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From the Associate Editor

Commenting on news reports that Arizona Sen. John McCain might bolt from the Republican Party and join the Democrats, Lyndon LaRouche said that, while we don't know which way McCain will jump, there is clearly a sea-change occurring in the political party alignment and policy agenda in the United States (see page 71).

Such a "sea-change" is occurring around the world, in response to the bankruptcy of the global financial system, the disaster of the Bush Administration's policies across the board, and the interventions of the LaRouche movement internationally:

- As we go to press, former Argentine President Carlos Menem, a longtime enemy of LaRouche's policies, has been arrested on corruption charges. On the eve of this explosive development, a coalition of patriots from Argentina and Brazil met to forge a continent-wide movement for national sovereignty and economic development, against usury and globalization. LaRouche sent a message to the conference (see page 44), eloquently pointing to the higher purpose to which patriots of each nation must aspire: the principle of the general welfare, as expressed in the U.S. Constitution, and the 1823 Monroe Doctrine. A message was also sent by LaRouche's friend, the imprisoned Col. Mohamed Alí Seineldín of Argentina, who, a little more than a week before Menem's arrest, had testified in court on Menem's crimes.

- The global fight against the energy policy of the Bush League, which we featured last week, is gathering steam. See *Economics* for the dirt on the Bush-Enron partnership, and the emerging alliance between Mexican and American patriots, to stop the deregulation of national energy supply and distribution.

- The battle for the general welfare in the United States escalates, with the D-Day march in Washington to save D.C. General Hospital, and the filing of a "friend of the court" brief signed by 131 constituency leaders from around the nation.

- See LaRouche's dialogue with Polish educators, on how to prepare the youth for a national mission that will enhance the dignity of man. This, by contrast to the hegemony of "popular opinion" controlled by an oligarchy—a doctrine spelled out earlier in this century by propagandist Walter Lippmann (see *Feature*).

Susan Welsh

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*A march on June 6,
protesting the
shutdown of D.C.
General Hospital.*



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Photo and graphic credits: Cover, pages 8, 59, 61, EIRNS/Stuart Lewis. Page 20, Library of Congress Prints and Photographs Division. Pages 5, 29, 30, 34, 51, EIRNS. Page 45, EIRNS/Dennis Small.

Corrections: In last week's issue, a photo caption on p. 72 misidentified Elliot Greenspan. He is the LaRouche Democrat running for the New Jersey gubernatorial nomination.

Also in last week's issue ("Southern Flank" in Mexico Against Bush's Energy Cartel," p. 4), we reported that Enron's profits that gone from \$40 billion in 1999 to \$100 billion in 2000. It was revenues, not profits, that went to the \$100 billion level.

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Bush and Enron: Conflict Of Interest, and Reality

by John Hoefle

Under energy deregulation, Texas and the South have become the most notorious havens for pirates since the Barbary Coast, home to energy companies which charge obscene prices for natural gas and electricity, and which get downright obnoxious whenever anyone dares to challenge their right to loot.

The worst case may be Houston's Reliant Energy, on whose board sits Bush family consigliere, former Bush Administration Secretary of State and current lawyer for the robber barons, James A. Baker III. Reliant had the nerve to charge the State of California \$1,900 per megawatt-hour for electricity in May, power which the state urgently needed to avoid blackouts. When California Gov. Gray Davis (D) publicly criticized Reliant—by name—for price gouging, a shill for Reliant amazingly replied that California had set the company up by accepting their bid, to embarrass poor innocent Reliant.

The Bush-Enron Partnership

The involvement of Houston scion Baker with the energy pirates is but one of a plethora of incestuous connections between the Bush family, the Bush Administration, and the energy cartel. Enron, a company close to both the Bush hearts and the Bush pocketbooks, has served as a virtual home away from home for members of the previous and current Bush administrations. When the one-term President George I went down to a well-deserved defeat, several top-level officials went to work for Enron, either as officers or consultants—including Reliant's Baker—and George himself collected numerous, lucrative speaking fees from the company.

The relationship between Enron and the Bushes has been long, and profitable. As Vice President under Ronald Reagan, George Bush (George I) headed a task force which pushed deregulation in both finance and energy, including advocating the repeal of the Public Utility Holding Company Act of 1935 (PUHCA), the law passed by Franklin Roosevelt to bust up

the Morgan electricity cartel. While the PUHCA is still on the books, it has been substantially outflanked, in much the same way that the banks ignored Glass-Steagall—the FDR law which broke up the House of Morgan into J.P. Morgan and Morgan Stanley—prior to the repeal of that act in November 1999.

Enron repaid the favor in February 1993, when it announced that two former George I Cabinet members, Secretary of State Baker and Secretary of Commerce Robert Mosbacher, had agreed to help the company to secure natural gas projects overseas. Both Baker and Mosbacher had previously been directors (and Baker's family among the founders) of Houston's elite Texas Commerce Bancshares, where Enron chairman Ken Lay was also a director.

“Their international business experience and knowledge of governments around the world, as well as their great understanding of the energy business, will greatly enhance Enron's goal of becoming the world's first natural gas major,” Enron's Lay said in announcing what the company described as a joint consulting and investing agreement with Baker and Mosbacher.

Enron also added Lt. Gen. Thomas Kelly (ret.) to its board. Kelly had served as director of operations for the Joint Chiefs of Staff during Bush's Persian Gulf War.

In 1993, according to journalist Seymour Hersh, Baker, Mosbacher, and Kelly accompanied Sir George Bush on a trip to Kuwait, to help Enron secure a contract to rebuild energy plants that had been destroyed during the Gulf War.

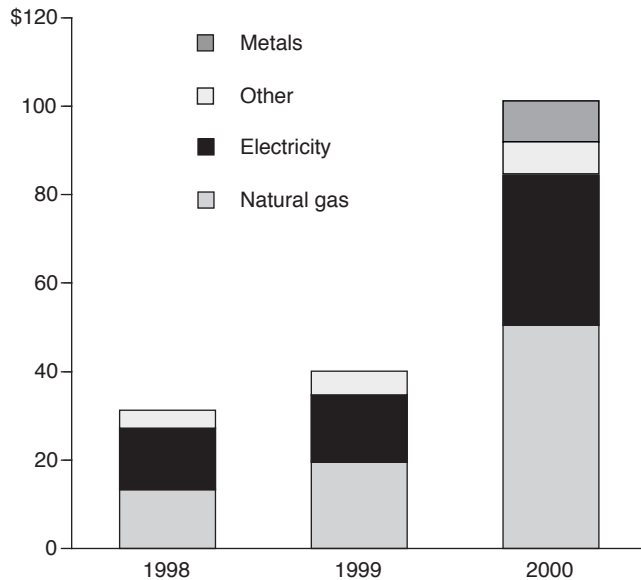
The Money Pours In

The combination of its international contracts and the domestic deregulation of natural gas and electricity has been enormously profitable for Enron, which was ranked seventh by revenue on *Fortune's* 500 largest U.S. corporations in 2000, up from eighteenth in 1999. The firm reported more

FIGURE 1D

Enron Natural Gas and Electricity Revenues Soar

(Billions \$)



Source: Enron.

than \$100 billion in revenue in 2000, with electricity sales of \$34 billion and natural gas sales of \$50 billion (**Figure 1**). Its electricity revenues in 2000 alone, exceeded its total revenue in 1998, and its natural gas revenues in 2000 exceeded its total revenues in 1999. Not bad for a company which claims to be in the business of lowering consumers' energy bills.

Over the years, Enron has transformed itself from a natural gas company into an energy trader; though it still owns energy production and distribution facilities, it has essentially become an investment bank, playing the energy markets the way the Wall Street banks play the bond and currency markets. Enron specializes in buying electricity and natural gas where prices are cheap, and selling them where prices are dear. The company uses derivatives to hedge its bets, and also sells them, going so far as to run television commercials touting its weather derivatives business.

Domestically, the company owns a 25,000-mile network of natural gas pipelines, and physical natural gas delivery volumes increased 77% in 2000, to 24.7 billion cubic feet per day. It also delivered 579 million megawatt-hours of electricity, a 52% increase. Enron owns its own electric utility, Portland General Electric of Oregon, which has 2,015 MW of electricity-generating capacity, and another 4,000 MW of unregulated generating capacity. It is attempting to sell Portland General to Sierra Resources, since the profits from a regulated utility do not begin to compare with the profits it can make in the unregulated markets.

Enron is also active internationally, building a natural gas and electricity market in Europe. It owns all, or portions of 13 non-utility power plants with 3,800 MW of capacity in Ibero-America (Brazil, the Dominican Republic, Guatemala, Nicaragua, and Panama), as well as India, China, the Philippines, Guam, and Turkey; 10,000 miles of natural gas pipelines in Argentina, Bolivia, Brazil, and Colombia; and the Elektro electric utility in Brazil, with its 51,000-mile electricity transmission grid.

The company's fastest-growing business is its Internet-based e-commerce website, EnronOnline, which the company established in November 1999. Last year, some 548,000 transactions with a notional value of \$336 billion were conducted through EnronOnline. The company currently offers more than 1,200 "products" through the website, which accounts for about half of its business.

The combination of deregulation and globalization has made Enron one of the world's premier money machines; the company, in turn, spreads that money around liberally, in the United States and internationally, to push its globalist, "free-market" propaganda.

Joined at the Hip

If the connections between Enron and the administration of George I were tight, the connections between Enron and

'California's Crisis: Lesson for Mexico'

Under this headline, one of Mexico's most widely read magazines hit the newsstands in the first week of June with a major interview with LaRouche spokesman Harley Schlanger, featuring the kicker, "The Energy Cartels: Lying in Ambush." *Proceso* magazine interviewed Schlanger in a frontal attack on the "Texas energy cartels who have ruined California, and now tell Mexican President Vicente Fox that they want to help Mexico develop." Schlanger said he had no basis to affirm that Fox's government is complicit with these companies, but "I know that President Bush and Fox consider themselves good friends, and the friends of Bush in the U.S. are those that would benefit from this type of accord between Mexico and the U.S. This I do know."

In the interview, Schlanger calls for a common front "with Mexican patriots, against privatization." *Proceso* quotes him, "The idea is to build a kind of national force which could use the case of California to show Mexicans what will happen if they hand over production of electricity to the 'Houston cartel.'"

the “Duh-bya” Administration are so close that it is difficult to tell where one begins and the other ends. The Bush Administration’s two nominees to the Federal Energy Regulatory Commission (FERC) were approved in advance by Enron; the pair, former Texas Public Utilities Commissioner Pat Wood III, and former Pennsylvania Public Utilities Commissioner Nora Mead Brownell, are both close to Enron. Wood, a former Baker & Botts attorney, was appointed to his Texas position by then-Gov. George W. Bush, while Brownell (who some prognosticators have dubbed “Nora Mead Brownout”) helped Enron move into Pennsylvania. Needless to say, both Texas and Pennsylvania are deregulated states. Wood has been slated by the Bush Administration to become the next chairman of FERC, replacing current chairman Curt Hebert.

Hebert, a deregulation zealot and protégé of Senate Minority Leader Trent Lott (R-Miss.), told the *New York Times* that a few weeks after Bush had appointed him as FERC chairman, he received a call from Enron’s Lay, offering to support his chairmanship, if Hebert would support Enron’s campaign to further deregulate and force states and utilities to open up their electricity transmission lines to Enron and its fellow marketers. Ultimately, Enron swung its weight behind Wood, to replace Hebert. (Behind the Wood-Hebert fight, according to rumor, is a battle between Enron and Southern Co. over coal. Enron wants stricter environmental regulations on coal, to boost its business selling coal-pollution credits, while Southern, a big supporter of Lott, wants looser coal regulations, to boost its generating profits. Southern, through its Southern Energy/Mirant spin-off, is also a major player in the non-utility electricity market.)

Even without Wood and Brownell, FERC has proven to be a disaster. Part of its mandate, from FDR’s PUHCA, is to enforce “just and reasonable rates” for electricity, but FERC has been hard-pressed to find, much less correct, any price gouging in California. After all, as Enron President Jeffrey Skilling likes to ask, who’s to say what “just and reasonable” means? Skilling asked that very question on the June 5 edition of PBS’s “Frontline,” and then answered it by claiming that under the old regulatory system rates were way too high, and that under deregulation, rates would fall. Even more impressive, he said it with a straight face.

Owning the White House

Enron also had significant input into the administration’s national energy plan, including personal meetings between Lay and White House energy task force head Vice President Dick Cheney. Lay and Cheney are old acquaintances. While Cheney was CEO of Halliburton, his Houston-based Brown & Root subsidiary built Enron’s new baseball park in Houston, modestly named Enron Field.

Numerous other administration officials have either worked for Enron or have owned Enron stock. Secretary of the Army Thomas E. White, a retired brigadier general, was the vice chairman of Enron Energy Services, while economic

adviser Lawrence Lindsey had a \$50,000-a-year consulting job with the firm. U.S. Trade Representative Robert Zoellick served on Enron’s Advisory Board. Both White House Chief of Staff Karl Rove and the Vice President’s Chief of Staff Lewis “Scooter” Libbey, owned significant amounts of Enron stock.

Enron, as we indicated previously, has been the single largest financial contributor to the political campaigns of President George W. Bush, with the company and its executives providing more than \$550,000. Enron, Lay, and Skilling also gave \$300,000 to the Bush-Cheney 2001 Presidential Inaugural Committee.

Other energy-related companies and their executives have also contributed heavily to Bush’s political career. Brothers Sam and Charles Wyly, who run both the giant Maverick Capital hedge fund and independent energy company Green Mountain, have donated more than \$220,000 to Bush’s campaigns. Among the Pioneers, a designation for those who raised more than \$100,000 for Dubya’s Presidential bid, are the former head of Reliant Energy, Don Jordan, its current head Steve Letbetter, Edison Electric Institute head Thomas Kuhn, and, of course, Ken Lay.

National Security Adviser Condoleezza Rice hasn’t got-

Barton ‘Emergency’ Energy Bill Dies

On June 6, Rep. Joe Barton (R-Tex.), chairman of the House Energy Subcommittee, announced that his draft Electricity Emergency Relief Act (H.R. 1647), nominally aid for California, is “no longer necessary.” Introduced on May 1, this is the cartel-serving bill that refused to curb runaway electricity prices, and mandated readiness for use of Federal emergency powers. (It was also called Barton’s “Emergency Rule” Act.)

The madcap events surrounding Barton’s announcement make clear that the political future of Republicans allied with Bush energy cartel demands, is: “damned if you do—damned if you don’t.” If you back measures to rein in the hyperinflation and profiteering, you are in direct conflict with the Bush Administration/energy cartel. If you don’t back measures, you are politically dead. In California, there are 20 House Republicans (out of 52 seats).

On May 24-26, House Energy and Commerce Committee hearings to mark up the Barton bill were halted every couple of hours, with signs posted on the hearing chamber to “come back later,” ostensibly because the committee was “close to a bipartisan deal.”

The agreement never materialized. The rumor was out,

ten any money from Enron, as far as we know, but she did sit on the board of San Francisco-based oil giant Chevron, and owned between \$250,000 and \$500,000 worth of its stock, according to her financial statements. Chevron, which is in the process of buying Texaco, owns 29% of Dynegy, the Houston-based energy pirate which has made a bundle off California's misery. Chevron is now threatening that West Coast gasoline prices will go sky-high if its California refinery does not get an exemption from power blackouts.

Clay Johnson, the director of personnel at the White House, owned between \$100,000 and \$250,000 of stock in El Paso Corp., the Houston-based energy company accused by the State of California of manipulating the natural gas market to jack up prices.

'Negawatts'

Faced with the spectacular failure of deregulation in California, and its more discreet failure in Massachusetts and Pennsylvania, the deregulation mafia has been working overtime to blame the population and government of California for the crisis. The California crisis, Enron's Skilling insists, occurred because the state refused to fully deregulate, by retaining caps on what the consumers could be charged. The

California deregulation bill was indeed insane, but Skilling is demonstrating a well-developed sense of hypocrisy, since, according to *EIR*'s sources, Enron had a major hand in writing the California law.

Now, Enron, Reliant, and others are pushing yet another insanity designed to separate the public from its money. They are proposing to set up auctions in which people can auction off their unused energy, similar to the way in which the aluminum industry in the Pacific Northwest has shut down aluminum production, selling the electricity they would have used in their smelters for a tidy profit. The name for this "market-based conservation" strategy is "negawatts."

The most interesting thing about this idiotic proposal is the mind-set of those who propose it. They are absolutely determined to keep jacking up energy prices, using first the lure of lower prices through deregulation, and now the "negawatt" scam, to convince people that deregulation will somehow put money in their pockets. But the only ones getting rich are the energy companies, their Wall Street and City of London controllers, and the politicians in their pockets.

For the Bush Administration, it's not just a conflict of interest, it's a conflict with reality. For the nation, it's a disaster, which must be reversed immediately.

that the bill was dead over price controls; the Republicans didn't want to bring the issue to a vote.

But pretense continued. On June 6, yet another mark-up was called. But again, the committee adjourned for "temporary" recesses all morning.

Finally, Barton and Billy Tauzin (R-La.), chairman of the full committee, flanked by two California Republicans (Mary Bono and George Radanovich), announced at an impromptu press conference that they were dropping the bill, in the interests of "bipartisanship and comity." They said that the bill wasn't necessary because so many of its provisions had been adopted in the President's energy policy, and by California Gov. Gray Davis (D).

They asserted that even though their version of the bill (without any price caps or controls) would pass, they didn't want to go forward with a bill that didn't have the full support of the Democrats. They stated that they had been close to a deal, except for outside manipulation by the Democratic leadership, i.e., House Minority Leader Richard Gephardt (D-Mo.).

The Issue Is Price-Gouging

The press asked, wasn't it true that the real reason the bill was scrapped was that they were afraid to subject California Republicans to a vote on price controls? "Absolutely not," claimed Barton and Tauzin.

As the Republicans began to leave, the press asked:

Why, if all was so "bipartisan," were no Democrats present? At that point, in marched a phalanx of angry Democrats—John Dingell (Mich.), Anna Eshoo (Calif.), Jane Harmon (Calif.), and Henry Waxman (Calif.), who began their own press briefing.

Eshoo countered Barton directly. The Democrats were never even close to a deal. In fact, they hadn't even heard from Republican negotiators since the Memorial Day recess began, she said. The issue is price gouging by out-of-state energy suppliers, and the withholding of energy to drive up the price even further. Waxman said that Democrats were not even told that the mark-up hearing would be cancelled.

All the Democrats reiterated the need for action by the Federal Energy Regulatory Commission, and said that they are prepared to go with the Eshoo/Inslee bill (House complement to the Senate Feinstein/Smith bill for cost-based pricing) via discharge petition (requiring 218 signatures for a floor vote).

"There are cracks in the California Republican delegation. How can anyone stay on the side of gougers and gamers?" said Eshoo. Harman stressed that it's a Federal problem, not a state problem. "We can be optimistic," she said, because Jeff Bingaman, who wants to move a bill, is now chairman of the Senate Energy Committee, and with a discharge petition it can pass the House.

—Suzanne Rose

‘Mexico Is Watching California With a Magnifying Glass’

Erik Fleming is a second-term Mississippi State Representative and former State Senator, and Democratic Committee chairman of Hines County, which includes the state capital of Jackson. With Brian Lantz, a LaRouche movement leader in the Southwest, Representative Fleming travelled to Monterrey, Mexico in late May to intervene against the World Bank push for energy deregulation there. He was interviewed on June 6 by Paul Gallagher.

EIR: You went, in the last ten days, to Mexico—to Monterrey—as a Representative in the state legislature in Mississippi, and you met with members of the Nuevo León state legislature. Can you, first, give us the background of your service with regard to the general welfare in the United States?

Fleming: My commitment to the general welfare of the United States, is that I look at the American dream not as having a house and a car and all that, but the elevation of the human existence. I think that every human being deserves the right to be as powerful, as intelligent, as gifted as they should be. My job as a state legislator, following the oath that I took, is to make sure that people have that opportunity. In dealing with issues, we have to take the side that would reach that goal, elevating human beings rather than devaluing them.

And so I was down in Monterrey discussing several issues, but the main issue I talked with the state congressmen about, in Nuevo León, was the energy deregulation issue.

EIR: You were there with Brian Lantz, who is a leader of the LaRouche movement in the U.S. Southwest. This is something that has been identified by LaRouche as a major national and international principle—this fight against energy deregulation. What’s your view of it there, and what did you discuss with the leaders in Mexico?



Fleming: I frankly told them that deregulation is a terrible, bad, ridiculous idea. Mexico’s situation is a little different from that of the United States; the government has control of the oil and natural gas pipelines, and so on. And what they’re trying to do—El Paso Corp. and Enron—is they’re trying to buy that control from them, and convince them to deregulate and let that gas and oil be on the free market. That would be a total 180° turn for Mexico. I told them it would be disastrous. Just look at what is happening in California, with the lack of power supply and planning; and not only have prices gone through the roof, but the two main power companies are financially crippled. The state is trying to salvage that, spending about \$70 million per day, trying to buy power for the state. It’s just a total disaster.

What the legislators picked up on, when we talked about it, was the fact that natural gas and oil that they’re producing for their own country, will be shipped off—especially natural gas, right now, to deal with California’s situation and whatever else is going on—and there may be a shortage, not just a price problem, but an actual shortage of natural resources for the citizens of Mexico. As they said, that is not in their best interest. They had to put a cap on prices for natural gas, because they tried to keep up with the standard market price internationally, but when they saw that it was getting too high for their residents to afford, they stepped in and put a cap on it. I told them, if you deregulate, you can’t do that any more.

They’re watching the California situation with a magnifying glass; and they’re also paying attention to the investigation that’s going on, of El Paso Corp.; and the hint of impropriety has got them concerned. If there’s actually anything that turns up in the investigation, that solidifies that El Paso Corp. and Enron were involved in any kind of price manipulation and gouging, then that’s really going to send an alarm to them, and it will be hard for them to sell the idea of deregulation—even if they wanted to. I think that just the fact, that those two corporations have positioned themselves to be the players in this—not even the government of Mexico, which is considered conservative, will risk losing control of the politics, by engaging in any kind of business with those folks.

EIR: Our publication has reported that the World Bank, on

May 24, released a large number of recommendations, or directives, to Mexico on energy. Can you discuss those, in terms of what the people you met with were saying? In California, deregulation means deregulation of both production and transmission of electrical energy and natural gas. Is that what is being directed upon Mexico now?

Fleming: That's exactly what's being imposed. And further, it's control. Because, as I said, the government controls the natural gas pipelines right now—it's not a private venture doing it, it's a government enterprise. So if they deregulate, they lose that control, and the speculative market comes into play. It was interesting—I couldn't follow point-by-point every detail of this, because unfortunately, my Spanish is not good, but it was pretty obvious, that a lot of the World Bank recommendations were transformed into President [Vicente] Fox's national plan of development.

EIR: He had adopted them already?

Fleming: Yes. In the campaign, there were some issues he didn't even address. But now, by the time he's come out with his national plan of development for 2001, it mirrors a lot of the issues of the World Bank; several of the papers picked up on that.

The ironic thing, is that the people of Mexico understand the relationship between the country and the World Bank; and with anybody I talked to, when I mentioned the World Bank or the IMF [International Monetary Fund], I got this real negative response. The people understand that the World Bank is robbing that country, and is depriving them of their financial resources to do the things that they need to do to develop.

EIR: You met with members of the state legislature there. Were they members of President Fox's party, the PAN, or other parties, or both?

Fleming: We met with representatives of three of the four major parties: the PRI [Institutional Revolutionary Party]; the PAN [National Action Party], which is Fox's party; and the PT [Workers Party]. The PAN representative was very non-committal but very attentive, and asking the right kind of questions to be able to report back to President Fox and members of the ruling party, the concerns about deregulation. He was the one who introduced the legislation to put the price caps on natural gas. The PRI and PT representatives were very much in support of what I was saying against deregulation. They're not in favor of it. They were refreshed to hear an American legislator come, and tell them why deregulation was a bad idea.

EIR: In Mexico, is the situation like that in the U.S., where now, the broader population has become aware that there is a national energy policy fight, and that it pits the welfare of California, other states, the nation, against Texas-based energy companies linked to Bush: Is the deregulation issue un-

derstood in Mexico in a similar way?

Fleming: I think by the elected officials. The general public understands more this World Bank-IMF relationship. The general public has a disdain for the World Bank, because they understand that a good portion of their budget—anywhere from 40-60%—is going to pay a debt that they don't owe any more. The average person I talked to, from college students to taxicab drivers (who are pretty educated taxicab drivers, by the way; many of them have engineering degrees there), they are just appalled by how that institution is allowed to continue to hold their country in a financial kidnapping, to hold them hostage. If the World Bank says that deregulation is a good idea, then the reaction from the people, right away, is, "We don't think so, because you haven't been acting in our best interests."

EIR: Was your trip noted by the media there?

Fleming: Oh, yes. Especially the day that we met with the congressional representatives; it was full coverage—TV cameras and microphones all over the place. They covered it. We had a press conference to let everyone know what our position was on the issue. Right after the press conference, we had the meeting. And both events were well covered, so we felt that the message got out there.

As a matter of fact, part of the media pressure, I guess, was to see if they were going to allow me to meet with President Fox, sometime in the future. There wasn't any commitment then, but there was some serious consideration about that. He needs to understand—talking about the general welfare—that his country is in a very vital position in the world economic situation. If they surrender their national resources, then they'll be no better than a colony in Africa, with the natural resources they have, and the fight that they had to have in South Africa, to have any indigenous control there. And even, to some extent, they still don't have the control, because the IMF is playing a major role in trying to curtail whatever self-determination they have there.

It's the same fight. If we don't inform and educate our brothers and sisters there in Mexico, as to how serious this is, and what the big picture is, then they'll fall into the same trap as every other country—including our own.

It would be an honor, but it would [also] be worthwhile, to sit down with the President, and try my best to explain that, and see if it motivates him to take some action, in a positive way, for his people. . . .

EIR: You've been on the Democratic National Committee, and had national responsibility earlier in the Young Democrats. What is your view of the changes which have been set off now, around the Jeffords change of party, and what this will mean for the Democratic Party, and particularly for those involved in these fights that LaRouche has started?

Fleming: Well, I'm hoping that the Democratic Party will

start really acting like Democrats again. Each party has their own wings, and from time to time, those wings have control. The Democratic Party has always tried not to block people out, but just to allow ideas to come, and then we hash them out, and debate them, and go for them.

But what has happened with this DLC, the Democratic Leadership Council phenomenon that got Bill Clinton elected, and so on, was a drastic move toward being Republicans. And whereas there were some issues that I could identify with, the overall tone, was very dangerous.

Because in America, we need to have a clear definition of where people stand. We can't have people trying to appease everybody. If your idea is one thing for the general welfare, and the other person has another idea, then that's fine—that's what we're supposed to do. But don't try to straddle the fence on every issue. And that's where this DLC comes across as being this new, broad-based thing, and all that—but all it is, is just lowering the threshold of expectations.

EIR: The idea of “two Republican Parties” competing with each other.

Fleming: Right. The Democratic Party, especially under Roosevelt, and especially with Kennedy and others, has been—is supposed to have been the party that is open to the people, accountable to the people, and that believes that people need a helping hand, every now and then. When the times dictate that government should intervene, it should intervene, and nobody should disrespect that. They should expect that from their government. They expect governments to act when the nation is threatened in a military sense. They should expect the government to defend the nation in an economic sense as well.

That's where we are now. We hope that Jeffords' switch will allow a lot of those ideas that are being proposed by Mr. LaRouche, and others in the Democratic Party, to rebuild and strengthen the nation economically as well as from a social standpoint—that that faction and leadership will now be allowed to wheel and deal in the Washington political scene; and through Daschle's leadership, we'll be able to incorporate our ideas, even in President Bush's agenda. Even though President Bush's whole tenure is stacked on a house of cards, and eventually it's going to fall, the way our process works right now, we've got to respect the fact that he's in there, and try to work with him, and to work around him, when necessary.

I think the Democratic Party, now, is in a position to do that, especially in the Senate. The Senate was designed as the deliberative body, anyway. It was designed to be the body that could stop the train coming from the House of Representatives, coming from the White House, and say, “Wait a minute; what's in the best interests of the nation?” And I think now, with a Democratic majority in that body, you've got those brakes that we need on the speeding car.

Egypt Seeks Nuclear Power for Third World

by Hussein Al-Nadeem

Egypt was the host for “The International Seminar on Status and Prospects for Small and Medium-Sized Reactors,” on May 27-31. The seminar was co-organized by the International Atomic Energy Agency (IAEA) and the Egyptian Nuclear Power Plants Authority, and was attended by 150 experts and industrialists from 45 countries.

The theme and the purpose of the seminar were indicated in the opening speeches of Egyptian Prime Minister Atef Ebeid and IAEA Director General Mohammed El-Baradei. Ebeid, whose speech was read by Egyptian Energy Minister Dr. Ali El Saiedi, said: “One-third of world population does not have energy resources. . . . Economic and technological development and the enormous population growth in the developing nations create a great demand for energy supply. If we want to alleviate poverty, we must work together to build a climate for investment that will create jobs, provide sustainable growth, and help develop and deploy advanced energy technologies.” He emphasized that “Egypt is among countries that are particularly interested in SMRs [small and medium reactors] as an electricity source and for water desalination plants, which are highly energy-intensive facilities.”

The Prime Minister added: “The use of nuclear energy as a crucial element in the energy systems of the developing countries will contribute to providing the energy supplies which do not emit greenhouse gasses. . . . The use of nuclear reactors to meet part of the energy needs and water supplies requires a commitment to a number of crucial conditions to develop and implement them successfully. These conditions are: long-term commitment to nuclear programs and their requirements, which the state has to develop and provide, such as basic infrastructure, technological knowledge base, and nuclear safety.”

IAEA Director El-Baradei said: “The demand for a higher standard of living is increasing everywhere—yet an estimated 2 billion people still lack access to electricity. Dramatic increases in electricity demand are expected over the next several decades—with the growth rate in the developing countries expected to be three times faster than in industrialized countries.” He stressed that “a total reliance on fossil fuels and large hydroelectric facilities is not sustain-

able, and an expanded future role of nuclear power must be considered.”

Al-Baradei counted the merits of small and medium reactors, which have a power output of less than 700 megawatts electric. “They are more suitable for standardization and prefabrication, which in turn, encourages enhanced quality control and stimulates rapid development of expertise and shorter construction schedules.” As for the benefits for developing nations, he said: “Nuclear power technology is a mature technology, and deserves all the attention, due to its ability to contribute to resolve a number of economic, social, and environmental complexities that accompany development. The development of new small and medium modules will play a leading role in coordinating and harmonizing nuclear technology with the need of its users.” On the relevance of SMRs for water desalination, El-Baradei said: “Seawater desalination is an application for which smaller reactors hold a particular advantage. Nuclear-powered desalination is a proven technology.”

Atoms for Water and Peace

As has been repeatedly emphasized by *EIR* and by Lyndon LaRouche (through his “Oasis Plan”), if durable peace is to be established in the Middle East, providing new, massive amounts of water—through nuclear-powered desalination of seawater—would be its cornerstone. The region must be put on a course of “peace through development”-type of cooperation. This will eliminate the danger of wars over “limited” water resources, a historical fact in all Arab-Israeli wars. When this element of the peace process was sabotaged during the Clinton Administration years, and religious issues were put on the table of negotiations, the process was started which culminated in Ariel Sharon, the “butcher of Lebanon,” assuming power in Israel.

If these initiatives were not taken as a regional cooperation process, then each sovereign nation-state would have to pursue this end of development independently. During this seminar, both Egyptian and international representatives made it clear, that part of Egypt’s strategic agro-industrial program, which started in 1994, is the use of nuclear energy for water desalination.

El-Baradei announced that “the IAEA supported Egypt to carry out a feasibility study for the construction of a dual nuclear power plant for the purpose of power production and water desalination. This project is aiming at finding out more about Egypt’s needs for energy and freshwater and the types of reactor that are most appropriate for Egypt’s water desalination projects.”

Agreement of Russia and Egypt

In late April, during President Hosni Mubarak’s summit meeting with Russian President Vladimir Putin, Egypt and Russia signed a memorandum of understanding (MOU) for

cooperation in Egyptian nuclear programs: civilian use of nuclear technology for power production and water desalination.

The MOU states: “Egypt and Russia have agreed to develop and expand economic, scientific, and technical cooperation in the peaceful use of atomic energy according to Egypt’s national nuclear needs and priorities.” In a clear reference to the need for massive energy input for water desalination for Egypt’s future water supplies, the MOU says:

“The two sides committed themselves to enhance the use of nuclear energy, and provide energy for sustainable development, [and] improvement of the environment, taking in consideration the republic of Egypt’s interest in expanding and improving its energy base and providing the conditions for supplying the population with desalinated water.”

The comprehensive agreement will allow the two countries to cooperate in the research, development, and application of the following fields: nuclear energy technologies; nuclear fuel cycle, including exploration and production of raw materials; nuclear and radiation safety; production and application of radioactive isotopes; plasma physics; laser technologies. The MOU refers to the cooperation between the two sides for exchange of information, expertise, and personnel; establishing joint teams for the study and application of the different projects; education and training of Egyptians in Russian nuclear facilities and institutes; and establishment of joint research institutions.

During the discussions at the Cairo seminar, participants argued that it is necessary for countries in the region to enter this field, taking Egypt as a good example. Egypt, one of the largest countries in the Middle East and Africa, is constituted mostly of desert. Only a small part of the land, a thin strip on both banks of the Nile and the Delta, is utilized to sustain more than 60 million people. The expansion of the population centers to the west and to the Sinai would require the creation of new water supplies.

It was suggested in the seminar that the Egyptian Mediterranean coast (north and northwest) would be most suitable for this kind of project. Reports in the Arabic media suggested in May, that part of the agreement with Russia includes the building of a 1,300 MW dual nuclear power complex for energy production and water desalination. The location of this power plant would, reportedly, be on the northern coast of Egypt.

Although reality in the Middle East does not now generate optimism, due to the threat of outbreak of war between Sharon’s Israel and the Arab states, initiatives and discussions such as this seminar are important for the creation of a strategic vision of the future economic and social welfare of the nations of the world, especially in the developing sector.

Productive Investment, Despite Debt Burden, Is Priority for Russia

by Rachel Douglas and Jonathan Tennenbaum

Academician Dmitri Lvov and State Duma (lower house of Parliament) Economic Policy Committee Chairman Sergei Glazyev will take part in Russian government deliberations on social and economic policy for 2002-04. These two leading advocates of dirigist credit-direction to rescue and develop the real sector of the economy, were earlier invited to the March 22 cabinet debate of long-term economic policy. The newspaper *Vedomosti* reported on May 29, that Prime Minister Mikhail Kasyanov is currently conducting the preparatory discussions on budget policy for the 2002-04 period behind closed doors, and suggested that the confidential nature of the talks means that fundamental questions of state economic policy are on the table.

According to *Vedomosti*, the government will not try to reduce social spending in this immediate period ahead, despite pressures to do so from the free-market liberals. *Vedomosti* commentator A. Becker observed, "The presence of Academician Dmitri Lvov at the meeting suggests a resumed discussion on redistribution of the so-called natural rent, from the fuel sector to the devastated production sphere. Sergei Glazyev, head of the State Duma's Economic Committee, will certainly raise the issue of 'managing excess liquidity,' suggesting that the real economy should receive credits through a system of state-run banks, in particular, using the assets of Sberbank [the state Savings Bank]."

