and the seventh is small, but faithful.

As he stresses from his own experience, one has to make a radical choice between God and the works of God. One must make a categorical rejection of idolatry and trust alone in the power of love, as Paul argues in *I Corinthians* 13.

One must examine whether perhaps there is a lack of justice in one's work, a lack of objectivity, a willingness to yield to favors, the need for the esteem of the powerful, a desire for approval of others even at the risk of consenting to corruption. He points out, "The martyrs taught us to say yes without conditions and limits to the love of the Lord. But the martyrs also taught us to say no—no to flattery, to compromises, to injustice—even with the intent of saving one's own life and having a little tranquillity."

At one point, he stresses that without the witness of mutual love, our work would be like that of a business. He further reports that the laity asked the Asian bishops "not to trust only in their organizational abilities, acting like good *managers*, but to be true *fathers*." When the fullness of communion is lacking, he writes, "this is in a certain sense, worse than a Nazi or Communist persecution, since this is an attack on the Church that comes not from without, but from within."

He warns that this corruption occurs in the infinitesimally small: "Communion is a battle of every instant. Even one moment of neglect can shatter it; a trifle is enough; a single thought against charity, an obstinately held judgment, a sentimental attachment, a mistaken premise, ambition or personal interest, an action done for self and not for the Lord."

'Collective Dark Night'

As Van Thuan points out, throughout history the Church has been a minority in the presence of evil, for example, under Imperial Rome, during the French Revolution, and under Nazism, Communism, and now consumerism. Among the characteristics of the current age, which has the traits of a "collective dark night," are the prevalence of rationalism and a moral relativism, which denies the existence of truth itself.

The 20th Century was characterized by two world wars, genocide, the nightmare of the Cold War, and the threat of nuclear war. Van Thuan reports that as we enter the Third Millennium, we see a sad land in which many people are marginalized and discriminated against. We see "unimaginable things," poverty, disease, prostitution, drug-trafficking among children, illiteracy, a vicious spiral of foreign debt,

and armed conflict. The gap between the rich and the poor becomes greater every day.

Van Thuan writes: "While on the one hand there are grandiose overall designs for globalization, on the other hand millions and billions of people remain excluded. It is as if from humanity and from the Church of today there arises an appeal, almost a cry, that calls for globalization of another kind, one not guided by the logic of profit but by the law of love."

Despite this cry, there are those who argue, like King Saul to David, that "you cannot go out against this Philistine." As Van Thuan points out, the giant, Goliath, "represents evil, or rather, anti-evangelical ideologies and values." But, "every giant has a weak point. It suffices to look carefully, for a little stone well aimed defeated the giant, and his own sword was used to cut off his head."

Van Thuan uses the story of David, as well as that of Gideon's army, to make the point that the wall of the new Jericho will fall, because "the ways of evil and injustice end up destroying themselves," if we arouse in the individual the power of Christ, the power of the *logos* and love.

The Mind of Christ

To accomplish this is the purpose of the spiritual exercises. As he writes: "Discerning the voice of God among the many inner voices, so as to accomplish His will in the present moment is an ongoing exercise that the saints undertook willingly. With continual exercise, discernment becomes always easier because the voice of God within us grows louder and stronger."

The voice of God, or, as St. Augustine writes in *The Teacher*, "the teacher who teaches us from within," is Christ, is the *logos*, the living image of God within each human being. As Van Thuan points out, "for those who live the Gospel it is possible to arrive, with Paul, at having 'the mind of Christ' " (*I Corinthians* 2:16).

In the fight to save humanity from a terrible outcome, that is all we have, "the mind of Christ." That is our true power, the power of David and of Gideon's army. As Van Thuan says, Jesus appears as a man of few numbers. His attention is on the individual, on things humble and essential. That is the lesson he clearly learned as a prisoner, stripped of all externalities, his prison his "most beautiful cathedral." From this standpoint, and this standpoint alone, it is possible "to acquire the capacity to read the signs of the times with the gaze of Christ himself and, therefore, to creatively affect history."

To accomplish this, one must learn to live in the eternally present moment, or as LaRouche has often emphasized in his writings, in the "simultaneity of eternity." From this standpoint, as Van Thuan writes, "every word, every gesture, every telephone call, every decision we make should be the most beautiful one of our life. . . ."

"The result is that it is no longer we who live, but Christ who comes to live in us. Through the words of Scripture, the Word makes his home in us and transforms us into *verba* *in* *Verbo*, 'word into the Word.' "

In his *On Catholic Concordance*, Nicolaus of Cusa had similarly stressed that the only basis for peace and justice is for the many individuals, created in the image of God, to come into cognitive harmony with the One Word, or *Logos*.

Van Thuan stresses that this is also what it means to pray constantly. As he writes, "Perhaps Augustine gives the key when he affirms: 'Your *desire* is your *prayer*; if your desire is constant, your prayer is constant.' For Augustine, that *desire* is identified with *charity*, and *charity* leads us to do good. Thus, another way of rendering prayer continual is by doing good. . . . The last stage of continuous prayer . . . is when we not only pray always, but when we become prayer." If our life reflects Jesus, the *Logos*, in each moment, then our life becomes "a unique act of love extended through time."

By thus transforming (converting) our human selves into the divine, we empower our fellow man to free himself from the mental shackles, which otherwise guarantee the perpetuation of a "collective dark night," or worse, a New Dark Age, as Lyndon LaRouche has forecast, if policies are not changed.

Citing Paul's first letter to the Corinthians (*I Corinthians* 13), "if I do not have love, I am nothing," Van Thuan demonstrates both by his spiritual exercises and by his own experience in prison, that not only must I have love — "even more I must be love." Since God is love and we are created in His image, then we must become love ourselves. As Van Thuan writes, what hampers evangelization and the accomplishment of peace and justice in the world, is the fact that one does not always find love as one found it in the face of Mother Teresa or Pope John XXIII, but "instead one finds faces that appear sad or annoyed by everyday routine."

Beyond the Walls

Van Thuan points out that one must "*carry the burdens of all humanity* in its fundamental needs, not only through the good example of Christians, but also by means of their undertakings on the social, economic, and political levels." But, unfortunately, as he acknowledges, "We all know how, in the last two centuries, many who felt the need for true social justice, not finding a clear, strong witness within Christian environments, turned to false hopes."

As Van Thuan relates, before his imprisonment, he had launched various initiatives for the evangelization of non-Christians, but his experience in prison thrust him "beyond the walls" to be a witness of hope for all people, such as Christ, who was crucified outside the sacred gates of Jerusalem for all humanity.

In contrast to the Desert Fathers of the first millennium, who thought that one could only be saved by fleeing the company of men and the world, Van Thuan says: "Here is the novelty: the other person is not an *obstacle* to holiness, but is the *way* to holiness." And the social doctrine of the Church, the instrument of evangelization, is the means to ensure that those, who are beyond the walls, do not turn to false hopes, but rather are aroused to help their nations turn back from the brink of general self-destruction.

As we enter the new millennium, as Lyndon LaRouche has said, the resolution of the conflict between the old form of society, based upon an oligarchical (Roman-Babylonian) principle, which degrades man to a savage condition, and a new form of society, based on the common good of peace and justice for all mankind, requires a radical mental change, beginning with oneself. One must find a pathway for all mankind from within one's self. All that we have, our only true power to do such good, is the spark of Reason, the image of God within us. Ultimately, man's redemption is to know himself to be such an individual being and to act accordingly.

We must arouse humanity to a great mission of bringing economic and social justice to where oppressive ruin predominates today. A new international monetary system and long-term economic development projects of an ecumenical form are required to free entire nations and peoples from the prevailing, oligarchical misconception of the nature of man.

This is the great mission, which must be undertaken at this crucial moment in history, and it must be undertaken "beyond the walls" for all humanity. But, for this mission to succeed, as both Van Thuan and Lyndon LaRouche have emphasized, each in their own spheres, it must be done in the spirit of Christ crucified. To quote Van Thuan: "For the Christian, protecting one's own life, is not the absolute value. Love for the poor counts more than saving self."

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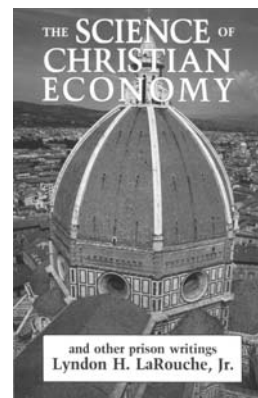
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Bush Sets Up Apparatus For Crisis Management

by Jeffrey Steinberg

On Jan. 31, the U.S. Commission on National Security, a bipartisan group set up by Congress, issued sweeping recommendations which include creation of a Cabinet-level agency to coordinate all internal security functions. The plan would consolidate the functions of the Federal Emergency Management Agency (FEMA), U.S. Customs Service, U.S. Border Patrol, and Coast Guard under one White House-based organization—a “super-FEMA.” And, the role of the National Guard would be greatly expanded, to cover a wider range of domestic security contingencies.