The May 28 meeting of the government was devoted to this year's and the 2002 budget—both the revenue side, and the enormous, mounting pressures for spending. President Vladimir Putin told the cabinet, "It is better to tell the truth to the population, to say sincerely what the budget will be able to provide, and what will not be covered." The meeting occurred three days after Putin returned from touring the flood-devastated Yakutsk region, where budget-busting multibillion-ruble damages have occurred. Putin has brought up the need for the country's main diamond company, based in that area, to sell gems, and maybe stock shares, to raise funds for repairs.

At the May 28 session, Putin criticized the government for working every day on the budget, but with "no visible results." *Vedomosti*, among other sources, interpreted his re-

mark as a blast at Finance Minister Aleksei Kudrin, who was responsible for completing the budget calculations by the end of May.

Debt Service . . .

During May, Kudrin boasted about Russia's high debt-paying ability. On May 17, he said that Moscow has no plans to apply for IMF loans either this year or next, and would continue to do without such loans if spending can be controlled. On May 22, Kudrin stated that Russia may drop its demand for rescheduling of its Paris Club (Soviet-era, state-to-state) debts, and still be able to make all foreign debt payments on schedule.

In a speech to the European Business Club on May 25, Glazyev demonstrated that to make all payments on all debts that are on the books, would demand that 80% of all of Russia's budget spending in 2003 go for debt service. That being simply impossible, the prospect of default would loom. Since international creditors have no interest in a Russian default, Glazyev advised that they support a workable alternative. He presented the proposals for "avoiding default," developed with his participation, by the Russian Association of Foreign Economic Organizations.

. . . or Debt-for-Investment?

Glazyev pointed to the agreement reached during the visit of Spanish Prime Minister José María Aznar to Moscow, in May, as a model for what could be done on a much bigger scale. "Although the role of the debt to Spain within the overall structure of Russian foreign debt is relatively small (about \$900 million), the agreement can become a serious step toward the realization of the scheme of 'exchanging debt for investment,' whose necessity was pointed out by President Putin at the end of last year," Glazyev said.

The basic concept, is that foreign investors would purchase portions of Russian debt, receiving in return "adequate sums" of Russian rubles, to be invested in Russia, on the condition that the money be kept in Russia for a minimum of five years. The investor can freely choose what to invest in, but the Russian government would provide tax breaks, state guarantees, and other privileged treatment for investments into sectors and projects, deemed to be particularly beneficial to the Russian economy. Such schemes are well-known in international practice, Glazyev noted.

Russia has applied the debt-for-investment principle to Algeria's debt owed to Russia. Deputy Prime Minister Ilya Klebanov, visiting Algiers in May, signed an agreement to restructure part of Algeria's some \$4 billion of debts to Russia, and convert the remainder into investment, particularly in industry and irrigation projects. Klebanov noted that the agreement would significantly improve trade and economic cooperation between the two countries. In addition, Russian firms have started to bid on contracts in Algeria for the construction of energy infrastructure.

IMF Asks Shock Therapy In Japan, Bankers Say

by Our Special Correspondent

Japan's banks and government bond markets are now in such enormous trouble that "the government has to be ready to face emergencies," International Monetary Fund (IMF) Japan chief Charles Collyns told Japanese officials in Tokyo, Agence France Presse reported on June 1. Collyns' remarks, during an IMF team's annual review of Japan's economy, were reported together with more shocking comments the same day by Kenneth Courtis, vice chairman of Goldman Sachs Asia. Courtis called Japan's banks "a threat to the global economy," according to the same wire. He said that Japan's banking system is "set to enter an unprecedented crisis, a financial implosion" which "would have vast global economic, financial, and political implications." He set "potential losses" by Japanese banks at more than \$875 billion.

In a second interview with Agence France Presse on June 3 entitled "Countdown Begins to a Bond Market Crash in Japan," Courtis said that Japan's government bond market, now more than \$3 trillion, according to Japanese figures, is also set for a meltdown which could destroy the world economy. "It is the biggest bubble in the world, more important than the one that exploded on the Nasdaq," he said. A Goldman Sachs study puts Japan's government debt at 146% of Gross Domestic Product, and claims that 65% of all taxes go to service the debt. In the same wire, IMF Managing Director Horst Köhler is quoted demanding a "cleanup of the budget," saying that this is Japan's "second priority," after disposal of banks' bad loans.

Asked directly, the IMF denied any connection between the Fund and Courtis or his firm, and Courtis' Tokyo office said that he was "out for the week with a terrible cold," and unavailable. "Ken Courtis has lost a lot of credibility around here," one Tokyo banker laughed. "He wrongly predicted a sharp rise of the yen just before the 1997 Asia crisis [i.e., the global financial crisis which broke out in Asia], but the yen fell. Deutsche Bank-Morgan Grenfell, his employer then, lost a lot of money, and Ken lost his job. He switched his view 180 degrees, and he has called for a collapse of the yen, and the government bond market, for three years now—wrong again."

But the situation is no laughing matter. The IMF Japan team, financial industry sources say, is demanding that Japan

adopt a "shock therapy" approach to bad bank loans and mushrooming government debt—the same IMF advice which has ruined Russia and bankrupted half of South Korea, policies as bad or worse as any Goldman Sachs might propose. The Fund is, in fact, sources say, working with Goldman Sachs, sharing statistics, and making similar predictions about Japan's markets in private. Either Japan submits to IMF advice, is the implicit threat, or Tokyo markets could be "talked down" into a crash.

On the Streets

In particular, the IMF Japan team wants to stop Japan's lifetime employment system, and force a policy shift to put large numbers of Japanese out of work and "on the streets," one Wall Street source said. During its annual "Article IV consultations" on the Japanese economy in Tokyo on May 21-28, one source said, the IMF complained that Japanese banks aren't serious about writing off bad or "non-performing loans," because there is not enough pressure by Japan's government on the banks to close down large numbers of corporate borrowers. "Officials in Japan are too reluctant to see people on the streets; there's too slow a process of closing down non-viable companies and banks," is said to be the view. Apparently, the IMF is complaining that banks are funding corporate customers at too-low interest rates, continuing to roll loans over, not letting enough companies go bankrupt, while bank regulators do nothing.

Japan's bank regulators are reportedly blamed by the IMF, which wants them to get much tougher on the banks. If regulators do so, the banks will get tough on corporate borrowers, is the reasoning, which would lead to many more bankruptcies. One IMF official reportedly told a financial source that this is what Japan needs to do. For a while, he said, that means a lot of unemployed, but the IMF believes that this is necessary, despite the incredible social and culture shock to Japanese society which could ensue.

Small and medium-sized companies, known in Germany as the *Mittelstand*, are said to be a large part of Japan's problem, in the IMF's view. Japan does not allow enough competition, and needs more competition such as there is in the United States, IMF officials say, where giant, low-wage chain stores have been allowed to drive whole segments of small and medium-sized industry out of business. "Mom and pop stores," which are found on every street corner in Japan, are a major sector which is running up bad loans at the banks, according to IMF analysis. Some officials actually have said that it is the mom and pop stores that are wrecking Japan.

The IMF has even denied that the Asia crisis of 1997-98, which the IMF itself made worse, accounts for much of Japan's bad loans. Japanese officials and bankers are almost unanimous in reporting that companies all over Asia, both Japanese companies abroad and other Asian companies, all having trouble because of the IMF's rotten policies, are the

borrowers most in danger of defaulting on credit extended by Japan's banks. But, IMF officials have reportedly said that loans gone bad to Asian companies account for only 5% of Japanese banks' bad loans, and that 95% of Japanese non-performing loans are domestic loans.

Small to medium-sized domestic Japanese firms in retail, construction, public works, and real estate account for 50% of Japanese bank loans, in the IMF's analysis, and so they believe, for 50% of non-performing loans. Japan, they say, thus needs to have mass bankruptcies in those sectors in particular, to get rid of the problem.

Ask Goldman Sachs

Asked for more statistics on which borrowers in Japan have the bad loans at the banks, one IMF official referred a financial researcher to Goldman Sachs for the data. Overall, there seems to be an issue of improper collusion between the IMF, which is supposed to answer to member governments, and private firms—such as Goldman Sachs—with a vested interest, which are known to take speculative positions in Japan's markets.

Asked whether he agreed with Goldman Sachs' warning that the Japan Government Bond (JGB) market is about to blow sky high, one IMF official reportedly said that if, "for some reason," Japanese people decide not to hold JGBs any more, it could become worrisome. If, "for some reason," he said, sudden sales of JGBs began, Japan's government would be forced to raise interest rates to attract funds, which would raise interest rates generally. This would trigger corporate bankruptcies, causing non-performing loans to soar, a disastrous loss of bank capital, and even a bank panic, the IMF worries. Thus, in its insane logic, to protect the banks, it advises Japan to shut down the non-bank corporations first.

In addition, the IMF itself, along with the U.S. Treasury, has spent the last ten years pressuring Japan to "reflate" and borrow enormous sums for public-sector stimulus programs. The IMF freely admits this, in many published documents, but says that this year it has changed strategy. Now it is telling Japan to "taper down the stimulus packages, ramp up the structural reforms, and shut down more companies," one source said.

Certainly Japan has a huge government debt problem, as does the United States. When then-Japanese Finance Minister Kiichi Miyazawa warned on March 8 that "the nation's finances are now . . . quite close to collapse," he was referring to projections that had just been released, that the sum of gross total debt owed by Japan's central and regional governments combined, would reach \$5.6 trillion by March 2003. Japan's Finance Ministry now reports this gross government debt to be \$4.35 trillion, and Japanese government bonds outstanding at \$3.1 trillion, compared to U.S. national debt bonds now outstanding of \$5.6 trillion.

Even the U.S. Treasury Department's Japan Desk, how-

ever, noted in an interview that Goldman Sachs' figure of Japanese government debt at 146% of GDP is a tad misleading. Japan also has enormous assets, including more than \$2 trillion in the postal savings fund, and other large government funds, they said, so Japan's net government debt, after subtracting assets, is much lower, \$1.8 trillion, or 44% of GDP. This is at the same level claimed by the United States, which reports net debt at 43% of GDP. The Japanese also have \$12 trillion in private sector savings, and many are eager to hold JGBs as a safety item. In fact, so many Japanese are eager to hold JGBs, that the government need only pay 1.8% on those bonds, and 95% of all JGBs are owned by Japanese nationals.

'For Some Reason'

One economist was so alarmed at the Goldman Sachs projections, with which the IMF agreed, that, for "some reason," Japanese investors might just suddenly decide to dump their government bonds, that he inquired further at the IMF. "If for some reason?" Well, for example, what reason?" he asked. Any number of reasons, came the IMF's not-so-scientific reply. Japanese are used to putting their savings in government postal savings and JGBs, but things do change and things are changing just below the surface in Japan. Many people say interest rates in Japan should be raised because retirees can't live on their savings with 1% interest rates. People are waking up and noticing that formerly conservative Japan has begun to look like profligate Italy with this huge national debt.

But, the economist pointed out, when Japan's savings system was deregulated recently, pundits predicted that everyone would pull their savings out of the low-interest postal fund, and go into foreign banks or anywhere paying higher interest. Instead, more than 95% of postal savings were rolled over and kept where they were, for the sake of safety. The lure of higher returns was not sufficient reason, and so he asked again, "If for some reason? What reason?"

Very soon the Japanese people will realize that they can get a greater return for their money and we believe they will get out, the IMF official insisted. Corporate and private depositors in Japanese banks are also about to get out and go abroad to higher-rate pastures, which will force Japanese banks to sell off parts of their substantial JGB portfolios to raise cash to replace those deposits. If as a result, interest rates rise even a little, say from 1.5% to 3%, they risk a general banking panic.

The International Monetary Fund and Wall Street, it seems, have come up with a sophisticated way to scream "Fire!" in a crowded theater. Given the United States' dependence on Japan for about a quarter of the \$1 billion a day which America must raise to cover its foreign deficit, flirting with a bank panic in Tokyo to gain policy ends is none too bright.

U.S., Argentina Are Economic Crisis Centers

by Richard Freeman

On June 1, leading Wall Street and City of London bankers, and the International Monetary Fund (IMF), in league with Argentina's monetarist Economics Minister Domingo Cavallo, forced a high-risk venture on the government of Argentina: The country agreed to swap \$29.5 billion of old, mostly short-term bonds, for an equal amount of new, long-term bonds, at a stunning 15.3% average rate of interest.

The plan will temporarily reduce Argentina's debt service payments and, the bankers hope, prevent Argentina from missing payments on—and blowing out—its \$211 billion in foreign debt, as well as the debt and dollar obligations of its neighbor, Brazil, which are conservatively put at \$450 billion.

Combined, such a blowout would take down the world financial system. The swap will assuredly devastate the people and economy of Argentina—and it won't stop the world financial system from blowing anyway.

Argentina's Mega-Swap

The Argentine newspaper *Clarín* on June 4 called the debt swap a “degraded version of the Brady Plan,” which refers to the plan put together in the late 1980s by George I's Treasury Secretary Nicholas Brady. Under the Brady Plan, Mexico, Argentina, and Brazil swapped a certain portion of their debt for a new category of bonds called “Brady bonds.” The plan promised to reduce those nations' debt: At first, their debts did fall, but eventually they spiralled out of control, destroying those countries' economies.

The present high-risk activity of the bankers, represents their desperate attempt to halt the disintegration of the global financial-economic system. But in spite, or perhaps because of their efforts, the disintegration has deepened, especially in the United States, where in May, durable goods orders collapsed, and manufacturing unemployment zoomed, as did corporate bankruptcies.

The crisis in Argentina, and the breakdown in the United States, point to a deeper problem, which cannot be solved with dangerous schemes like the failed Brady Plan.

Democratic Presidential pre-candidate Lyndon LaRouche has called for putting the irreparably bankrupt world financial system through Chapter 11 bankruptcy reorganization, while creating a new monetary system to generate credit for Eurasian Land-Bridge high-tech development. This departure in policy-thinking is how a crisis is conquered.

Clarín's characterization of Argentina's debt swap as a “degraded version of the Brady Plan,” is precise. In the 1980s, it was Brady's assistant at the Treasury, David Mulford, who devised the plan and did most of the implementation. Today, it is Mulford—now a top executive at the powerful and dirty *Crédit Suisse First Boston* investment bank—who devised and instigated the mega-swap.

In December of last year, the IMF advanced Argentina a “rescue package” of nearly \$40 billion, with conditionalities attached. Already this year, it has advanced another \$2.5 billion.

Predictably, this did not work. Argentina's economy officially shrank 3.2% in 1999 and 0.7% last year. The fall was actually larger. This year, exports are falling, and its unemployment rate is officially 14.7%.

While Argentina won't have to make interest payments on the newly issued bonds until 2005, the interest will nonetheless accumulate and be capitalized, necessitating huge interest payments: Beginning in 2005, the interest will jump to over \$20 billion that year. The swap will multiply the debt and destroy the economy; but banks such as *Crédit Suisse* and *J.P. Morgan Chase* stand to earn a cool \$140 million in fees for having “managed” the swap.

U.S. Breakdown

Meanwhile, the breakdown of America's physical economy continues to accelerate:

- In April, new orders for manufactured durable goods plunged 5.0%; for the first four months of 2001, new durable goods orders have fallen by 9.2% compared to the same period last year.

- In May, the National Association of Purchasing Management index of manufacturing fell to 42.1%; according to the NAPM, an index below 50 indicates the manufacturing sector is in decline. This is the tenth month in a row that the index has fallen below 50. (The NAPM index actually understates the severity of decline.)

- While the Bureau of Labor Statistics of the U.S. Department of Labor claimed that, officially, U.S. unemployment fell to 4.4% in May, from 4.5% in April, in fact, during May, 124,000 manufacturing jobs disappeared from the economy, of which 78,000 were in manufacturing production. Since last July, the manufacturing production sector has lost more than 600,000 jobs—an accurate indicator of the breakdown of the physical economy.

- The June 5 Swiss financial daily, *Neue Zürcher Zeitung* reported that for the first four months of this year, companies worldwide defaulted on a record \$33 billion worth of corporate bonds. The total in bond defaults for the entire year 2000 was “only” \$28 billion. Of the \$33 billion in defaults from January to April, 2001, \$11 billion worth occurred in April alone, indicating that the pace of the blowout is accelerating.

American corporations accounted for more than half of these defaults.

Shortfalls in U.S. States' Revenues Mount

by Mary Jane Freeman

Dramatic news of significant revenue shortfalls in New Jersey, Michigan, and California, shows that *EIR's* May 4 analysis of a twofold, dynamic process of decline in revenues among U.S. states was on the mark. And, the revenue decline is now accelerating as forecast.

The *EIR* analysis showed that the continued blowout of the stock market bubble, in conjunction with the contraction of the U.S. physical economy, especially manufacturing and "New Economy" high-tech industry components, is devastating state governments' ability to provide for their residents. Many U.S. states built up an inordinate reliance on revenues obtained by taxing Federal Reserve Chairman Alan Greenspan's speculative bubble economy. The wishful thinking of state officials and legislators that the nation is merely in a "temporary, mild recession," and that the stock market will rebound along with the real economy, couldn't be further from reality. The drastic reductions in state revenue projections portend hefty budget cuts over the coming months in basic, vital state programs, and/or siphoning of "rainy day" funds to cover the deficits. The only solution for state officials lies in forging a Federal-state coalition to promote the general welfare, as is embodied in Lyndon LaRouche's New Bretton Woods proposal to launch an economic recovery.

Budget battles in many state legislatures across the country are winding down, as most 2002 fiscal year budgets go into effect on July 1. Getting budgets passed this year became a battle, because the combined impact of job layoffs, a plummeting stock market, and rising energy bills has resulted in reduced revenues. The decade of surpluses, huge tax cuts, and unlimited spending has come to a screeching halt. Revenues are coming up tens of millions to billions of dollars short. The cumulative years of Gingrichite-inspired tax cuts have also deprived states of traditional revenue sources.

What is affected? On average, nationally, almost 70% of a state's revenues are spent on education and health care—about 48% on education and 21% on health care, including Medicaid. Ironically, any cuts in these areas further undermine the ability of the nation to reverse the 35-year decline of the real economy, and thus, it is only by "thinking big," to launch a full-scale FDR-style economic recovery as LaRouche outlines, that any state will be able to restore its tax base to build for the future.

New Jersey and the Bubble Blow-Out

The unravelling of budgets with heavy reliance on the non-productive side of the economy is typified by New Jersey. In seven weeks, the state's nonpartisan Office of Legislative Services (OLS) revised its revenue projections downward by \$600 million, going from a projected \$1 billion shortfall in mid-April, to a \$1.6 billion shortfall as of May 22. The shortfall is against then-Gov. Christie Whitman's January budget proposal for FY 2002. What occurred between these two projections? First, the official unemployment rate rose to 4.2% in April, up from 3.8% in March. Second, personal income taxes paid in were tallied. As OLS Revenue, Finance and Appropriations Section chief David Rosen testified before the State Assembly and Senate budget committees, "Nearly all of today's downward revision concerns the income tax."

Some OLS facts about New Jersey's revenue show just how vulnerable its economy is to the blow-out of the bubble. In fiscal year 2000-01, more than one-third (36.6%) of the state's General Fund Revenues derived from the Gross Income Tax (GIT), the state's personal income tax. A whopping 17-18% of the GIT comes from taxes on capital gains of stock sales, and another 2-3% from taxes on stock options. Since 1997, the GIT has grown four times faster than all other sources of revenue, and two-thirds of the state's revenue growth in this period came from GIT revenue. The GIT revenue from capital gains grew from about \$235 million in 1994, to \$1.4 billion in 2000, and the top 12% of taxpayers account for 72% of income taxes paid, which was nearly all income growth in the last decade. These market players and real estate moguls are soon to be has-beens.

Overall, 7.3% of New Jersey's total state revenues depend on just these two aspects of the bubble economy. Therefore, when Rosen testified that an additional \$600 million hole, on top of the \$1 billion one, just blew out their budget plans because of poor income tax performance, this is a very significant revelation. The *Newark Star Ledger* headlined its coverage of Rosen's testimony, "Stock Slump Sabotages State Budget," with the kicker, "Capital gains revenue expected to miss target by \$400 million."

Rosen testified that the OLS derived its figure for the projected capital gains loss by looking at the "first quarterly estimated payments for tax year 2001," which were "substantially below expectations." The OLS expected this component to weaken "later in the tax year—reflecting lower levels of capital gains—but the change is already evident," he said. As if this hole were not big enough, Rosen, even after noting that the Nasdaq had "under-performed our expectations" and that it was the "primary generator of the capital gains boom," told legislators, "we are not revising our capital gains [growth projection] downward today." (The OLS had already projected a 25% decline in capital gains growth for fiscal year 2002, whereas the Governor's budget projects a 3.5% in-

crease.) Rosen then wisely cautioned, "This forecast rests on relatively optimistic assumptions . . . that stock prices will rise for the rest of the year, . . . there will not be a national recession, . . . and New Jersey will fare better than" neighboring states. Herein lies the wishful thinking which blinds elected officials from taking adequate action to reverse an impending disaster.

New Jersey is the nation's eighth-largest economy, primarily based on the finance, real estate, and insurance sectors, but it also has the nation's twelfth-largest manufacturing base. The rise in its March to April unemployment rate parallels the national unemployment rise, which was primarily in the manufacturing sector (see *EIR*, May 18, 2001). Rosen reported that the other "almost 70%" of the GIT comes from the employer withholding tax. The OLS expected "slower growth" in it, but found that, in just "two months," this tax source "has fallen below the level of last year." Thus, New Jersey's economic well-being is poised to take a double hit.

Michigan: The Physical Economy Crumbles

Unlike New Jersey, Michigan's economy is heavily based on manufacturing and durable goods production—both of which have suffered from the 30-odd years of "post-industrial" takedown of the national economy. The end-of-May news from Michigan, was that a \$592 million shortfall is expected in the current fiscal year, and a \$741 million shortfall is expected for the next. Michigan's fiscal year runs from October to September. To patch the \$592 million hole for this fiscal year, among other cuts, state agencies will trim spending, and a hiring freeze is in effect. In Lansing, the state capital, Democratic legislators are up in arms over cuts to health care, day care, and workplace safety programs, and technical education centers, which Gov. John Engler and the majority Republicans proposed. Democrats blame the current spending dilemma on Engler's "excessive tax cuts made at the expense of working families." The ranking Democrat on the House Appropriations Committee, A.T. Frank (Saginaw Township), chided House Republicans, "With the economy taking a turn for the worse, we cannot afford to play politics with the quality of life of Michigan residents. We must prioritize how we can help people."

The Republican-controlled House approved a 2001 supplemental budget with cuts, but it was short of a two-thirds vote required to make the cuts immediate; Engler has threatened to intervene to make them so.

Income tax revenue in Michigan accounts for 20.5% of the state's total revenue. Almost 80% of these tax revenues come from the withholding component, and 20-25% of that derives from manufacturing and durable-goods-producing jobs. The Michigan House Fiscal Agency reports that from October 2000 through April 2001, net income tax collections totalled \$3.4 billion, down \$358 million, or 9.4%, from the first two quarters of FY 1999-2000. Comparing second-quarter

FY 2000-01 to second-quarter FY 1999-2000, net income tax collections are 12.6% lower this year, a small portion of which is due to Engler's tax cut.

It is not surprising that Michigan, the sixth-largest manufacturing economy of the United States, is experiencing this revenue loss. The March-April news of the largest two-month increase in ten years of wage and salaried job losses, increased the national unemployed from 6.088 million to 6.402 million, and put the U.S. Department of Labor's Bureau of Labor Statistics' official (but fraudulent) unemployment rate at 4.5%. Michigan had a tiny up-tick (0.1%) in April employment, causing its unemployment rate to decline to only 4.6%, which was still above the national jobless average. But, as Michigan's Department of Treasury's Office of Revenue and Tax Analysis reports in its April 2001 Economic Update, "Monthly unemployment rates fluctuate due to statistical sampling errors and data revisions. Therefore, Michigan's three-month average of 4.7% may be a better measure." And, like the national unemployment picture, the largest loss of jobs in Michigan is in the goods-producing sector. But across the state, unemployment rates range from a low 2.8% to a high 12.4%, and "personal income growth is projected to slow to 2.6% in 2001, down from 6.2% growth in 2000."

California: A \$4.2 Billion Hole

In California on May 14, Gov. Gray Davis (D) announced a \$4.2 billion revenue shortfall for the 2001-02 fiscal year. The *Sacramento Bee* put it this way: "State revenue . . . plunged with the stock market, leaving a \$4.2 billion hole." Indeed, as *EIR* reported, a stunning 18.5% of California's personal income tax (PIT) revenue comes from tax on capital gains. This represents 10.1% of all California's General Revenue income. But it is worse: add in tax on stock options, and the numbers are 37% of PIT and 20.2% of General Revenue. As these upper-income-bracket taxpayers have less, they stop buying those high-priced cars, homes, vacations, etc., and sales tax revenue drops, too. With Davis' announcement, California's vulnerability to Wall Street's whims has exploded.

Davis' proposed budget cuts include \$1.3 billion in one-time infrastructure projects, \$250 million in payments to local governments, a 2.5% across-the-board cut in state spending (except departments related to public safety or money-makers for the state), and a draining of the rainy-day fund by \$900 million. He has attempted to keep education and public safety spending intact. But California's hole can get much bigger soon, if the August sale of bonds to repay the state treasury for the exorbitant—so far \$7 billion—energy purchases, falters. The Governor is counting on those bond sales to ease the impact of the \$4.2 billion hole. But Davis knows this is risky. "If anything else goes wrong, like a natural disaster or some precipitous drop in the economy, then we could be in real trouble," he said.

Walter Lippmann And the Cult of 'Public Opinion'

Part 1, by Stuart Rosenblatt

The Twentieth Century can be properly described as the Century of Catastrophe, and one of the chief architects of that destruction was the American publicist Walter Lippmann. Ideas determine which policies are chosen by a nation for implementation, and Lippmann's body of work, spanning over 50 years, represented the most clear-cut assault on what Lyndon LaRouche has identified as the American intellectual tradition.

In his 1977 book *The Case of Walter Lippmann*,¹ LaRouche laid waste to Lippmann's foreign policy outlook and his philosophical assumptions. More recently, LaRouche has continued his attacks on Lippmann, especially Lippmann's vile manipulation of American thinking through the manufacture of "public opinion," as first promulgated in Lippmann's text of that same title.² In light of the widespread belief in public opinion as a substitute for truth, and the pervasive manipulation of the public as sheep marching to their own slaughter, it is imperative that Lippmann's writings and reputation be ruthlessly exposed. The fanatical belief in "popular opinion" and popular culture is leading our nation to its early demise.

Lippman assaulted the entire body of American thinking governed by reason. Where the American Founding Fathers originated the American System of political economy, which was guided by the universal principle of the General Welfare, Lippmann's work repudiated that idea.

The American intellectual tradition emerged out of Renaissance Platonism, and was typified by Cotton Mather's and Benjamin Franklin's writings promoting the goodness of man and his infinite capabilities. As will be shown, Lippmann subscribed to the opposite view, viz., that man is a mere beast who must be manipu-

1. Lyndon H. LaRouche, Jr., *The Case of Walter Lippmann: A Presidential Strategy* (New York: Campaigner Publications, Inc., 1977).

2. Walter Lippmann, *Public Opinion* (New York: Macmillan, 1922).



Walter Lippmann (above) wrote the propaganda for Woodrow Wilson's effort to bring the United States into World War I on the side of the British, as well as his Fourteen Points "peace plan." At left, Wilson (left) is shown with his controller, Col. Edward House.

lated around his weaknesses and prejudices and deployed as a tool of oligarchical initiatives, through the use of public opinion.

Lippmann's denunciation of the Monroe Doctrine and traditional anti-British foreign policy, his Orwellian conception of the manipulation of public opinion as a vehicle of self-destruction of the republic, his relentless assault against President Franklin Roosevelt and promulgation of British geopolitics, constituted a rejection of the fundamental tenets of our nation.

If the United States is to survive and prosper in the community of nations, we must return to the ideas of 1776 and 1789. To do this, we must root out the "popular ideas" of globalization, free trade, world government, and other deeply ingrained wrong-headed notions. These ideas, many of which were insinuated into our policymaking by Lippmann, and are now being executed by the lunatics of the Bush Administration, are leading civilization to its doom.

We must also clean out the deeper problem, the assimilation by our culture of a foreign way of thinking, the embrace of British empiricism and pragmatism as a method of analysis.

Where John J. McCloy, the brothers John Foster and Allen Dulles, Henry Kissinger, and other "fixers" have played a despicable role in shifting our policymaking away from that of the American Founders and into the arms of British imperialism, no single individual played as important a role in poisoning our thought-processes and self-conception as did Walter Lippmann during the Twentieth Century.

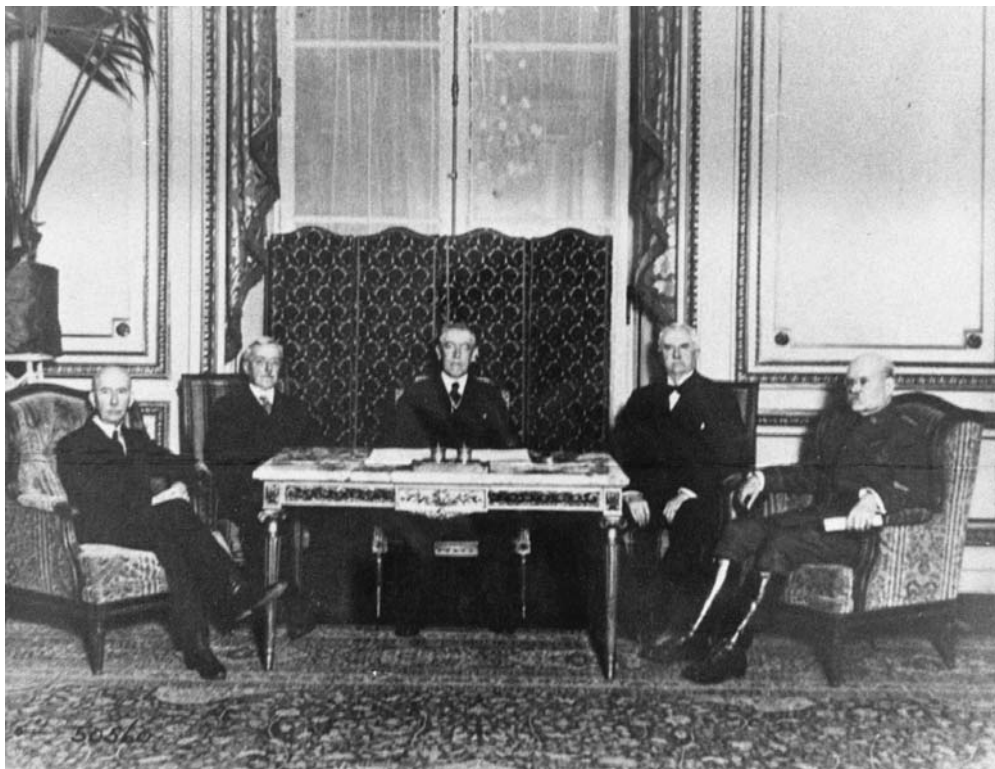
The Men of the 'New Republic'

From 1910 onward, Lippmann was actively recruited by the Fabian Society and other agents of the British Empire. While still at Harvard, he was befriended by Fabian Society founder Graham Wallas and recruited to the ideas of this liberal, but very imperial British think-tank.

After graduating from Harvard, he was quickly circulated through socialist/radical circles, including those of terrorist controller Emma Goldmann. He ultimately dropped into the arms of the left-liberal faction of the J.P. Morgan-allied banking syndicate, then grouped around Willard Straight and Thomas Lamont. These men, along with their British allies, were in final preparation for launching the First World War, and were gathering spokesmen to promote American entry on the side of the British.

These same circles were also moving to seize control of American intellectual circles and transform them into the cultural arm of British imperialism. It was out of this milieu that Lippmann would both destroy America's traditional enmity toward British military objectives, and pen his books *Public Opinion*, *The Phantom Public*, *A Preface to Morals*, and other works. He turned the nation into an arm of the emerging British-American-Canadian (BAC) establishment.

In 1914, with all the right credentials, Lippmann was recruited to work for the new magazine *New Republic*, founded by Morgan partner Willard Straight, and named in homage to H.G. Wells and the men of his New Republic. This was the Morgan move to capture left-wing opinion, and further de-



At the signing of the Versailles Treaty in 1918, left to right: Col. Edward House, Secretary of State Robert Lansing, President Wilson, Henry White, Gen. J.H. Bliss. Lippmann denounced some of the treaty's provisions, but he never distanced himself from the British geopolitical assumptions underlying it.

stroy American culture with a strong dose of British philosophical, political, and cultural venom.

Lippmann, a fast learner and fawning admirer of the British Fabians, caught on quickly. He became the leading editor and recruited the entire British Fabian crowd to write for the *New Republic*, including George Bernard Shaw, Beatrice and Sidney Webb, and H.G. Wells and his mistress, Rebecca West. In the first year, fully one-quarter of the articles came from England!

The War To Save the British Empire

The *New Republic* was used by the British to orchestrate U.S. entry into World War I on the Allied side, and Lippmann became the chief propagandist for that. The magazine became so openly Anglophile, that the British Foreign Office offered to buy 50,000 copies per week, as long as it kept the same editorial line. At the time, the magazine was selling only 40,000 per week! (Even Lippmann declined the offer.)

By 1915, Lippmann was a confirmed “internationalist,” in the mold of H.G. Wells. He was a devotee of world government, as opposed to the traditional American policy that promoted the collaboration of sovereign nation-state republics in a community of principle.

In a *New Republic* column, he spelled out his view: “We have all of us been educated to isolation, and we love the irresponsibility of it, but that isolationism must be abandoned if we are to do anything effective for internationalism. . . . [T]he supreme task of world politics is not the prevention of

war, but a satisfactory organization of mankind.”³

To ensure that Lippmann and the men of the *New Republic* promoted fast entry into the war, the British sent over Norman Angell, an “anti-imperialist” turned war hawk, to join the board of *New Republic*. Ironically, he was sponsored by the Carnegie Endowment for International Peace.

Morgan banker Dwight Morrow praised Lippmann’s continuous editorials calling for intervention on the British side. Many of Lippmann’s former radical friends were horrified at his having gone over to Wall Street’s pro-war side: John Reed, for example, wrote him a scathing letter and severed relations. But Lippmann was now firmly in the Morgan wallet.

In 1915, Lippmann authored *Drift and Mastery*, his first serious geopolitical work, which drew heavily from Alfred Thayer Mahan, the American predecessor and co-thinker of the British imperial propagandist of geopolitics, Halford Mackinder. Here, Lippmann demonstrated his conversion to the insane doctrine of sea power, the Americanized version of British geopolitics, which promoted the need for the British and American navies to patrol the sea lanes, to guarantee the supremacy of the British Empire. Lippmann wholly subscribed to the idea of Anglo-American control of the “rim nations,” and their domination of the so-called European and Asian “heartland” nations.

During 1915, he wrote a series of editorials in the *New*

3. Ronald Steel, *Walter Lippmann and the American Century* (Boston: Little Brown and Company, 1980), p. 92.



President Wilson (left) with King George V in London. Said Lippmann about his reason for backing Wilson's election: "We never believed Wilson when he said he would keep us out of war. We were convinced we were going to get into the war."

Republic that orchestrated the demise of Theodore Roosevelt, his onetime idol, and promoted the re-election of the malleable Anglophile Woodrow Wilson as President. All the while, Lippmann was meeting secretly in New York City with Wilson's controller, Col. Edward House, the Texas kingmaker and Anglophile agent, to plot the strategy.⁴

Wilson needed the Progressive vote, and Lippmann, through the *New Republic*, could deliver it. The deal that was cut ran as follows: In exchange for *New Republic's* backing, Wilson embraced the Progressive legislative call for farm credits, child labor laws, and an eight-hour day for railroad

4. Col. Edward M. House was the son of Thomas House, a British emigré to the United States, who was set up in various businesses by British sponsors. He amassed a fortune and augmented it as a Confederate blockade-runner throughout the Civil War. He purchased plantations in Texas, entered politics, and became Mayor of Houston. The family was among the richest in Texas, and Edward House became the chief beneficiary of the money and power bequeathed by his father. The House family was linked to the Baker family (including former Bush Secretary of State James Baker III), and other oligarchical networks that dominated Texas policymaking. House all but ran Texas politics for the remainder of the century, and entered the national scene as a bitter enemy of the populist/traditionalist wing of the Democratic Party around William Jennings Bryan.

House became an intimate of Wilson's in 1911, and was his chief adviser until 1916. He exerted enormous influence over Wilson on all issues and was the chief conduit of Anglophile policymaking on the President. He steered Wilson into World War I, and entered into ongoing back-channel dealings with British leader Lord Edward Grey on all matters, including the League of Nations and other British pet projects.

workers. Further, he nominated *New Republic* ally George Rublee to the Federal Trade Commission, and Louis Brandeis to the Supreme Court.

Lippmann singlehandedly led the charge for Wilson, and swung large numbers of Progressive leaders to the Wilson camp: John Dewey, Jane Addams, Amos Pinchot, Lincoln Steffens, Max Eastman, and even John Reed.

During the general election campaign, Lippmann was only concerned with ensuring U.S. entry into the war. Republican candidate Charles Evans Hughes had to be defeated, as Hughes was decidedly anti-war and even leaned toward the German cause. In a letter to Judge Learned Hand, Lippmann wrote: "Hughes is incredible, and I don't see how any good, unneutral pro-Ally can vote for him without hating himself. Wilson's brand of neutrality is about 90% better than we had reason to expect."

To H.G. Wells, he was more candid: "Wilson is frankly unneutral in his purposes, he will resist any pressure to break your illegal blockade of Germany, while Hughes goes up and down the country declaring for an impartial neutrality in the orthodox pro-German sense. He promises to uphold our rights against you, and he is just pigheaded enough to try it."

As Lippmann admitted several years later, he knew what Wilson was all about from the beginning: "We never believed Wilson when he said he would keep us out of war, We were convinced we were going to get into the war."

Lippmann and the *New Republic* agitated non-stop for U.S. entry into the war, and even editorialized against accept-

ing a reasonable German peace offer as “peace without victory.”

Lippmann’s justification for U.S. entry into the war was classical geopolitics. While paying lip-service to the fairy tale of “making the world safe for democracy,” more than anyone else, Lippmann clearly articulated the Anglophile geopolitical argument. In a Feb. 10, 1917 editorial for *New Republic*, Lippmann wrote, “Our own existence and the world’s order depend on the defeat of that anarchy which the Germans misname the ‘freedom of the seas’. . . . We shall uphold the dominion of the ocean highway as men upheld the Union in 1861, not because the power exercised by Great Britain is perfect, but because the alternative is intolerable.”

One week later, in an editorial entitled, “The Defense of the Atlantic World,” he spelled out the geopolitical doctrine that would govern his thinking for the rest of his life: “America was an integral part of the community of nations bordering the Atlantic. An attack on that community was a threat to America’s own security. Germany’s war against Britain and France was a war “against the civilization of which we are a part.” By cutting the “vital highways of our world” through submarine warfare, Germany threatened the existence of what he called, “‘the Atlantic community.’ ”

The United States could remain neutral, by embargoing arms to the Allies and forbidding Americans to travel on British ships. But the real issue surpassed mere neutrality; it meant “ensuring that the world’s highway shall not be closed to the western allies if America has the power to prevent it.” If the German fleet threatened to gain command of the seas, America should come to Britain’s aid. “The safety of the Atlantic highway is something for which America should fight.”⁵

The fall of the Russian Tsar in 1917 removed the final obstacle preventing U.S. entry in the war: the defense of a Russian empire while attacking a German one. Of course, this argument carefully avoided the obvious problem of entering the war in defense of the British and French colonial empires. Nevertheless, amidst a flood of *New Republic* editorials praising Wilson, the United States entered the war on the British side, sacrificing its honor in the process.

During the war, Lippmann quickly rose through the ranks of policymakers. As a leader of the Anglophile faction that had delivered the vote for Wilson, led him by the nose into the war, and swung a critical faction of cautious Progressives behind the effort, Lippmann was rewarded for his effort. He became a confidant to Wilson controller Colonel House for the next two years, and in the process, was initiated into the upper echelons of British policymaking circles.

He left the *New Republic* for the War Department, where he served directly under Secretary of War Newton Baker. Baker revealed to Lippmann the so-called “secret treaties”

5. Walter Lippmann, *Force and Ideas: The Early Writings* (New Brunswick, N.J.: Transaction Publishers, 2000).

that were the actual basis of the war. These treaties, comprised of British-instigated land-grabs, payoffs, and reprisals, later were made famous by Vladimir Lenin, who released them to the world.

When it became apparent that the Allies would emerge victorious, Lippmann was named political director of the top-secret “Inquiry” project that would design the geopolitical dimensions of the peace plan. This group ultimately produced Wilson’s Fourteen Points.

Toward the close of the war, Lippmann was sent to Europe as part of a U.S. intelligence team deployed into the Inter-Allied Intelligence Board, run by British newspaper mogul Lord Northcliffe. Northcliffe, along with the *Times* of London’s Wickham Steed, Hugh Seton-Watson, and others, constituted the real intelligence operation of the Allies. Lippmann’s tutelage as a functionary of the British Empire was now complete.

When Wilson made his trip to Europe to argue for his Fourteen Points Plan as the basis for peace, it was Lippmann who drafted most of the speech. It included the basic points developed by the Inquiry project.

The Treaty of Versailles incorporated the fundamental premises of the Fourteen Points: self-determination, redrawing the map of Europe based largely on the secret treaties agreed upon before the war, and maintaining the British and French colonial empires.

After the preliminary negotiations were concluded at Versailles, Lippmann and the liberals were quickly shunted out of the peace negotiations, and the bankers took over. The final treaty to be ratified was at odds with Lippmann’s pseudo-democratic outlook, and he and his faction, which at the time included John Maynard Keynes, attacked the treaty. He opposed what he termed “the Balkanization of Europe,” the division of the Austro-Hungarian Empire into various micro-states that would lay the basis for future conflicts. He opposed Article Ten, which allowed the French and British victors to impose upon the League of Nations the principle that the “territorial integrity” (i.e., empires) of the victors be preserved. And, he opposed the reparations plan that would bleed Germany, destroy the new republic, and pave the way for another war.

At no point did Lippmann lay out an alternative, but he and his faction—House, Keynes, and the Fabians—did mobilize strenuously against the disastrous treaty. He allied with Sen. William Borah (R-Idaho) to sandbag the proceedings in the U.S. government, and *New Republic* was among the first publications to syndicate Keynes’ devastating exposé of the treaty, “The Economic Consequences of the Peace.”

Aristotle, Brainwashing, and the Gallup Poll

The fight over the treaty notwithstanding, by 1922, Lippmann had become a confirmed cynic, a thoroughly assimilated representative of British geopolitics, and, most impor-

tantly, a disbeliever in the thinking abilities of the American public.

He had also become thoroughly immersed in the writings of irrationalists Graham Wallas, Sigmund Freud, and H.G. Wells, who substituted radical empiricism, irrationalism, and elitist scenarios for creative reasoning.

At the age of 32, he set about to write several of his most influential works: *Liberty and the News*, *Public Opinion*, and *The Phantom Public*. These three groundbreaking works were complemented by a raft of newspaper articles and editorials that sought to undermine the ability of the population to reason and reach conclusions about what constituted sound policies and political judgments, in the tradition of the founders of the nation. As a thoroughly assimilated member of the BAC establishment, he was determined to destroy the nation's sovereign ability to make policy. He set out to convince people that they had to turn their thinking over to the policy elites, who would, in turn, use this artificially generated "public opinion" as a weapon to destroy the nation.

To understand the pernicious influence of Lippmann's

work, we must debunk one of his most evil and long-lived books, the H.G. Wells-styled manifesto *Public Opinion*.

Lippmann began *Public Opinion* with a lie: He baldly asserted that it was impossible to know the world in which we live, and impossible to postulate the idea that we could determine what was true. Lippmann was not seeking after truth. He was creating a false view of what was knowable and how we think, and based on that, he concluded that all that remained for man was to regurgitate opinions created for him by a self-appointed elite.

From the start, *Public Opinion* was an attack on the very notion that truth itself was knowable. That the book defined *opinion* as its subject, already indicated that Lippmann was concerned with the manipulation of thinking—mind control—not a rigorous search for what was true and durable. Hence it constituted an assault on the American intellectual tradition of Benjamin Franklin and Alexander Hamilton, those who were concerned with creative reasoning and the relentless search for truth, whether it be in economics, law, or philosophy.

H.G. Wells' Conspiracy For World Government

H.G. Wells (1863-1946) was, along with his sometime cohort Bertrand Russell, the most articulate mouthpiece for the British oligarchy's imperialist-fascist scheme for world government.



In 1914, Wells penned the influential book, *The World Set Free*, which presented a scenario for an atomic war set in 1956, that would destroy all of Europe's major cities and lay the basis for a world government to be run by former monarchs and a U.S. President.

In 1928, Wells laid out his master plan for the globalist regime in *The Open Conspiracy*. The book is a call to overthrow the sovereign nation-state and the fundamental premises of Western Judeo-Christian civilization. It calls for the destruction of organized religions, especially Christianity; the assertion of a World Directorate; and a radical Malthusian policy of population control and resource

allocation. Wells went so far as to praise the Italian Fascisti as one model of his proposed new order.

As Wells put it, the key parameters of the new world order are:

1. The complete assertion, practical as well as theoretical, of the provisional nature of existing governments and of our acquiescence in them;
2. The resolve to minimize by all available means the conflicts of these governments, their militant use of individuals and property and their interferences with the establishment of a world economic system;
3. The determination to replace private local or national ownership of at least credit, transport and staple production by a responsible world directorate serving the common ends of the race;
4. The practical recognition of the necessity for world biological controls, for example of population and disease;
5. The supreme duty of subordinating the personal life to the creation of a world directorate capable of these tasks and to the general advancement of human knowledge, capacity and power.¹

In 1932, Wells dramatically fleshed out his scenario with the release of the film, "Things to Come," a dark drama of prolonged world war and annihilation, followed by the imposition of a global dictatorship run by the utopian Airmen.

1. H.G. Wells, *The Open Conspiracy* (Garden City, N.J.: Doubleday Doran and Co., 1928).

Lippmann began: "The world that we have to deal with politically is out of reach, out of sight, out of mind. It has to be explored, reported, and imagined. Man is no Aristotelian god, contemplating all existence at one glance. He is the creature of an evolution who can just about span a sufficient portion of reality to manage his survival, and snatch what on the scale of time are but a few moments of insight and happiness. Yet this same creature has invented ways of seeing what no naked eye could see, of hearing what no ear could hear. . . . He is learning to see with his mind vast portions of the world that he could never see, touch, smell, or remember. Gradually he makes for himself a trustworthy picture inside his head of the world beyond his reach.

"Is there any way to know if the so-called insiders are really doing their job? . . . The general public outside can arrive at judgments about whether these conditions are sound only on the result after the event, and on the procedure before the event."

"Those features of the world outside which have to do with the behavior of other human beings, insofar as that behavior crosses ours, is dependent upon us, or is interesting to us, we call roughly public affairs. The pictures inside the heads of these human beings, the pictures of themselves, of others of their needs, purposes, and relationships, are their public opinions. Those pictures which are acted upon by groups of people, or by individuals acting in the name of groups, are Public Opinions, with capital letters.

"And so in the chapters that follow we shall inquire first into some of the reasons why the picture inside so often misleads men in their dealings with the world outside. Under this heading we shall consider first the chief factors which limit their access to the facts. . . . The analysis then turns from these more or less external limitations to the question of how this trickle of messages from the outside is affected by the stored up images, the preconceptions, and prejudices which interpret, fill them out, and in their turn powerfully direct the play of our attention, and our vision itself. From this it proceeds to examine how in the individual person the limited messages from outside, formed into a pattern of stereotypes, are identified with his own interests as he feels and conceives them. In the succeeding sections it examines how opinions are crystallized into what is called Public Opinion. . . .

"There follows an analysis of the traditional democratic theory of public opinion. The substance of the argument is

that democracy in its original form never seriously faced the problem which arises because the pictures inside people's heads do not automatically correspond to the world outside. . . ."

After setting up his false analysis of the world, Lippmann then added another false notion, namely, that men do not even think clearly, but all people are governed by neurotic distortions in their minds. While most people do in fact operate much of the time under false assumptions, especially these days, it is not the case that all people are so deceived, nor that false ideas cannot be overcome by ideas that are true.

Lippmann argued that men do not respond directly to events or actions, but rather mediate their actions through artificially created "pseudo-environments." "It is the insertion between man and his environment of a pseudo-environment. To that pseudo-environment his behavior is a response. But because it is a behavior, the consequences, if they are acts, operate not in the pseudo-environment where the behavior is stimulated, but in the real environment where action eventuates. . . . When the stimulus of the pseudo-fact results in action on things or other people, contradiction soon develops. . . . [A]t the level of social life, what is called the adjustment of man to his environment takes place through the medium of fictions."

Thus man does not really know reality and is not acting on it, and is therefore compromised. Lippmann carried this further and said that not only does man act through artificially created media, but he views the world through stereotypes of people and groups.

Lippmann developed the fallacy of stereotyping in a later chapter: "For the most part we do not first see, and then define, we define first and then see. In the great blooming, buzzing confusion of the outer world we pick out what our culture has already defined for us and we tend to perceive that which we have picked out in the form stereotyped for us by our culture."

He elaborated: "The subtlest and most pervasive of all influences are those which create and maintain the repertory of stereotypes. We are told about the world before we see it. We imagine most things before we experience them. And those preconceptions, unless education has made us acutely aware, govern deeply the whole process of perception. They mark out certain objects as familiar or strange. . . . They are aroused by small signs . . . and project into the world what has been resurrected in memory. What matters is the character of the stereotypes, and the gullibility with which we employ them. And these in the end depend upon those inclusive patterns which constitute our philosophy of life."

Having asserted the dominance of stereotypes, Lippmann then examined the corrosive impact that stereotyping and related psychological blocks have on the process of thinking. An early and ardent proponent of Freudian analysis, Lippmann maintained that the unconscious mind shapes man's thought-processes, much more than does rationality: "We have seen that our access to information is obstructed and

uncertain, and that our apprehension is deeply controlled by our stereotypes; that the evidence available to our reason is subject to illusions of defense, prestige, morality, space, and sampling. We must note now that with this initial taint, public opinions are still further beset, because in a series of events seen mostly through stereotypes, we readily accept sequence or parallelism as equivalent to cause and effect. . . .

“Real space, real time, real numbers, real connections, real weights are lost. The perspective and the background and the dimensions of action are clipped and frozen in the stereotype.”

There are numerous mental blocks that arise to prevent the average citizen or even policymaker from understanding the totality of the environment and acting on it. Not only do people employ stereotypes, but they operate from the standpoint of their own self-interest. Not only are individuals self-centered, but communities think of themselves first and reflect this in their false policy inputs. Then there is the role of patronage and corruption. All of these add up to limited “information” and bad policies.

However, Lippmann’s entire argument was the logical result of false assumptions leading to false conclusions—a typical trick of Aristotelian reasoning. Having created the false assumption that society and individuals cannot know truth, he then concluded that what you have arrived at is limited and false. What insight!

The next assault was more diabolical. Lippmann, the ultimate media insider, attacked the media themselves. Having generated both lying war propaganda in Germany and (equally lying) so-called news coverage in his capacity as an editor, Lippmann posed an interesting distinction between “news” and “truth.” He developed the image of the press as a searchlight uncovering bits of news from the darkness, but admitted that the vast uncovered truth still existed, and the best the news media could do was to reveal partial truth:

“The hypothesis, which seems to me the most fertile, is that news and truth are not the same thing, and must be clearly distinguished. The function of news is to signalize an event, the function of truth is to bring to light the hidden facts, to set them into relation with each other, and make a picture of reality on which men can act. Only at those points, where social conditions take recognizable and measurable shape, do the body of truth and the body of news coincide. That is a comparatively small part of the whole field of human interest.”

One crucial assumption of Lippmann’s thesis was that the fathers of democracy lived in a smaller world, in which the average citizen could know what was going on, with a fair amount of accuracy, and act accordingly. In modern times that became impossible. The hidden world was too great, the amount of information needed to run civilization too large for the average citizen to have all the facts and make sound judgments.

In conclusion, Lippmann said that the problem lay deeper than the press, than mere reporting, “for the troubles of the

press, like the troubles of representative government, be it territorial or functional, like the troubles of industry, be it capitalist or cooperative, go back to a common source: to the failure of self-governing people to transcend their casual experience and their prejudice, by inventing, creating, and organizing a machinery of knowledge. It is because they are compelled to act without a reliable picture of the world, that governments, schools, newspapers, and churches make such small headway against the more obvious failings of democracy, against violent prejudice, apathy, preference for the curious trivial as against the dull important, and the hunger for sideshows. . . . This is the primary defect of popular government, a defect inherent in its traditions, and all its other defects can, I believe, be traced to this one.”

Lippmann’s Brave New World

Having dispensed with all the preliminary objections to his real goal of imposing mind control, Lippmann launched into his major argument in support of the Brave New World. Declaring that it was impossible to understand what was going on in his “invisible universe,” and even more impossible to make decisions in that world, he developed his argument for the imposition of an information-based fascist dictatorship:

“There is no prospect, in any time which we can conceive, that the whole invisible environment will be so clear to all men that they will spontaneously arrive at sound public opinions on the whole business of government. And even if there were a prospect, it is extremely doubtful whether many of us would wish to be bothered, or would take the time to form an opinion on any and every form of social action which affects us. The only prospect which is not visionary is that each of us in his own sphere will act more and more on a realistic picture of the invisible world, and that we shall develop more and more men who are expert in keeping these pictures realistic. Outside the rather narrow range of our own possible attention, *social control* depends upon devising standards of living and methods of audit by which the acts of public officials and industrial directors are measured. We cannot ourselves inspire or guide all these acts, as the mystical democrat has always imagined. But we can steadily increase our real control over these acts by insisting that all of them shall be plainly recorded, and their results objectively measured. . . .”

Having raised the role of the information-gatherer to the level of a magician, in the image of the Oracle at Delphi, Lippmann demanded the immediate creation of a class of information specialists, “to interpose some form of expertness between the private citizen and the vast environment in which he is entangled.”

Upon what institution did Lippmann propose to model his vast intelligence gathering? Why, the British Empire, of course—and the specific model was the British Foreign Office:

“It is no accident that the best diplomatic service in the world is the one in which the divorce between the assembling

of knowledge and the control of policy is the most perfect. During the war in many British Embassies and in the British Foreign Office there were nearly always men, permanent officials or else special appointees, who quite successfully discounted the prevailing war mind. They discarded the rigmarole of being pro and con, of having favorite nationalities, and pet aversions, and undelivered perorations in their bosoms. They left that to the political chiefs. . . . The power of the expert depends upon separating himself from those who make the decisions, upon not caring in his expert self, what decision is made. . . . [W]hen he begins to care too much, he begins to see what he wishes to see, and by that fact, ceases to see what he is there to see. He is there to represent the unseen. He represents people who are not voters, functions of voters that are not evident, events that are out of sight. He has a constituency of intangibles. . . . And intangibles cannot be used to form a political majority. . . . But he can exercise force by disturbing the line-up of the forces. By making the invisible visible, he confronts the people who exercise material force with a new environment, sets ideas and feelings at work in them, throws them out of position and so in the profoundest way, affects this decision.”

Thus, by 1922, Lippmann had assumed the identity of a full-fledged British agent. Depressed by the tragic outcome at Versailles, embittered at the pathetic collapse of Wilsonian so-called democracy, and utterly disdainful of the public’s ability to know, Lippmann issued his call for dictatorship. This would be a modern version of dictatorship, through the control of information by the elite, which would determine what constituted the putative facts.

In his call for the creation of permanent intelligence bureaucracies to run the nation, Lippmann argued for the formation of a staff that “researches and a staff that executes.” He wanted the operation of intelligence bureaus in all areas of industry, government, foreign policy, and elsewhere. He wanted all government departments continually scrutinized, and he wanted the bureaus independent of elected government!

“There are ten departments at Washington represented in the cabinet. Suppose then there was a permanent intelligence section for each. What would be some of the conditions of effectiveness? Beyond all others that the intelligence officials should be independent both of the Congressional Committees dealing with that department, and of the Secretary at the head of it; that they should be not entangled either in decision or action. Independence would turn on three things: on funds, tenure, and access to the facts. For clearly if a particular Congress or departmental official can deprive them of money, dismiss them, or close the files, the staff becomes its creature.”

He demanded full funding for all Intelligence Bureaus, so they would be independent of any influence-peddling. This included tenure for life, good pensions, access to all materials, papers, etc. This constituted the overthrow of constitutional

government in the name of creating the “true” public opinion. Lippmann wanted more than a simple Intelligence Bureau. In *Public Opinion*, he demanded that university political science departments, then in their infancy, be greatly expanded to produce a continuous stream of “experts” who would guide all future opinion shaping. Hence the birth of Big Brother: legions of political scientists, armed with opinion polls—such as those appearing in *Public Opinion* itself—“advising” government officials, gathering data for Intelligence Bureaus, a veritable thought-police.

Lippmann justified the creation of this British-style “permanent bureaucracy government” by referring to the failings of current analysis of public opinion. “If the analysis of public opinion and of the democratic theories in relation to the modern environment is sound in principle, then I do not see how one can escape the conclusion that such intelligence work is the clue to betterment. . . . If that is true, then in working out the intelligence principle men will find the way to overcome the central difficulty of self-government, the difficulty of dealing with an unseen reality. Because of that difficulty, it has been impossible for any self-governing community to reconcile its need for isolation with the necessity for wide contact . . . to secure effective leaders without sacrificing responsibility, to have useful public opinions without attempting universal public opinions on all subjects. As long as there was no way of establishing common versions of unseen events, common measures for separate actions, the only image of democracy that would work was one based on an isolated community of people whose political faculties were limited, according to Aristotle’s famous maxim, by the range of their vision.”

In Lippmann’s *Brave New World*, the average citizen was excluded from all policy formulation whatsoever. The citizen was cast aside as a mere “outsider” in the decision-making or even fact-gathering process. He quickly dispensed with formalities: “The outsider, and every one of us is an outsider to all but a few aspects of modern life, has neither time, nor attention, nor interest, nor the equipment for specific judgment. It is on the men inside, working under conditions that are sound, that the daily administrations of society must rest.”

You may ask, “Is there any way to know if the so-called insiders are really doing their job?” Lippmann maintained that the only measure of success in both intelligence gathering and subsequent action, was procedure! There was no measure of truth, merely procedure:

“The general public outside can arrive at judgments about whether these conditions are sound only on the result after the event, and on the procedure before the event. The broad principles on which the action of public opinion can be continuous are essentially principles of procedure. The outsider can ask the experts to tell him whether the relevant facts were duly considered; he cannot in most cases decide for himself what is relevant or what is due consideration! . . . He can raise a question whether the procedure itself is right, if its normal results conflict with his ideal of a good life. But if he

tries to substitute himself for the procedure, to bring in public opinion like a providential uncle in the crisis of a play, he will confound his own confusion.”

Thus *Public Opinion* painted a frightening specter of the modern police state: permanent bureaucracies, intelligence bureaus, and pollsters who determine public opinion, and the average citizen unable to even challenge the results, as long as the policy atrocity followed the “procedure” so admired by Lippmann.

To ensure a brainwashing of the nation, Lippmann finished the book with praise for the “objective method” of his analysis. After extolling the new political science, he launched a diatribe against the possibility that a student might be taught actual ideas. The teacher, “by the proper use of history, can make him aware of the stereotype, and can educate a habit of introspection about the imagery evoked by printed words. He can, by courses in comparative history and anthropology, produce a life-long realization of the way codes impose a special pattern upon the imagination. He can teach men to catch themselves making allegories, dramatizing relations, and personifying abstractions. . . . The study of error is not only in the highest degree prophylactic, but it serves as a stimulating introduction to the study of truth. As our minds become more deeply aware of their own subjectivism, we find a zest in objective method that is not otherwise there.”

Unfortunately, Walter Lippmann and his minions have been all too successful in brainwashing the American public, on the primacy of catering to public opinion. Politicians will not open their mouths without consulting the latest opinion polls. People will only purchase those goods promoted by popular culture, and will gladly pay ten times as much for a tee-shirt if it has the right label on the front.

The delusion that if you are not popular, not with the right crowd, there is something wrong with *you*—even if that crowd uses dope, commits crimes, or spends its entire existence watching ball games—has taken over our national mind-set. We have become slaves to popular culture, dictated by the mass media and run behind the scenes by the Wall Street financiers who employed Walter Lippmann. The lowest moment so far of that degradation came on Election Day last November, when the American public was forced to choose between two media-created candidates, George W. Bush and Al Gore, Tweedle Dumb and Tweedle Dumber.

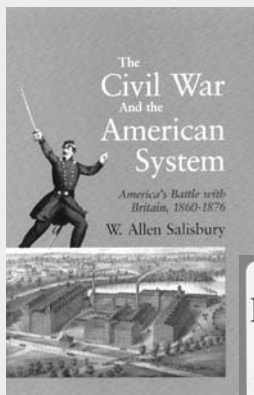
Now we are staring directly into the face of Hell on this planet as a result of what we are told are the “popular choices,” and we have become increasingly a fascist mob ourselves, barely distinguishable from the swastika-wearing mobs in Nazi Germany. There is little difference between the mobs of the Roman Colosseum and today’s drumbeat for pay-per-view executions.

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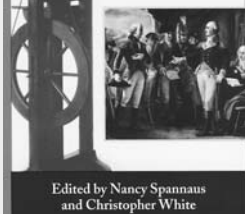


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LaRouche to Polish Educators: Teach the 'Eureka' Principle

On May 24, Lyndon LaRouche addressed a roundtable of 20 Polish science educators at the Warsaw Polytechnic University. The presentation was one in a series of meetings with parliamentarians, scientists, union and civic representatives, and Schiller Institute activists. LaRouche was introduced by former Polish Vice-Minister of Education Prof. Jerzy Oledzki.

Prof. Oledzki: I am Mr. Oledzki from Warsaw Polytechnic. The topic of this meeting is "The Future of Education and Science in the 21st Century." We are witnessing a period of history where there are many political-economic experiments in the global arena. At the same time, we ourselves feel lost quite often. Our task is to convey the truth to the next generation: Most of us are academic teachers, and our duty is to teach the students, and therefore questions concerning the future are very important to us.

We are very glad to have among us a man who is courageous enough to stand for far-reaching proposals. He is a man of great intellectual quality in assessing the present situation. He now will have the opportunity to present his ideas to us. The floor is yours, Mr. LaRouche.

Lyndon LaRouche: I would like to thank you for the introduction and your presence. I am very pleased, and very happy about being here. We are older people. Older people must advise the younger how not to repeat the follies of our generations. That is, we must be, in the sense of Plato, "philosopher-kings." What I will focus on, is the tasks of education, with a specific emphasis upon the new situation presented to us by the present, inevitable collapse of the world financial situation.

For me, the essential principle of science is a principle which Leibniz called *Analysis Situs*, which most physicists are acquainted with. Given an existing mathematical physics,

we proceed, as did Fermat, the famous French mathematician and physicist, with the question of the contrast between the reflection and refraction of light. We take the mathematics, and take the experimental evidence, and present it. In the same mathematics, we find often that we get contradictory results. And, specifically in the case of Fermat, as a result of his work, we had a new relativistic conception of time, which was forced upon European civilization.

It went through the work of people such as Huyghens, Leibniz, Bernouilli, the German Abraham Kästner, and through Gauss and Riemann. So, a complete, renewed conception of physics was developed as a by-product of the impact of the work of both Kepler, and this discovery by Fermat.

It is easiest to describe this principle of *Analysis Situs* in the language of experimental mathematical physics. Because we have, in terms of experimental work, very strict standards for defining what is a real, genuine paradox.

However, the same question arises in Classical artistic composition. For example, the difference between Bach and the Classical composers, as opposed to the Romantics, is defined in precisely this way. Bach and such followers as Mozart, Haydn, Beethoven, Schubert, Schumann, Mendelssohn, and Brahms, had a very definite method of composition, which seems formal, but is more than formal.

When you put these two together — the evidence of scientific progress, and the evidence of Classical artistic progress in composition and performance — we are forced into an understanding of civilization which is lacking among empiricists, Cartesians, existentialists, etc. That is, when formalism breaks down, because of the paradox I cited in the case of Fermat, we are forced on something which very talented young students know, and older professors forget: and that is the principle of *cognition*.

Formal logic is not the distinction of human beings. To a certain degree, we can create machines to do formal logic.



Warsaw's Polytechnic University asked Lyndon LaRouche to give a presentation on education and science in the 21st Century, revisiting the subject he dealt with at length in "The Tragedy of U.S. Education," published in EIR, April 20, 2001. Prof. Jerzy Oledzki introduces LaRouche.

So, you have today some insane people who think we can replace man with some new robots. But no logic machine can discover a new universal physical principle; only the human mind can discover it. Therefore, as the result of such evidence, we divide the universe into three types of interconnected, or multiply-connected principles.

Differentia Specifica of Life

We have processes we classify as “non-living processes.” But actually, since Plato—more specifically, since Pasteur—we have the conception of the fundamental difference between “non-living” and “living” processes. But then, we find, in the human being, a capacity which no animal has: It is the power of cognition, the power of reason, which enables us to discover a solution to a paradox, which by certain strict standards of measurement we can define as a universal principle.

Now, we have a case of a very famous Ukrainian-Russian scientist, who probably is one of the most important figures for the 21st Century, Academician Vernadsky. Vernadsky was a student of Curie (the son of Curie, the son-in-law of Pasteur), as well as of Mendeleev. Vernadsky went beyond this, but [he was] in the same school of Mendeleev, of Pasteur, and actually the French school of Arago before them. He went through this, to develop a conception of what he called “biogeochemistry.”

By working in the school of Mendeleev—he studied originally under Mendeleev in Petrograd—showed a way of thinking about the relationship between living processes and what we call non-living processes. He demonstrated, for ex-

ample, that the atmosphere, the oceans, and most of the area on which we live on the surface of the Earth, is a biosphere. These things he called the “natural products of life.” That is, one could measure a change in the characteristic of the planet, produced by the continuous action of life, or life transforming the planet.

He went further, in his work during the 1930s, and defined what he called the “noösphere,” that is, the action of human cognition in transforming the biosphere, and transforming the relationship of man to the universe.

Vernadsky was also the founder of nuclear science in Russia and Ukraine. He introduced this study of nuclear physics as a source of energy into Russia in 1924-25. Especially, nuclear science was based on the influence of Vernadsky. He also introduced a methodological feature for experimental physical work, which is extremely important to us today. It's actually a Platonic concept, which put him into philosophical conflict with the Soviet ideology.

He is typical of those Soviet scientists who, despite their ideological deviation, were so valuable, that they kept using them.

Let me defend his method from my personal standpoint. The empiricist, or so-called materialist method insists, as Lenin insisted, that the universe, the objects we see, are a perfect reflection of objects as they exist. In other words, that the senses are the only true basis of knowledge. If you think about it, this is obviously absurd, because the human sensory apparatus is a product of a living process. The living process, through its sensory capability, translates the shadows of reality onto our senses. It is our job as human beings to understand



Warsaw monument to the Polish children killed in World War II. "We have to recognize that we are given a new-born child with all the potentials of humanity, a creature made in the image of the Creator."

this, and to discover what is the reality behind the shadows which our senses give to us.

Cognition and Children's Education

Obviously, science—all real science—is based on this concept. Science is not accounting. It is not connecting dots, it is not counting objects. Science is typified by the discovery of a relativistic principle of time, through Fermat's famous experiment. In the paradoxes of experiments, we discover universal principles which are the reality of the universe in which we act.

Therefore, if we wish to educate children, if we wish to create a society which is just, we must, first of all, educate them in a certain way, which used to be called "the Classical humanist method of education." This method of education originated with the Classical Greek.

What we must do, as in the case of Plato's *Meno*—the famous story of the education of the slave boy—is, that we have to recognize that we are given a newborn child with all

the potentials of humanity, a creature made in the image of the Creator. This new creature is not born as an adult human being. As we know from experience, a baby is infantile. If you are successful with an infantile child, you turn it into a childish child, and if you are successful, you bring that child into a state of insanity called adolescence. (If, at the age of 25, a person acts like an adolescent, you class them as insane; whereas at the age of 16, you say they are normal.) Our job, therefore, is to transform babies into mature adults by the age of 25. But they are not dogs, they are not cows, they are not vegetables.

How, therefore, do you educate a human being, as distinct from a dog, or a cow? In the United States today, we educate people to remain infantile. A successful case of that type, is the current President of the United States, who is absolutely infantile. His irrationality, his emotional make-up, is that of a very sick, mentally ill infant. I can attribute that normally to his use of drugs when he was in college, but also to his family upbringing.

Obviously, the difference between a beast and a man, the characteristic difference, is this quality of cognition, quality of reason. The quality of making fundamental discoveries which can be proven to be true about the universe. So, our job is essentially to take a young child; and, knowing in the child there is the spark of the ability to make creative discoveries, our job is to enable that child to experience the great discoveries of principle of past civilizations, and to embody those discoveries in themselves.

The problem today, is that the current method of today's education, the so-called liberal education, destroys that potential in the child. You know what the experience is with a successful educational process, where promising young people come out of the educational process. You present them with paradoxes when they are ready for that paradox. You confront them with some experimental apparatus, to see what the paradox looks like experimentally. You try to get a group of not too many students—maybe of 15-16 students in a class—to worry about this problem, this paradox.

Maybe out of 15-16 students, two see what the solution is. Then you get them to communicate that to the other students. Then you confront them all with the experimental demonstration of the principle. So, you do two things: You develop them not only in their own individual habit of discovery; you also develop them in a special kind of social relationship.