While there are, unquestionably, credible reasons to worry about American vulnerability to terrorist attack and other forms of low-intensity warfare, the recent confirmation of John Ashcroft as Attorney General of the United States, and the Bush Administration’s hideous bungling of the Western states energy crisis, create the strong prospect of these emergency powers being abused, to the point that the U.S. Constitution is torn up, and the country subjected to “rule by decree” police-state measures.

It was precisely in response to this imminent danger that Lyndon LaRouche led a national and international campaign to defeat the Ashcroft nomination, and prevent the Bush Administration from being turned over to the lunatic social base of right-wing fundamentalists who are anything but “Christian.”

The Commission Speaks

The Commission’s third report, released within days of the Bush inauguration, ominously warned, “In the new era, sharp distinctions between ‘foreign’ and ‘domestic’ no longer apply. We do believe in the centrality of strategy, and of seizing opportunities as well as confronting dangers. If the

structures and processes of the U.S. government stand still amid a world of change, the United States will lose its capacity to shape history.”

The authors continued: “The combination of unconventional weapons proliferation with the persistence of international terrorism will end the relative invulnerability of the U.S. homeland to catastrophic attack.” The Commission asserted, “A direct attack against American citizens on American soil is likely over the next quarter-century. The risk is not only death and destruction but also a demoralization that could undermine U.S. global leadership.”

The proposed National Homeland Security Agency (NHSA) would be given vast powers “in event of a national security emergency,” and would “not only protect American lives, but also assume responsibility for overseeing the protection of the nation’s critical infrastructure.”

The Bush Secret Government

Such schemes proliferated in the 1980s, when Vice President George Bush ran covert operations from within the Reagan Administration. Bush, as head of the Special Situation Group and Crisis Pre-Planning Group in the White House, deployed Lt. Col. Oliver North, of Iran-Contra infamy, to draw up emergency plans to round up tens of thousands of Americans, in case protests against the “secret wars” in Central America, Africa, and Afghanistan got out of hand. The Justice Department and FBI joined in by creating a “Terrorist Photo Album” containing the names of thousands of innocent Americans who would be thrown into detention camps, in the event of a declaration of a domestic crisis.

It is no small irony that spurring a “super-FEMA” is the threat of a “terrorist Pearl Harbor” on American soil, likely

carried out by Middle East terrorists linked to such figures as Osama bin Laden and Saddam Hussein. Bin Laden, inflated to comic book super-villainy, is but a part of the “Afghansi” terror apparatus spawned by Anglo-American covert operations gone awry against the Soviets in Afghanistan.

It was President Jimmy Carter’s National Security Adviser, Zbigniew Brzezinski, now with the Center for Strategic and International Studies (CSIS), who first peddled the idea of exploiting an “Arc of Crisis” along the southern tier of the Soviet empire, by backing Islamic fundamentalists with billions of dollars in weapons and special forces training in the black arts. These very veterans of Brzezinski’s and Bush’s Afghanistan War adventure are now the feared “Afghansi” terrorists who threaten the United States with weapons of mass destruction. Intelligence professionals call this kind of colossal blunder, “blowback.”

Some in and around the new administration are out to use the threat from bin Laden and Iraqi President Saddam Hussein to justify new police-state measures. It was for this reason that President Bush was nearly hysterical in his demands that the Senate ratify Ashcroft as Attorney General.

Indeed, *EIR* has come into possession of the Department of Defense Civil Disturbance Plan, a 256-page document, last updated during the Presidency of Sir George Bush on Feb. 15, 1991. Known as “Garden Plot,” the Civil Disturbance Plan, which is currently in force, states unambiguously:

“The responsibility for the management of the Federal response to civil disturbances in the United States, its possessions, and its territories, rests with the Attorney General. The Attorney General coordinates all Federal government activities during a domestic commitment of military forces in response to a civil disturbance situation. Within DOJ [Department of Justice], the lead agency for the operational response to a civil disturbance incident is the FBI. In light of this, the DOJ is the primary Federal agency responsible for the collection, use, retention, and dissemination of civil disturbance information.”

CSIS at the Cutting Edge

The U.S. Commission on National Security, chaired by former Senators Gary Hart (D-Colo.) and Warren Rudman (R-N.H.), was commissioned several years ago by the U.S. Congress to conduct the most far-reaching review of U.S. national security policy in 50 years. In addition to Hart and Rudman, the commission included Anne Armstrong, chairman of CSIS, and a former member of the President’s Foreign Intelligence Advisory Board; former Speaker of the House and “Mr. Contract on America,” Newt Gingrich; former Defense Secretary and CIA director James Schlesinger; and Leslie Gelb, president of the New York Council on Foreign Relations, among others.

Although the commission formally made the proposal for the creation of a Cabinet-level super-FEMA, it was CSIS that actually did the legwork, in preparation for this push for a

Terrorist Photograph Album
FD-432 (Rev. 2-8-83)

1. Name: Jeffrey Steinberg

2. Alias:

3. Date and Place of Birth: July 29, 1947, Irvington, New Jersey

4. Citizenship: U.S.

5. Sex: Male

6. Race: White

7. Height: 5'10"

8. Weight: 155

9. Hair: Brown

10. Eyes: Brown

11. Scars, marks and identifying characteristics:

12. Single Married Separated Divorced

13. Residence: 109-C Davis Ave., S.W., Leesburg, Virginia 22075 (703) 777-1342

14. Occupation/Employer (includes academic institutions): Director of Counterintelligence, Executive Intelligence Review, Campaign Publications, 823 HS King St., Leesburg, Va. (703) 435-8617 and (703) 435-7400

15. Identifying information:
Passport No. C1803992 Date of Issue 7/12/72
A245631, C186981 Country of Issue U.S. Date of Issue 7/28/80
Social Security No. 136-38-9546 Alien Registration No. 7/15/82
U.S. Person Yes No Naturalized U.S. citizen Yes No

16. Terrorist affiliation: _____ Official position: _____

17. Narrative of activities:
The primary allegation in this investigation is that Jeffrey Steinberg is involved in recruiting former CIA employees in Northern Virginia, and possibly on duty CIA employees in the San Antonio, Texas, area, to facilitate the assassination of unnamed drug dealers in Columbia and Bolivia, South America. During the preliminary inquiry, a second allegation surfaced in that representatives of the Executive Intelligence Review (EIR) were involved in an extortion of Quesisipi Cabaffi (PH) in Italy, and are involved in an attempt to overthrow the government of Italy. The EIR is a publication produced by Lyndon La Rouché, a recent presidential candidate. Steinberg is the director of Counterintelligence for EIR.

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An FBI document from its “Terrorist Photo Album” of EIR editor Jeffrey Steinberg, obtained under the Freedom of Information Act. When Steinberg wrote a series of articles in the early 1980s, exposing the Bush-North apparatus involvement in guns-for-drugs trafficking in Central America, he was placed on the FBI’s list of suspected terrorists, who would be among the first to be rounded up and detained, in the event of a state of emergency. The FBI spent 19 months investigating bogus charges against Steinberg, only to shut the investigation—but leave Steinberg’s name and photo in the TPA.

high-visibility police-state structure, parallel to Britain’s Home Office.

For the past 18 months, CSIS has been running a special project, “Defending America: Redefining the Conceptual Borders of Homeland Defense.” Ironically, the Homeland Defense Working Group was chaired by Fred Iklé, an Undersecretary of Defense in the Reagan Administration who was probed for suspected links to Jonathan Pollard, an American convicted of spying for Israel, whose material was being passed to the Soviet Union. He was also a director of the National Endowment for Democracy, which was in the middle of the Iran-Contra mess. Also in the working group were Arnaud de Borchgrave, former editor-in-chief of the *Washington Times*, and Dov Zakheim, another Reagan-Bush national security figure suspected of links to Pollard.

The CSIS project issued its own recommendations, calling for the Vice President to head the Homeland Defense

apparatus. It also emphasized the importance of building the National Missile Defense system; suggested that U.S. cities be eventually ringed by sensors to thwart terrorists carrying biological, chemical, radiation, or nuclear weapons; and demanded that means be developed for sealing the U.S. borders

Iklé's contribution was particularly rabid. In his own position paper, "Defending the U.S. Homeland: Strategic and Legal issues for DOD and the Armed Forces," published in January 1999, he spelled out one scenario that could become reality sooner than most think. After arguing that, in the event of a terrorist attack involving the use of weapons of mass destruction, FEMA and the DOJ would be the lead response agencies, he wrote: "A different approach will be needed if mass destruction weapons are used against the U.S. homeland as part of an enemy strategy in warlike situations, not merely as an isolated terrorist act. Illustrative of such a contingency would be another Gulf war, in which the United States would confront a shifting coalition of hostile countries in the region, all of which might possess WMD [weapons of mass destruction] of some sort. The United States, while preparing for such a war or already engaged in it, might have credible yet ambiguous information that a member of the enemy coalition has managed to smuggle a few mass destruction weapons into the United States. Or conversely, as the United States is about to win this war, a biological or nuclear attack might actually occur in a U.S. city. Clearly if the U.S. homeland is in danger of such attacks in wartime, the Defense Department—not the Justice Department—will have to be prepared to take the lead. . . . For such a contingency—an attack worse than Pearl Harbor—the American people would expect and, indeed, demand that they could count on DOD and the armed forces to protect the homeland."