This is the most crucial problem. The problem is that the ability to make a discovery is an individual activity, which can not be observed by the sense apparatus of an observer. You can never see cognitive thinking as a phenomenon; you can communicate it by replicating it in a second person. So, a group of students can recognize they all have the same experience of discovery, so that, when you educate them, they know the name of the person who first encountered the paradox.

Why 'Eureka!'

I sometimes use the case of Archimedes. It's a similar case. Archimedes screamed, "Eureka!" Why did Archimedes scream "Eureka!"?

So, you ask the students: "Why did Archimedes scream 'Eureka!?' What was the problem he was working on? What do you think the solution is?" So, you describe ancient Syracuse, you describe Greek culture, you describe that he was a correspondent of Eratosthenes of Egypt. You present them with all this historical setting of this discovery, and of the personality.

And you leave the class to make the discovery. So, the first of the students who realizes what the discovery is, says, "Eureka!" So, in that way, the student knows that they are reliving a living moment from the mind of Archimedes, 2,200 years ago.

That's the way we do science, the way we do things in music, the way we do things in artistic composition: Re-enact the great acts of discovery of the past in the mind of the living student of today. In many cases, the student knows personally the name of the person who made the discovery. It's as if that person was still alive, and they had talked to them, would work with them.

And thus, the child's mind, in a good education, begins to look like the famous mural in the Vatican, of Raphael, "The School of Athens." You see the people in the painting by Raphael, they come from different times, they don't live in the same time. But they are all in a great discussion, in the same painting. Isn't that the mind of the well-educated person? That people from a vast expanse of known history, who are discoverers, have an immediate personal relationship inside the mind of the student.

This picture in the mind of the student, is called "con-science," "scientific conscience." From inside your mind, you can not do anything shameful under the eyes of these people you know from the past.

Well, that should be the goal of education, which applies not only to physical science; it applies also to Classical artistic composition.

For example, in music: Well, you have the principle of polyphony, which is very ancient. It's from the time of Plato, well known, probably earlier. It was discovered in a more refined way by Leonardo da Vinci, in his work on polyphony, in his lost work on music. The student of the work of da Vinci, Johannes Kepler, applied the work of da Vinci on music, to solve the problem: how the Solar System is constructed. And the genius Bach, Johann Sebastian Bach, developed a method of counterpoint — which is still not understood by most music schools today — from which Classical composition came.

The same thing is true in painting. And, what we call the study of art, such as the Classical methods in painting, music, and so forth, combined with Classical methods of education of physical science — we call the study of history. History as

the history of the cognitive experience of man. From the study of history, we are able to develop the study of politics.

The 'Science-Driver' Principle

This comes to the crucial point. The crucial point is that all productivity, increase of the productive powers of mankind, comes from this cognitive process we associate with that kind of science and that kind of Classical artistic education. Economics, physical economics, is man's increase of our mastery of nature per capita, per square kilometer, with an improvement in the demographic characteristics of the population.

In this century, in the past century, we have had a number of "science-driver projects." We have often referred to the history from Kästner through his student Gauss, the work with Monge and Carnot through the work of Riemann, as also a "crash program in science." We have also the period of the work of Leibniz and his group, as another "crash program" period in science.

So, you find that man's mastery of nature depends upon two things: the creation of the social and political conditions which foster the emphasis of humanity on developing the individual to make and implement steps in progress, based on discovery of principle. Which is why I have emphasized my field, physical economy, in which all these things come together, as I indicated to you in the few remarks here.

What it requires, is a form of "statecraft," in which the object is to use the educational system in the way I described it, as the driver of policymaking for society. To understand man's relationship to the biosphere, to understand man's relationship within the biosphere, and to increase the power of the average individual in and over nature.

I saw this, by flying into Warsaw. We flew over these fields; we were flying low enough, so that I could see Polish agriculture. The problems of Polish agriculture were already notorious to me, so I was not making actually a discovery, but I was having a sensual effect in seeing it. What to do about unemployment in Poland and the Polish agriculture? This is an essential problem of statecraft. It certainly is not the biggest problem in the world; there are much bigger ones. But, it's a typical problem of statecraft.

How do you solve this problem in a just way, not in a mechanical way? Not by thinking like an accountant, but like a humanist scientist: What do you do for the Polish farmer, to change the circumstances, in which a more healthy development for Poland as a whole occurs?

The obvious answer is to have a stronger educational system, which is Classical humanist, which goes in the direction I have tried to illustrate in my few descriptive remarks here.

Existing Education Fails

As you know, from your own experience in teaching and related work, the existing educational systems are terrible. They are designed to train human cattle according to the num-

ber of places available for the employment of cattle. They are not designed to develop creatures made in the image of God. “You will get a job as a cow in this field, because there is place for a cow in this field.” We know that that is not competent education; it’s not competent economics.

Competent economics is changing the relationship of the typical individual to nature and society in general.

You saw this paradox of the Soviet system, which I studied for many years. In the military-scientific field, with the help of some gulag science, Soviet science in the military and related fields achieved wonders, given the resources available to them, whereas the Soviet economy, especially from the period of Khrushchov on, was a disaster.

You could not get science, as practiced in the military field, into the factory. Because the conception of man was mistaken, the goals of economy were mistaken. The goal of economy is the transformation of human individuals to a higher state of personal development. Not only to give them that capacity, but to give them that “intention.”

The greatest problem is the individual who may have the potential ability to learn a new skill, but who has not the intention to learn a new skill.

Take two examples of the university experience.

First of all, you have the case of the student that does not wish to progress—not because they don’t have the brain: They don’t have the *intention* to progress. They run away from the challenge, rather than facing it. Then you have another case, which was studied by an American scientist with the name of Kubie. You have the promising young graduate student, who seems very creative. When he receives his habilitation, his brain goes dead, because he does not want to be a scientist, he wants to make a successful career. And I have seen many of these in dealing with them: people of great talent, but they refused to progress. Why did they not progress? They had a different intention. They had an intention to progress in their career, but not in their profession.

The typical problem: The poor family says, “Go to school to learn to make a living when you become 16-18.” And our purpose of education should be: “Go to the education to become more fully a creature made in the image of the Creator.” And then, from my experience with this kind of situation, people who have *that* kind of self-conception, will tend to do good work, in whatever they have to do, because they wish to do good work. They will also be good citizens, and the children in their family will probably be fortunate.

So therefore, I think with the great crisis coming now, where everything that seems to be the world’s leading authority will disintegrate, we must look at this crisis as an opportunity for change, and we must build the conception of an economy as I have described: an economy which is committed to increase the productive powers of labor, through experiencing the great discoveries of the past, and making the new discoveries of the present and the future. The university must be the conscience of the nation. Thank you.

Dialogue with LaRouche

Here are excerpts from the discussion:

Q: Mr. LaRouche, do you know any state or society which is following this educational program that you described? And the second question: What age should you start fighting for an individual consumer?

LaRouche: First of all, in the American tradition, which is called the American intellectual tradition, which was actually a creation of Europe—in the period of the American Revolution, it was impossible to develop healthy states in Europe, so you had people throughout Europe, chiefly the followers of Leibniz, because the American Declaration of Independence and Constitution were based on the ideas of Leibniz. As also from Poland, there were people who came to North America to establish a republic in North America, with the expectation—as in the case of the Polish patriots, who came to the United States—of coming back to their own country, hoping that the American success would lead to the repeated success in their own country.

The fundamental struggle is very simple, and it’s a struggle inside the U.S., as well as outside. We had Presidents, many Presidents, who I would consider pigs, not human beings. I won’t take the time to give you the list. We also had good ones, typified by John Quincy Adams, Abraham Lincoln. Roosevelt, with his imperfection, was also in the right tradition; John Kennedy was trying to be in the right tradition, before they killed him. So we have in the United States, which I represent in a sense, the “American intellectual tradition,” as it’s called, which is essentially the tradition of Leibniz and his influence. And this was our policy.

However, in the world there is another policy. It’s called the “oligarchical policy,” the oligarchical model, in which a small oligarchy aided by its lackeys, keeps the majority of the population mentally and otherwise in the condition of human cattle. The method in European civilization by which this degeneration occurs, is the Roman pagan method. In ancient Rome, it was called *vox populi*. I call it *vox pox*. Some people call it public opinion. [See *Feature* in this issue—ed.] Public opinion is a manufactured system of fables and lies used to manipulate a population to such an extent, just the way the Romans would take the Roman citizens into the Colosseum, to cheer for the execution of the Christians for the amusement of Nero.

In the case of European history, you have educational policies, of the type which I have been indicating in my speech, which I am in a sense an heir of. You have the Augustinian teaching orders, which introduced Classical humanist methods of education for young people to Europe. You had the Brotherhood of Common Life, from which many great figures of the Renaissance came. You have the constant recur-

rence of the attempt to establish what I described as “Classical humanist education.” The best educational institutions of the Catholic Church always emphasized that; and the case of the Humboldt educational system in Germany.

The point that I have been insisting on, is that we go beyond that, to generalize that the political administration of society must come from an educational process which defines the way in which politics is defined by political parties and by the population generally. The truth, the principle of truth, as opposed to fables, mythologies, and lies.

We have enough knowledge of this, to know what we should do. The question is, to find the opportunity to do it, and have the will to seize the opportunity.

‘Stubborn Optimism’

Q: I just was here, involved in techniques of creative thinking, in this university. But, the more I think about this, I can not see anything other than more obstacles to implementing this here. Firstly because our professors lose their motivation after their habilitation thesis work. Teachers often like training children, because they get stimulated by their feedback. But the students, when you tell them about basic laws, usually answer you, that it is enough to click the mouse, and everything is to be found in a computer, so this technical progress has softened them intellectually.

I would like, therefore, to hear and to focus more on this “problem of the will”: how to make people be more willing, to be closer to God. How can you inspire them? Because, this usually requires a very early stage of development, while the politicians now in power, will do everything to stop them. And they will tell you, that Plato’s idea to create an ideal state has failed, and they will tell you that it will always fail; because, in this period, it’s easier to inspire people to become better consumers, rather than to just take a bigger effort.

LaRouche: The problem is largely linked to a very evil fellow from Venice, with the name of Paolo Sarpi. He became the Lord of Venice, so to speak, in 1582, and he lived into the early part of the 17th Century. He was the founder of empiricism. He controlled a certain force in England around King James I. He was the creator of Francis Bacon; he was the creator of Thomas Hobbes, who was educated by the lackey of Sarpi, who was Galileo. He was the personal house lackey of Paolo Sarpi. And thus, you had the rise of British empiricism, and French cartesianism.

Now, the most interesting part of empiricism, the part that makes it the root of all modern evil: Sarpi looking deep into his own soul, said that man is inherently evil. And, I often suspected that Satan shudders when you mention the name of Sarpi. . . .

What is the God of Sarpi? It’s not God the Creator. Have you ever heard of a religious belief, called the bogomils? Well, you have a lot of religious belief in Europe, which is based on the bogomil model. It’s from this, that the idea of free trade came. The idea was, there is no truth; man is inher-

ently evil, greedy, and bestial. Therefore, you have to let everything happen, because under the floorboards, there are little green men who are adjusting statistics.

It’s an Invisible Hand. But it works with certain people. It’s mysterious. But, obviously it’s the intention, that they are considered superior. They also should become rich. And, if you worship the god of evil, maybe he will make you rich.

So, this was the rationalization used by the British monarchy, as the follower of the English empiricists.

This first came as an issue into Europe, around the figure of Kepler.

Kepler, in proving that Copernicus was wrong in his mathematics—as well as Tycho Brahe—pointed out that, if you made close measurements of the observations that he and Tycho Brahe had made, that the planetary orbit was of non-uniform curvature, and, therefore, you could not, by simple statistical methods, predict both the velocity and the position of the planet at any future time.

In first approximation, Kepler showed that the position and velocity were determined by equal areas, equal time. But from the standpoint of Copernicus’ representation, you had to say, what controlled the planetary orbit was an “intention,” not some mathematical formula.

So, Kepler’s discovery of universal gravitation, as elaborated and confirmed by the work of Gauss, became a generalization for the words “scientific principle,” “universal physical principle.” In other words, the universe is governed by what we call “universal physical principles,” which we discover by the method of paradox and contradiction and cognition.

Now what happens then? The empiricists say, “No.” That we can do this by a fixed statistical system, such as the proposal of Bertrand Russell, of John von Neumann, of Norbert Wiener, and so forth. And, this was the big attack of Mach, for example—who was an ultra-empiricist—the attack on Max Planck, on the question of the characteristic of action.

So, the point is, that in science—and you can prove it to your students as a teacher—in science, the principle is: universal principles, which are discovered, by solving paradoxes and proving them experimentally. And, by looking back to the Kepler work, you have the concept of intention, as Kepler defined intention. Like Fermat’s discovery of refraction. You discover the behavior in the universe which does not correspond to your statistics, but there is an intention, which we call universal physical principles. So, the universe is not organized the way that Paolo Sarpi and his friends argued: The universe is organized by intention.

Now you come up with a very interesting theological problem.

If man is created, if man can discover intention and use intention, what is the intention of man’s existence? The intention of man’s existence is an expression of God the Creator. Ah, if you accept the idea that the intention of man is dictated by the intention of God the Creator, what does that say? It



Several hours of questions to LaRouche came from Polish educators and scientists at the Polytechnic.

says that there is an underlying natural law in the universe, which governs, among other things, the way man treats man.

What you are describing, in the student situation, is: The student says, “No. There is no natural law.” What you get is cultural pessimism, in the form of pessimism about the very nature of God, man, and the universe. You get an image of a society, like the street urchins of Rio de Janeiro. Imagine children, 8 to 12 years of age, with no homes; they have no parents, no homes, they live by stealing. What you are describing—it’s happening in Poland, as in other parts of the world—is, the cultural pessimism has brought on this condition of the mind, which is approximated by the street urchins of Brazil. They have lost the conception of the dignity of man, of what creativity is, how the universe is organized. You have to give back to these children a sense of something which is true and they can believe.

The individual who tries to do that—it’s a very difficult work to do it alone, but, then you organize people around you to do it collectively, and one day, as is going to happen right now, the whole system collapses. At that point, you have the opportunity to get their attention and say, “It didn’t work, did it? Would you like to find a better way, and try it?” You have to have a certain type of stubborn optimism, and then you can deal with those problems. And since your optimism is not always immediately rewarded, it has to be stubborn.

The Sublime in Teaching

Q: My question would be similar. . . . We have to go back to best examples, such as the Humboldt reforms. Those who promote infantilization, like [Zbigniew] Brzezinski, and

which are followed by the present leaders of the so-called educational reforms. . . . The greatest resistance to this infantilization process and dehumanization—algorithmization of the society—is to be seen in small countries like Norway. The ratio of teachers to pupils is the highest in Europe, and it’s not diminishing, like in Britain. I was greatly impressed by the fact that, in the last years, the best results in the international mathematical Olympic Games were taken from Iran, who were better than the Russians and Americans. . . .

LaRouche: In the education as such, this idea of a class size of 16 to 18 in a class, is extremely important. Because the point is, that in a class the teacher-pupil relationship has to be such that the teacher is attentive. A good teacher, as you know, has to have the mind of the student in the class in his mind. Because every student is different, and when you are teaching a class, you have to think about every student, with their individual peculiarities, in that class. And that basis is the way you are conducting cognitive interaction among the pupils.

What happens, then, if you don’t do that, even in a small class? Then the teacher is teaching *at* the pupils; he is not involved *in* the pupils. He would never know whether the pupils will go asleep, he is just so busy. Now, if you have a very large class—and you know this from teaching—it’s extremely difficult to maintain this proper discipline among the teacher-pupil relationship. The worst is the giant university classroom, where you have some poor idiot, a professor, or a teacher waving his arms pointing to diagrams, and what is going through the minds of the students, is not in his comprehension. He tells a few jokes, and they laugh, and he thinks

that it's a good class.

And, I would emphasize that the educational relationship, like the parent-child relationship, is the most intimate relationship one can imagine, because you are not conducting a conversation. What you are trying to do is to engage the cognitive processes inside the mind of the individual. You are trying to get a reaction from that pupil or among those pupils, which then shows the pupil has responded to what you said. Then you use the fact that one or two of the students responds, and you say, "Hey Johnny, what do think about what he just said?" Now, why do you pick on Johnny? Because you know Johnny, and you know that what you will get from Johnny, and from what this other student said, you are going to get the kind of reaction which will make something happen inside the class. You get something like a Platonic dialogue.

I think the best best way to train teachers is to have them work through competently, not in just reading, but as a study group reenacting the Platonic dialogues, which some Catholic theologians will call "spiritual exercises," because you train the mind to try to engage the inside, the cognitive powers of the minds of other people.

Now, as result of this kind of education, you get a moral effect. The teacher accepts a moral responsibility for truthfulness to the student. The first moral thing is, never tell a student they are right, when you don't know what they meant. The student will originally resist that—"You are trying to peek inside my mind. I am not going to a psychiatrist there."

So, you get that kind of reaction, but what happens is, that you establish a moral relationship between the students and the teacher, and among the students. This moral conception of discovering truth as an interaction among people, it's the most essential thing, as you know in education. You all know what a good class is. You know the class you love to teach, and the class you think is a terrible thing.

So, I think that's the best answer—we have to establish a clear conception of that.

I just want to add one thing to it. You had an evolution in the development of dialogue method in the Classical Greek, and also later, in Europe. Those of you who are familiar with the Classical Greek tragedy, also probably know Plato's attack on the Classical Greek tragedians. He attacked it in a way which is exhibited by the character of Socrates in his dialogues. In German, it is the *Erhabene* or the "Sublime." For example, take the case of Jeanne d'Arc: Friedrich Schiller wrote a play *Jeanne d'Arc [The Maid of Orléans]*. I have gone through this, and what Schiller does, with one exception, which is dramatically legitimate in the play, is, he actually replicates the actual case of Jeanne d'Arc, the historical case. This is recognized as the Sublime by the Church, in the canonization of Jeanne d'Arc.

From the accession of Henry II in England through Richard III, Europe was besieged by an alliance between Venice and the evil Plantagenets, especially the House of Anjou. In this period, from a region called France, this young shepherd

girl developed a mission to force the King to become King, as a mission from God. She didn't say, "You should be King"; she said, "God wants me to tell you to become King, and ordered you to become King."

So, she died for that reason, and she was canonized, because what she did, led to the defeat of the Plantagenets in France, led indirectly to the overthrow of Richard III, which introduced modern society into England; inspired two Popes; inspired forces inside the Council of Florence to give birth to the great Renaissance.

Now, this is the Sublime. In tragedy, you say the figure dies, because of a flaw in society, or in the leading figure. In the sublime drama, as in *Jeanne d'Arc*, she does not die uselessly, as an error. She puts her life at risk for a mission. The success of her mission, results in a change in the course of history. Her sacrifice is an inspiration.

Look, for example, you have Poland: Poland is a nation which has many heroes, many dead ones, many heroes. It's a nation of a resistance movement, a popular resistance movement. Many people died to make the nation possible, in many struggles against many occupations. So, in Poland, you had a moral effect of this, the sense of the Sublime. *We did not die for no reason.*

In education, it's the same: Education is a struggle with the mind of the student and the teacher. The great teacher accepts the object as a mission. The teacher thus acquires the authority of being a representative of the Sublime, which inspires the student morally. These are the great teachers, the great researchers, who created the great movements of discovery.

So, I would say there are many models, but no model is any better than the intention within it. The person who has the intention, and knows how to make the intention work, will succeed.

Poland's Moral Mission

Q: I would like to thank you, Mr. LaRouche and your coordinators, for the mission you bring to Poland. I will tell you why: I personally had close contact with Cardinal Wysinski, the former Polish Primate. He was not only the conscience of the previous system, but he was very critical of, generally speaking, Western patterns, Western ideas. As far as I know, the Schiller Institute is the only intellectual environment, moral environment, which is critical, also, about the Western societies and the Western ideologies. What is very essential here, even today's lecture tells us, is this synthetic idea of both philosophical ideas and moral ideas, and how to apply them to a very specific decision in social life, economy, and politics, which is very important today. I have, however, some problems.

The first is the problem of efficiency, generally speaking. Because the question is, whether there is not a surplus of philosophy and high thinking in this message, which brings it to a lower efficiency? And, the second question is, how to

translate this very principled, highly philosophical attitude into efficient action programs?

This leads us to the next problem. When we are monitoring the present situation, we see that the oligarchical ideas are more popular, and they are dominating. The critical movements against that oligarchical current are marginalized. . . . Could you formulate, how you see the mission of Poland in this big, global world?

LaRouche: I do see a definite mission for Poland, which I referred to, in part, in referring to the case of Vernadsky, because Vernadsky typifies a sense of mission. He served a state with which he was not in political or philosophical agreement, but he made a great contribution to that state, which admired him, despite the fact of his disagreement, because he made such a great contribution. . . .

I also have a very specific conception of this, which I have written about and which I work on, which I do things about. Despite my years, I am still functioning, and I am still running for President of the United States. And, at this time, I intend to win, not because I am ambitious—I have got everything I want—but they need me in that position. Nobody else around is qualified at this time.

How do you have to look at the Poland situation from my standpoint? As I have said repeatedly, there are only three cultures on this planet which are capable of thinking efficiently globally: One is the British monarchy, which thinks only evil, but it does think globally. It's a culture that assumes unto itself, the responsibility for deciding how the world should be run. You have the great Russian culture, still thinks of itself as a great power culture. The United States thinks as a nation never defeated, and thinks globally. The nations of continental Europe do not. They have been conquered too many times, and there are too many great powers that are more powerful than they are. China, as the most populous nation of the world, can not think globally. There may be people in China, who think globally, but the Chinese culture does not think globally. Thinking of China and the outside world, they don't think globally.

So, therefore, the solution to the crisis is, how do you create a combination of sovereign nation-state powers to address the problem of today?

The problem is, the United States is obviously the nation which, you would think, should take that responsibility of creating that partnership. The partnership should be centered, however, in Eurasia. But, not only is Asia the great population center of the planet, the great geographical center of the planet, but between Central and Northern Asia, you have largely a wasteland. On the other side, you have East Asia and South Asia. Now, on the one side, you have Western continental Europe, you have the legacy of Classical Greek, which is called European, civilization. You have the impact of Christianity in shaping European civilization. In the culture of Asia, you have a different culture, even though there are elements, like Confucianism in China, and so forth,

which are agreeable; nonetheless, these are different elements, different cultures, different conceptions of man, God, and the universe.

So, all of us who think clearly and globally, come to one conclusion. I come to that conclusion, Pope John Paul II comes to the same conclusion. . . . We must have an ecumenical approach to the reconciliation of Asia, Eurasia as a whole. The relationship between Europe, and South and East Asia across Eurasia, is the determining factor in the future civilized history of mankind.

So, therefore, the issue is, at a time that the United States government and policies are about to collapse, the present government under George Bush is evil and doomed. It's incompetent and doomed. . . .

As was referred to earlier here: You have a change in the mood of people in Poland, politically. Poland had, first of all, the domination for a long time of Russia. They thought that the Americans would come, and things would become better. Poland would almost do anything the Anglo-Americans demanded. Now, people are saying: Economically, conditions in Poland are worse than they were under the Soviet domination. And the problem is, people hover between these two choices, which leave them in a state of pessimism.

We need a new conception of man, going back to the sovereign nation-state, and a partnership which will empower countries, such as Poland, to begin to act as Poland for themselves within a partnership, not as satrapies of a conquering world empire.

Therefore, my opportunity to cause a revolt against what Bush represents, and what Nixon represented, and what Carter represented in the United States, now, which is what I am working on; we are having some significant success on this. . . .

A Closer Look at the 'New Economy'

Q: I have two questions: Countries like Poland will face shrinking funds for fundamental scientific research. How would you see that situation? Because, what we can see is, there is an economic argumentation behind this. Why spend huge sums of money on research in a country like Poland, if the other countries can do it better or cheaper?

Second question: I would like to refer to the globalization problems and the development of new information technologies. They are not essentially changing the questions and problems that we are facing, but they basically change the fighting environment.

LaRouche: First of all on research. The first function of research, is not necessarily to produce a result. The point is, if you do the research in your own country, if it's research into either fundamental principles or technologies, then the research gives you a technology, a science which is yours. Intellectually yours, part of your country. Otherwise, you are begging at the backdoor of somebody who has it. You are crippling your population, by denying them the right to access

to actual knowledge of what is important for the world as a whole.

Now, globalization doesn't work, it can not work. The model of globalization as proposed today, is the Roman Empire. The model today, is the collapse of the Roman Empire on an accelerated rate. You can not have a globalized system which will exist. Globalization is already destroying the globe and the nations in it.

Now, the information society is highly exaggerated. It was invented by an idiot by the name of Norbert Wiener, who worked together with von Neumann; both of them were fools who were kicked out of Göttingen for incompetence, and justly so. They were followers and virtual satanic acolytes of Bertrand Russell, who probably was the most evil man of the 20th Century. They denied the existence of fundamental physical principle, as Russell said explicitly at the 1929 Solvay Conference.

The systems analysis is a complete fraud, except for communication as such; information theory is a fraud. A system of communication, fine; it means something. But, as a system of thinking, it means nothing. Any system which is based on a linear system, can not possibly replicate the act of cognition in the human mind.

So, you get, by its own definition, an entropic society.

Now the other part of this: This present wave of so-called information revolution, was started under President Carter. It was called the Third Wave. Three political figures were most significant in starting it: One was Newt Gingrich, the later fascist, who put in the Gingrich reforms. The second one was Alvin Toffler, a very strange person. And the third one, was Al Gore. This was sponsored by a section in the military, to develop certain kinds of weapons systems, which would function on the basis of automatic fire control. You saw this in Desert Storm—these little machines which they were using, like children playing with toy games; they were controlling military systems with that.

The other part, today, about the Information Society: The New Economy was started in the United States in 1995, because they knew, at that point, the entire U.S. economy was about to collapse. What they did, was they raised the fear that the computer systems of the world would go bankrupt, when the year 2000 hit—Jan. 1, 2000. So, what they did, was they poured a vast amount of money, under the pretext of curing what they called the "Y2K problem."

So, they poured a tremendous amount of money into this, which created a great financial boom in the production of this equipment. The institution never made any money. It made money strictly on financial speculation. It never made an earning. That is, its earnings were always less than its costs.

In the year 2000, this reached the point that it was about to collapse. They kept it going until Nov. 7, 2000, the date of the U.S. Presidential elections. With hundreds of billions of dollars poured in to create a totally artificial appearance of a

great, new market. It has now collapsed. In the United States alone, during the period since the beginning of the collapse of the New Economy bubble, the United States alone, in terms of market values, has lost over \$10 trillion, which compares with an estimated GDP of the United States of \$11 trillion. These firms are collapsing one after the other. Bankruptcy and mass unemployment in this sector are now spreading throughout the United States, internationally.

The whole telecom industry of Europe is collapsing, bankrupt: British Telecom, German Telekom, Italian Telecom, French Telecom—they are all collapsing.

So, it's coming to an end. We are coming back to basics. We are coming back to reality, to realize that electronic communications, in better systems of communications, are useful. They save labor, but they do not create ideas.

Only human beings can create ideas.

So, this is one of the great problems we have to deal with. This is the leftovers of a delusion, that we can substitute computers for the human brain. We can't. And, there is no computer you could possibly design now, which could replicate a true, non-linear system. We have some complicated systems, which are called non-linear, but they are not truly non-linear.

So, there is nothing to be afraid of in this area. We are back to basics. Back to mathematics and physics.

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Europe Moves to Stop A New Mideast War

by Dean Andromidas

A major European-led effort is under way to avert a new Middle East war. Following the suicide bombing of the Dolphinarium nightclub in Tel Aviv on June 1, German Foreign Minister Joschka Fischer and United Nations Mideast envoy Terje Roed-Larsen convinced Palestinian Authority President Yasser Arafat to initiate a cease-fire, while also preventing Israel from launching a major invasion of the Palestinian-controlled areas in the West Bank and Gaza Strip. The European hope is, that if the situation does not deteriorate, these developments could lead to the implementation of the Mitchell Commission Report, which calls for a freeze on Israeli settlements and a return to the negotiating table.

This latest European effort to avert war comes as Western European nations, Russia, and leading elements throughout the Middle East have concluded that the Bush Administration's failure to back the Mitchell Report, and its continued support for Israeli Prime Minister Ariel Sharon, is dragging the Middle East into another regional war that could have catastrophic global consequences. Nonetheless, Europe knows that without a dramatic change in U.S. policy, its effort will not be sufficient to prevent a war. Only a European-American initiative would have enough leverage to avert a disaster.

The Bush Administration has felt compelled to go through the motions to back this effort, by sending Central Intelligence Agency director George Tenet to the region. Nonetheless, senior Israeli sources report that Washington is still engaged in a "Kissinger-type policy," by letting both the Palestinian and Israel sides "bleed until they do what Washington wants. The only problem is the entire region is going to blow up in their faces with a war that could go beyond the Occupied Territories to include Syria, Iraq, and even Iran."

The European mobilization began before the Dolphinarium bombing. Three days before the bombing, the Sharon government informed government leaders throughout the world, including Arafat, that it was on the verge of launching a military invasion of the West Bank and Gaza Strip, with the aim of crushing the Palestinian Authority and reestablishing a military administration of occupation throughout the Occupied Territories.

This was confirmed by Arafat on May 30, during his official visit to Belgium. In an address to the upper house of the Belgian Parliament, Arafat warned that he was in possession of a letter indicating that Israel was planning a major military operation against the Palestinian Authority to be launched

within 48 hours. In the days prior to this statement, Arafat had held meetings with European leaders, including the prime ministers of Sweden and Denmark, where he informed them of his fears.

According to the Israeli press, Israeli Mossad chief Ephraim Halevy, prior to the bombing, sent similar messages to his counterparts around the world, including UN representative Roed-Larsen, who was in Israel at the time, that Israel was gearing up to strike against the Palestinian Authority.

Thus, when German Foreign Minister Fischer arrived in Israel on the morning of June 1, he came carrying a letter from Chancellor Gerhard Schröder, warning Sharon to follow a policy of restraint.

But, after the bombing, Fischer, as the representative of the Europeans, along with UN envoy Roed-Larsen, backed by a big diplomatic effort by the Europeans, worked to convince Sharon not to launch his new Middle East war, in return for which, they would convince Arafat to call a cease-fire. The Europeans then dragged the United States in, because Arafat was in no position to call a cease-fire, unless he were offered a commitment to begin implementing the Mitchell Report. The Bush Administration, obviously reluctantly, agreed to send CIA director Tenet to the region, because he is the only U.S. official whom the Palestinians trust.

Although Fischer has left the region, European Union (EU) foreign policy official Javier Solana is on his way. Also, Swedish Prime Minister Göran Persson, whose country holds the EU presidency, announced that he plans to visit Israel on the weekend of June 9-10, and expects to meet Sharon and Arafat. Persson made the announcement after his meeting with French President Jacques Chirac in Paris.

These diplomatic efforts occur on the eve of the EU summit on June 15-16, which will be attended by President George W. Bush. According to Swedish Foreign Ministry officials quoted by Reuters, the EU and the United States are preparing to draw up the first-ever joint Middle East declaration, to be issued during the summit.

International Pressure Needed

Welcoming this European intervention, a commentary in the Israeli daily *Ha'aretz* by Gideon Samet said that both Israel and the Palestinians need international pressure to come to an agreement and avert war. Samet wrote, "No real movement can take place without Europe pushing for it and persuading the U.S. to deviate from its narrow clerkish approach to this important international issue. The stubborn can continue besmirching such international involvement as rude pressure, but it is vital for Israel's most important interests."

Samet continued, "European leaders have lately been expressing their disappointment in Washington's policies around the world—from China to the Middle East. They are bothered by the Bush Administration's complusive rejection of anything that smacks of Clinton, including the Clinton Plan. . . . This is the kind of international initiative that a reasonable Israeli government seeking a deal with the Pales-

tinians should be hoping for. . . . In other words, a necessary condition for ending the vicious cycle requires a dynamic European role in the region. The American administration alone is a fragile diplomatic reed.”

A senior member of the Israeli peace camp said that the Middle East is experiencing a “crucial moment,” in that the current diplomatic efforts could lead to a hopeful breakthrough. Nonetheless, he warned that “one bomb could change the whole situation.”

Israeli political observers all agree, that unless the United States joins this initiative, it will collapse. While the Europeans may have substantial influence over Arafat, they do not have the leverage over Israel required to stay the hand of Sharon’s mad drive for war.

Moreover, those who think that Arafat will be capable of putting an end to the Intifada by simply issuing commands, is ignorant of the Palestinian reality, and simply playing into the hands of those who want to crush him. The rage, disillusionment, and despair of the Palestinian population has created a situation where Arafat needs to secure tangible gains for his people. This means not just the implementation of the Mitchell Report and a freeze on settlements, but concrete assurances that the national aspirations of his people are within reach. With Sharon as Prime Minister of Israel, and the lunatic policies of the Bush Administration, the words of diplomats do not mean very much.

On June 6, *Ha’aretz’s* diplomatic correspondent described the warm nature of the Sharon-Bush relationship: “Sharon has come to regard congenial understandings reached with George W. Bush as a supreme Israeli asset.” Unless Sharon and Bush, along with their “congenial” relationship, are removed from power, the region will continue its vector toward war.

A change in Washington is crucial to open the way for a return to the perspective reflected in the economic annexes of the Oslo Peace Accords of 1993. The only hope for peace is one premised on massive regional economic development, especially water desalination and infrastructure.

Bombing Helped Sharon

For Sharon, the Dolphinarium bombing was like manna from heaven. The internationally televised bloody scenes on the Tel Aviv’s seaside promenade had the immediate effect of shifting international public opinion in Israel’s favor, at a time when Sharon was trying to bury the Mitchell Report, especially its call for a settlements freeze. Sharon knows that if the United States does not join the European initiative and pressure Israel to accept the Mitchell Report and implement it in good faith, the effort will suffer an early death. For Sharon, the bombing was a propaganda coup allows him to continue his war plans.

On June 5, in an interview with Russian NTV, Sharon launched a wild attack on Arafat, saying, “He is a murderer. A pathological liar. It cannot be that he will go all around the world with a red carpet. . . . He is not a head of state. There

were some people who expected that he would behave like a head of state, but he behaves as the head of terrorists and murderers.”

No sooner had the Europeans convinced Arafat to issue a cease-fire, than Sharon ordered that Arafat would not be given clearance to travel by helicopter between the West Bank and the Gaza Strip. The move is obviously aimed at humiliating Arafat and preventing him from going to Gaza to politically mobilize behind the cease-fire. The Israelis are also preventing Palestinian ministers and others from travelling freely between the West Bank and Gaza, as well as within the West Bank.

At the same time, Israel’s imposition of Warsaw Ghetto-type conditions are being intensified: In the two weeks before Dolphinarium bombing, the Israeli military divided up the West Bank into eight sectors corresponding to the eight major cities, and in effect laid siege to them, constructing bunkered roadblocks, earthen walls, and everything necessary to prevent Palestinians from moving between the sectors. The Gaza Strip has been split into three sectors, and in the city of Rafah, a ten-meter-deep trench is being dug along the Egyptian border, the full length of the city. The Israeli military is also considering establishing a kilometer-wide no-man’s land along the full length of the so-called “green line” that demarcates Israel and the West Bank. The zone will be patrolled by Israeli Army units with orders to arrest or shoot anyone found in the zone.

Israel has also closed all border crossings with Egypt and Jordan, cut off all imports and exports, banned Palestinian cars from all Israeli-controlled roads, and cancelled all Palestinian work permits. For two weeks, Israel cut all food and petroleum imports. The lifting of this sanction on June 6 was trumpeted by the Israeli government as a “confidence-building measure.”

These operations have nothing to do with stopping terrorists, but are being implemented now, to facilitate the implementation of the war plan which the European-led diplomatic effort postponed. The aim of this war plan is to crush the Palestinian Authority, reoccupy the West Bank, and create a flood of refugees across the Jordan River into the Kingdom of Jordan.

The plan, no doubt, envisions possible attacks on Syria and other countries in the region. Throughout the week of June 4, the Israeli Air Force conducted a massive air exercise involving almost its entire fleet.

The Cost of Eight Months of Conflict

After eight months violence, the death toll now stands at 480 Palestinians killed and nearly 16,000 wounded, and 110 Israelis and 13 Israeli Arabs killed and several hundred wounded.

Eight months of military blockade has led to a Palestinian unemployment rate of more than 40%, while 60% of the population lives under the poverty line. In monetary terms, Palestinian average income has collapsed from \$1,900 to \$1,150

per capita, while the economy has lost more than \$1 billion.

The Israeli economy, too, is facing dramatic losses. According to the Israeli Chamber of Commerce and Industry, it has lost more than \$2 billion as a direct result of eight months of conflict. The most dramatically affected sector is tourism, which has collapsed by more than 90%. This alone has led to unprecedented losses for Israel's El Al Airlines, which has suffered a 50-80% collapse in passenger traffic and losses of more than \$100 million for the first quarter. The collapse of tourism, including the closing down of 25 hotels, has hit Israeli Discount Bank, the country's largest, putting it near collapse. The real estate and related construction industry has also suffered. Exports to the Palestinian Authority, which had been about \$250 million, have ceased.

These losses come on top of the severe effects of the collapsing U.S. and European capital markets. This has not only hit hard Israel's high-technology sector, but Israeli banks, almost across the board, have suffered a collapse in profits. Israeli's overall economy in the last quarter of 2000 contracted by 12%, and the International Monetary Fund has revised its forecasts for annual growth down from 4.5% to 2%, while others are predicting no growth. Unemployment is at 10%, and continues to rise.

A recent poll showed that Sharon has only a 22% approval rating on the economy. It is feared that if the conflict continues, the economy will go into a tailspin.

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Drug Legalizer Soros Seizes Another Nation: This Time, It's Peru

by Sara Madueño and Manuel Hidalgo

Three years after it began, the operation launched by narcofinancier George Soros and the U.S. State Department to overthrow the patriotic government of Alberto Fujimori in Peru, and replace it with one of their own choosing, has concluded: On June 3, the mentally unstable Alejandro Toledo obtained 54% of the valid vote, against 47% for former President Alan García. Toledo will assume the Presidency on July 28.

A deciding influence on this outcome was the fact that Soros, the infamous mega-speculator who is one of the Queen of England's private bankers, had given \$1 million directly to Toledo—as exposed by his then-adviser Alvaro Vargas Llosa, and as admitted by Toledo himself—to organize the bloody “Four Corners March” of July 28, 2000, which was orchestrated to sabotage Fujimori's reelection and to present him to the world as illegitimate. But, why did Soros do this?

Nearly eight years ago, in September 1983, Soros's brother and partner, Paul Soros, published an advertisement in the *New York Times*, in which he defined the strategy of the Wall Street and City of London financiers: to annihilate the Armed Forces of Peru, thereby giving free rein to the Shining Path and MRTA narco-terrorists whom Fujimori had defeated. “When one can be certain that it [military influence on the government] is truly ended, investment values will rise 30, 40, even 50%. In Latin America, whenever the army as an institution is part of the power structure, all investments are discounted, because it introduces an element of instability. As an investor, one likes stability,” Soros wrote cynically.

Today, Wall Street is celebrating Toledo's victory with undisguised delight. The day after the elections, Peruvian bonds rose 8% in value, the greatest single-day increase since 1998, and the Lima Stock Exchange showed its greatest increase of the year, 3.7%. “The market will recover with this news” of Toledo's victory, an official with Banco Santander told Reuters news agency.

What these commentaries reveal, is the strategic reality behind the Peruvian elections: The world is facing a new “Grasso Abrazo”—the frightening term coined in 1999 to describe the mutual admiration pact between New York Stock Exchange President Richard Grasso and the financial chief-

tain of the narco-terrorist FARC cartel in Colombia, “Raúl Reyes.” As the Ibero-American Solidarity Movement (MSIA), Lyndon LaRouche’s movement in Ibero-America, forewarned in May 2000: “If Toledo takes the Presidency, narco-terrorism will take power.” With Toledo’s victory, nearly the entirety of the Andean region of South America — from Peru, to Colombia, to Venezuela (ruled by Hugo Chávez, an overt ally of the FARC) — is passing into the hands of the Wall Street/London drug legalizers. Given that this region produces all of the world’s cocaine, and a large portion of the heroin and marijuana that enters the United States, this poses a security threat for the entire hemisphere.

Invest, and Ye Shall Be Rewarded

Toledo’s first announcement as President-elect was to pay his debt to his boss, by naming Pedro Pablo Kuczynski to his cabinet, probably as an economics super-minister. “PPK,” as Kuczynski is known, is an international banker. Trained at Oxford and Princeton, PPK is chairman of the investment bank First Boston International. Since the early 1990s, he has been George Soros’s representative in Peru: “The representative in Peru of this important financial group [Soros’s Quantum Fund],” said the Spanish daily *El Mundo* in May 1994, “is Pedro Pablo Kuczynski, former Mines and Energy Minister and renowned expert in Peruvian high finance.”

On May 1, the *New York Times*, in a favorable article, wrote that PPK’s his mission is “to revive free-market reforms in Peru, in an era in which corruption and bad administration has caused them to lose force.”

Toledo has also called on Javier Pérez de Cuéllar, former UN Secretary General and current Peruvian Prime Minister in the transition government, to preside over his cabinet. Another individual who could figure in Toledo’s government, is Diego García Sayán, a member of his party and current Justice Minister. García Sayán and Pérez de Cuéllar share a great deal in common: In 1998, they signed, together with Soros and hundreds of international figures, an open letter to UN Secretary General Kofi Annan, calling for an end to the war on drugs. Within the UN apparatus, they also participated in the dismantling of the Salvadoran Armed Forces and the elevation of that country’s narco-terrorist FMLN, through the so-called “Peace Accords” and the hypocritical “Truth Commission.”

Another key influence in the incoming government will be Eliane Karp, Toledo’s wife and Belgian anthropologist, who has an undisguised sympathy for Shining Path-type “indigenism.” In fact, just days before the election, the Lima daily *Liberación* revealed that Karp had participated in the funeral services for Augusta LaTorre, who co-founded the Shining Path with her husband, Abimael Guzmán. *Liberación* confirmed that a video existed documenting the fact. Karp responded to all campaign challenges against Toledo with a racial diatribe against “the little whites of Miraflores” (a wealthy neighborhood in Lima), and by calling Toledo “my

little sacred *cholo*,” a reference to Toledo’s supposedly Indian features. More telling than his physical features, is the fact that Toledo’s *mind* was shaped by the universities of Stanford and Harvard in the United States, and by the World Bank, where he worked as an economist for many years.

Transition to Drug Legalization

Pérez de Cuéllar and García Sayán have headed up the transition government of Valentín Paniagua, who replaced the ousted Fujimori as President, in November 2000. This government has served to give us a glimpse of what the Toledo government will be like, and its primary achievement has been to assure Toledo’s election, and to pave the way for the rearming and reemergence of narco-terrorism in the country.

The Pérez de Cuéllar-García Sayán cabinet created a blackmail, witch-hunt environment against the military, politicians, journalists, and media opposed to drug legalization, by means of the so-called “Vladi-videos,” tapes supposedly made by former intelligence chief Vladimiro Montesinos, and selectively released by the Waisman Committee of the Congress, headed by Toledo’s choice for second vice president, Congressman Waisman.

Among its other acts, the transition government has:

- freed hundreds of drug traffickers and narco-terrorists from jail;
- agreed to “review” the trials of narco-terrorists and drug traffickers;
- withdrawn anti-drug and counterinsurgency military bases from the interior of the country;
- surrendered the jails to the terrorists still incarcerated;
- dismantled the national intelligence service;
- and, most important, begun the dismantling of the Armed Forces, indicting and trying anti-drug and counterinsurgent military officers — based on the testimony of the drug traffickers and terrorists themselves! Key to this scenario is the “anti-corruption” ad hoc prosecutor José Ugaz, who, together with Soros, García Sayán, and Pérez de Cuéllar, signed the open letter calling for drug legalization.

At the same time, a movement of coca growers is being encouraged, to be used as a shock force to demand the legalization of drugs. In early May, the coca growers blocked the highway between San Martín and Ucayali departments, near the coca-growing region in the Upper Huallaga Valley, for nine days, to protest the eradication of coca crops, a project begun years earlier by President Fujimori, which had achieved a two-thirds reduction in the Peruvian coca crop overall. The demonstrations were music to the ears of the Pérez de Cuéllar and García Sayán cabinet. Immediately, the drug-legalizing cabinet agreed to suspend eradication, and struck a deal, known as “The Plan for Arranged Gradual Reduction,” with the coca growers. The “reduction” is so gradual that coca growing will be allowed into eternity, and will be “arranged” with the very coca growers who are deployed by the drug traffickers.

Brazil, Argentina: Time for an 'About-Face'

by Silvia Palacios

On June 1, an historic binational meeting was held in the Brazilian city of São Borja, located on the border with Argentina. Convoked by the Ibero-American Solidarity Movement (MSIA), Lyndon LaRouche's movement in Ibero-America, and Argentina's Movement for National Identity and Ibero-American Integration (MINEI), which is guided by incarcerated war hero Col. Mohamed Alí Seineldín, the participants gathered to launch a process of deliberation on the future of Ibero-America, which, in globalization's grip, faces assured disintegration.

The historic responsibility of forming a Brazil-Argentina axis to reverse this process, was given particular prominence in the discussions, because without that lever of unity, the British geopolitical games in the South American Southern Cone, of feeding rivalry between the brother nations, could not be overcome. The response to the call for the meeting, was a vibrant demonstration that Ibero-American integration, far from being a dream, is a project present in the lives of the continent's citizens.

The opening ceremony, in which the participants sang the national anthems of Brazil and Argentina, was attended by 200 people from the two nations. Brazilians came from five different states, among them many serving officials, including five mayors and various city councilmen, plus former mayors, as well as businessmen, university professors and students, and agricultural producers. Support from various local bodies—among them, São Borja's Chamber of Commerce, the Rural Association Federation, and the Association of Rice Producers—made the meeting possible.

Federal Deputy Luiz Carlos Heinze, president of the Brazilian Chamber of Deputies' Agricultural Committee, gave the welcoming speech. "This meeting is a seed sown above the political parties," he said, identifying the necessity of building a movement to turn the dream of being modern and sovereign nations, into reality. His intervention reflected the spirit which is spreading throughout Brazil's interior, as neo-liberalism's (i.e., free trade's) glittering promises dissipate, and its only chance of surviving a little longer, is that Brazil be cornered into accepting the Free Trade Agreement of the Americas (FTAA).

Therefore, Deputy Heinze said, "Davos and Pôrto Alegre, which raised questions for us, worry us," a reference to the parallel meetings held in January: one, of the Anglo-American bankers in Davos, Switzerland, and the counter-gang of Jacobins from around the world who gathered in Pôrto Alegre, Brazil for a "World Social Forum" shaped by Anglo-French oligarch and eco-freak Teddy Goldsmith. Another great concern, he said, is the FTAA, which could wreak enormous damage on the growth of modern Brazilian agriculture.

Heinze also emphasized that despite the increases in agricultural productivity, "We see an impoverishment of the productive classes." This panorama worsens, because there are political groups that oppose the modernization of agriculture. We are sure, he said, that to feed Brazil and the world, "we can accept neither the programs of the Workers Party nor of the Landless Movement [MST], which promote backward agricultural methods. The so-called 'organic agriculture' which they promote, will not solve the hunger of the world." He concluded: "We need to become political, to put aside discussion of daily concerns, to discuss ideas which affect our lives. We have to think of the future, without the extreme left or the extreme right. We do not agree with financial exploitation."

LaRouche's Ideas Shaped the Discussion

U.S. Presidential pre-candidate for 2004 Lyndon LaRouche's presence at the meeting, was through a powerful message entitled "Divided Is Conquered," in which he emphasized the need to revive the spirit of unity among the nations of the continent, based on defense of the principle of the sovereign nation-state—this being Ibero-America's only guarantee of survival. The dialogue continued with a message sent from prison by Argentine Colonel Seineldín, in which he described his systematic battles on behalf of continental integration, and called on those present to continue these efforts "with great spirit and force for action." (Both messages follow this article.)

Others who sent greetings included Col. Pedro Schirmer, director of the Brazilian newspaper *Ombro a Ombro*, who stated: "With the force of ideas, the noble Brazil-Argentina axis will make its voice heard by all nations fighting for a just order against the excesses of globalization"; and, Joaquim Almeida Serra, Brazil's former Ambassador to South Korea.

Speaking from the Argentine side, MINEI president Jorge Cabrera painted a picture of the dismantling of the Argentine government during previous administrations, and the climax of destruction brought about by the so-called ultra-radical monetarist, financial czar Domingo Cavallo. This picture was complemented by the presentation of Ernesto de Simoni, president of the cooperatives of the Argentine province of Corrientes, who addressed the ways in which neo-liberalism has destroyed Argentina's rich agricultural capa-

bilities; and by Carlos María Vallejo, a specialist on the subject of integration and agriculture.

'We Need Our Own Land-Bridge'

Lorenzo Carrasco, a member of the MSIA executive committee in Brazil, addressed the world strategic situation, and laid out the world reconstruction programs put forward by LaRouche and his movement. He gave a brief description of the background which gave rise to this meeting, as captured by an MSIA statement entitled "Brazil, Argentina, the Hour of Truth." In discussing the importance of the Eurasian Land-Bridge, and its demographic impact over the next 25 years, when the population of that region will grow from 3.5 billion to 4.5 billion, Carrasco stated: "The Eurasian nations are taking concrete measures to construct a bridge that will unite the Atlantic with the Pacific. Population growth at conservative rates, and the development of the interior of China and other nations, will create an enormous demand for food. We in South America have the greatest potential of arable land in the world; we have the culture to develop by ourselves this enormous agricultural frontier, but we need infrastructure, waterways, railways, energy plants, new cities.

"We also need to build our own land-bridge," Carrasco added, "our own infrastructure corridors to unite the Atlantic and Pacific, and this is absolutely complementary to the Eurasian Land-Bridge. The hegemonic powers centered around the Anglo-American oligarchy know this, and have launched irregular warfare against us to sabotage this potential, through a network of non-governmental organizations. Today, we have the responsibility to forge a movement whose mission is to turn our nations into the breadbasket of the world, that will put an end to the manipulations of the great grain cartels. And this mission is what will reestablish hope in the people; through employment in the construction of necessary infrastructure, we can reestablish the principle of general welfare, of the common good, in public policies."

Other panels discussed the offensive against the sovereign nation-state in Ibero-America, the need for physical integration programs for the continent through great infrastructure projects, and Brazilian-Argentine cooperation in the scientific arena. Adrian Romero Mundani of MINEII proposed that the defense of Brazil's Amazon should be made common cause with the defense of the sovereignty of Argentina's Patagonia. "We need to 'Malvinize' the Amazon," he said, referring to Argentina's fight against the United Kingdom for sovereignty over the Malvinas Islands. "We need to 'Malvinize' Patagonia, and this should become a common cause in defense of the sovereignty of the continent, and of sovereign control over its natural resources."

This reporter, as *EIR* correspondent in Brazil, presented a panorama of Ibero-America's loss of sovereignty over the past 20 years, brought about by various supranational inter-

ventions, from the financial, carried out by the International Monetary Fund and Anglo-American interests which entered through the door of the privatization of companies, to the environmentalist and indigenous agenda. She specifically exposed the oligarchical interests which are the string-pullers of the so-called World Social Forum, such as Anglo-French magnate Teddy Goldsmith, and his French puppet José Bové, and the separatist geopolitical drive for control of territory and natural resources being carried out through the Zapatista National Liberation Army (EZLN) of Mexico and the MST of Brazil, key pawns of the World Social Forum in Ibero-America.

In the second panel, editor of *EIR's Scientific Environmental Alert*, Nilder Costa, detailed the need for projects, such as the Brazilian waterways, that could drastically increase the production of real wealth in Brazil, and the sabotage run by the eco-fascist world lobby. Geraldo Lina of the MSIA presented an account of the damage that entrance into the FTAA would cause to Brazilian industry.

Throughout the deliberations, a true dialogue was carried on among the participants, leading to a hoped-for convergence of interests to save the nations, and above all, to an agreement that the future of Ibero-America must never be, as LaRouche had said, "Divided Is Conquered."

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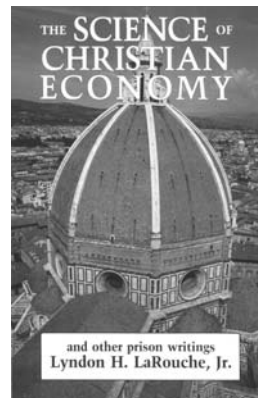
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Divided Is Conquered

May 28, 2001

My greetings to those of you present or represented in this historic special meeting of representative patriots of Brazil and Argentina. I wish to convey my special greetings to Colonel Seinfeldín.

1. A Time of Great Change

This is a time of great changes which are already sweeping the world. The question is: whether those changes will lead the world into that new dark age of all humanity, which globalization represents, or whether our fight against the oligarchical forces of globalization will bring forth a new renaissance for this planet. The bringing forth of that renaissance, a renaissance based upon the principle of the sovereign nation-state, must be the intention implanted within each of us, the intention which unifies our efforts to a single, world-wide effect.

Nineteen years have passed since the perfidious British monarchy conceived, concocted, and launched its 1982 war against Argentina. Since that war, we have watched the sovereignties of nearly all of the republics of Central and South America destroyed, in the most liberal excesses imposed by the world's leading financier oligarchy, one after the other. Today, where proud nations stood at the beginning 1982, only Brazil has not yet been stripped of the quality of sovereign self-government which existed in early 1982. Brazil is therefore the chief target of the enemies of humanity within this hemisphere. Ironically, but not accidentally, the continuing dangers facing Argentina are a central feature of the economic-strategic threat to Brazil.

However, those nineteen years are not the end of history. The international financier-oligarchy, which is the chief agency responsible for the destruction which has occurred in the Americas during the recent two decades, is now being destroyed by its own liberal system. The greatest financial collapse in human existence, has pushed the nations of the world as a whole to the brink of a threatened, global new dark age.

Very soon, one way or the other, that system is doomed. The only important question is, whether nations have the will to free themselves from this world financial system, before it obliterates those nations?

2. The Principle of the General Welfare

To make my own intention clear, I present you with a special quality of paradox, a paradox of a type which some

call a spiritual exercise, so called because it requires us to rise above the capacities of the beast, to that power of reason, called cognition, which sets the human individual apart from and above the beasts.

To save our nations, we must, as I have said, defend their perfect sovereignty against the evil called "globalization." Yet, if we allow our ranks to be divided by devotion to the sovereignty of the nation of each among us, all of our nations will be destroyed, a destruction caused by our lack of unity in a common cause. That is a common cause of us all, not only within the Americas, but throughout the world as a whole.

We can not succeed, unless we subsume the sovereignty of each of our nations under a common cause. We must be united, and governed by a higher principle than defense of any one among our nations. We must be governed by that principle of the general welfare which is celebrated in the Preamble of the U.S. Federal Constitution of 1789, the same principle of the general welfare around which His Holiness John Paul II has sought to arouse the conscience of the nations and their peoples.

If we fight to defend our nation, and do not defend that principle, we shall each and all be defeated and crushed. If we can unite around that principle which is a higher authority than any nation, that principle will then provide the means by which we may save each of our nations. Divided, even divided by our pride in our sovereignties, we shall each be destroyed, as we have witnessed that crushing of the republics of the Americas, one by one, during the recent two decades. United, as part of a world-wide effort on behalf of a common principle of national sovereignty, we can win back the sovereignty which has been lost, and much more besides.

3. The Defense of the Americas

As an informed patriot, and Presidential candidate of the U.S.A., I am committed to this expressed policy by the tradition of my own republic, just as I condemned U.S. support for Thatcher's Britain in the war against Argentina. What I, as a U.S. political figure, defended then and defend now, is the principle set forth by U.S. Secretary of State John Quincy Adams, as reflected in President James Monroe's promulgation of the 1823 Monroe Doctrine. The same policies and same issues as those of 1823 persist in the matter of the attacks on the sovereignties of the republics of the Americas today.

To understand the present situation then, look to the strategic threat to the then-emerging republics of the Americas then, in 1823, as in what is only a slightly modified expression of the same threat today.

The U.S.A. Declaration of Independence of 1776, and the ensuing framing of the 1789 Federal Constitution, were the result of a determination by leading intellects of Europe, to establish a model republic in the Americas, at a time when the internal conditions of Europe did not allow this to be accomplished there. Thus, from its establishment, the U.S.A. became a continuing target for its intended destruction, by

both the British monarchy and the Habsburg-centered pro-feudalist interests of the continent.

With the success of Britain's Jeremy Bentham, as head of the "secret committee" of the British Foreign Office, in orchestrating the five-year-long Jacobin Terror, launched in France on July 14, 1789, the young U.S.A. became isolated and threatened by the forces of both the British monarchy and the Metternich-led Holy Alliance. These external enemies of the U.S.A., which were identified by President Franklin Roosevelt as "the American Tories," were aided by treasonous elements allied to those foreign enemy powers, chiefly from among the New York-centered banking circles of Bank of Manhattan's Aaron Burr and the southern slave-owning oligarchy.

It was in that circumstance, in 1823, that Secretary Adams crafted the policy which became known as "the Monroe Doc-

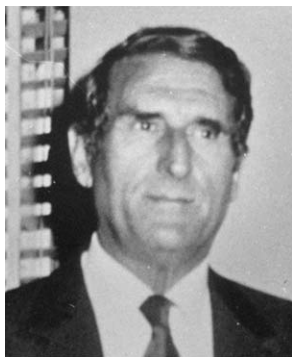
trine." That the U.S. should make no alliance with the British monarchy or Holy Alliance interests, but must act with the intent to become sufficiently strong to expel the oligarchical interests represented by both the British and their Habsburg allies from the Americas. The intent was to work for, and defend a community of principle among a continent of perfectly sovereign nation-state republics.

That was the policy which guided my actions in the developments of Spring and Summer 1982, as also, still, today.

Since 1823, many things have changed, but the "American Tory" enemy from within the U.S.A., and from outside our hemisphere, represents, essentially, the same financier-oligarchical interest which has threatened the U.S.A. and other states of the Americas ever since. The British monarchy and American Tory traditions are a family tree with relatively few branches.

We All Are Saved Or All Are Lost

Col. Mohamed Alí Seineldín sent the following greeting to the Ibero-American Solidarity Movement (MSIA) Brazil-Argentina bi-national conference on June 1. Colonel Seineldín, a nationally acclaimed hero of the Malvinas War, sent his message on May 20 from Campo de Mayo Military Prison in Bueno Aires, where he has been a political prisoner since December 1990.



Dearest Ibero-American Brothers, Who Today Share This Important Meeting:

Every time there is a meeting among brother countries, my spirit is filled with joy and hope. With this state of mind, I today wish to be with you.

Believe me, that for a long time I have dreamed, and it has been my permanent obsession, of being able to integrate all of the representatives of the Ibero-American countries—without exclusions, only authentic Americans—in a Permanent Structure, with statutes and regulations. In the opportunities I had, I always acted in that direction: as in the Second Congress of Panama, organized in 1988; or later, immediately after the military pronouncements of

Venezuela. There were many other circumstances, but the initiatives acted as an immediate reaction, and once the cause which motivated them had ended, they notably stopped functioning.

I often ask myself about this: There being so many of us who uphold the same principles, we are unable to concretize that unity. The answers vary from "lack of resources" to "wishes with insufficient drive."

Time passed, and our peoples were subjected to the most evil liberal system in history: Based on a fraudulent "foreign debt," one by one we fell, until we became a miserable step in the project of the "satisfied ones." The crisis has reached unimagined levels, and only one option remains: "Either we all save ourselves, or we will all sink together." Of this there is no doubt.

The Four Horsemen of the Apocalypse surround us: hunger, war, disease, and death, each of them related, as well, to generational ills: drugs, prostitution, unpayable foreign debts. In this framework, the empire and its backers try to consolidate the terminal proposal for our economies and our sovereignties: the FTAA (Free Trade Agreement of the Americas), which is nothing more than a new tool of the Anglo-Saxon Caste to finally dominate our countries.

It is for that reason, dear brothers, that today we again meet: first, to become friends; second, to talk about our marvelous Great Fatherland; and third, to try to concretize this indispensable element of thought and action. In the beginning, I believe it is not important that it be established with a lot of people; but it is fundamental that it have a great spirit and forces for action.

I embrace you, transmitting all of my hopes for the success of this effort. I ask the Mother of Heaven, the Patroness of Our American Land, that she be among you and inspire Faith and good will.

The principle underlying Secretary Adams' and President Monroe's policy in 1823, is the same principle of the general welfare defined as the fundamental constitutional law of the U.S.A., within the Preamble of that Federal Constitution. The principle of the general welfare, also called the common good, specifies that no government has the moral authority to govern, except as it is committed efficiently to promote the general welfare of all its population, and their posterity. To define the Americas as the area to be self-governed by a community of principle among sovereign nation-state republics, is the meaning of Secretary Adams' doctrine, and the proper principle for today.

4. The Global Setting Today

Today, the notion of a community of principle remains the same; but, the circumstances differ.

Now the threat to humanity comes chiefly from an Anglo-American financier oligarchy which has been committed to establishing a new, global parody of the old pagan Roman Empire, as an eternal system of financier rule, called "globalization," over the planet as a whole today. This is a tyranny of finance in which a collection of certain non-governmental organizations, called NGOs, undermine and replace the legitimate role of national government.

As the present world financial system plunges into the general collapse it has brought upon itself through its own imperial design, there is a growing revolt in much of the world against this Anglo-American system of financial tyranny. In this circumstance, the possibility of victory for the cause of the sovereignty of the republics of the Americas depends upon global strategic factors of that sort. Thus, although we can not win this fight without rebuilding strong alliances of principle among ourselves in the Americas, we can not win the global struggle, except in concert with a growing mass of actual or potential political allies from around much of the world.

I see the common interest of the nations of Brazil and Argentina as a strategically crucial flanking deployment in the battle to regain the principle of true sovereignty for the nations of Central and South America. This is a battle which can not be considered separately from the issue of the now accelerated Anglo-American genocide against the people of sub-Saharan Africa, nor separate from the great effort now emerging across Eurasia.

Within that framework, as the failures of the present, self-doomed U.S. Bush Administration show, we have reached the point of crisis at which great changes, either for much better, or much worse, are now inevitable. We have thus come into a time of great, planet-wide crisis, when the opportunity is presented to us, to change what could not be changed during a preceding period of now nearly two decades, since the defeat of the efforts we made in Spring and Summer of 1982.

We must not make foolish plans, of course; but no plan, by itself, could save us in a crisis of the kind which menaces the world as a whole today. Just as the order of the galaxies is

determined by universal principles, so the principle of human action lies in those governing intentions which, as they are aroused within the human mind, serve as the universal principles which shape the willful choice of destiny of societies. Just as great universal principles govern the stars, so great principles of statecraft, or the lack of them, uplift or doom nations.

The principle of the general welfare, the principle upon which the existence of the sovereign nation-state republic depends, must be the common intention which informs our action.

MSIA Call

Brazil, Argentina: The Moment of Truth

by Lorenzo Carrasco

The following call was issued in early May on behalf of the Ibero-American Solidarity Movement (MSIA), convoking the bi-national conference held on June 1 in São Borja, Brazil, on the border with Argentina.

Sunk in a deep economic depression and threatened by spreading global insolvency, aggravated by economic meltdown inside the United States, Argentina's ongoing crisis could drag Brazil and the entire Ibero-American continent into unprecedented economic devastation, while unleashing anarchist insurgency promoted from abroad by the global financial oligarchy.

Brazilian diplomatic sectors and other circles have become increasingly aware that the insistence on "globalization" and "deregulation" of the economy, will inevitably lead to the destruction of what remains of the economic and social fabric of the country, and will trigger, in the immediate future, the fragmentation of the national territory itself.

The only possible way to address this state of affairs is to refuse to go along with, not only the Free Trade Agreement of the Americas (FTAA), whose realization would consolidate the continent's servitude to the Anglo-American financial axis, but also the whole liberal fantasy which, since 1990, has promoted the idea that Brazil would achieve "First World" international status, once it fully accepts the rules of "globalization," including abandoning all development of advanced technologies.

The fantasy is now over: Brazil, together with Argentina and the other nations of Mercosur, have a common destiny. Take a look at the diplomatic initiatives that both Russia and the ASEAN-Plus-3 group (which includes the principal Asian

economies, plus China, Japan, and South Korea) are undertaking to free themselves from the economic lunacy of the Anglo-American oligarchy and their institutions, such as the International Monetary Fund (IMF) and World Bank, which — like the psychotic who threatens to set fire to the house before he is put in a straitjacket — offer no answers, other than to provoke military conflicts throughout the planet.

The nations of Eurasia are increasingly recognizing the importance of building the Eurasian Land-Bridge, as proposed by the U.S. economist and 2004 Presidential candidate Lyndon LaRouche. This Land-Bridge is based on a series of great “development corridors,” which are crucial for any global development plan which seriously proposes to lift humanity out of the economic insanity which has prevailed for the last three decades. Along with LaRouche’s proposal for a total reorganization of the bankrupt international financial system, through a New Bretton Woods, such a program is in the common interest of the great majority of the world’s population, and is the only solution to the current crisis.

Such international initiatives and alliances are, in fact, the best way that the United States itself can be helped, to free itself from the economic madness of Alan Greenspan and the Bush government, and to strengthen the forces headed by LaRouche in that country. Under LaRouche, the United States would ally with such a proposed reorganization of the international financial system.

With the consolidation of an Argentina-Brazil axis as the heart of Mercosur, and, in fact, as the heart of South American-wide economic integration, the efforts begun at the September 2000 Brasilia summit of South American heads of state can be revived. Those efforts were truncated by Wall Street’s and the U.S. State Department’s successful campaign to overthrow Peruvian President Alberto Fujimori — a crime which was de facto tolerated by other South American nations, emphatically including Brazil, and which has meant a serious setback in the face of the inevitable advance of world financial collapse.

South American Integration

In Brasilia, President Fujimori defined a continental mission of building a “United States of South America,” one of the largest areas of the planet which, with its diverse nations, nonetheless represents a single cultural unit, capable of developing its enormous economic potential as a whole. It is clear that such united action, along with Lyndon LaRouche’s proposal to convoke a New Bretton Woods conference to establish a new monetary system, is the best diplomatic card the region could play in the effort to bring about an urgent reorganization of the world financial system.

But to accomplish this, the initial purpose of Mercosur — to constitute a free-trade zone — should be reformulated, turning it, instead, into an area of physical integration, with the rapid development of the region’s infrastructure and logistics. Without highways, and especially waterways and railways, to

make possible the rapid and inexpensive movement of goods throughout the region, effective integration will be impossible.

This potential is, not surprisingly, what is behind the campaigns promoted by the Anglo-American oligarchy, through a vast network of non-governmental organizations (NGOs), to throw up every imaginable obstacle to such projects, alleging possible damage to the environment and to the way of life of indigenous peoples — who are actually only denied the right to the benefits of civilization by precisely such campaigns. The same kind of attacks can be seen against the responsible use of transgenic seeds for agriculture.

Brazil and Argentina, along with the whole South American bloc, should use the precedent established by U.S. President Franklin Delano Roosevelt, to immediately and urgently generate, through great infrastructure works, millions of jobs, to give necessary relief and confidence in the future to impoverished and desperate populations, so vulnerable today to manipulation by the anarchist hordes congregated in Teddy Goldsmith’s World Social Forum. This is the only way to maintain social peace, rationality, and national ideals, so gravely threatened by the effects of globalization.

Brazil and Argentina must also strengthen protection of their national industries, and undertake efforts to renew great scientific and technological research projects, in areas such as nuclear energy, aerospace, biotechnology, and so forth. This is the only way to salvage and develop the capital goods sectors which are being crushed under the neo-liberal avalanche.

Thus, the moment of truth has come for Brazil and Argentina, both as sovereign nation-states, and as potential partners in a viable process of economic integration. Further, through such a process of economic integration, both nations could become food providers to Asia, in the context of a great “food for peace” program.

If this is to happen, the two nations must jointly make an “about-face,” immediately reducing the colossal drain of financial resources now going to service their respective public and private debts, and insisting on the refinancing of the foreign debt — through joint debt moratoria, if necessary — for the purpose of freeing the necessary resources for economic growth and development to the benefit of all sectors of society. To isolate countries from the effects of the coming global financial collapse, it is further necessary to establish exchange and capital controls, as was done successfully by Malaysia during the so-called “Asian Crisis” of 1997-98. If Malaysia was successful, with a GNP one-fourth the size of Brazil’s, imagine the political impact of such a joint action by the two leading nations of South America.

In sum, the time has come for each and every citizen, Brazilian and Argentine, to assume their responsibilities in the creation of a “critical mass” of aware citizenry, capable of decisively influencing the common future which is the destiny of both nations.

Anglo-Americans Move To Disrupt East Asian Ties

by Kathy Wolfe

Following a number of highly successful talks among China, South Korea, and Japan on international monetary and Eurasian Land-Bridge affairs, a campaign led by the Anglo-American media, and networks in each country which have Wall Street interests, has gone into gear, to bring back Cold War-era animosities. During the first week of June, it was reported that China will cancel a planned Beijing summit with Japanese Prime Minister Junichiro Koizumi; that pro-China Japanese Foreign Minister Makiko Tanaka will either soon be fired or will resign; that China and Japan will slap on huge trade barriers against each other; and, that the next summit of the Association of Southeast Asian Nations plus China, Japan, and South Korea (ASEAN-Plus-3) heads of state later this year, may be cancelled. None of these reports may be true, but that doesn't stop the press.

President Minister Koizumi, in a letter to Chinese President Jiang Zemin and Prime Minister Zhu Rongji, has proposed to visit China, the Tokyo Foreign Ministry said on June 2, and has begun discussing with China his election campaign promise to visit the Yasukuni Shrine to Japan's war dead. During the Cold War, such visits were taken as a sign of hostility toward China, because officers held responsible for World War II are buried there. But, the shrine was built by Emperor Meiji in 1869, and failure to visit it has been seen more recently as a failure to honor Japan's national sovereignty, due to pressure from Washington. Since Koizumi has made it clear that strengthening relations with China is a priority, has appointed the pro-Chinese Makiko Tanaka as Foreign Minister, and has consulted Beijing on how to arrange the shrine visit, Tokyo sources told *EIR*, the Chinese government has been considering how to accommodate him.