License To Kill

Not to be outdone by the Beltway think-tanks, at least one member of the U.S. Congress is pushing to give the President a literal license to kill, in keeping with the drive to forge a "national security state," to combat enemies real and imagined.

On the opening day of the 107th Congress, Rep. Bob Barr (R-Ga.) introduced H.R. 19, the "Terrorist Elimination Act of 2001," which would officially lift the ban on government-sanctioned assassinations and assassination conspiracies. The last President to officially ban political assassinations was Ronald Reagan. The ban was included in Executive Order 12333, signed on Dec. 4, 1981, which, otherwise, ironically, privatized U.S. national security operations, and provided the legal "cover" for Sir George Bush and Oliver North's "secret parallel government."

What goes around, comes around, and, now, apparently some "Friends of Dubya" are pushing the idea that that secret government should come out of the closet and flaunt the fact that the grave economic and financial crisis will be "managed," by jackboot methods.

State Lawmakers: Requires Opposing

As of the end of January, the impact of the hyperinflation in fuel and electricity costs had created power supply and price emergencies in states other than California. Marcia Merry Baker interviewed three state Democratic lawmakers, from Nevada, Alabama, and Vermont, on their situations and initiatives.

Interview: Joseph Neal

Using Nevada's 'Public Purpose' Law

Nevada State Sen. Joseph Neal (D-Las Vegas) has been in the middle of a fight to roll back deregulation. The State Legislature opened on Feb. 6, and a primary topic of debate was the soaring energy costs. On Jan. 30, when legislators said that there was little they could do to reverse price increases, Senator Neal responded that the legislature should take a "dramatic step," and that he favored taking over the utilities. "I don't think [Governor] Kenny Guinn will like the idea," Neal said, "but it has a chance if voters get upset about what is happening. Energy is a necessity for people." In Fall 2000, energy deregulation, authorized to go into effect, was delayed in Nevada by Governor Guinn, after Senator Neal had intervened for a go-slow approach. Senator Neal spoke with Marcia Merry Baker on Feb. 3.



EIR: Senator Neal, Nevada is important, because it is right next door to the California energy crisis, and because of its response to its own energy problems; plus, you yourself are an international leader against the deregulation energy policy—you have been organizing against it in Mexico, Ohio, Califor-

Public Interest Deregulation

nia, and so on. Please tell us what you are working on right now, as far as the legal basis for intervening on behalf of the general welfare.

Neal: One of the things that we are looking at, is that, where there are contracts that have been put into place, by a state or Investor Owned Utility, to sell their generating capacity, my position is that those contracts can be terminated for the general welfare of the citizens. In our law, we refer to it as a “public purpose.” There are certain rules that must be followed, in doing that. So, we are looking at that.

Right now, our Public Consumer Office, which deals with energy in the state of Nevada, is in the process of having some contracts terminated. I will also submit a letter to the Public Service Commission, which oversees the utilities, asking them to engage this particular process — you know, terminating these particular contracts.

EIR: For out-of-state people who don’t know, these “contracts” refer to sales of electricity?

Neal: Yes, these refer to generating capacity that has been turned over to certain national groups, that are utilizing the fact that the energy has been deregulated on the transmission lines, that they can now sell that energy for any price that the market demands — or even that the market does not demand.

So, what we’re trying to do, is to bring that back within control of the state powers, where they’re able to set the rates, as it was before in our state — the Public Utility Commission allowed the Investor Owned Utilities to set certain rates to recoup their expenses, in terms of delivery of energy to the public.

And also, we are looking to gain control of the reliability of that energy being delivered to our people.

EIR: So, you are looking at both the legal ways to intervene right now, and in effect, to roll back deregulation permanently. Is that accurate?

Neal: Exactly.

EIR: Lyndon LaRouche today commissioned background work for a possible draft Federal measure, along the lines of “A National Energy-Management Reconstruction Act.” It would involve some of the same principles you are talking about on a state level. What do you think of this kind of approach?

Neal: Any time that we can go back to the laws that Roosevelt

passed during his Administration, laws such as the Federal Energy Act, the Public Utility Holding Company Act, and the Rural Electrification Act, to name just a few — I think that that is the proper course. Because, then, energy was declared a necessity. And under the Federal Energy Act of 1935, wholesale energy was regulated. And what has been done, effectively, in the last years of the Bush Administration — the passage of the 1992 Federal Energy Act, which amended that Act [of 1935] — deregulated wholesale energy. So, we’ve got to go back to regulating the wholesale price of energy. That’s a necessity.

Interview: Thomas Jackson

Alabama Legislator Says, ‘No Cut-Offs’

Alabama State Rep. Thomas E. Jackson (D-District 68), chairman of the Agriculture, Forestry and Natural Resources Committee, was interviewed by Marcia Merry Baker on Feb. 2.



EIR: What is the situation in Alabama?

Jackson: We’re having numbers of problems with natural gas and propane in the state.

My constituents are the poor and those who are less fortunate, on fixed incomes. Gas bills have quadrupled in the last month. They’re getting \$550 a month, and they have a \$350 or \$400 gas bill for the month. We’ve been trying to get answers to these questions here.

In the northern part of the state, chicken growers have had their propane bill, for their chicken houses, quadruple as well — Calhoun County, in particular, and Culvert County. There was a chicken grower who showed us his bill for all of last year, of \$15,000. From November to Jan. 8, it was \$13,000!

We have met with the natural gas and propane distributors here in the state, and they are saying that it is the producers that’s the problem — they are spiking the prices.

We look at some of the things that happen with ExxonMobil, and the others, and the inflated prices. I know their stockholders are just enjoying it. They are up more than 120% from last year. Chevron is going up. Texaco is going up. They are

all seeing millions of dollars increase. They are passing the costs on to the consumer, and the profit to their shareholders. I think that that *is wrong. It's robbing people.* It's taking away from the hope that so many had in this nation and state.

I don't know what we can do, but I believe that these big oil conglomerates, the oil cartels, are the ones that are doing this. It's not the cold weather. And it's not that the cost of producing is more, because it's not. Propane is a by-product. It's just that they are spiking the prices to make their pockets fatter.

EIR: There are chain-reactions of effects going on, including in food processing. Alabama has the "Sweet Sue" cannery, and others.

Jackson: What is happening, is that the natural gas prices are going to be passed on to the consumer. We won't even be able to purchase food! Our farmers are going to take a hit this Spring, because of the nitrogen they use on their fields. It's going to quadruple, because of natural gas. I don't know what it's going to do to our food production.

EIR: What is the readiness of lawmakers and others, at different levels in the state, to take action for emergency measures, and re-regulation?

Jackson: No one has spoken of it, but I have mentioned it to the Commissioner of Agriculture, Commissioner Bishop. We met on Jan. 29. We shared some information, on maybe getting a joint House resolution, to the Oversight Committee, on the situation. The legislature comes in session on Feb. 6.

Natural gas is regulated in our state; propane is not. In the last two weeks, we had two separate meetings with the natural gas and propane associations here in the state of Alabama.

EIR: What is the price of propane?

Jackson: Residential propane was \$1.03 [a gallon] a year ago. It's \$1.70 now. That's up 65%. Wholesale last year was \$0.487, and now, \$1.09 as of Jan. 12, and that's a 124% increase. We're having a lot of problems here.

EIR: What do you see happening next?

Jackson: What we're trying to do, is to get a handle on this stuff here in the state. And hopefully, with the distributors and producers, that we can help our constituents, as well as our farmers, that they can pay along. That is, don't cut their gas use off. I have heard, and read in some papers in my district, where there was no leeway for the consumer. But we are mandating it, that there be leeway, that they can pay those bills over a period of time — it can take them until August, this Summer, to get those bills paid down.

EIR: So you are mandating no cuts, and a stretchout of bills, until you can do something else?

Jackson: That's right.

EIR: You've had some crises, and losses, such as the

chicken houses?

Jackson: Oh, yes. What has happened, is that, they can't pass their price on, because they are contracted by Star-Kist — or whatever company they are growing these chickens for. And when chicken growers' profit is put in, for paying for heating — you know, the law says, that you have to keep those birds warm. If they drop the temperature, they are going to lose those birds; they are really in a hard situation. Some of them are trying to get out of the business altogether. And those that can, work with the propane companies, and are paying a cost along, as they stretch out their payments; so, they are working with them pretty well up there, in the Culvert and Calhoun County areas.

Interview: Michael Obuchowski

Deregulation Policy Defeated in Vermont

Vermont State Rep. Mike Obuchowski (D) spoke with Marcia Merry Baker on Jan. 27.

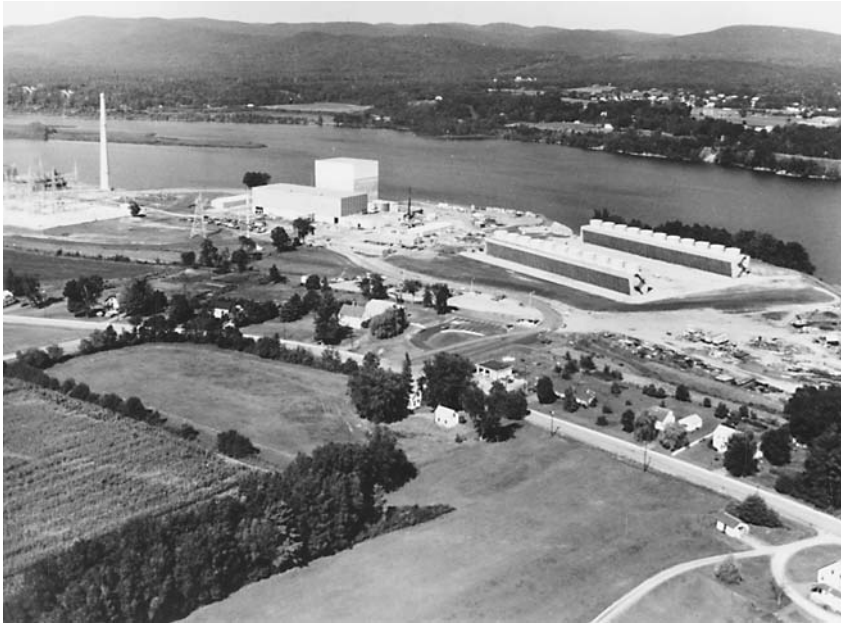
EIR: You were Speaker of the House in Vermont when the energy deregulation issue came up a few years ago, and you helped lead the fight to defeat it. Tell us about that.

Obuchowski: About four years ago, the utilities, as well as the Executive branch in Vermont, approached the legislature, and asked us to deregulate. Jurisdictions such as California, which had already passed legislation, were held up to us as the example, as the shining light that we were to follow.

However, there were those of us in the Assembly, who, because of our experience dealing with utilities, understood the basic operation of the utilities, and then, were able to apply that knowledge to bring up a number of risks.

One of the things that I've seen happening, is that it was the industry strategy to have folks look at their own state only — to look just at Vermont, and at deregulating only in Vermont. But the reality, is that our electric grids are connected to each other. Taking the intra-state view, did not do the issue justice, because there are so many connections that supply you with electricity, especially in a small state like Vermont, where we don't do an awful lot of the generation ourselves.

So, that was one of the first warning signs to us: just the approach. And it really comes down to pretty simple things — supply and demand, and making sure that your regional organization has provided for enough supply. And apparently, in California, that didn't happen. The ISO [Independent System Operator] did not provide enough supply. In order for con-



Vermont Yankee's nuclear power station. Vermont defeated attempts to impose electric deregulation, but its dependence on the functioning of a broader regional grid, demands national policy action to ensure a reliable supply at reasonable prices.

sumers to benefit, for there to be an ultimate benefit, there has to be low-cost electricity and supply, and it didn't work.

EIR: In 1996, it was asserted in California, that there was a 15% "surplus" supply of electricity; but then, whoops, it wasn't there any more. So, real evaluation is important. What other propaganda, directed at the public and lawmakers, did you see?

Obuchowski: I think that this idea—that when restructuring was passed, consumers would benefit—to a certain extent was propaganda. Our experience in Vermont was: Okay, that's fine; you're saying these benefits are going to happen, we need a guarantee if we're going to be supportive of your [restructuring] legislation.

And as soon as we started mentioning a guarantee, or as soon as we started mentioning a specific reduction in rates, or a set duration of time, the utilities clammed up. They said to us, basically, "Well, we really can't guarantee that this is going to happen," and so on. At least they were honest with us. But, fortunately, we asked the right questions, and got an honest answer, and that was enough to help us decide it wasn't the right direction to go.

EIR: Besides the couple of long-standing major utilities in Vermont, did you not have major intervention in New England from companies waiting in line to get in on purchasing any deregulated sell-off of your electricity system?

Obuchowski: Right, and that's going on right now in the state of Vermont. Vermont Yankee, our only nuclear plant, is being looked at by Amerigen and others, for purchase. When

you asked earlier about deregulation, it hasn't been authorized by the legislature, but there are things happening in the marketplace, in terms of the supply side, the generating side, that affect us. Those kinds of things are happening.

One other thing that I've seen: Restructuring has had an impact beyond the cost of electricity. I live in a town called Bells Falls, Vermont. We're a village of about 4,000 people. The majority of our tax base is a hydroelectric station on the Connecticut River, which formerly was owned by New England Power Co. What happened here is, when Massachusetts approved restructuring, they told their companies that they had to divest of their generation holdings. So, the power company sold all the hydro stations up and down the Connecticut River Valley. They were bought, essentially, by U.S. Generating, which is a subsidiary of PG&E [Pacific Gas and Electric].

What they have been doing, is coming into these little Vermont towns, and trying to get their appraisals lowered. They bought a number of facilities for a set sum, and then they have allocated that sum where the tax rates were the lowest. They have put in jeopardy towns, and the children in those towns, in terms of their education, because our property taxes pay for education in the state of Vermont. And it really hasn't been a good experience.

So, even though Vermont hasn't crossed the line of deregulation, deregulation is having effects on people that go beyond what you have to pay for your electric bill, and whether your lights are on or not. It can impact your town government, whether or not people are getting the services they need, whether or not the streets are getting plowed. And it can even impact what kind, and what quality of education your children are receiving. So, it's a pretty brutal exercise.

EIR: In the course of opposing deregulation, was there a shift in the political alignment in the state?

Obuchowski: There has been a shift. I'm no longer the Speaker. I took a lot of pounding on the deregulation issue, from our press, which is essentially establishment press in the state of Vermont, because of the utilities. The utilities have such great connections with the press, because they are one of the other institutions in the state.

In fact, the reality is that even our Governor [Howard Dean] has come around to the point where he indicated—even though he hasn't admitted it, it was the Democratic majority that stopped deregulation. He is sort of taking credit for stopping it himself, that he didn't push hard at that time. During the campaign [the November 2000 gubernatorial election], he said, maybe we didn't make a mistake when we went

slow on restructuring.

But, the reality is, that we're the ones that stopped it. He's even saying, it's a good thing that it was stopped at the point that it was.

EIR: What do you see now, for energy in the region?

Obuchowski: I guess my biggest fear in New England right now, looking around at the other states that have passed restructuring, is that they're having to take back their promise to their ratepayers, that they would experience lower rates. Where they did give them lower rates, they are having to go back to their Public Utility Commissions, and ask for increases. They're not standing behind their word. And so, that's of concern to me.

The other thing that's of concern to me, is the strength of our ISO in the region. That organization—that makes sure there's enough electricity to go around, and that it's going to get to where it needs to be, when it needs to be—concerns me. We're having enough problems holding manufacturing in the region, and in this country, without energy supply problems.

Businesses seem to have wanted to go into a restructured market, because they saw the benefit to themselves of being able to buy electricity from the most inexpensive supplier. But I think that now, we have them saying: What if there aren't any inexpensive suppliers? That's going to be a bad situation for us to be in. Maybe a regulated environment, where we have some consistency and predictability of what is going to happen, is better for us, running our business, rather than sort of being on a yo-yo, in terms of getting power from the utilities.

EIR: The ISO is regionwide in New England?

Obuchowski: Yes. And I understand that the director, or one of the people, has been replaced. The people who are watching this, feel a lot more comfortable. But it's in New England—because, essentially, Vermont is really a speck—that our strength comes from. The ISO is sensitive to our needs, that we're going to be better served.

The other thing that I find a little bit humorous, is that while we were going through this debate in Vermont, one of the things that we suggested, was a public power authority. While we didn't see a public power authority necessarily delivering power to residential and business customers, we saw it as a wholesaler. We suggested this proposal in Vermont, and people just looked at it with disbelief, and said, how could they be so outlandish as to suggest something like this? I find a little bit of humor in the fact, that that's one of the avenues that California is looking at. For the state to buy the power, and essentially wheel it to the utilities. To me, it's kind of interesting.

EIR: Wasn't Enron very active?

Obuchowski: Enron came in at one point, and was looking

at the whole situation, but their interest, as far as I know, petered out. Looking at both Central Vermont Public Service, and also Green Mountain—those are the two largest Investor Owned Utilities.