Yet, Agence France Presse on June 6 found an unnamed Chinese official in Tokyo who said that "if Koizumi visits Yasukuni, it will be difficult for him to visit China . . . and his visit might be scrapped."

Another conflict arose earlier this year when an anti-China clique of Tokyo professors linked to anti-China circles in the United States, inserted language offensive to China and other neighbors into new Japanese textbooks. Demonstrations against this in China and Korea have been intense, and now Japanese women's, educational, and Christian civic groups plan an "Asian Solidarity Conference on Textbook Issues" demonstration in Tokyo on June 10-11.

After travelling to Beijing on May 25-27 to repair Sino-

Japanese relations, Japanese Foreign Minister Makiko Tanaka has become the next target for resignation, by the Japanese media, following the media campaign which drove Prime Minister Yukio Mori from office earlier this year.

Downer vs. Tanaka

Tanaka's criticism of Bush's missile defense program as a provocation, and of undue influence on Bush by "oil industry people in Texas," was garbled into paranoid John Birch-esque language and reported by Australian Foreign Minister Alexander Downer to *Mainichi Shimbun* on June 1. While some Japanese press claimed that the leaks were from Tokyo Foreign Ministry bureaucrats who resent Tanaka, Downer's role became clear.

Yomiuri Shimbun and *Jiji Press* quoted Downer on June 2 as warning Tanaka that she was harming U.S.-Japan relations. Next, Japan's Chief Cabinet Secretary Yasuo Fukuda told a press conference in Tokyo on June 4 that he had confirmed the incident with former Prime Minister Ryutaro Hashimoto. Hashimoto told Fukuda that Australia's Downer had complained about Tanaka's remarks when Downer met Hashimoto in Tokyo on May 29. Hashimoto further said that he had asked Downer to let it go, but that Downer had refused, "saying he had no choice but to pass on a remark of such gravity considering the mutual trust between his country and the United States." Later on June 4, Downer issued a statement from Australia's embassy in Tokyo, dismissing Hashimoto's report. "Any suggestion that I told Mr. Hashimoto that Australia would be passing information on my discussion with Ms. Tanaka to the United States is a complete fabrication," Downer said.

Who is lying—Hashimoto, or Downer? The Japanese press played it as petty infighting between Hashimoto and Tanaka, but it is more likely that Downer has engaged in a most remarkable British Commonwealth interference into Japanese internal affairs, to discredit a pro-China official.

The controlled Japanese press has now gone on to scandalize Tanaka about anything she does, important or petty. Tanaka is being attacked for telling Chinese Foreign Minister Tang Jiaxuan that Tokyo would not allow former Taiwan President Lee Teng-hui to visit again—a perfectly reasonable position. She is also being scandalized for cancelling a hotel room in Beijing and for refusing use of a young female translator.

Tanaka had planned to visit Washington to prepare a U.S.-Japan summit for Bush and Prime Minister Koizumi on June 30, but on June 5, *Jiji Press* quoted an unnamed Liberal Democratic Party source as saying that "this has become difficult." On the same day, *Asahi Shimbun* reported that "a senior official of Prime Minister Koizumi's party" said that Tanaka "is not the right person" for her post. Finally, major newspapers reported on June 6 that Tanaka is about to resign. Tanaka denied this in the Diet (Parliament) on June 6, but the attacks continue.

Highest-Level Efforts Launched To Resolve Kashmir Conflict

by Ramtanu Maitra

On May 17, Indian Prime Minister Atal Behari Vajpayee called off the six-month-old unilateral cease-fire in the Indian part of Kashmir, and simultaneously extended invitation to Pakistan's Chief Executive, Gen. Pervez Musharraf, to visit Delhi for talks to resolve outstanding disputes between the two countries. General Musharraf has accepted the invitation, and a tentative date in early July has been set up for the talks. The agreement to talk has opened up new possibilities to resolve the 53-year-long Kashmir dispute.

The decision of New Delhi, although apparently sudden, was in the process for a while. To begin with, the cease-fire of last Winter was not an end by itself, but was imposed to set the ground conditions for a comprehensive resolution of the Kashmir dispute. Although Pakistan responded positively by withdrawing some of its troops from the border areas and reducing its shelling across the borders, the extremists—neither those who are Indian Kashmiris, nor the others who infiltrate into India to commit terrorist acts—did not respect the unilateral cease-fire agreement. It has been evident for a while that both New Delhi and Islamabad would require a higher level of intervention.

Under such a premise, neither the announcement of the Indian Prime Minister, and the response drawn from General Musharraf, were sudden surprises. What is noteworthy, nonetheless, is the political courage that both sides have shown in disregarding extremist threats and political pressures exerted from within and without.

How Delhi Laid the Groundwork

The first indication that New Delhi was preparing for a major policy turnaround came in early April, when the Indian Planning Commission chairman and a veteran politician, K.C. Pant, was deputed by Prime Minister Vajpayee to negotiate the Kashmir situation with the Indian Kashmiris. Mr. Pant went about trying to bring the militant-political group, the All-Party Hurriyat Conference (APHC), to hold talks with the Indian government. It became clear that the APHC does not call the shots and has become overly dependent on the extremists from the Pakistani side of the border. APHC continued to dilly-dally, unwilling to give up its vantage position, but unable to clear the air and start talks; it de-

manded that Pakistan be included.

India rejected the APHC proposal, while being fully aware that no solution to the complex Kashmir issue can be reached without bringing in Pakistan to the discussion table. Delhi, on the other hand, wanted to hear the voices of the Indian Kashmiris through the APHC. Since the APHC failed to deliver, it was time for India to talk directly to Pakistan and bring in the Kashmiri groups later. A positive response from Islamabad shows that the process is moving, but both leaders will face innumerable roadblocks once the discussions start. Both have done their basic homework. China's Prime Minister Zhu Rongji was on a four-day visit to Pakistan a few days prior to Mr. Vajpayee's call for talks. India also received a high-level Chinese military delegation from the National Defence University soon after. Beijing, therefore, was surely kept aware of the upcoming efforts, and this became evident when China quickly endorsed the new initiatives.

Washington was also active. President George Bush's personal emissary, Deputy Assistant Secretary of State Richard Armitage, was in New Delhi in early May, ostensibly to discuss Washington's National Missile Defense proposal with the Indian authorities. It is reported in the Indian media that Armitage had also proposed a direct talk between India and Pakistan.

Roadblocks from Extremists

In Islamabad, there were a number of visitors. A U.S. Congressional delegation, which also visited India, came to Pakistan in February, urging General Musharraf to bring about an end to the extremist infiltration into Kashmir, among a few other sticky items. The CIA chief, George Tenet, who is reportedly close to General Musharraf's close confidant and former Pakistan Intelligence-Service (ISI) chief, M. Durrani, was in Islamabad talking to General Musharraf on a number of security issues, including Kashmir. Since then, both Washington and Moscow have endorsed the talks and welcomed the efforts to resolve the Kashmir conflict.

The extremists and militants will not easily give up the turf for which they have fought for more than a decade. More

importantly, the militants are not under the control of Pakistan, and have very many international connections. They get their political, and some financial, support in Britain and elsewhere. Their major sources of finance are the drug traffic, and generous sheikhs of Arabia. The Pakistan ISI, which is a mish-mash of intelligence personnel and outright terrorists, has long been infiltrated by many international intelligence agencies, notably the British.

Also not to be underestimated is the interest of the Islamic *ihadis*, who are working in tandem with the Taliban regime in Afghanistan on Kashmir matters. To these *ihadis*, Kashmir is important not only because it enhances their area of influence, but also because it is the gateway to western China, where some of the Uighur Muslims in Xinjiang province have been trained and armed by the Taliban. These Uighurs oppose Beijing and promote secessionism. The *ihadis* and the ISI work closely on this issue. In fact, the invasion of Kargil, in Indian Kashmir, by extremists and some Pakistani regulars in the Summer of 1999, which soured India-Pakistan relations significantly, was an attempt to establish a bulwark that would cut off India from the northernmost Kashmiri district of Ladakh, and provide to the extremists a passage to Tibet and Xinjiang in China.

Problem in Pakistan's Army

In Islamabad, there exist other forces who would oppose vehemently any attempt to work out a non-military solution to the Kashmir conflict. These forces include a very powerful faction within the Pakistani Army, pro-*jihadi* and belonging to orthodox Islam. They were brought into powerful positions by the late Pakistan President Gen. Mohammad Zia ul-Huq during the heyday of "Islamic revivalism" in reaction to the invasion of Afghanistan by the erstwhile Soviet Union in 1979.

This faction's opposition has already been articulated through some statements issued recently by Pakistan Foreign Minister Abdus Sattar. In Islamabad, at a press conference, Sattar made it clear that Pakistan still abides by the 1948 UN resolution which calls for a plebiscite in Kashmir to resolve the dispute. The Indian position had all along been to resolve the differences through bilateral negotiations and non-involvement of any foreign power.

In essence, Sattar not only disregarded what his Chief Executive had said while accepting the invitation, but also overruled the 1972 Shimla Agreement. General Musharraf had said clearly that he would go to Delhi with an "open mind," which means he will not set any precondition for the talks. The 1972 Shimla Agreement, signed by the late Pakistani Prime Minister Zulfikar Ali Bhutto and his Indian counterpart, the late Shrimati Indira Gandhi, said all outstanding issues between India and Pakistan would be resolved through negotiations. Particularly since both nations have developed nuclear weapons and delivery systems, the Kashmir issue cannot be resolved militarily.

The separatist extremist groups, which are backed by forces within Britain and other colonial forces, will up the ante in an opportune time to sabotage the talks. It will be important for the international community—particularly China, Russia, European Union, and the United States—to play a positive role to neutralize vicious attacks from the extremist groups in Kashmir and elsewhere.

Recent events in Nepal may have an indirect effect on the Kashmir talks.

In India, the right-wing Hindu chauvinist factions who dwell within the coalition government, are yet another threat. They already have made some noises, but it is encouraging that Home Minister Lal Krishan Advani, who is often identified as a torch-bearer of this faction, has endorsed the proposal and expressed satisfaction that India and Pakistan are heading toward achieving peace.

Economic Leverage for Peace

That is not to say that Delhi and Islamabad do not have maneuvering room. There is plenty of it and they should make use of it quickly. For instance, it is a good sign that New Delhi and Tehran are sitting down for the first time to evaluate the feasibility of laying a multibillion-dollar gas pipeline from Iran to India through Pakistan. For years, India had rejected the proposal, citing the security threat posed by Pakistan. Pakistan, on the other hand, would benefit enormously from the pipeline, and one estimate shows that it would gain a royalty of about \$800 million annually. As a result, Pakistan agreed to provide adequate security. But New Delhi was holding back. It seems things have finally begun to change for better.

In addition, both India and Pakistan have come to realize that the economic development of the subcontinent would require regional and beyond-the-region cooperations. India has begun to seek new economic partnership with Southeast Asia and the Middle East. In Southeast Asia, India has been told categorically that New Delhi must resolve the South Asian (i.e., India-Pakistan) situation first, and bring about a closer economic relationship in the region.

Pakistan, on the other hand, is in a desperate economic state. Its economic policies are dictated by the International Monetary Fund, and the nation is living from day-to-day on handouts from international donors and financial institutions to meet their debt obligations.

As a result, Pakistan's development has slowed down to a trickle and the country has become almost ungovernable.

Under the circumstances, the South Asian Association of Regional Cooperation (SAARC) has remained a moribund institution.

If Pakistan and India can resolve their disputes and join hands for a regional cooperation, the SAARC provides ample opportunities to turn around the economic situation in South Asia. This is not only going to help India and Pakistan, but also other South Asian nations.

Nepal Crisis Heightens Tensions in Region

by Ramtanu Maitra

The June 1 palace massacre in Kathmandu, which killed King Birendra, Crown Prince Dipendra, and several other close members of Nepal's royal family, has further deepened political and social crisis in the mountain kingdom, considered one of the poorest countries in the world, and poses some danger to the region as well.

The massacre has led King Birendra's younger brother, Prince Gyanendra, to become the 11th King of the Shah dynasty, an accession not welcomed by the people of Nepal, nor by a section of the Army. It is evident that King Gyanendra, in addition to establishing his legitimacy to the throne under a most bizarre set of circumstances, will have to carry out detailed and impartial investigations of the palace massacre. It is a tall task, and without cooperation from the people, may be insurmountable.

At the time King Birendra got gunned down inside the palace, Nepal was already in a most unstable condition. A burgeoning Maoist insurgency movement, which now controls about 50 of Nepal's 75 districts, has begun to set up its bases within Kathmandu, the capital. The Maoist group was formed in February 1996 when the Nepal Communist Party (Maoist) and the United People's Front (UPF) started their "people's war" for the establishment of a Mao-style dictatorship of the proletariat. This followed a meeting on July 1, 1995 between the Indian Communist Party (Marxist-Leninist)—also known as People's War Group—and the Nepal Communist Party (Maoist). Since then, the Maoist group has declared war on the parliamentary system prevailing in Nepal. The five-year-old "people's war" has already cost 1,500 lives, the majority of them Maoists. Police casualties have risen to more than 200.

Success of the Maoist group is a direct fallout of the failure of the mainstream political parties, mainly the Nepali Congress Party. Since 1990, when the absolute monarchy was changed, through street demonstrations, into a constitutional monarchy—although the Army remained under the monarch—nine governments have taken charge of the nation, and all of them failed miserably.

Today 81% of Nepalis are still dependent on agriculture for work; 16% work in service sectors, while a tiny 3% work in some form of industry. At least 45% of Nepalis live below the poverty line, and the annual budget for the nation of 23 million people is still less than \$1 billion. Moreover, a majority of the budget goes to shore up the towns, particularly,

South Asia



Kathmandu. Poverty remains all-pervasive in rural areas where the Maoists rule the roost.

Tourism remains the major foreign-exchange earner, and along with tourism, vices have anchored their roots deep into Nepal. Some foreign exchange is also earned through such legitimate activities as textiles and carpet exports. Nonetheless, 60% of Nepal's developmental budget has remained dependent on foreign aid.

Changing Allegiances and Governments

King Gyanendra's claim to the throne is still being disputed in the streets and alleys of Kathmandu. He belongs to the family that took over the Nepali kingdom in the 18th Century. In 1768, Prithur Narayan Shah, whose family had migrated in the 15th Century from India, became the first king of the Shah dynasty.

During the Cold War days, Nepal got caught in the Sino-Indian rivalry and suspicions. Kathmandu played the perfect role of a buffer state, switching its favors from one to the other from time to time. Prior to 1989, Nepal maintained a position of non-alignment in foreign affairs, carefully balancing relationship with China, the Soviet Union, the United States, and India. The Soviet Union and the United States were major

aid donors. A 1956 treaty with China recognized Chinese sovereignty over Tibet and officially terminated the century-old Tibetan tribute to Nepal. All Nepali troops left Tibet in 1957. The Sino-Nepalese border treaty of 1961 defined Nepal's Himalayan frontier.

India's geographical proximity, cultural affinity, and substantial economic aid render it the most influential foreign power in Nepal, but its military and political interference in Nepal's affairs has been a constant source of worry for the government. In 1969, Nepal cancelled an arms agreement with India, and ordered the Indians to withdraw their military mission from Kathmandu and their listening posts from the Tibet-Nepal borders. In 1989, the Indian government closed its borders with Nepal to all economic traffic, bringing Nepal's economy to a standstill. During the early 1990s, Nepal developed closer ties with China.

Weeks of street protests and general strikes forced King Birendra to proclaim a new constitution that legalized political parties, asserted human rights, abolished the *panchayat* (independent village rule) system, and vastly reduced the King's powers in a constitutional monarchy. In the 1991 parliamentary elections, the centrist Nepali Congress Party won a slim majority and formed a government, which collapsed in 1994. Following a succession of failed coalition governments, the Nepali Congress Party once again won a majority in the 1999 legislative elections.

The Crisis behind the Massacre

Because of its strategic location, and because of its economic weakness, Nepal has become a target of a number of disruptive forces—functioning often in tandem, but to achieve different goals. For instance, King Gyanendra, who is considered one of the wealthiest individuals, having stakes in Kathmandu casinos and some profit-making industrial activities, is a die-hard conservationist. He is the head of the Britain-Nepal Society and the King Mahendra Trust for Nature Conservation.

This association has brought King Gyanendra very close to the British royal household, particularly to Prince Philip, Duke of Edinburgh, who founded the World Wildlife Fund (since renamed the World Wide Fund for Nature). As a result, the WWF has a very big presence in Nepal; what is disturbing, is the fact that the Maoists are ruling the roost in the large “nature reservations” maintained by the WWF.

It is for this reason that there exist unsubstantiated rumors that Gyanendra has developed close relations with the Maoists. His objective, the rumors claim, is to further weaken the parliamentary democracy and re-establish an absolute monarchy. However, the Maoists have not spared Gyanendra's industrial facilities.

But Gyanendra's love for conservation is more than skin deep. Last November, the WWF had its 39th annual conference in Nepal, attended by Duke of Edinburgh. The show belonged to Gyanendra, who had brought 12 religious groups

to join hands with the conservationists and umpteen international non-governmental organizations (NGOs) that populate the country's hilly terrains. Some of the NGOs work for the tourist agencies, but the vast majority of them are extensions of the WWF, collecting data and information to preserve nature, and building up their intelligence data base.

In recent years, the proliferation of drugs, and the money that comes with it, has also brought Pakistan's Inter-Services Intelligence (ISI) into Nepal. The Indian Airlines hijacking in the Winter of 2000, carried out by some Pakistanis, originated from Kathmandu and was orchestrated by ISI agents. As recently as May, a Pakistan embassy official was told to leave Nepal, following a raid in his house where RDX explosives and other contraband items were discovered.

The Maoist group, which has a direct link with the Indian People's War Group, is the most virulent anti-India force in Nepal. The Maoist insurgents identify themselves with the narco-terrorist Shining Path (Sendero Luminoso) of Peru. It is likely that a direct contact exists between the two groups.

Nepal has close to 85,000 megawatts of hydropower potential, but not even 1% of it has been exploited. The Maoists will not allow hydropower development to take place, because Nepal does not have industry to consume it. That means the power would be sold to India and the Indian economy would benefit from it. On this matter, there exists a perfect coalition among the WWF, Pakistan's ISI, and the Maoists. There are other interested parties that have joined this nexus. Indian intelligence reported years ago that a number of Dutch academics, under the umbrella of the Netherlands Institute for Concerned People (NICP), have been working with the People's War Group.

In addition, New Delhi watches carefully Kathmandu's China connections. According to one media report, during Chinese Prime Minister Zhu Rongji's recent visit to Nepal, the rise of the Maoists was brought to his attention. Zhu made it clear that the Chinese Communist Party has no links with the Maoists in Nepal.

However, New Delhi believes that if the Maoists come to power in Nepal, both Pakistan and China would get close to the regime. As a result, believe some in Delhi, Nepal, in essence, will function as an anti-India nation, participating in the “encirclement” of India.

Already the Maoist influence in Nepal, and the presence of of the Pakistani ISI, have boosted the secessionist groups' morale in India's northeast region. While Myanmar is becoming more aware of the danger and is providing military help to India to curb these guerrilla-separatists, developments in Nepal and Bangladesh are decidedly negative.

The key at this point is the Indian reaction to the palace killings. India had been cautious and has put the bordering eight districts on alert. India media personnel were attacked by Nepalese, because the Indian news services carried the Nepali government's version of what happened in the palace. Indian overreaction remains a danger.

LaRouche, New Bretton Woods in Malaysia Press

One of the leading Malay-language newspapers in Malaysia, the Utusan Malaysia, published this column by the Malaysian scholar Kassim Ahmad (under the pen-name Hang Jebat) on May 31, titled "Replacement System for a New World." The article has been translated by EIR.

Six months ago, in this column, I said that the time the United States would cry had arrived. In other words, the Anglo-American liberal political-economic system has collapsed, can no longer be saved, and must be replaced with a new system. A replacement system is needed to save the world and civilization. Now, I shall write about this.

It must be remembered that this collapse process did not occur in a day, a month, or a year. It started around 30 years ago, when the London-New York financial oligarchy enforced a policy known as the "post-industrial society." This policy shut down manufacturing, agriculture, and so on, and created non-productive services, and a giant speculative bubble. In 1971, the policy reached a critical juncture when President Richard Nixon took the dollar off the gold standard. This decoupled capital flows from productivity, and lay the foundation for the creation of speculative markets in U.S. dollars and euros.

In October 1979, under Jimmy Carter, Federal Reserve Chairman Paul Volcker started a policy he called "controlled economic disintegration," which is an extreme form of the "post-industrial society." Under this policy, interest rates charged by commercial banks were forced up to 21.5%, and were maintained at double-digit levels for five years, until the end of 1984. As a result, the industrial manufacturing foundation of the United States collapsed.

In the 1990s, the policy focus of the post-industrial society was to spread the process of "globalization," with manufacturing industries being channelled to some of the world's poorest countries. Products were made in places where workers—often children—were paid between 10¢ and \$2 an hour. The NAFTA [North American Free Trade Agreement] agreement in 1993, together with the *maquiladora* slave-labor system [in Mexico], were created specifically for this purpose.

This is the story of the collapse of the Anglo-American neo-liberal political-economic system, that they are going through now. Because the collapse process took 30 years, therefore, so will the recovery process.

Frequently, we hear some of our leaders speak about Western values and Eastern values, as if they were opposites, as if West and East are two homogeneous societies, with

Eastern societies possessing all the good values, and Western societies possessing all the evil. This is not true. In the East, as in the West, the forces of good and evil are constantly battling to control society.

In the United States, since the late '60s and early '70s, there has appeared a group which eventually became an international political and philosophical organization, with the intention to create and maintain a good society on the face of the Earth. In the words of their leader, Lyndon H. LaRouche, on Aug. 2, 1982: "We represent a greater moral purpose, a

We give thanks to God, that there exists a group of such fighters, and that the name of this American leader and thinker, and his organization, has spread all over the world recently.

great program in the tradition of St. Augustine, Charlemagne, Dante Alighieri, Richelieu, Mazarin, Leibniz, Franklin, Schiller, Humboldt, and Lafayette. Our historical task is to create on this planet, a community of principle among sovereign republics to reject the 'balance of power' in the world, and to fight the evil of oligarchism, as represented by the oligarchic families of Venice and Genoa.

"The Political Economy of the American System is not only an alternative to the evil British system of Adam Smith and his associates. The American System is a program by the economic institutions of society, obtained from knowledge about the features of the economic practices of successful cultures, those which thrived and accomplished a greater good, a program to guarantee that the good is promoted, and the parasitical institutions of ground rent and usury of the oligarchy are eliminated, so that future generations could live according to the instruction of the Book of Genesis: to be fruitful, to multiply, and to subdue the Earth, and to accomplish that with the creative powers inborn in each individual human being."

According to the teaching of Islam, this is the cause, commanded by God, to be taken up by the faithful. We give thanks to God, that there exists a group of such fighters, and that the name of this American leader and thinker, and his organization, has spread all over the world recently. His influence is increasing in Russia, China, Europe, the Arab world, Southeast Asia, India, Iran, and Latin America, and his economic, financial, and social policies, such as the Eurasian Land-Bridge, the New Bretton Woods, and the dialogue among faiths, have become either national policies, or a strong influence in the countries and regions I mentioned.

Patrice Lumumba, a True African Hero

T.G. Mukengechay comments on the documentary “Murder Colonial-Style,” by Thomas Fieffer, shown on Nov. 1, 2000 on German TV.

The Congolese politician Patrice Lumumba, Prime Minister of the first government of Congo, was brutally murdered on Jan. 17, 1961 in Katanga province, along with his companions Mpolo and Okito. After 40 years, this crime can no longer be prosecuted, and the murderers, their controllers, and the men behind it, today speak proudly and openly about their alleged murder.

First, a short summary of the film: At the beginning there is a macabre picture of a man named Gerard Soete, then the police chief in the disloyal province of Katanga, who is trying with difficulty to open a carefully tied-up package. This package contains two teeth torn out of the mouth of Patrice Lumumba. The man unceremoniously explains that these are the only remains of the corpse of the Prime Minister.

Further on, the film shows the people chiefly responsible for the murder: Jacques Brassine, a top Belgian bureaucrat and diplomat; Louis Marlière, a colonel of the colonial army in the Congo; and Larry Devlin, the CIA chief in the Congo. It shows Jean von Lierde, as a rare exception among whites, a Belgian anti-militarist, the only European with a PR post in Lumumba’s government, who has strong sympathy for his former boss even today.

Then you see Col. J. Mobutu, Finance Minister of Katanga J.B. Kibwe, and N. Nendaka, the chief of the security services in the Congo.

The film shows Lumumba’s first speech in 1959, just about a year before the independence of the country. In it the Prime Minister-to-be makes it clear that he wants to work with the Belgians after independence. Thus there obviously exists, from the beginning, a clear vision of a change toward harmonious cooperation among all people in an independent Congo.

Then comes the day of independence on June 30, 1960. During the official ceremony of the transfer of power, Belgian King Baudouin speaks first, emphasizing the benefits given the people by the “civilizing mission” in the Congo in general, and by the founder of this colony, his great-grandfather Leopold, in particular. He doesn’t mention the crimes — brutality against the civilian population in every form, up to and including genocide — which were committed by the Belgians and the aforementioned King Leopold, and which earlier evoked worldwide protests. This historical truth appears not to have disturbed King Baudouin, and he dared, even on the day of

independence for the Congolese people, to repeat the perpetual lie about colonialism’s “civilizing mission.”

As the second speaker we see Mr. J. Kasavubu, the first President of the Congolese Republic. He maintains a friendly demeanor toward his Belgian guests, and prays above all to the loving God for help.

It is still a matter of controversy as to whether Prime Minister Lumumba’s speech was provided for in the protocol, although apparently it was not. Perhaps Lumumba should also have praised the benefits of colonization in the administration of his old “masters”; on the other side, many participants spoke of a surprising and unexpected speech by the appointed Prime Minister. Apparently Lumumba, in the face of the lying by the old master, got hot under the collar.

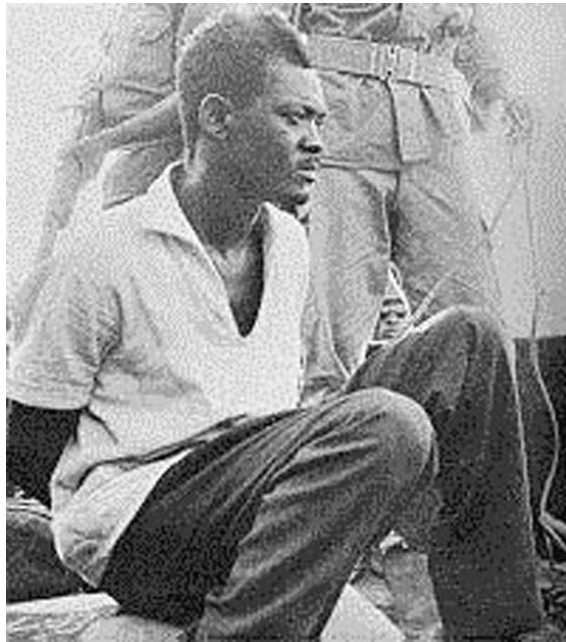
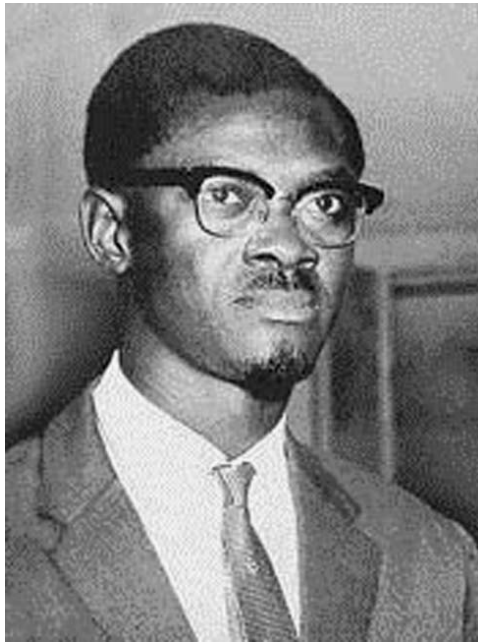
The reality, in any case, is that on this day, the previous balance of Belgian colonialism over the Congo was broken, because the people in the Congo were never willing subjects of the colonizers. And they could not, therefore, when the domination of the Belgians had finally come to an end, pretend that everything had gone along well during the whole colonial period.

If everyone was concerned about establishing the future on a new and sustainable basis, then the slate should have been wiped clean. That and only that was what Lumumba had in mind. But that’s exactly what was still forbidden for “the nigger.”

Lumumba ignored this prohibition and, with an eye to the dignity of all Africans who had been mistreated, denigrated, silenced, and murdered under this colonial regime, he risked challenging it. The price of such “insubordination” is high, as Lumumba found out a few weeks later. He would pay the price.

The scenario proceeded. The intrigues of the Belgians were supported by the other Western countries. Less than two weeks after independence, an important province, as well as the richest one, declared its secession. Under the well-known pretext, still used today, that they had to protect the white population in the Congo, the Belgians sent in their troops.

Prime Minister Lumumba then asked the United States for aid, in order to force the occupying troops out of his country. The Americans declined his request in a friendly manner. But they knew that Lumumba would likely turn toward the Soviets in his search for support, advised by his young and



Patrice Lumumba as the first nationally elected Prime Minister of the Congo, in 1960; and as a prisoner shortly before his execution in 1961, under the “supervision” of a United Nations occupying force.

inexperienced co-workers. This happened after the second province of the country — the diamond-rich province of East Kasai — wanted to split off, and the Congolese national army was not in a position to stop the “balkanization” of their country.

The copy of his telegram to Khrushchov was forwarded secretly to the Americans by a collaborator of Lumumba. For Lumumba, that was the death sentence. The young Colonel Mobutu made a coup; Lumumba and Kasavubu were “neutralized.” The UN troops which Lumumba had invited in put themselves behind the putschists, and undertook no meaningful steps to stop either the secession from the country, or the enormous persecution of Lumumba.

In another documentary in the TV series “Political Murders,” on the mysterious death of then-UN Secretary General Dag Hammarskjold, it was clear that the destructive behavior of the UN in the Congo was enforced by the British government, and massively supported by the Americans. The British prevented UN intervention from ending the crisis in the Congo quickly. This was fully in the tradition of Cecil Rhodes, according to whose view Katanga, just like North Rhodesia (today’s Zambia), and South Rhodesia (today’s Zimbabwe), should be retained eternally by the British Crown. Because, according to this logic, the rich treasures of the Earth do not belong in the hands of “the niggers.”

Back to our film. After Lumumba’s short, frustrated attempt to flee, Colonel Mobutu threw Lumumba, along with two companions, into jail in Thysville, where his uncle, Louis Bobozo, the highest officer in the new national army, was located. The conditions to which the prisoners were subjected were extremely inhuman, although the three inmates still should have enjoyed parliamentary immunity—a fact which

was ignored by the justice officials in Kinshasa.

Lumumba’s still strong charisma didn’t let Mobutu and his friends sleep well, so Mobutu decided to transfer the prisoners to Katanga, that they might be gotten rid of in the quickest way.

Lumumba was aware that it looked bad for him. He wrote a farewell letter to his wife, seeking to calm her. Even then, he spoke of his vision for the future of this beautiful country, in which he hoped that his children would lead a beautiful life along with other children. This letter was like a message to all who would participate in his murder (see *Documentation*).

The decision on the liquidation of Lumumba was coordinated among the Belgian, American, and British government authorities. Also, there was no pardon for Lumumba’s two companions; they were to accompany their boss to the bitter end.

On Jan. 17, 1961, Lumumba, then 35 years of age, was flown, in the company of his two companions, to Katanga, where the assassins knew that the Katanga secessionists were ready to carry out the murderous work for the whites. Despite the fact that the airport at Lumbumbashi, the capital city of this disloyal province, was under the control of the UN, the murder operation went according to plan. Lumumba was seized along with his companions, first abused not far from the airport, and then murdered on that same night.

A Personal Appreciation

I have seen this movie on Lumumba twice. As with the documentary on the mysterious death of Dag Hammarskjold, it was televised on Westdeutsche Rundfunk.

My family and my compatriots had to calm me down, when I expressed myself over what I saw in the two movies.

Even today, it is only with difficulty that I can speak *sine ira et studio* [without rage and partisanship] about these events. Perhaps it would help if I spoke freely. I will try in what follows to express my opinion on these political developments in my country.

But don't misunderstand: Nothing is further from my intention than to shoot a whole pile of rage-filled, negative judgments on whole peoples or "races," as has been done against us Africans for centuries, and still is.

My own life has been shaped in reality by three white men, namely, the U.S. Commander Crebs, chief of the U.S. Marines in the Congo for a while; F.W. Tooby, a British UN official and top manager for the coordination of economic opportunities (he was the most important person for Congolese industry and trading affairs for a while); and finally a Belgian priest, Father Guy de Gothals, who could confirm my testimony. These three helped me to flee the so-called Mulelisten war in Bandundu province, where I lived as a young student, and all three sheltered me in Kinshasa. They were also the ones who finally made the idea of going to study in a foreign country palatable to me.

I have lived for a long time in peace with my mixed family in Berlin. Disgust with intolerance and racism in any form binds us closely together.

In the face of obvious ambivalence in the relations between Africans and Europeans in their recent history, it was very clear to me, that Patrice Lumumba and his two companions were murdered in pursuit of colonial interests, and that the affair was not handled like the punishment of any other criminal act of force.

It is by no means exaggerated to say that it was a *symbol* that was murdered. This man incorporated the dignity of all the Africans who had been debased by injustice under colonial domination, persecuted, mutilated, and murdered. It was he who, in the days of independence, had pointed to healing the wounds of the colonial system. For this, they feared him—not because he had become some kind of communist or a racist, but precisely because he was too great for any racist ideology.

He knew and often said openly, that "our independence requires sacrifice." He had a premonition that this sacrifice would be him himself. But that did not frighten him. The force, the debasement, the discrimination had contrasted with an always greater, unbreakable hope. This was the noble principle of his vision and his behavior, for which he stood up to the ultimate consequences full of confidence and credibility. Yet the Europeans would never tolerate a charismatic black man in the middle of Africa, despite all the protestations about freedom and democracy. He must disappear!

I will not share all the later lying excuses: that Lumumba was a communist, a kind of "black Lenin"; that at the time of the Cold War, he was a danger to the West, and so forth. All these reproaches, Lumumba himself unmistakably denied.

Patrice Lumumba was never constituted as a racist, which his Belgian friend Jean van Lierde showed in a most impressive way.

The only thing for which one could reproach him, was the fact that he was so honest that he demanded clear provisions for equal rights between all peoples—and that was a mortal sin in the eyes of his white neighbors.

It remains noteworthy that since the revelations over the involvement of the Belgian government in this murderous plot against Lumumba and his companions, the population of the Congo has not even demanded a comment from the Belgians!