The other thing I find interesting, in Vermont specifically, is, the Executive appointed a commission, when they were not successful in getting the legislation passed. This was called the Bankowski and Gilbert Commission. Their major suggestion in terms of rates, was that we should have leveled rates. They didn't really set a duration of time, but most of the graphs that they produced, showed it for quite a long time—a ten-year period, that we would have leveled rates. That was their goal.

A bipartisan group of legislative leaders—the Lieutenant Governor, the Minority Leader from the Senate, the Majority Leader from the House, and others—got together and said that our goal, if we're going to go to a deregulated environment, is a 10% reduction in rates. The utilities at that time—this was the Summer of 1999—said, well, maybe we can get to a 6% reduction, and so on. But just this week, our Public Service Board approved, essentially, a 12.9% increase for Green Mountain Power.

EIR: For a temporary duration, or permanently?

Obuchowski: There were two temporary rate increases. Green Mountain Power had asked for 11.9%, or two temporaries, and then this third was characterized as a 3% rate increase. And if you put them all together, and they made them all permanent, you get this 12.9%.

The only other thing that I would say, is the threat of bankruptcies is one of the only levers that consumers have in this situation. And as soon as that threat is taken away—and I think we see this happening in California to some extent—the utilities are in control. Essentially, the utilities are us. Because without us, and our utilization, either as business people, or as residents, using electricity, they don't exist. So, it seems to me that they should be more conscious of their customers, and their customers' needs, and what their customers reasonably can pay for the product that they are dispensing.

EIR: What about the condition of the infrastructure?

Obuchowski: It could use some help. It is not as technologically current, and capacity current, as it could be. That has to be troublesome, especially when we're going to this new system that divides the transmission, the generation, and the distribution up into various segments.

The other thing that we haven't mentioned is the whole concept of securitization, where, essentially, we electric consumers are asked to pay off bonds, that utilities get to cover their stranded costs. We call it bailing out the utilities for their management concerns, and so on. Our effort in Vermont has been to make those stranded costs come home to roost for the shareholders.

Agenda for National Energy Emergency Action

I. Scope of Energy Crisis:

Physical Economy

Electricity

Continued hyperinflation on the deregulated energy markets, on top of the at-margin level of U.S. electricity output, guarantees continuing crises in California and elsewhere. Electricity rates are rising 10-50% across the country. Wholesale prices, around \$30 per megawatt-hour in 1999, have spiked as high as \$3,300 in 2001.

Nationwide, electricity is produced from coal (51%); natural gas (16%); nuclear (22%); oil (3%); hydro (9%). This mix means each region has different specific problems; but speculation hits in every region. It is estimated that, on average, in the United States today, electricity is bought and sold eight to ten times over, before it reaches the customer.

■ **California.** Feb. 7 was the 24th straight day of "Stage Three Electricity Alert"—meaning possible rolling blackouts (see report on California, in this issue). Regionwide, the Northwest Power Planning Council had called its first multi-state alert for possible shortfalls on Dec. 8, 2000. An Emergency Response Team was set up.

■ **Oregon.** The Bonneville Power Administration (operator of 29 hydroelectric power plants) said on Jan. 26 that it may have to increase rates as much as 95% later this year, to cover costs.

■ **Washington.** The Seattle City Council on Jan. 29 approved an 18% electric rate increase, less than a month after a 10% rate increase had gone into effect.

■ **Nevada.** The Sierra Pacific Re-

sources Corp. (owner of Nevada Power and Sierra Pacific Power) on Jan. 29 filed with the state for an emergency rate increase of up to 29% for the largest energy users.

■ **New York City.** On Feb. 1, the New York Independent System Operator, which coordinates electric supplies, said the City will face a 300 MW shortfall for peak load this Summer (even with emer-



Repairing downed power lines.

gency generators). New York was the second state to deregulate; wholesale electric prices have risen to 30 times previous norms.

Natural Gas, Propane

Natural gas price hyperinflation has also hit the United States, Canada, and Mexico (in 1978, the process of Federal deregula-

tion was begun, and the effect is fierce). While the average natural gas price throughout 1999 did not exceed \$2.75 per 1,000 cubic feet, it spiked over \$10 at times last Fall, and now is over \$6.30.

■ **California.** Natural gas is double or triple the national average price. The state—reliant on gas for a significant amount of its electricity generation, as well as for direct use—is trying to compel the energy cartel companies to continue to sell gas.

■ **Alabama.** A typical case, what was a residential gas bill of \$100 in January 2000, had grown to \$400 in January 2001. For example: A commercial poultry grower's annual propane bill for 2000 was \$15,000, and of that total, \$13,000 was the price for November and December alone.

■ **Pennsylvania.** The municipally owned Philadelphia Gas Works is near bankruptcy. Customer rates have been jacked up over 30%. "Intermittent contracts" have activated gas outages for 500 customers. In Western Pennsylvania, gas to factories in Beaver Falls was cut off with no notice, as gas marketers shut down.

Manufacturing

On Jan. 17, the National Association of Manufacturers told a Washington, D.C. press briefing of a survey they conducted, between Jan. 8 and Jan. 12, of 5,500 firms. National Association of Manufacturers President Jerry Jasinowski reported, "According to the Department of Energy, the price of natural gas in the first quarter of 2001 will be 130% higher than during the same period one year ago. Manufacturers consume 26% of the natural gas used in the United States. . . . Our calculations indicate that between 1999 and 2000, the rising price of oil and gas cost our economy more than \$115 billion, a full percentage point of GDP," while manufacturers'

profits were reduced “by roughly 14%.”

Soaring energy costs caused layoffs. Jasinowski said, “More than a quarter of large companies report that they have curtailed operations in response to natural gas price increase or unavailability, and 12% of all natural gas-using firms have had their production processes interrupted due to the inability to obtain natural gas.”

Agriculture, Food Supplies

California accounted for the biggest share, some \$25 billion, out of the nation’s \$189 billion in agricultural production in 1999—all now in jeopardy, from irrigated crops, to dairying. Operations at the world’s largest cheese factory (Hilmar), and largest U.S. milk plant (Western Region Land O’ Lakes) have been disrupted.

“Nitrogen Fertilizer Supplies Drop; Availability May Hit Crisis Level by Spring Planting,” was the headline on a *Farm Journal* article of mid-January. The fertilizer industry uses 1.5% of the natural gas in the U.S., but now manufacturers are selling the gas instead. “The U.S. could lose up to 80% of its nitrogen production capability,” the *Farm Journal* reported.

II. Scope of Energy Crisis:

Financial

Insolvency and Chain Reaction

Insolvent utilities are now causing the \$400 billion of U.S. utilities’ obligations (debts, bonds, etc.) to deflate by the hour, with chain-reaction effects.

In California, two of the big three utilities—Pacific Gas & Electric, and Southern California Edison—went into arrears on payments in the range of over \$1 billion each, in the last five weeks, on obligations totalling some \$20 billion, with cross-default clauses.

Other utilities are scrambling: For example, in mid-January, Tacoma Public Utilities negotiated a \$100 million loan, in hopes of carrying through to October. The utility said its budget was based on an estimated price of \$80-90 per megawatt-hour for electricity. But in mid-January, it paid \$150-180, and the price has spiked as high as \$400 in the past month.

Similarly, on the East Coast, General Public Utility, based in Parsippany, New Jersey, on Jan. 19 informed the Pennsylvania Public Utilities Commission that it can-

not pay wholesale electricity costs. On Jan. 24, Utility.com informed the state that it was pulling the plug on 30,000 Pennsylvania customers, because of soaring wholesale rates. This is the national pattern.

Among the prominent names directly or indirectly exposed to California utility debts: Bank of America, J.P. Morgan Chase, Barclays Plc, Crédit Suisse First Boston, Citigroup, Bank One Corp., and Crédit Agricole.

Wall Street utility bond insurers have reportedly shelled out some \$1.3 billion of payments for defaults already, for just California utilities. For example, on Jan. 17, Ambac Assurance Corp. said it made a \$36,000 interest payment on a bond for Southern California Edison.

Residential Hardship

As of the end of January—only four months into the Department of Energy’s six “official” months of Winter—households are facing impossible-to-pay bills, hardship, and even death.

■ **Iowa.** A recent survey of 62,000

households receiving energy assistance, showed that 20% postponed medical care to pay utility bills; 12% cut back on food.

■ **Boston.** At least six people have died so far in house fires sparked by faulty electric space heaters, used to avoid using costly central heating.

Mega-Profitteering

Spectacular revenues and profits are being posted by the new energy cartel companies under deregulation. Overall power companies reported returns to investors of about 60% in 2000.

■ **Calpine** (sells electricity to California): Fourth-quarter 2000 revenue quadrupled from a year earlier, going from \$247.5 million to \$1 billion. Profits tripled.

■ **Dynegy, Inc.** (sells gas and electricity to California): Fourth-quarter 2000 earnings rose 2.5 times over the year before, from \$45 million to \$106 million.