Africa Must Have No More Lumumbas

I would answer the people who are of the opinion that Lumumba was not understood by his people, and was at the same time, born too soon in his country, by saying that the relationship between Lumumba and his people was tremendously strong. The people of the Congo loved and admired him, despite the massive assaults by his enemies from the beginning.

John Stockwell, a CIA agent in Katanga, already made that clear as early as the 1960s, when he said that never again should a politician, elected by the people, come to power in this country, and that in no case should there be another Lumumba. Henceforth, one should only help those individuals into power who would be friendly to the West.

That is the reason why Mobutu was also being patronized massively in September 1960. He would finish off Lumumba with a coup, and eventually rule the rich country of the Congo for more than 30 years. In the 1990s, the West again withdrew its trust in the Prime Minister, who had in the meantime been elected by the National Conference, and utilized a dubious rebel movement for the overthrow of Mobutu.

It is certainly comprehensible if someone in the West is fearful of communism. But it won't do to constantly drivel on about democracy, while at the same time, preventing a people, through conspiratorial means, from electing a wise leader. To build habitable villages in Africa, doesn't cost millions of U.S. dollars. Therefore it is impossible to understand why, without exception, only those African leaders who rule corruptly and undemocratically enjoy support in the West. The people at the time understood Lumumba as one can easily confirm. Because if this had not been the case, the specialists of the Western governments would not have been so afraid of a popular election in the Congo, which fear motivated them to get Lumumba out of the way.

Neo-Malthusianism and the IMF

Today there is a revival of a neo-Malthusianism, very palpable as in former times, which gives Africans every reason for alarm. All the advice of the experts from the International Monetary Fund (IMF) and the World Bank has only

led to eternal indebtedness and indirect enslavement of whole peoples. To whom should Africans turn today?

I don't believe that the population of the European nations is well informed about what responsibility the former governments of their countries bear for the growing misery of the world in general, and of Africa in particular.

The following words from Lumumba's last letter to this wife should be a forceful reminder: "To the children whom I leave behind and whom I probably will never see again, I would like to say, that the future of the Congo is beautiful, and that upon them, as upon each Congolese, rests the sacred mission of reclaiming our independence and sovereignty. Because without justice, there is no dignity, and without independence, no free men."

Therefore, I recommend the program which Lyndon LaRouche has proposed for Africa. Only plans like those Sheikh Anta Diop had drafted for development in the Congo, present a reasonable vision for this continent. Africa will obtain peace only through massive rational development.

Documentation

'Don't Despair'

From the last available letter of Patrice Lumumba to his wife Paulie.

I write these words, without knowing whether they will reach you, when they will reach you, and if I will still be living, when you read them. During the whole period of my struggle for the independence of my country, I have not doubted for a moment, that our sacred mission, that to which my comrades and I have dedicated our whole lives, will triumph in the end. But that which we wanted for our country—the right to an honorable life, untrammled dignity, unlimited independence—the Belgian colonialists and their Western allies, who provided direct and indirect support, consciously and unconsciously, through the high functionaries of the United Nations, that organization in which we placed our total trust when we begged for its help, never wanted. They have corrupted some of our countrymen, bought others, and they have contributed toward twisting the truth and polluting our independence. What else can I say?

Whether I'm dead, living in freedom, or am thrown by the colonialists into prison, doesn't matter to me. What matters is the Congo. What matters is our poor people, whose independence has been made into a prison (cage), where people observe us from outside, even if it is with a certain well-wishing sympathy, even with joy and delight. We are not alone. Africa, Asia, and all free and liberated peoples in all corners of the

world always find themselves on the side of the millions of Congolese, who will not give up the struggle, until the day when there will be no colonialists and their mercenaries in our country.

To the children whom I leave behind and whom I probably will never see again, I would like to say, that the future of the Congo is beautiful, and that upon them, as upon each Congolese, rests the sacred mission of reclaiming our independence and sovereignty. Because without justice, there is no dignity, and without independence, no free men.

One day history will pronounce her judgment. But it will not be the history which one learned at the United Nations, in Washington, Paris, or Brussels, but that which one will learn in the countries which have been freed from colonialism and its marionettes. Africa will write her own history. And it will be, north and south of the Sahara, a history of glory and dignity.

Don't cry, my companion. I know that my country, which suffers so much, will know how to defend its independence and its freedom.

Long live the Congo! Long live Africa!

'Carry This Day In Your Hearts!'

At the celebration of independence in the Congo on June 30, 1960 Patrice Lumumba made the following speech.

To all of you, my friends, who have fought tirelessly on our side, I demand that you make this 30th of June, 1960, an unforgettable day, which you carry unextinguishably in your hearts; a day, whose significance you proudly explain to your children, so that they can transmit to their children and grandchildren the glorious history of our struggle for freedom.

Because, although the independence of the Congo has been proclaimed on good terms with the Belgians, with us dealing as friendly nations equitably with one another, yet no Congolese who is worthy of the name, can ever forget that it was reached through struggle. . . .

We are deeply proud of this struggle, which brought tears, fire and blood, because it was a noble and just struggle to bring an end to the degrading enslavement which had been forced on us. Our fate over the 80 years of the colonial regime, our wounds, are still too fresh and too painful for us to be able to extinguish them from our consciousness.

Tireless work for wages which did not allow us to quiet our hunger, much less to clothe us or let us live decently, or to let our children grow up being loved.

We have recognized the irony of the insults, the blows, which we suffer, morning, noon, and night, because we were "Niggers." Who will forget that a "Nigger" was addressed

with “*tu*,” naturally not as a friend, but because the respectful “*vous*” was reserved for whites?

We have seen how our country was plundered in the name of so-called laws which merely recognized the right of the stronger. We have endured an administration of justice which was never equal for whites and blacks; agreeable for the one, hideous and inhuman for the other. We have endured the horrible fate of exile for our political view and religious observances; as exiles in our own fatherland, we bore a fate worse than death itself.

We have seen in the cities, the villas of the whites and the impoverished huts of the blacks. The black man, who dared not enter any cinema or restaurant; or the “European” business, of the black man who traveled in the hull of the ship, at the foot of the white man in his luxury cabin. Who could finally forget the gunfire under which so many of our brothers fell, the prisons in which all those were brutally thrown who could no longer submit to this regime of injustice, oppression, and exploitation? . . .

Jointly, my brothers and sisters, we will begin a new struggle, a sublime struggle, which will lead our people to peace, to well-being and to greatness. Together we will reconstruct social justice and ensure that each person gets a just wage for his work.

We will show the world, what a black man can create if he works in freedom, and, starting from the Congo, all of Africa will shine forth.

We will be on guard so that the countries of our homeland really will take care of our children. . . .

Peace will prevail, not the peace of rifles and bayonets, but the peace of the heart and good will. And for all that, be assured, my brothers, we can not only count on our enormous strength and boundless resources, but also on the help of numerous other countries, whose help we will accept if it is true, and does not try to impose its own policy.

In this area, Belgium, which finally understood the direction of history, did not try to oppose our independence; we invited them to guarantee us their help and friendship, and we have signed a corresponding treaty between equal and independent countries. This cooperation, of which I am sure, will be to the advantage of both countries. On our side we will, with due vigilance, know how to respect free mutual obligations.

Thus, from inside and out, the new Congo, our republic, which my government will create, will become a rich, free, and prosperous country. But to reach this goal without delay, I ask you, lawgivers and citizens of the Congo, to help me with all your might.

I demand that everyone forget the tribal feuds which could consume us and discredit us internationally. I demand that the parliamentary minority stand by my government as a constructive opposition, and remain strictly in the realm of law and democracy. I demand of you all that you shun no sacrifice, in order to secure the success of our grand undertaking.

Powell's Dictates Not Welcomed in Africa

by L. Chamberlain

U.S. Secretary of State Colin Powell's visit to Africa in late May spelled out Bush's Africa policy: The United States will continue to campaign for the removal of nationalist leaders who offer resistance to Anglo-American schemes to loot their countries. In Mali, Kenya, Uganda, and especially in South Africa, Powell made clear that his particular mission was to finish the job of “taking out” Zimbabwean President Robert Mugabe.

Given his other message, that the Bush Administration will offer only token aid to the continent, Powell's was an “ugly American” tour of Africa, despite his being an African-American himself.

Refusing to visit Zimbabwe during his overall five-day African safari, Powell used his trip to South Africa to put heat on President Thabo Mbeki to stop being an obstacle to the Anglo-American consensus that Mugabe must go. Powell insisted that the South Africans could not escape the effects of the crisis looming over Zimbabwe, and that Pretoria had to act *now* to make the President of the neighboring country embrace democracy. This is the policy line that has consistently been rejected by the Mbeki Presidency, with Mbeki defending (but clearly not adopting) Zimbabwe's land policy, describing it in such terms as “a correction of colonial legacy” in the neighboring country.

Powell insisted that it was “Mr. Mugabe” who was plunging his country into its present crisis by clinging onto power. Mugabe must “submit to the rule of law,” Powell said, which is the code phrase for bowing down to the free-market “globalization” looting policies of the Anglo-Americans' land and commodity cartels. What was particularly awkward, noted Johannesburg's *Business Day* on May 30, was that directly before blasting the Zimbabwean President, Powell had first commended his host, President Mbeki, for his impressive leadership of southern Africa as a whole. “The peculiarities of the region's politics make the statements unfortunate. That they have rattled Powell's hosts in Pretoria is hardly surprising.” Adds the editorial: “What also renders Powell's tongue-lashing of Mugabe off key are some of the curious inclusions on his African safari. . . . He was happy to participate in photo calls with Uganda's Yoweri Museveni [who] remains a darling of donors in spite of fighting the unpopular war in the Democratic Republic of Congo,” and who has “effectively outlawed free party political activity in his country.”

Others More Blunt

While the Johannesburg paper expressed Pretoria's negative reaction to Powell politely, students attending his speech at the University of Witwatersrand were more direct. They booed Powell at length, and then blocked his car as he was leaving the campus. This recalled the heated response to Powell in Kenya days earlier, when Kenyan President Daniel Arap Moi said, "I think it is too much, always trying to undermine the intelligence of the African people. Those who will decide the destiny of Kenya, for instance, or other countries, will be the people themselves."

With respect to southern Africa, Mugabe, because of the anti-colonialist policy direction he is taking, is the first target of the British, and now of the Bush White House. But in the slightly longer term, President Mbeki and the nationalist aspirations of the ruling African National Congress (ANC) are also a problem for the resource grabbers. Mbeki understands the historical and current realities. Speaking about the case of South Africa in an interview with the London *Guardian* on June 1, he noted, "The white minority *political domination* has gone. The rest remains."

That Powell was giving orders was not lost. "Powell laid down in no uncertain terms the kind of stance the American government has taken; we must never underestimate Washington's capacity and ability to influence events on the global stage," noted Sanusha Naidu, researcher at South Africa Institute of International Affairs.

Powell's actions in Pretoria "were reminiscent of how then-Secretary of State Henry Kissinger, again from Pretoria, made Rhodesian leader, Ian Smith, step down," editorialized Prof. Masipula Sithole, political scientist at the University of Zimbabwe, in Zimbabwe's *Financial Gazette* on June 4. "With the assistance of John Vorster, the then-South African Prime Minister, Kissinger told a reluctant Smith what to do, and he did it! Now, 25 years later, another American Secretary of State in another Republican administration, Colin Powell, issued a major policy statement on Africa from South Africa calling on President Robert Mugabe to be willing to relinquish power."

Speaking about Powell and the Bush Administration, Sithole adds: "What is happening is a continuation of the previous foreign policy, though without the 'kiddy gloves' of the Clinton Administration. These are 'rough riders.'" His editorial concludes: "My sense is that the game is up."

Mugabe Also Playing 'Hard Ball'

During the week of Powell's safari, Mugabe, at the funeral of his Defense Minister on May 29, attacked the United States and Britain for continuing to condone genocide and looting of resources from the Democratic Republic of Congo by Uganda, Burundi, Rwanda, which "remain the favorites of the Americans and the British."

At the same funeral, he again stood by his land reform policy, noting that as of that date, Zimbabwe had resettled



Secretary of State Colin Powell's Africa trip was compared, among African leaders, to Henry Kissinger's manner of demanding compliance with London-Washington orders.

landless blacks on some 7.4 million acres of land in the past nine months, despite fierce opposition from Britain and the United States. Mugabe noted that for 20 years, his government had struggled to acquire land from the controllers of it. "The end of colonialism must come. Colonialism — albeit in a neo-colonial form, in an indirect form through the ownership of our resources — that has to stop. The fight goes on," Mugabe vowed, as he helped bury the Defense Minister, Moven Mahachi, who had died in a car accident.

In concert with statements issued by his long-time collaborator Malaysian Prime Minister Dr. Mahathir bin Mohamad, President Mugabe is now openly discussing plans for a new global financial architecture. In an interview, conducted during the Group of 15 meeting of developing nations in Jakarta, Indonesia, and published in the Zimbabwe *Herald* on June 4, Mugabe hammered at the actual role of the International Monetary Fund, behind the window-dressing. He noted not just his conclusions, but also those of others as they concluded the G-15 meeting: "We have come now to realize that an institution like the IMF is being manipulated to serve the interests of Western countries; it has now lost its perspective completely!" Mugabe added that the G-15 leaders had suggested that the group form its own multilateral financial institution, as an alternative to the IMF and the World Bank. The plan, he said, was that developing countries continue to fight for the reform of the Bretton Woods institutions, but in the meantime, it was important that they had institutions they could turn to.

Countering the extensive dreaming about information technology and the "digital divide" that distracted many of those attending the G-15 meeting from discussion of the more serious solutions necessary, Mugabe warned, "We have to guard ourselves against the destructive forces that are going to be unleashed in the field of communication, information, and propaganda in order to dominate our societies once again. . . . For, haven't we seen already, that those who command information technology are using that technology in order to influence our societies, quite often in a manner that favors them, and yet destroys certain fundamental values that we cherish? How do we protect ourselves?"

'D-Day March' in Washington: Let the Stones Cry Out

by Nancy Spannaus

The nationwide movement to defend the principle of the General Welfare, set into motion by the leadership of 2004 Democratic Presidential pre-candidate Lyndon H. LaRouche, Jr., is on the march, and expanding rapidly. This movement is rapidly taking on the character of a revived civil rights movement, emerging at the 11th hour to save the United States from disaster.

Currently, the primary focus for this movement is the fight to prevent the shutdown of D.C. General Hospital, the only public hospital in the nation's capital, an action whose early phases have already killed at least *nine* D.C. residents. But it is increasingly clear that this movement, like Martin Luther King's civil rights movement of yore, is not linked to any single issue, but is passionately determined to restore the American republic to its Constitutional commitment, in the face of the threat of fascist economics and dictatorship.

Hundreds of D.C. citizens, joined by leading activists from around the country, participated in D-Day celebrations on June 6, which featured a New Orleans-style funeral procession for the victims of the hospital closing, and that night held the largest mass meeting of the four-month mobilization thus far, at the Union Temple Baptist Church.

Among the primary targets of this movement, represented in Washington, D.C. by the Coalition to Save D.C. General Hospital, and across the nation by the LaRouche movement, is the U.S. Congress, which has the authority to overturn the illegal actions of the D.C. Financial Control Board shutting D.C. General. Intensive targetting of Congressmen, in order to get them to introduce a joint resolution to reject the privatization of D.C.'s public health system and to restore full funding for D.C. General, has resulted in

getting four Congressmen to sign onto the objective, and other leading Congressmen, such as House Minority Whip David Bonior (D-Mich.), to put out public statements in favor of saving the hospital.

But political leaders will not wait for Congress. They are also acting in the courts, and in the streets. The D-Day funeral procession through Washington was followed for two days by rallies aimed at Congress and the D.C. Federal Court, where a nationally backed court fight to stop the hospital closing was taking place on June 8.

Congress Can Act

The clock is ticking on the period during which the U.S. Congress can review, and overturn, the April 30 diktat by the Control Board, to privatize and close D.C. General. The Control Board admits that it is subject to the 30-day review period for any D.C. legislation. With this in mind, citizens have been pummeling Congressional offices nationwide, demanding that Congressmen, who love to declare how much they are for public health and the people's interests, step forward to defend D.C. General.

The mood among Congressmen is increasingly polarized. The powerful KKK-Katie Graham, owner of the *Washington Post*, and de facto plantation mistress of Washington, is utilizing her considerable assets in order to prevent Congressional action. One of her primary aces is D.C. Delegate Eleanor Holmes Norton, who has turned against her constituency by refusing to support the hospital, and has aggressively sought to prevent other Congressmen from "invading her turf." Graham's *Post*, with a reputation for making or breaking politicians, is blacking out the consequences of the D.C.



LaRouche activists march "for the common good," in the June 6 funeral procession in Washington, for the now nine people who have died unnecessarily, since the capital's hospital emergency rooms were overwhelmed by the shutdown of D.C. General.

General shutdown, and undoubtedly threatening to destroy those leaders, including the D.C. Council, who might step out of line.

In addition to lobbying, the LaRouche movement also spurred the circulation of an *amicus curiae* (friend of the court) brief. More than 130 national constituency leaders and elected officials signed the brief, in support of a lawsuit brought by D.C. Councilmen David Catania (R) and Kevin Chavous (D), which seeks to block the Control Board's action in imposing the privatization. While it is likely that the U.S. District Court will deny the challenge, the brief defines the issues of principle, and law, which are at stake.

The brief makes two principal arguments. The first is that the issue of the General Welfare, as defined in the U.S. Constitution and implemented by health care policy measures stemming from the Franklin Delano Roosevelt Administration, takes precedence over all other considerations of policy. The second argument is that the Control Board action not only violated its own lawful powers, but did so in a dictatorial manner, superseding the authority of the duly elected institutions of government, in this case the D.C. Council. Such a diktat method of governing is precisely what Lyndon LaRouche has warned about from the Bush regime, under conditions of increasing financial and economic breakdown.

The full text of the brief, and signers, appears below. Many of these signers are also actively lobbying, and carrying out other political action, to address the health care issue.

People Are Dying

The fact is, as any alert person around the Washington, D.C. area knows, people are *dying* as a result of the closed-down of D.C. General. This reality was dramatized by the Coalition to Save D.C. General on June 6, with the staging of the funeral march and mass meeting.

Two hearses accompanied the march of 200-300 people, which went from D.C. General to the Union Temple Baptist Church, homebase to Rev. Willie Wilson and the Coalition. Escorted by police, the marchers walked three miles through Washington's Southeast quadrant. New Orleans funeral music was played over a loudspeaker, and the procession was greeted by a uniformly positive response, ranging from people honking their horns in support, to joining the march for a few blocks.

At the church, two biers, which had been donated by Mason's Funeral Home, were placed at the front, and opened, with mirrors in each. Most of those attending filed by the coffins, and then read the encapsulized stories of the nine individuals known to have died because D.C. General was closed.

The emotional impact deepened considerably, early in the meeting, when Shirley Seigler, the mother of 19-year-old victim, William Etheridge, spoke to the crowd. "No family should have to go through what I went through," she said. Etheridge was shot on May 5, three minutes from D.C. General; but, because the Control Board had closed the emergency room, he had to be taken to Prince George's

Ambassador Flynn: Stop Waging War on the Poor!

Raymond L. Flynn, who served as U.S. Ambassador to the Vatican from 1993-97 and as Mayor of Boston from 1984-93, issued this statement on June 2. Flynn has been, since 1999, the president of the political advocacy group the Catholic Alliance, and is author of two books published in the last year, The Accidental Pope and John Paul II, A Personal Portrait and the Man.

I've become aware of the action to dismantle D.C. General Hospital, as a fully funded, full-service public hospital. It saddens me to see the health-care mission of this hospital, which has served the poor, the weak, and the needy in our nation's capital for over 200 years, being abused in this way.

The news of the precipitous dismantling of this beloved medical institution reminds me, in a most eerie way, of the bizarre dismantling of Boston City Hospital, the

hospital where I was born and my mother and father died. At the time of our hospital's demise, I was 3,000 miles away, having just assumed my post as Ambassador to the Holy See, and I could do little to intervene in the case of our distinguished hospital. Today, I am only a few hundred miles away, and I hope I can be of help in saving this venerable public institution.

Franklin Roosevelt, while still Governor of New York State, said, "The success or failure of any government in the final analysis must be measured by the wellbeing of its citizens. Nothing can be more important to a state than its public health; the state's most paramount concern should be the health of its people." Pope John Paul II, in his final speech of his 1995 U.S. tour, said we must make "the common good the end and criterion regulating all public and social life." Like all others who have served in public office, I swore a Constitutional oath to "promote the general welfare." These worthy sentiments are my trusted guides in the issue of saving D.C. General Hospital. We have a health-care crisis in the United States and the closing of D.C. General Hospital will further add to it. We've got to stop waging war on the poor!

County, miles away. The young man, who was preparing to attend college in the fall, died en route.

Increase the Pressure

Seigler's remarks were followed by a series of speeches by Coalition leaders and guests, ranging from Nevada State Senator Joseph Neal, to civil rights heroine Amelia Boynton Robinson, and Martin Luther King's field commander in the 1963 Children's March, Rev. James L. Bevel. Coalition spokesman Dr. Abdul Alim Muhammad, D.C. General's "warrior nurse" Charlene Gordon, and Coalition leader Lynne Speed, from LaRouche's Schiller Institute, issued scathing indictments of traitors like Delegate Eleanor Holmes Norton, and KKK-Katie Graham, whose Washington financial establishment is behind the plan to privatize and shut down the public hospital. Dr. Michal Young, President of the Medical/Dental Staff at D.C. General, exposed the travesty of the shutdown procedure under way, and the lack of provision for necessary care at other facilities. She was particularly scathing in her attack on the new management, which had closed D.C. General's emergency room on May 1, but then re-opened it on May 25-26, in order to service white suburban youth attending a rock concert at nearby RFK Stadium.

An unscheduled appearance was made by Willie Lynch, the chief of staff to Councilman Kevin Chavous. While Lynch shouted his commitment to keeping people from dying in the streets, the crowd was skeptical, as Chavous, and other

Councilmen, have not joined the Coalition in pressuring Congress.

Former Boston Mayor Raymond Flynn, who is also former Ambassador to the Vatican, sent a taped message of support to the meeting, and was interviewed on Washington radio WOL pledging the support of his national Catholic association. Another highlight was a speech by LaRouche's national spokeswoman Debra Freeman, who situated the fight to save D.C. General in the international political context, as a means of defeating Bush. She also announced LaRouche's intention to personally escalate against the "witch of Washington," KKK-Katie Graham, with a Presidential campaign pamphlet aimed at exposing her control of a small army of counterinsurgents, implementing the program of "Negro removal" in D.C. The a foretaste of the content of this new salvo was presented by Schiller Institute leader Dennis Speed, read by his wife, Lynne Speed.

The final speaker was Rev. James Bevel. In a rousing speech, he elaborated on the *authority* which has been given to the American citizen by God, the "absolute authority to do what is right, just, and needed." Tyrants will move in, if citizens don't act, he said. Today, it's as if the Devil is testing us: "Let's see how dead these people are. If they let us take the hospital, they must be dead." Citizens have to take responsibility for public institutions—or they fail to be citizens.

A demonstration against the *Washington Post*, proposed by former Boston Mayor Flynn, was announced for June 12.

Amicus Brief Filed in D.C. General Lawsuit

One hundred and thirty-one concerned elected officials, organizations, and individuals from all over the country on June 6 filed an *amicus curiae* brief in the case of D.C. City Councilmen Kevin Chavous and David Catania against the District of Columbia Financial Control Board. Chavous and Catania are seeking to reverse the Control Board's decision to privatize, and close, the only remaining full-service public hospital in Washington, D.C.

Two spokesmen for the *amici*, Nevada State Sen. Joe Neal (D) and civil rights leader Rev. James Bevel, announced the filing at a press conference in Washington on June 7 by the Coalition to Save D.C. General.

The *amici* are elected officials and leaders in public life who share a deep concern about the rapid deterioration of public health services in the United States, and alarm at the

implications of the recent effort to privatize public health services in the nation's capital. The brief, published below, argues that the actions of the Control Board violated the Constitutional commitment to the general welfare of all citizens of the United States, a principle which takes precedence over all other considerations.

Among the signers are 75 state legislators, three former Federal officials, Democratic Party leaders, labor leaders, prominent religious and civil rights leaders, and representatives of the legal and medical profession. Among the more prominent are: former U.S. Ambassador to the Vatican Raymond Flynn; 2004 Democratic Party Presidential pre-candidate Lyndon H. LaRouche, Jr.; the Most Rev. Thomas J. Gumbleton; Rev. Theodore M. Hesburgh; and civil rights leaders Amelia Boynton Robinson and Rev. James L. Bevel.

Reached for comment on this development, Debra Freeman, spokeswoman for Lyndon LaRouche, and one of the facilitators of the *amicus curiae* brief, hailed the strong response of public officials to this effort, and added: "It is impossible to overemphasize the importance of the fight for the general welfare principles, as expressed in this move to save D.C. General Hospital, at this time of devastating economic and social crisis nationally, and internationally."

Documentation

The following is the text of the Amicus Curiae brief filed on June 6.

United States District Court for the
District of Columbia

Kevin P. Chavous, et al.,

Plaintiffs,

vs.

District of Columbia Financial Responsibility
and Management Assistance Authority, et al.,

Defendants.

Civil Action No. 1:01CV00921 (RWR)

Amicus Brief on Behalf of Plaintiffs by Concerned Elected Officials, Organizations, and Individuals

The undersigned amici are elected officials and leaders in public life who share a deep concern about the rapid deterioration of public health services in this nation, and alarm at the implications for our nation of the recent effort to privatize public health services in our nation's capital. Like those who

crafted the Preamble to our Constitution, we believe that government's most fundamental and inherent obligation is to promote and protect the general welfare. The activities of the defendants in this case represent a repudiation of that most fundamental principle.

Factual Background

Amici adopt the Factual Background statement in Plaintiffs' First Amended Complaint, and add and emphasize the following facts which amici believe are essential to the determination of this case.

1. On April 30, 2001, the District of Columbia Financial Responsibility and Management Assistance Authority (the "Control Board"), in violation of its statutory authority, executed a five-year contract with Greater Southeast Community Hospital Corporation I, for the privatization of health care services in the District of Columbia. At the same time, the Board also enacted three versions of enabling legislation entitled the "Health Care Privatization Amendment Act of 2001."

2. The privatization contract had been rejected by a unanimous vote of the elected District of Columbia Council only three days earlier, on April 27, 2001.

3. D.C. General was the only public hospital in the District of Columbia, and was a major provider for uninsured and under-insured residents of the District of Columbia. It han-

dled the largest number of uninsured hospital admissions in the city. D.C. General treated all patients regardless of ability to pay. [See the Affidavit of Michael Barch para. 5]

4. Within hours of the execution of the contract, the Control Board and its agents assumed control of D.C. General Hospital and the Public Benefit Corporation (PBC), and began dismissing top officials and other employees of the hospital and the PBC.

5. The Emergency Room at D.C. General—which includes a Level I Trauma Center—has been closed for ambulance admissions most of the time since April 30.

6. The result of the diversion of ambulances away from D.C. General has been to overload the Emergency Rooms at other hospitals in the District, often resulting in those Emergency Rooms either turning away patients, or subjecting them to long delays. This trend is expected to intensify during the summer months.

7. At least seven patients have already died needlessly, because ambulances could not take them to the nearest hospital (D.C. General), but had to take them to hospitals further away (Prince George’s Hospital Center, Howard University Hospital, and Providence Hospital), requiring longer travel time. These deaths, together with avoidable medical complications and permanent physical impairments can be expected to mount and are a direct foreseeable consequence of the defendants’ actions in closing D.C. General Hospital.

8. D.C. General provides Level III (the highest level) of neo-natal care. That care is not available under the contract with Greater Southeast. In all of Southeast Washington, which has the highest level of infant mortality in the city, there will be no Level Three neo-natal care. [See Affidavit of Michal Young, para. 9(a)] A rapid increase in avoidable deaths and permanent physical impairment of premature infants are a direct and foreseeable consequence of the defendants’ actions in closing D.C. General Hospital.

9. The dismantling of D.C. General eliminates a vital site for medical education in the District of Columbia, because Greater Southeast is not accredited as a teaching hospital, and cannot host an intern or residency program. [See Affidavit of Michael Barch para. 14]. D.C. General supported the education of approximately 60 residents and specialty fellows, and also provided clinical training through other programs. The loss of this training will have a long-term, negative effect on the ability of the District to provide medical care to its poorest citizens, and will impede the recruitment of young doctors into careers in public medicine. [See Affidavit of Michal Young, para. 9(d)]

10. There are approximately 80,000 uninsured residents in the District of Columbia, and it is projected that a majority of these will “fall through the cracks” once the safety-net provided by D.C. General is eliminated.

11. D.C. General has traditionally accepted and treated all who come through its door—rich or poor, black or white, insured or uninsured. The hospital not only provides top-

quality medical services for the poorest sections of the population of the District, but because of its central location, it also regularly treats U.S. government officials and foreign diplomats, tourists visiting the nation’s capital, and even suburbanites attending sports events.

Argument

I. The Control Board has abrogated the elected City Council’s intention and obligation to provide for the general welfare of all of the citizens of the District.

Public access to quality health care has been recognized as a critical component of government’s obligation to “promote the general welfare” throughout the post-war history of the United States. President Franklin D. Roosevelt, in his 1944 State of the Union address, spoke of “the right to adequate medical care and the opportunity to achieve and enjoy good health.” In his last State of the Union address, in January 1945, President Roosevelt again spoke of the right to “good medical care.” In 1946, the “Hill-Burton Act” (the Hospital Survey and Construction Act) was enacted, which launched a nationwide program of hospital construction, with the aim of ensuring that all citizens, regardless of their ability to pay, would have access to quality medical care, through a combination of public and private facilities.

In 1996, the Public Benefit Corporation was created by the D.C. Council. In its Declaration of Policy and Legislative Findings, the D.C. City Council, acting under the inherent right and principle of government to protect and defend the general welfare stated:

“(a) The residents of the District should have access to quality comprehensive community-centered health care and medical services regardless of their ability to pay for such services.

“(b) The provision and delivery of comprehensive community-centered health care and medical treatment for residents of the District is of vital concern and importance and is essential to the protection and promotion of the health, safety and welfare of the inhabitants of the District.” (D.C. Code 32-261.1)

On December 4, 2000, however, the defendant Control Board recommended that the Council repeal this legislation. When the Council declined to do so, the Control Board itself repealed the PBC legislation on April 30. The privatization contract executed by the Control Board specifically declares that “this Agreement does not create an *entitlement to health care* in the recipients of health services hereunder.” (Emphasis supplied). Where the City Council clearly expressed its intention to promote and defend the general welfare of all of the citizens of the District, the Control Board’s contract and actions express a different intent.

As the facts in this case make clear, the execution of the privatization contract and the first stages of its implementation, have already resulted in a disruption of emergency medical services in the District and a diminution of access to medical services overall. People are already dying because of the disruption and delays in emergency service, with ambulances being diverted from the closest hospitals, to others that require much longer travel times. There are other cases in which patients have suffered unnecessary permanent damage, because of delays in treatment occasioned by overcrowding of emergency facilities. Those most affected by the delays and denial of treatment, especially in Southeast Washington D.C., are African-Americans.

In opposing emergency relief and the application for the temporary restraining order, defendants asserted that emergency room services would be provided at D.C. General—24 hours a day, 7 days a week—and that trauma services would be provided by D.C. General Hospital until cessation of inpatient services at D.C. General, and that there would be “no gap in trauma services.” (Memorandum in Opposition, at 12-13, and Declaration of Ivan Walks). Events have demonstrated that these statements were known to be false at the time they were made.

There have been massive “gaps” in emergency and trauma services, resulting in loss of life, and in failure to provide timely and adequate treatment for patients with serious, but not necessarily fatal, injuries or illnesses as the D.C. General emergency services and trauma center have been closed for most of the period from April 30th forward. The “transition” which was projected to occur over a period of 90-120 days, has now been accelerated to be completed in less than 60 days, by June 25. The reasons for this were entirely foreseeable and were predicted by D.C. General staff and officials: that staff would depart for other jobs, and that the major teaching hospitals would pull their interns out at the end of the teaching year on June the 30th.

This acceleration of the “transition” is occurring at an ever greater cost to life and limb than would have otherwise been the case. We cannot believe that Congress ever intended that the “restructuring” of the District’s health care system would result in unnecessary deaths, and denial of medical treatment, to residents of the District.

II. The Control Board acted undemocratically and outside its statutory authority.

The plaintiffs in this case have demonstrated that the Control Board’s actions were undemocratic and outside its statutory authority. Amici believe that the actions of the Control Board—a Congressionally-created body—in the nation’s capital, create a dangerous precedent which could be applied in the future to other jurisdictions.

The privatization scheme proposed by the Control Board was unanimously rejected by the D.C. Council—a body of

13 representatives elected by the citizens of the District of Columbia. In so doing, the members of the Council believed—and we agree—that they were carrying out their sworn duty, and acting in the interests of their constituencies and the voters who elected them.

The Control Board took the occasion of the Council’s rejection of the contract to declare an “emergency,” and to enact legislation—both emergency and permanent legislation.

In its creation of the Control Board in 1995, and in subsequent legislation in 1997, Congress gave the Control Board broad powers to supervise the financial affairs of the District of Columbia, including matters such as budgeting, borrowing, and the delivery of services.

However, Congress did not give the Control Board the power to (1) enter into contracts of this nature, or (2) to enact legislation—both of which powers fall within the purview of the legislative branch of the District of Columbia government, not the executive branch.

Under Sec. 207 of the Financial Responsibility and Management Assistance Act, as amended, the Control Board was empowered to issue orders, rules, or regulations “to the extent that such an order, rule, or regulation is within the authority of the Mayor or the head of any department or agency of the District government.”

Congress did not give the Control Board the authority to enact laws, or to act within the authority of the Council. As it is often said, the Control Board can “stand in the shoes” of the Mayor or an agency head, but it cannot “stand in the shoes” of the elected Council.

Thus, by executing the long-term privatization contract, and by enacting legislation, the Control Board not only invaded the purview of the Council, but it set itself up as a dictatorial, extra-legal body which could override, by decree, the declared wishes of the elected legislature of the District.

Your amici regard this as a most dangerous precedent which constitutes a threat to elected government and constitutional rule in this nation, and a gross interference with the ability of elected officials to protect the health and welfare of their constituents.

Conclusion

For all the foregoing reasons, the undersigned Amici ask that this Court grant plaintiffs the relief they seek in their amended complaint.

Dated: June 5, 2001

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Suite 204
Washington, D.C. 20001
Phone: (202) 393-1921

Counsel for Proposed Amicus Curiae

Exhibit A: Amici joining in the Amicus Brief of present and former elected officials, Democratic Party and labor officials, and political, religious and civil rights leaders in support of plaintiffs

This list is a compilation of the 131 individuals who have asked to be represented in this Amicus Curiae Brief. Affiliations are included, solely for the purpose of identification.