■ **Enron** (electricity futures trader; middleman marketer; gas dealer): Fourth-quarter 2000 revenue quadrupled; earnings rose by 33%. For all of 2000, operating earnings rose to \$1.27 billion, from less than \$1 billion in 1999.

■ **Duke Power** (gas, energy futures, electricity) saw its wholesale energy profits soar 374% in 2000.

III. Energy Infrastructure:

Crises and Reactions

■ **New York.** The New York Power Authority authorized nearly \$500 million

in mid-January, to build 11 very small, temporary generators for installation in

New York City, to prevent outages this summer.

■ **Washington State.** Energy Northwest said in January that it will consider completing one of the four nuclear power plants cancelled in the 1980s. The 1,300 MW plant was two-thirds built when it was cancelled; the cost to complete it now, is estimated to be \$3-4 billion.

IV. Policy Response,

Federal Level

■ **Bush Administration.** The President and the new Energy Task Force remain committed to radical deregulation. On Feb. 8, Federal Energy Regulatory Commission Director Curtis Hebert said at the National Press Club, that he opposes any regional cap on wholesale electricity rates. At midnight on Feb. 7, FERC discontinued its order mandating power sales to supply California.

■ **Congress.** On the side of radical deregulation, Sen. Richard Shelby (R-Ala.) introduced on Jan. 30 the Public Utility Holding Company Act of 2001, which would repeal the 1935 law of the same name, and substitute a nationwide “free market” regime.

On the side of re-regulation, a bill to place caps on wholesale electricity prices in Western states, was introduced in Janu-

ary by Sen. Barbara Boxer (D-Calif.), with a House version by Rep. Bob Filner (D-Calif.) A similar bill, empowering the Energy Secretary to order regional price caps when a determination is made that there are “unjust and unreasonable” prices, was introduced by Sen. Dianne Feinstein (D-Calif.), with a House version by Reps. Anna Eshoo and Duncan Hunter, both California Democrats.

A bill for Federal re-regulation has been filed by Rep. Peter DeFazio (D-Ore.).

A bill to create a national entity to enforce reliability standards for the nationwide electric grid, has been introduced by Sen. Gordon Smith (R-Ore.).

V. Policy Response,

State and Local Initiatives

Moves to stop deregulation are proliferating.

■ **Arizona.** Deregulation starts Jan. 1; Corporation Commissioner Jim Irvin is reconsidering.

■ **Arkansas.** Gov. Mike Huckabee, with legislative leaders, endorses legislation to delay deregulation from Jan. 1, 2002 to October 2003, with option to delay

till 2005. State Rep. Jim Bob Duggar (R-Springdale) files bill (HB 1149) to repeal.

■ **Connecticut.** Rep. Tom Bozek (D-New Britain) introduces bill for energy re-regulation (LCO No. 174).

■ **Nevada.** In Fall 2000, deregulation was delayed. Now, Sen. Joe Neal is intervening in Legislature to stop it, and to take over state power plants if necessary.

■ **New Mexico.** Attorney General Patricia Madrid calls for delay in implementing deregulation (set for January 2002).

■ **North Carolina.** On Jan. 24, Legislature stops deregulation.

■ **Oklahoma.** Attorney General Drew Edmondson recommends repeal of deregulation, set for July 1, 2002.

■ **Texas.** On Jan. 24, State Reps. Sylvester Turner and Kevin Bailey introduce HB 918, requiring the Texas Public Utility Commission to intervene if retail prices violate the “public interest.”

■ **Utah.** On Jan. 24, State Legislature votes to repeal deregulation.

VI. Considerations for Re-Regulation:

National Energy-Management and

Reconstruction

Lyndon LaRouche on Feb. 6 issued a policy document for mass distribution as a pamphlet—“On the California Energy Crisis: As Seen and Said by the Salton Sea”—mobilizing for energy re-regulation (see *Feature*, in this issue.)

Documentation

Proposed Bill No. LCO NO. 174, introduced in early 2001, into the Connecticut State Legislature, “An Act Concerning the Repeal of the Electric Restructuring Legislation”:

Be it enacted by the Senate and House of Representatives in General Assembly convened:

That Public Act 98-28, entitled “An Act Concerning Electric Restructuring,” be repealed and that the prior laws governing electric regulation be restored, provided certain financial commitments entered into as a result of Public Act 98-28 are preserved.

STATEMENT OF PURPOSE: To prevent the loss of high-paying jobs within the state; to preserve the real estate tax base of the towns in which the utilities’ assets are located; to better manage and determine the generation and distribution of electricity; and to guarantee a sufficient electric supply for present and future businesses.

Bush's 'Faith-Based' Initiative Would Make Poverty a Crime

by Art Ticknor

Today's poor in the United States are the victims and perpetrators of illegitimacy and abandonment . . . but they are not suffering from thirst, hunger, or nakedness, except by choice, or insanity, or parental abuse.

—Marvin Olasky, George W. Bush adviser, and author of *The Tragedy of American Compassion* (Washington, D.C.: Regnery Books, 1992)

With President Bush's creation of the White House Office on Faith-Based and Community Initiatives, the Wall Street financial oligarchy, under the rubric of "compassionate conservatism," has moved a step closer to looting the American population under the cloak of religion. Under this program, "faith-based" and other not-for-profit groups will administer more Federally financed social services, often provided by government.

At the forefront of this rush to fascism is the Acton Institute for the Study of Religion and Liberty, and the Manhattan Institute for Policy Research.

The Acton Institute is the current home of Bush's social policy "guru," Marvin Olasky, whom the London *Observer* identifies as one of the "Four Apostles" of Bush's long-expected initiative—which will bring back the hated "Contract on America" of Newt Gingrich, which, in effect, declares poverty to be a crime.

During 1989-91, Olasky worked at the Heritage Foundation. His 1992 book, *The Tragedy of American Compassion*, was a Heritage Foundation project. The book carries an introduction by professional racist Charles Murray, author of *The Bell Curve*. Olasky joined the board of Gingrich's Progress and Freedom Foundation, which published a compilation of writings by the futurists Alvin and Heidi Toffler, with a lavish introduction by Gingrich.

In his book, Olasky, always the pessimist, attacks the 1920s president of the National Conference of Social Workers, for believing in the divinity of man, and alleged that the modern social liberalism of the 1920s, was tied to a theology which no longer believed in sin. According to Olasky, "The underclass we have always had with us," but the problems of the underclass are not solved by money. The problems are problems of the spirit. To give money to the underclass is to

make it grow, as people will work less and less. Government can't help, it only makes things worse. What's left? "Moral uplift," one by one.

This is really a cover for doing nothing at all. Olasky and his malevolent ilk fraudulently misconstrue the Biblical phrase, "the poor ye always have with you," as if it were a mandate against the eradication of poverty.

Mont Pelerin Ideology

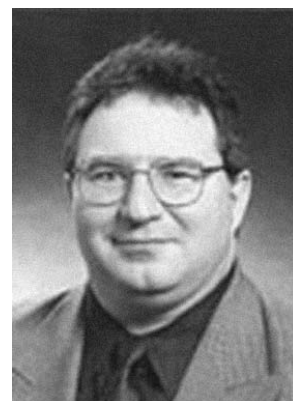
The majority of these people are from the Mont Pelerin Society, the British-headquartered "free market" ideology shop that was founded by Friedrich von Hayek to promote the philosophy of 18th-Century radical hedonist Bernard de Mandeville, who argued that private greed and corruption are the only path to public virtue. The Mont Pelerin gang are most famous for peddling the idea that the underground economy—i.e., organized crime—is a viable and integral part of economic life, and should be decriminalized.

According to its website, the Acton Institute seeks "to build prosperity and progress on a foundation of religious liberty, economic freedom, and personal moral responsibility." Its Board of Directors includes Dr. Alejandra A. Chafuen of the Atlas Economic Research Foundation, Dr. Edwin J. Feulner, Jr. of the Heritage Foundation, and Rev. Robert A. Sirico. Its Board of Advisers includes Doug Bandow of the Cato Institute, Dr. Steve Hanke of Johns Hopkins University, and Michael Novak of the American Enterprise Institute. Olasky, a promoter of "compassionate conservatism," is a Fellow at Acton.

The Board of Trustees of the Manhattan Institute includes Maurice R. Greenberg of American International Group, Inc., William Kristol of Rupert Murdoch's *The Weekly Standard*, and Lord Robert Skidelsky of the Social Market Foundation. Approximately half of the board members are executives at financial services firms.

Bush's Two-Faithed Team

Senior Fellow John J. Di-Iulio, Jr., Professor of Political Science at the University of Pennsylvania, has been named Director of the White House Office of Faith-Based and Community Initiatives. Stephen Goldsmith, chairman of the Manhattan Institute's Center for Civic Innovation, has been named Special Adviser to the President for Faith-Based and Community Initiatives. Myron Magnet, editor of the Manhattan Institute's *City Journal*, wrote *The Dream and the Nightmare*, "the book that helped shape Bush's message," according to Olasky. Law-



John J. Di-Iulio, Jr.

rence Lindsey, President Bush's chief Economic Adviser, was a Senior Fellow at the Manhattan Institute.

By choosing DiIulio, Bush is seeking to enlist the support of both religious conservatives and New Democrats for his domestic crisis-management policies. DiIulio is a Fellow at the Brookings Institution as well as the Manhattan Institute. He has written articles for *The Weekly Standard*, and for the Democratic Leadership Council's *Blueprint* magazine. As director of the Jeremiah Project, he studies and assists faith-based programs. He identifies himself as a "New Democrat."

As recently as October 2000, DiIulio was the kickoff writer in *Blueprint*, in a special feature on "the quality of life." In his article, DiIulio argued, in effect, for decriminalization of drug use, saying that non-violent drug offenders should not be jailed.

DiIulio is well-known for his tough-on-crime stance. In the book *Body Count: Moral Poverty and How to Win America's War Against Crime and Drugs*, co-authored with William J. Bennett and John P. Walters, he asserted that "moral poverty," not economic poverty, is the cause of crime. The authors claim that the increase in crime is the exclusive result of children growing up in communities that lack "loving, capable, responsible adults who teach the young right from wrong." The purpose of the criminal justice system is "to exact a price for transgressing the rights of others," according to the authors.

DiIulio has proposed more money for more cops, more prisons, and stiffer and more strictly enforced sentences. In an article in the *American Prospect*, DiIulio claimed that there is not much difference among criminal classes; they are "plea-bargain-gorged convicted and imprisoned criminals," most of whom have committed several property or violent crimes. Even if they are senior citizens, they should be kept locked up. DiIulio asks, "Why not 'two-strike' laws?" with sentences of at least 15-20 years, with no time off for good behavior and no parole. He also says that society has a right to express its "moral outrage" at the acts of criminals by, among other things, keeping them behind bars. He cites a Brookings study showing that "incarcerating a greater fraction of convicted felons would yield positive social benefits."

According to DiIulio, the outreach of black churches and faith-based groups can restore inner-city neighborhoods. "Especially in America's high-crime, low-literacy neighborhoods, organized religion remains the backbone of civil society," he writes. He praises the efforts in Jamaica, Queens; Philadelphia; and Boston, and calls on corporations, foundations, and, where appropriate, government agencies, to fund these faith-based initiatives. Taking one step further, he says that government cannot afford to replace faith-based help. He cites University of Pennsylvania social-work scholar Ram A. Cnaan, who estimates that it would cost the government and other non-religious institutions \$200 million per year to provide the same services.

Myron Magnet summed up the message of "compassionate conservatism" in an article in the Feb. 5, 1999 *Wall Street Journal*: "The poor need the larger society's moral support; they need to hear the message of personal responsibility and self-reliance, the optimistic assurance that if they try as they must, they will make it." In other words, people are poor because they want to be poor.

Stephen Goldsmith was the chief domestic policy adviser for Bush's Presidential campaign. As the former Mayor of Indianapolis, he was involved in privatization schemes and slashing the wages of the workforce.

Ongoing Investigations

However, there are several ongoing investigations in Texas of cases of brutality, beatings, and illegal imprisonment of teenagers enrolled in church-run drug-addiction programs. One center, Roloff Homes in Corpus Christi, is now under grand jury investigation for abuse of a teenager, who claims he was forced to jump into a cesspool as punishment for trying to run away. Bush says that these programs are totally successful, and that these privatized operations are "the next step for welfare" after the 1996 welfare reform.

According to the London *Observer*, Tory leader William Hague also supports a bigger role for religious organizations in providing welfare services. Olasky was invited to Britain for talks, where "his fierce support for the rolling back of the state struck a chord almost as much as his Bible-thumping militancy."

Fortunately, not everybody is buying into the Bush "compassionate conservatism" hoax, and some of DiIulio's dirty laundry is airing in public. On Feb. 5, the *Washington Post* published a commentary by Vincent Schiraldi, who criticized the DiIulio appointment: "For those of us who have followed the politics of crime and punishment for the past decade . . . no single person has been more closely identified with unsound crime analysis and punitive imprisonment policies than John DiIulio."

Schiraldi cited an incendiary 1996 report by DiIulio, in which DiIulio described a "rising tide of juvenile super-predators" laying a path of devastation across urban America. DiIulio predicted that, in a few years, unless harsh crime prevention measures were adopted, America's cities would be overrun with 270,000 unredeemable killer kids. DiIulio's predictions were never borne out, but his policies contributed to a 1990s decade when the prison population soared to more than 2 million, and the African-American community was particularly devastated.

In a similarly obnoxious *National Review* article, quoted by Schiraldi, DiIulio had written that most American juveniles are "fatherless, godless, and without conscience," and that "all that's left of the black community in some pockets of urban America is deviant, delinquent, and criminal adults surrounded by severely abused and neglected children, virtually all of whom have been born out of wedlock."

Bankruptcy Reform Bill Is Reintroduced

The bankruptcy reform bill that President Bill Clinton vetoed after the end of the 106th Congress, was reintroduced in both the House and the Senate on Jan. 31.

The bill that George Gekas (R-Pa.) announced on the House floor, is essentially identical to the one vetoed by Clinton, with a new title, "The Bankruptcy Abuse Prevention and Consumer Protection Act of 2001." Gekas declared that this bill "could be part and parcel of President Bush's overall plan to meet the unstable economy head-on, to prevent some of the worst consequences of an economic downturn."

Gekas claimed that the bill "is tailored to make certain that anyone who is so overwhelmed by debt, so swamped by the inability to pay one's obligations, that that individual . . . would be entitled to a fresh start." However, he said, "certain provisions will be put in place which will make certain that those people who have the ability to repay some of their debts will be compelled to do so." Such individuals will be shifted from Chapter 7 filing, which allows complete discharge of one's debts, to Chapter 13, which requires at least partial repayment.

Among the bill's so-called consumer protections, is a needs-based formula to ensure that a debtor can only be forced to pay what he can afford. It also contains new credit card disclosure requirements, which will mandate that billing statements contain explanatory information with regard to minimum payments and introductory rates.

The bill includes provisions dealing with business and farm bankruptcy reform. One provision has mechanisms for weeding out businesses that are, in Gekas's words, "unable to reor-

ganize." Another would make Chapter 12 of the bankruptcy code, which applies to family farms, and has heretofore had to be renewed periodically, permanent.

Patients Bill of Rights Is Back on the Front Burner

Health maintenance organization (HMO) reform returned to the agenda on Feb. 6, with the introduction in both houses of a new Patients Bill of Rights. The bill, which passed the House last year but was stalled in conference committee, has picked up support in the Senate, with the addition of John McCain (R-Ariz.) and Lincoln Chaffee (R-R.I.) as sponsors. The bill includes the right to sue HMOs for damages resulting from treatment decisions, but requires that the appeals process, set up in the bill, be exhausted before a lawsuit can be filed. It also leaves in place state laws, such as those in Texas, where lawsuits are already allowed in state court.

At a Feb. 6 press conference attended by co-sponsors from both parties, McCain disputed the arguments of opponents of HMO reform. "Those allegations are not correct, as far as excessive litigation, as far as allowing patients to skip the appeals process as a way to hurt employees and cause them to stop providing health care to employees," he said. McCain argued that the fate of last year's bill, and the role played in it by insurance companies and HMOs, is a strong argument for campaign finance reform.

The press conference was overshadowed by the absence of Rep. Charles Norwood (R-Ga.), one of the principal architects, along with Rep. John Dingell (D-Mich.), of last year's bill. Norwood, Rep. Greg Ganske (R-Iowa), and an aide from the office of

House Speaker Dennis Hastert (R-Ill.) participated in a private meeting at the White House with Bush adviser Karl Rove. Norwood indicated afterwards that he would not immediately include his name as a co-sponsor on the legislation, in order to give Bush a chance to review the proposal. However, aides from both Norwood's and Ganske's offices reportedly said that there was a lot of "heavy arm-twisting" in the three-hour meeting, to keep both of them away from the bill. Ganske was not persuaded, and is a co-sponsor of the bill. Supporters of the bill in the House, however, worry that the bill can't be passed without Norwood's support. On the other hand, Senate supporters now believe that they have enough votes to pass it, even over a filibuster.

Airline Mergers Generate Scrutiny

The recent wave of airline merger announcements has generated both praise and derision on Capitol Hill. On Feb. 1, the Senate Commerce Committee held a hearing to examine the effects of the proposed mergers involving United and USAirways, American and TWA, and, most recently, Delta and Continental. Committee Chairman John McCain (R-Ariz.) told the panel that the mergers will give a few airlines "the pricing power to slowly force out or severely constrain the growth of new entrants. The consumer is the one who will pay the price."

On Feb. 6, Sen. Ron Wyden (D-Ore.) called for a more extensive review of such mergers. He traced the current trend back to the early 1980s, and said, "The central problem stems from the fact that the major proponents of deregulation have not been willing

to simultaneously and vigorously enforce the anti-trust laws.” He called on the Federal Trade Commission to prepare a public report demonstrating that a proposed merger “will not have negative long-term implications for consumers and the economy,” before the Justice Department approves one more merger. “It’s time to make sure that these mergers don’t strand any more passengers with too few choices and too many headaches,” he said.

Others see the mergers as saving jobs and services, especially for Missouri, where TWA is based. Sen. Kit Bond (R-Mo.) called American Airlines “a shining knight on a white steed” coming to TWA’s rescue. Missouri Gov. Bob Holden (D) told the Commerce Committee, “We believe that if this merger were prevented, Missouri would lose nearly 33,000 jobs and \$876 million in annual wages, a devastating blow to our state’s economic future.” Sen. Jean Carnahan (D-Mo.) and House Minority leader Richard Gephardt (D-Mo.) are also supporting the American-TWA merger.

Tax-Cut Bandwagon Gets Push from Bush

On Feb. 6, President Bush unveiled a ten-year, \$1.6 trillion tax-cut plan that reduces the five current tax brackets to four lower ones, with the maximum rate set at 33%. It incrementally raises the child tax credit from \$500 to \$1,000, eliminates the marriage penalty, and gradually repeals the estate tax. It also allows taxpayers who don’t itemize to deduct charitable contributions. Bush claimed that his plan will provide an average of \$1,600 of tax relief for a family of four, and that cutting taxes will help Americans manage the debt load they’re running up as a result of rising energy and other costs.

While the GOP leadership of both houses is enthusiastically embracing Bush’s plan, Democrats are not so excited, though they support tax cuts in principle. Kent Conrad (D-N.D.), the ranking Member on the Senate Budget Committee, argues that a tax-cut plan should not be based on ten-year projections, such as Bush’s is. Conrad has been pointing out that the Congressional Budget Office’s latest ten-year budget surplus projection actually ranges from a surplus of more than \$1 trillion to a deficit of \$50 billion for 2006. “I don’t think we ought to be betting the farm on a ten-year projection,” Conrad told reporters on Feb. 5.

Conrad said that the tax-cut plan is “simply too big,” that it is weighted heavily to the wealthiest 1% of the population, and that “it does absolutely nothing to deal with the long-term debt crisis facing our country in Social Security and Medicare.” Unfortunately, he opened the door to some form of privatization of Social Security, because cutting benefits or raising taxes are not options, leaving open discussion of investing the trust fund monies in order to “get higher rates of return.”

Moderate Republicans have also voiced concerns. Sens. Lincoln Chaffee (R-R.I.) and Arlen Specter (R-Pa.) joined three Democrats in sending a letter to Bush calling for a mechanism to allow the cuts to be triggered only if the surpluses materialize. “In our view,” they wrote, “such a ‘trigger’ mechanism offers a safety valve to protect against what many senators fear: a return to deficits should economic conditions—and budget projections—change in the years ahead.” Senate Majority Trent Lott (R-Miss.) suggested that the idea is just a trap by Democrats, to make the surpluses and, hence, the tax cuts, disappear.

Feingold Reintroduces Death Penalty Moratorium

On Jan. 31, Sen. Russ Feingold (D-Wisc.) reintroduced a bill that would impose a moratorium on use of the Federal death penalty, and urges states to do the same. It would also establish a Federal Commission on the Death Penalty, to study the administration of capital punishment. In his floor remarks, Feingold credited Illinois Gov. George Ryan (R), who imposed a moratorium on executions in the state last year, for “unleashing a renewed national debate on the death penalty.”

Feingold cited a study by Columbia University Law professor Jim Liebman, released last June, on the overall error rate in the death penalty system. Liebman found that during 1973-95, courts found reversible error in nearly seven out of ten capital cases. Feingold said, “It is appalling that the system is making so many mistakes. And of course, the question remains: Are we in fact catching all the mistakes?” He added, “The serious prejudicial error that results in reversals is a phenomenon nationally, not just in Illinois.”

The Liebman study also found that there are problems of incompetent defense counsel failing to look for exculpatory evidence, and willful suppression of such evidence by police and prosecutors. Feingold said that such misconduct occurs because “capital cases are usually high-profile, high-stakes cases, particularly for the police or prosecutor’s personal, professional advancement.” Feingold criticized Federal administration of the death penalty, pointing out the racial disparities of death-row defendants, and prosecutors’ reliance on bargained-for testimony. “The need for a moratorium,” he said, “could not be more critical than it is today.”

Power and Power Politics

The self-consoling fools are saying that the California and West Coast energy crisis is on the mend, now that Governor Davis has secured his \$10 billion bond issue, to throw at Enron and its partners in usury. But throwing this \$10 billion at the hungry wolves to satisfy them, is nothing different from what Alan Greenspan has been doing, more and more, recently, to bring this hyperinflationary crisis into existence in the first place. As Lyndon LaRouche has said, they are only trying to put out the fire, by pouring cold gasoline onto it.

Remember that the whole “information age” economy, works entirely by what is called a “multiplier,” or, looked at the other way around, a “return on investment.” No asset is ever valued at what it is really worth—indeed, many assets considered valuable, are really worth nothing at all. Instead, every asset is assumed to be worth the amount of money tribute—so-called “profit,” for example—which it can suck up out of the economy or the financial system, per month or per year—multiplied by an arbitrary number.

The paper capital in the usurious utility holding companies, and much more in usurious Enron and the banks, demands a certain definite percentage of “return on investment,” or fresh blood, per month—let’s say 2% fresh blood per month, which is equivalent to a “multiplier” of 50 per month. Throw in an extra \$10 billion, as Governor Davis has done, and what’s the result? Now the whole thieving gang demands an additional 2% of \$10 billion, or a cool \$200 million more—out of your electric rates! Get it?

To emphasize the point that this is nothing but Weimar hyperinflation, as an integral part of an advanced breakdown-crisis: The latest news tends to indicate that a new downward inflection in the collapse is being reached. President Bush told the White House press that his \$1.6 trillion tax cut must be enacted immediately, and made retroactive to January, because: “For several months, . . . our economic growth has been in doubt, and now it may be in danger. Americans are hearing, and some feeling, the economic slowdown. Americans hear about the news; many are beginning to actually feel what it means to be in an economic

slowdown. Consumer confidence has slumped. Many business leaders are worried. A warning light is flashing on the dashboard of our economy, and we can’t just drive on and hope for the best. We must act without delay. . . .”

Exemplifying another aspect of the worst, Anglophile, element of the new Administration, Richard Haass, key operative in the Iraq war under President Bush, senior, has been nominated by his son to be Director of Policy and Planning for the State Department. Haass recently said that Americans must “re-conceive their role from one of a traditional nation-state to an imperial power.” The model he suggests is 19th-Century Great Britain.

However, there is every reason to be optimistic that we can turn this crisis around—by turning the Bush Administration around. Reality is about to deliver them some bloodying defeats, amidst scenes of carnage and chaos beyond their worst imagination, or your own. They are being hit by a LaRouche movement whose strength grows daily in the crisis.

It is a fundamental truth that every human being is redeemable; that is, no human being lacks the secret of being able to improve himself or herself, even remarkably and suddenly, through the “divine spark” of reason within him. If only this power can be provoked into action; and, if only he permits it to do its work.

Remember, further, that the awesome responsibility, and the enormous power for good inhering in the Constitutional office of the U.S. Presidency, has encouraged more than one of our past Presidents, to find sudden, unexpected moral maturity.

And more generally, it has only been in times of the deadliest crisis, like this one, that persons have been able to dramatically and rather suddenly improve themselves to the level of responsible adults, whether then started out as Bush babies, or as the aging boomers whom some have called, “middle-aged bed-wetters.”

In the alternative—if it does not wake up in time—this Administration will go down in history as the most abject and most rapid failure in the history of the White House, Andrew Johnson not excluded.

Featured in the Winter 2000-2001 issue of

21st CENTURY
SCIENCE & TECHNOLOGY

On the Fundamental Material-energetic Difference between Living and Nonliving Natural Bodies in the Biosphere

Vladimir Ivanovich Vernadsky

The first complete English translation of a 1938 article by the innovative Russian biogeochemist, who saw the human mind as the highest development of natural processes. Translated by Jonathan Tennenbaum and Rachel Douglas

Vladimir Ivanovich Vernadsky
(1863-1945)
Pioneer of the Biosphere

George B. Kauffman

A brief biography.



The Road to the 21st Century:
A 600-mph Train Suspended by Magnets

Laurence Hecht

Magnettrain, a patented magnetic levitation system for high-speed rail, promises an efficient passenger and freight-handling system to develop the world, link continents, and solve urban traffic congestion.

Terraforming Mars to Create a New Earth

Marsha Freeman

Space scientists are now working on bold new plans to take the first steps to make all worlds habitable for future generations.

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