Former Federal officials:

Hon. Clair Callan, former U.S. Congressman, Fairbury, Nebraska
 Hon. James R. Mann, former U.S. Congressman, Greenville, South Carolina
 Ambassador Raymond L. Flynn, former U.S. Ambassador to the Vatican; former Mayor, Boston, Massachusetts

State Senators:

Sen. Billy Wayne Bailey, Pineville, West Virginia
 Sen. Walter Blevins, West Liberty, Kentucky
 Sen. Carlos Cisneros, Questa, New Mexico
 Sen. Donald Cole, Charlotte Amalie, U.S. Virgin Islands
 Sen. Bettye Davis, Anchorage, Alaska
 Sen. Lena Lee, former State Senator, Baltimore, Maryland
 Sen. Emil Jones, Jr., Chicago, Illinois
 Sen. Jerry T. Jewell, former State Senator, former President Pro Tempore, State Senate, Little Rock, Arkansas
 Sen. Ray Murphy, Detroit, Michigan
 Sen. Joe Neal, Chair, Nevada Legislative Black Caucus, Las Vegas, Nevada
 Sen. Joey Pendleton, Hopkinsville, Kentucky
 Sen. Hank Sanders, Selma, Alabama
 Sen. Nadine Thomas, Ellenwood, Georgia
 Sen. Decatur Trotter, former State Senator, Glenarden, Maryland
 Sen. Henry Wilkins IV, Pine Bluff, Arkansas
 Sen. Joe Young, Jr., Detroit, Michigan

State Representatives:

Rep. Melvoid J. Benson, North Kingstown, Rhode Island
 Rep. Floyd Breeland, Charleston, South Carolina

Rep. Henri E. Brooks, Memphis, Tennessee
 Rep. Tommie Brown, Chattanooga, Tennessee
 Rep. Kenneth Carano, Youngstown, Ohio
 Rep. Mary Cerra, Johnston, Rhode Island
 Rep. Buddy Childers, Rome, Georgia
 Rep. Mary M. Cirelli, Canton, Ohio
 Rep. William H. Cleland, Northfield, Vermont
 Rep. Barbara Cooper, Memphis, Tennessee
 Rep. Mark B. Cohen, Philadelphia, Pennsylvania
 Rep. Paul Costa, Pittsburgh, Pennsylvania
 Rep. Ken Daniels, Detroit, Michigan
 Del. Clarence Davis, Baltimore, Maryland
 Del. Tracy Dempsey, Harts, West Virginia
 Del. Michael Dobson, Baltimore, Maryland
 Rep. Jim Evans, Jackson, Mississippi
 Rep. Teresa Fedor, Toledo, Ohio
 Rep. Erik Fleming, Jackson, Mississippi
 Rep. Mary Flowers, Chicago, Illinois
 Rep. Amos Lee Gourdine, Pineville, South Carolina
 Rep. Artina Tinsley-Hardman, Chair, Michigan Legislative Black Caucus, Detroit, Michigan
 Rep. Andrew Hayden, Chair, Alabama Legislative Black Caucus, Uniontown, Alabama
 Rep. Charlie Hoffman, Georgetown, Kentucky
 Rep. Charles Hudson, Opelousas, Louisiana
 Rep. Thomas A. Jackson, Thomasville, Alabama
 Rep. Harold James, former Chair, Pennsylvania Legislative Black Caucus Special Assistant to the President, National Black Caucus

of State Legislators, Former Region II Chair New York and Pennsylvania NBCSL, Philadelphia, Pennsylvania
 Rep. Ulysses S. Jones, Memphis, Tennessee
 Rep. Michael Kahikina, Honolulu, Hawaii
 Rep. Howard Kenner, Chicago, Illinois
 Rep. Chris Kolb, Ann Arbor, Michigan
 Rep. LaMar Lemmons, Detroit, Michigan
 Rep. David E. Lucas, Macon, Georgia
 Rep. Bill McConico, Highland Park, Michigan
 Rep. David Mack, Charleston, South Carolina
 Rep. George Mans, Trenton, Michigan
 Rep. Reginald K. Meeks, Louisville, Kentucky
 Rep. John Myers, Philadelphia, Pennsylvania
 Rep. Ira Murphy, State Representative, former General Sessions Judge, Attorney-at-Law, Memphis, Tennessee
 Rep. Andy Neuman, Alpena, Michigan
 Rep. Ernest Newton III, Deputy Majority Leader, Bridgeport, Connecticut
 Rep. George Perdue, Birmingham, Alabama
 Rep. Harry Readshaw, Pittsburgh, Pennsylvania
 Del. Ferguson Reid, M.D., former State Delegate Richmond, Virginia
 Rep. Felipe Reinoso, Bridgeport, Connecticut
 Rep. Vera Rison, Morris, Michigan
 Rep. William R. Robinson, Pittsburgh, Pennsylvania
 Rep. George Rogers, New Bedford, Massachusetts
 Rep. John Rogers, Birmingham, Alabama
 Rep. Maxine L. Shavers, Newport, Rhode Island
 Rep. Timothy Solobay, Canonsburg, Pennsylvania
 Rep. Ben Swan, Springfield, Massachusetts
 Rep. James L. Thomas, Camden, Alabama
 Rep. Joe Towns, Jr., Memphis, Tennessee
 Rep. Fred A. Trello, Coraopolis, Pennsylvania
 Rep. Charles Quincy Troupe, St. Louis, Missouri
 Rep. Larry Turner, Chairman, Tennessee

Legislative Black Caucus
Memphis, Tennessee
Rep. Ronald Waters, Philadelphia,
Pennsylvania
Rep. J. Seth Whipper, North Charleston,
South Carolina

Mayors, City Council:

Johnny Saxton, Mayor, Fairmont
Heights, Maryland
Herbert Collins, Sr., Vice Mayor,
Norfolk, Virginia
Maryann Mahaffey, President Pro-Tem,
City Council Detroit, Michigan
Richard A. Days, President, Connecticut
Coalition of Black Trade Unions,
City Councilman, Bloomfield,
Connecticut
Bea Gaddy, City Council, Baltimore,
Maryland
Gerardo Fernandez, City Council,
Passaic, New Jersey
Ms. Johnnie Pugh, Board of Directors,
Little Rock, Arkansas
Rubin Reid, City Council, former
Mayor, Glenarden, Maryland
Edward Robinson, City Council,
Florence, South Carolina
Chuck Turner, City Councillor, Boston,
Massachusetts

Other elected officials:

Anna Marie Angolia, City
Commissioner, Cottage City,
Maryland
James MaysLee, County Commissioner,
Leslie, Georgia
John Wiley Price, Dallas County
Commissioner, Dallas, Texas
Marvin Stevenson, Marion County
Commissioner, Marion, South
Carolina

Democratic Party leaders:

Helen Alexander, Maryland Democratic
State Central Committee,
Frederick, Maryland
Steven Barbash, New York State
Democratic Committee, New York
Rural Democratic Conference,
former Chairman, Ontario County
Democratic Party
Frank Furst, New Jersey State
Democratic Committeeman;
Executive Board, New Jersey AFL-
CIO
Lyndon H. LaRouche, Jr., Democratic
pre-candidate for U.S. President in
2004, Round Hill, Virginia

Ocie Williams, County Chair, Alabama
Democratic Conference, Chilton
County, Alabama
Raymond Yacuzzo, County Chairman,
Democratic Party, Genessee
County, New York

Labor leaders:

W. Pete Baron Brown, President, IBT
Local 560, Union City, New Jersey
David M. Brode, First Vice President,
Western Maryland Central Labor
Council, Cumberland, Maryland
Richard Fisette, Business Agent, United
Association of Plumbers and
Pipefitters Local #4, Worcester,
Massachusetts
John Hogue, President, Branch 35,
National Association of Letter
Carriers, Little Rock, Arkansas
Sequoia Jenkins, Chairman IAM Local
97, Norfolk, Virginia
John Johnson, President, SEIU #617,
Newark, New Jersey
Vann Joyner, State Field Rep., SEIU
Local 721, New York, New York
Levander Little, Jr., former Executive
Board member, Coalition of
Black Trade Unions, Baltimore,
Maryland
James Mosley, Vice President, UAW
Local 239 retirees, Maryland State
Commission on Aging, Baltimore,
Maryland
Larry Phillips, Executive Secretary-
Treasurer, Southeastern Carpenters
Regional Council, Augusta,
Georgia
Ken Rice, Secretary Treasurer
(emeritus), New York State
Building and Construction Trade
Council, President (emeritus),
Upper Hudson Valley CLC
Kenny Smith, Chairman, UAW CAP
Local 12, Toledo, Ohio
Frank Stephens, President, Metal Trades
Council, Portsmouth, Virginia
Norman Stover, President, Transport
Workers Union, Local 725,
President A. Philip Randolph
Institute, Birmingham, Alabama
Stephen L. Whitehead, President,
Portsmouth Central Labor Council,
Portsmouth, Virginia

Religious and civil rights leaders:

Rev. James Bevel, former Direct Action
Coordinator for Martin Luther
King, Jr.

Most Rev. Elias El-Hayek, Chor-Bishop,
Maronite Rite, Lebanon, Canada,
and U.S.

Most Rev. Thomas J. Gumbleton,
Auxiliary Bishop, Detroit,
Michigan
Rev. Theodore M. Hesburgh, C.S.C.,
President Emeritus, Notre Dame
University, Indiana Recipient,
Congressional Gold Medal
Martin Jewell, Chairman, Coalition on
Housing Crusade for Voters,
NAACP Board Member,
Richmond, Virginia
Rev. Martha Knight, Director, Social
Action, Virginia State Conference
AME Churches, Virginia Beach,
Virginia
Dr. Abdul Alim Muhammad, Minister of
Health, Nation of Islam, Medical
Director, Abundant Life Clinic
Washington, D.C.
Henry Muhammad, Minister, Nation of
Islam, Norfolk, Virginia
Lucinda Pitt, Chair, Fairwood Civic
League, Portsmouth, Virginia
Sister Helen Prejean, CSN, anti-death
penalty leader, author, *Dead Man
Walking*
Amelia Boynton Robinson, Board
Member, Martin Luther King, Jr.
Center for Non-Violent Social
Change, 1990 Martin Luther King
Freedom Medal; Vice-Chairman,
Schiller Institute, Tuskegee,
Alabama

Medical, legal, and other leaders:

Donald Burger, Life Member, National
Association, Human Rights
Workers, Waukeg, Iowa
Jacquelyn B. Garrett, M.D., Baldwin,
Missouri
Dr. Augustus O. Godette, Washington,
D.C.
Nia Hassan, Illinois Senate, Democratic
Staffer for Health and Human
Services, Springfield, Illinois
Kenton Kirby, Editor-in-Chief,
Caribbean Life, Brooklyn, New
York
William F. Pepper, Barrister, U.S.
Attorney-at-Law, attorney for the
family of Martin Luther King, Jr.,
Wolfson College, Oxford
University, England
Dr. Muriel Petroni, M.D., Friends of
Harlem Hospital Center, Inc., New
York, New York

Genocide Versus The General Welfare

by Lynne Speed

- On April 30, the unelected D.C. Financial Control Board, in violation of its Congressional mandate, overrode the unanimous (13-0) decision of the democratically elected D.C. City Council, and ordered the dismantling of the only public hospital in the nation's capital, and the privatization of the District's health system.

- This privatization plan was executed immediately, moving from contract signing (April 30) to implementation (May 1), without any serious implementation planning. It normally takes at least 12 months for a Medicaid contractor to work out a satisfactory implementation plan. The implementation of this "plan," as predicted, has already resulted in significant disruption in the quality and quantity of care, increased suffering and morbidity, and at least four deaths.

- Every major medical association, including the National Association of Public Hospitals, the American Public Health Association, the Medical Society of the District of Columbia, the American Medical Association, the National Medical Association, and the Nurses Association of the District of Columbia, has opposed the dismantling of D.C. General Hospital. Dr. Henry Foster, former U.S. Surgeon General designate, is on record opposing the shutdown of D.C. General. Dr. Joycelyn Elders, former U.S. Surgeon General, travelled to Washington, D.C., on April 27, 2001 to testify at public hearings, conducted by the D.C. City Council, to support D.C. General being maintained as a full-service public hospital.

- D.C. General has traditionally provided top-quality medical care to all who come through its doors—rich or poor, black or white, insured or uninsured, immigrant or citizen. As the only public hospital in the capital of the United States, and the closest hospital to the Capitol, its services are crucial, not only for District residents, but for the approximately 1 million people who visit or work in the District on a daily basis.

- Those who advocate closing D.C. General, such as the *Washington Post*, D.C. Mayor Anthony Williams, and the Financial Control Board, have all argued that the hospital is "bankrupt and hemorrhaging money, after years of financial mismanagement." In reality, the hospital, over the past several years, has never been adequately funded. U.S. Rep. David

Bonior (D-Mich.), in the May 17, 2001 *Congressional Record*, states: "The financial situation of this and other public hospitals is severely impacted by Congress' unwillingness to provide additional resources and the fact our public hospitals serve most of our uninsured and poor."

- D.C. General received a budget allocation of only \$45 million per year for the past several years, while delivering more than \$75 million in services, a funding deficit of \$30 million per year. The privatization contract, contrary to *Washington Post* propaganda, will not save money; it will cost more than \$100 million for the first year alone.

- Medical services for D.C. General are being taken over by Greater Southeast Community Hospital, which is run by a private, for-profit contractor, Doctors Community Healthcare Corp. (DCHC), and its partner, National Century Financial Enterprises, which have a shaky financial record, and are facing lawsuits in four different jurisdictions for fraud, embezzlement, and racketeering, involving several other hospitals.

- The privatization contract, contrary to *Washington Post* propaganda, will not "improve the quality of health care." D.C. General is one of the highest-rated hospitals in the District of Columbia. It received a 94% rating from the Joint Commission on the Accreditation of Hospitals, compared to 84% for Greater Southeast Community Hospital. Health care under the new contract will be greatly diminished, with no guarantee of pharmacy services after the first four months, and no clear plan or responsibility for treatment of substance abuse, mental health, and AIDS cases, and prisoners.

- The privatization contract, contrary to *Washington Post* propaganda, will not "increase access to health care." D.C. General has provided access to medical care to anyone entering its doors, regardless of their ability to pay. Eligibility for "free care" under the new privatization plan is limited to D.C. residents without third-party insurance, who earn a family income at or below 200% of the Federal poverty level, and were patients at D.C. General over the last two years (200% of the poverty level will cover only 64% of the 81,000 uninsured D.C. General treats annually). This will automatically exclude 30,000 working poor people from receiving care, as well as an untold number of uninsured low-income patients, who did not happen to use D.C. General during the last two years. Enrollment and treatment now require three forms of identification. Recently an elderly woman, who had been being treated at a PBC (D.C. General) neighborhood clinic, for more than 15 years, was about to be sent home without her blood pressure medicine, because she did not have adequate identification. Her doctor, who fortunately spotted her in the waiting room, said that she might have gone home to die of a stroke, without his intervention.

- The privatization plan will eliminate inpatient services at D.C. General, and convert its emergency room into a "first-aid station." Of the 53,000 emergency room patients D.C.

General treats annually, 1,500 are Level 1, severe trauma cases. There is no hospital or group of hospitals, capable of absorbing those 53,000 patients. This has already resulted in severe overcrowding, and since the onset of the “privatization transition,” every emergency room in the District has been closed on several occasions, forcing ambulances to travel as far away as Prince Georges County and Baltimore, Maryland. Patients have been forced to sit in emergency rooms for extended periods of time, waiting to be treated by a doctor. In one case, a man suffering spinal compression, a condition requiring treatment within six hours, or the spinal cord could be severed, causing permanent damage and paralysis, was not treated for two and a half days. Lack of bed space, due to the shutdown of inpatient services at D.C. General, has caused people to lie on gurneys for days in the emergency room, waiting to be admitted to the hospital. Several patients have grown tired of waiting and discharged themselves against medical advice.

- D.C. General is one of only two Level 1 trauma centers in the District, meeting the criteria of the American College of Surgeons. The privatization plan would shut the trauma center at D.C. General and create a new one at Greater Southeast, within three months. A Level 1 trauma unit, which is necessary for gunshots, deep puncture wounds, automobile accidents, etc., cannot be created in three months. The accreditation process alone takes one year. Yet, the trauma center at D.C. General was closed effective immediately, with the onset of the transition, with the rerouting of all ambulances away from D.C. General. Additional travel times, to more distant emergency rooms, have already resulted in at least four deaths.

- D.C. General has one of only two Level 3 (highest level) neonatal-care units in the city: Closing this unit will inevitably increase the rate of death among high-risk and premature infants. There is no plan to replace it.

- D.C. General has one of only two biochemical decontamination units in D.C., vital in the event of a disaster or biochemical terrorist attack in the nation’s capital.

- The Control Board attempted a sleight-of-hand maneuver, to get around the 30-legislative-day Congressional review period, by enacting “emergency,” as well as “temporary” and “permanent” legislation, in order to begin dismantling D.C. General immediately, knowing full well that there was no “emergency,” outside of the one that the Control Board itself was creating.

- All elected officials are bound by an oath to protect and promote the General Welfare. If this principle is to be defended nationally against “shareholder values,” it must be defended in the nation’s capital. Congress can act to reverse this assault on the democratic process and this dire threat to the health and well-being of citizens in Washington, D.C., by passing a joint resolution disapproving the temporary and permanent legislation enacted by the Control Board.

Many Nurses Striking Against RN Shortages

by Linda Everett

The shortage of registered nurses in the United States is now at such a crisis level that thousands of nurses in at least four states are hitting the picket lines or are in active battle with hospital management to address and to alleviate outright dangerous patient-care conditions. The strikes and threatened labor actions in Massachusetts, Ohio, California, and Minnesota are but a glimmer of what we can expect as the economic collapse now hitting the nation — and hospitals — heats up.

The U.S. Labor Department predicts a shortage of 450,000 nurses in just seven years, according to a new Congressional General Accounting Office report. But, even this estimate is considered far too low, according to the Federation of Nurses and Health Professionals. For every five registered nurses (RNs) retiring during those years, only two new nurses are expected to take their place. The immediate crisis is demographic — the majority of U.S. nurses are age 45 and up and cannot endure the brutal physical demands of nursing today, as referenced below. They will shortly retire. On June 5, an American Hospital Association spokesman announced that hospitals nationwide have 168,000 unfilled positions, and 126,000 of these are nurses’ spots.

But, the root of the problem is both historical and systemic, extending back to the “Southern Strategy” political decision 30 years ago to shift the national economic policy from a pro-industrial base to a post-industrial austerity footing. That shift included establishing managed health care as the means to ration and deregulate health care. For over two decades, managed care and HMOs (health maintenance organizations) looted tens of billions of dollars from hospitals, took down the nation’s health-care infrastructure, and maimed and murdered thousands of people by denying them medical treatment. At the time, hospitals cut costs by cutting their nurse staff, and nursing schools were “authoritatively” told to graduate fewer professionals.

The tens of billions lost from Medicare in the Gingrichite Balanced Budget Act of 1997, and the reduced state Medicaid payments to hospitals during the 1990s phony “prosperity,” finished the destruction.

The result is that hospitals have major gaps in their nursing schedules, and force available nurses, no matter how exhausted, to routinely work mandatory overtime — double an eight-hour shift, or 12-hour shifts or more — for days on end —

to fill those chronic nursing vacancies. Available nurses are doing the work of several RNs at a time, as well as taking up the work, such as transporting patients and serving meals, normally done by non-medical hospital personnel who have been laid off to further cut hospital operating costs.

Sandy Ellis of the Massachusetts Nurses Association says, "No patient deserves a nurse in her 15th or 16th hour working." Some nurses fall asleep at the wheel as they drive home, after double shifts. Others stay awake nights, worrying that they might have missed a critical treatment for one of their patients, because of the avalanche of work. More than a few leave work in tears, or vomiting, after their shift. Nurses are fleeing the field in droves, exacerbating the crisis.

What is at issue now with RNs from coast to coast, is that these intolerable strategies, as responses to murderous national policies, are grinding down another core part of the U.S. health-care infrastructure.

Strikes in Minnesota, California

On May 17, close to 8,000 RNs from the Minnesota Nurses Association voted to reject contract offers from 12 area hospitals. The major issue is that more and more patients with higher acuity, or sickness, levels are being cared for by fewer and fewer nurses. Because hospitals focus on increasing the number of their patients to increase their revenues, nurses at hospitals in Twin Cities, St. Paul, and Minneapolis asked for the right to stop hospitals from admitting new critically ill patients, when local nursing staffs are overwhelmed and unable to care for patients already assigned to them.

Late on June 2, the nurses at all but two hospitals averted a strike by a very narrow vote (which is being contested at four hospitals), when hospital management agreed to allow nurses input into controlling patient flow. However, 1,350 nurses at Fairview Riverside and Fairview Southdale Hospitals are now striking.

The Minnesota Nurses Association says the hospitals, in all cases, hired replacement nurses—strikebreakers—from the infamous companies U.S. Nursing and Travel Nurses International, to replace picketing nurses (see *EIR*, Nov. 17, 2000, p. 17). Within hours of their arrival, the replacement nurses called the union to complain that they were being mistreated, and some have now joined the picket lines.

On May 23, the Sharp HealthCare Registered Nurses/United Nurses Association of California, an affiliate of the American Federation of State, County, and Municipal Employees (AFSCME) submitted a ten-day notice of intent to strike. The contract for the 2,600 registered nurses in Sharp acute-care hospitals in San Diego County expired on May 31, 2001. The union has been in mediation since. Sharp is the biggest hospital chain in San Diego County, with 10,000 employees, 2,600 of them registered nurses. Sharp, with seven hospitals, numerous clinics, home health-care and other community services, has a 20% annual nurse turnover rate, and 10% of its nursing jobs are vacant. The union demands a

prohibition of mandatory overtime (known as mandatory "on-call"), safe nurse-patient ratios, and better quality of patient care. In all of Sharp's hospital operating rooms, registered nurses are required to work up to 160 hours overtime in a two-week work cycle—in addition to their 40 hour work week! The five registered nurses employed in eight-hour units at one Sharp endoscopy unit are required to be "on-call" 24 hours a day, seven days a week. In the words of one RN, "You have no life."

Over the last three years, Sharp's CEOs have received a 64% pay increase.

Since May 1, seven hundred and seventy members of the Youngstown General Duty Nurses Association, an affiliate of the Ohio Nurses Association, have been on strike against mandatory overtime. Nurses at the the Western Reserve Care Center/Forum Health in Youngstown are calling for safer staffing levels, with support from hundreds of community organizations, doctors and individuals.

Some 450 nurses struck Brockton Hospital in Massachusetts on May 25, with hundreds from the local and political community joining them in rallies, to protest understaffing of nurses and forced mandatory overtime at the hospital. The Massachusetts Nurses Association (MNA), which represents the nurses, told *EIR* that since the hospital hired 20 replacement-strikebreaker nurses from the U.S. Nursing Corp. of Denver, Colorado (to replace 450!), there have been reports of errors and poor nursing care at the 268-bed hospital.

Federal, State Bills Proposed

The MNA is working on both the state and Federal level to pass bills to address the crisis. Because each state has different intensities of patient needs, the MNA is calling for legislation on the state level to ensure appropriate, safe nurse-patient ratios in all health-care environments. Fifteen states are considering some form of this legislation.

Right now, registered nurses in hospitals are ordered to care for as many as 12 acutely ill medical-surgical patients at a time; nursing home RNs oversee the care of 30-40 patients at a time. A *Chicago Tribune* investigative report says at least 1,720 hospital patients have been accidentally killed, and another 9,584 injured, due to actions or inactions by exhausted registered nurses across the country. U.S. Reps. Tom Lantos (D-Calif.) and James McGovern (D-Mass.) are addressing the issue in a Federal bill that amends the Fair Labor Standards Act to ban mandatory overtime beyond eight hours in a work day, or 80 hours in any 14-day work period, except in a natural disaster or declaration of emergency.

The MNA is also working with Sens. Ted Kennedy (D-Mass.) and John Kerry (D-Mass.) on Federal legislation that would prohibit mandatory overtime for RNs as well as for other licensed professionals, such as licensed practical nurses (LPNs). This proposal may provide some financial assistance to hospitals to assure adequate nursing staff, to keep nurses in the profession.

Right now, 90% of nurses surveyed say they intend to leave the profession because of the physical demands of nursing today. Also, it is estimated that some 500,000 experienced registered nurses are not practicing in their field. The Kennedy-Kerry proposal may also make adequate hospital nurse staffing a condition of a hospital's participation in Medicare and Medicaid. Initiatives are also being proposed by Sen. Jim Jeffords (I-Vt.), who held hearings on the nursing shortage in the Senate Health, Education, Labor, and Pensions Committee at the end of May, to provide educational funding to draw more people into the nursing profession.

Political activists in nurse associations in five states have formed a new organization to fight for nurses on the front lines. The group, which does not yet have a name, is made up of organizations that have split with the national organiza-

tion of the American Nurses Association (ANA). *EIR* was told the ANA "is not progressive enough," and is not ready to do what must be done to accomplish safe nurse-patient ratios in all health care settings. The new group, so far, is comprised of the California Nurses Association; the Massachusetts Nurses Association; Pennsylvania Association of Staff Nurses and Allied Professionals; Maine State Nurses Association; and United Health Care Workers of Greater St. Louis.

The nursing shortage is, in fact, a national crisis endemic to the general post-industrial, free-market predatory attack on U.S. health care overall. Only a revival of the U.S. and world economies, and a return to the 1996 Hill-Burton act approach, which ensures the necessary hospital facilities and staff, can return the general welfare to health care.

LaRouche: McCain Bolt From GOP Would Be Lawful

The following release was issued by LaRouche in 2004, the campaign committee of Lyndon H. LaRouche, Jr., a candidate for the 2004 Democratic Party Presidential nomination, on June 2. It was entitled, "LaRouche Says McCain's Possible Bolt From GOP Is Lawful, in Light of 200 Years of American History."

Today, Lyndon LaRouche offered his assessment of the weekend meeting between Sen. John McCain (R-Ariz.) and incoming Senate Majority Leader Tom Daschle (D-S.D.), which has provoked speculation that McCain may soon leave the Republican Party and announce his intentions to run for the Presidency in 2004 as an independent. LaRouche noted that the McCain development is lawful, when considered in light of more than 200 years of American history. LaRouche drew the parallel to the situation at the time of the War of 1812, when the first edition of Mathew Carey's book, *The Olive Branch*, played a key part in the work of collaborators such as Henry Clay, in forging the formation of the Whig Party. This was done in response to the crisis of failure of existing party institutions, both the Federalist Party and the Jefferson-Madison Democratic-Republican Party, and the failure of existing political institutions to address the crises. That action by the Careyites, in turn, led to the later founding of the Republican Party of President Abraham Lincoln, which saved the Union from the British-sponsored Confederate secessionist plot.

Today, the horrible performance of the Bush Presi-

dency in the first 100 days in office, combined with the tendency among some pro-Confederate elements in the Democratic Party to split with traditional Democrats, and pursue a sectional political agenda, has provoked a political crisis. No decent American, particularly no decent elected political official, can accept this situation, particularly in the context of a worldwide financial breakdown crisis now rapidly unfolding. Thus, we saw last week's action by Sen. Jim Jeffords (I-Vt.), in breaking with the Bush-Lott GOP, and delivering control over the U.S. Senate to the Democrats. This is a manifestation of growing recognition, internationally, and within the United States, that the Bush Presidency is a disaster for humanity.

How, then, are American political currents to respond to this crisis? Many who did not agree with Lyndon LaRouche, as late as December 2000, now find themselves agreeing with him, about the nature of the unfolding global crisis and the dangerous incompetence and venality of the Bush Administration. There is thus a lawful re-juggling of the American political spectrum now under way. There is now a tendency to form what might appear to be a third-party movement, which will impact significantly on the 2002 Congressional elections and on the 2004 Presidential race. A sweeping restructuring of American party politics is now under way, LaRouche declared. However, he cautioned against any simple-minded conspiratorial conclusions respecting the McCain-Daschle discussions.

This is, LaRouche emphasized, a lawful process, as seen in the context of over 200 years of American political history. It is not possible, at this time, to say which way McCain and others will jump. But, what is clear is that a sea-change in the political party alignment and in the policy agenda, is now under way, and that is a healthy development that LaRouche had uniquely anticipated and has decisively helped to shape.

Halt the Reign of Terror at FBI, DOJ

As we go to press, convicted Oklahoma City bomber Timothy McVeigh is scheduled to die on June 11, in the first Federal execution in decades. As Lyndon LaRouche warned, Attorney General John Ashcroft has severely jeopardized U.S. national security and the safety of all Americans, at home and abroad, by his rush to execute McVeigh.

While there may be little doubt that McVeigh played a role in the 1995 Murrah Building massacre, the preponderance of evidence shows that he was a “little cog” in a bigger terrorist apparatus, and his execution will shut the door on any future opportunity for him to reveal what he knows about a terrorist capability that is still out there, free to strike again. Should such a future terrorist attack occur by the “others unknown” who ran the Oklahoma City bombing, the blood of those victims will be on the hands of Ashcroft, and those in the FBI and Department of Justice (DOJ) who covered up the truth about the Oklahoma City bombing, in order to reap the public relations and budgetary benefits offered by the quick capture, trial, and execution of McVeigh as the “lone terrorist.”

Our system of law is based on a quest for the truth, and a need to weigh the broader issue of the general welfare. The FBI and the DOJ fail, repeatedly, on both counts. This fact has once again become a matter of public scandal:

- The FBI withheld thousands of pages of documents from McVeigh and Terry Nichols, and, according to four former FBI officials who appeared recently on CBS News’ “Sixty Minutes,” other exculpatory evidence was purged from Bureau files, and vital leads were ignored. The only reason the FBI and DOJ made their 11th-hour admission about the missing documents, was that they knew about the pending TV exposé, and launched damage control.

- Former Sen. John Danforth (R-Mo.), who was the independent counsel probing FBI actions at Waco, told the *Washington Post* that the FBI, from top to bottom, tried to sabotage his inquiry, prompting him to threaten FBI Director Louis Freeh with subpoenas and

search warrants to raid FBI headquarters.

- The U.S. Ninth Circuit Court of Appeals, in a stunning ruling, has ordered the lower courts to reinstate an Idaho manslaughter indictment against FBI sharpshooter Lon Horiuchi, for the 1992 Ruby Ridge murder of Vicki Weaver.

The corruption at the FBI runs so deep, that Robert Hanssen was able to get away with more than a decade of spying for the Soviet Union and Russia, undetected. An elaborate “old boy” system inside the FBI hierarchy, perhaps reaching all the way up to Director Freeh, protected Hanssen on at least five occasions from being fired for cause, for actions that included tampering with FBI computer files and physically assaulting a female co-worker.

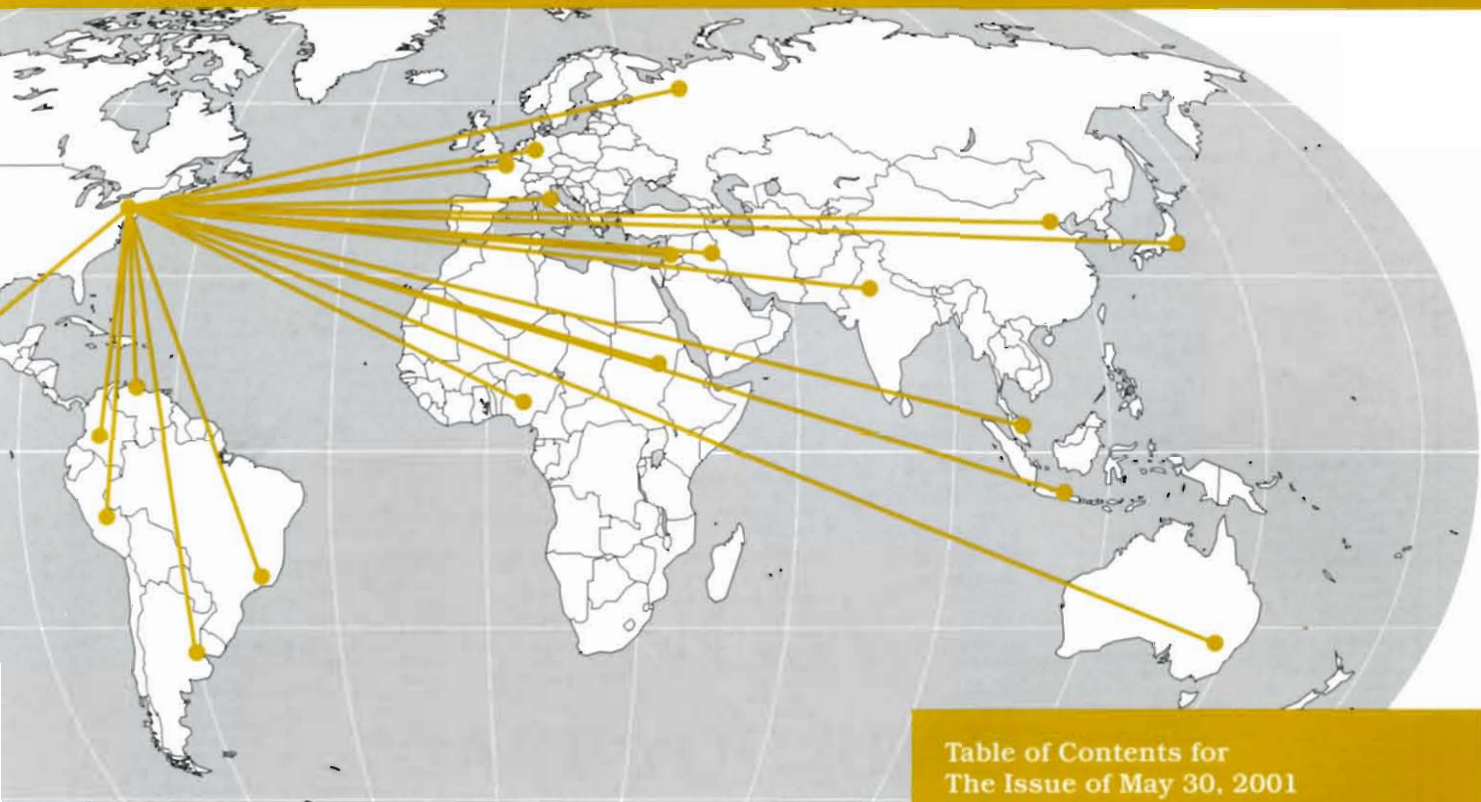
In our next issue, we will provide details of all of these crimes by the FBI-DOJ. Longtime readers of *EIR* realize that we have been in the forefront of the fight to clean out the garbage in our Federal law enforcement community for more than 20 years, dating back to the Carter-era sins of ABSCAM and BRILAB, directed against Congress and the labor movement, respectively.

In 1995, when the U.S. Congress, already in the grips of the “Conservative Revolution,” failed to hold the FBI and DOJ accountable for the massacre at Waco, the Schiller Institute helped initiate independent commission hearings on three egregious cases of abuse by the in-justice department: the railroad prosecution of Lyndon LaRouche, the attempted murder-by-decree of John Demjanjuk, and the FBI’s racist “Operation Fruhmenschen,” which targeted African-American officials for frame-up and jailing. That effort bore fruit several years later, when a bipartisan coalition in the Congress took on the FBI-DOJ tyranny through the McDade-Murtha “Citizens Protection Act of 1998.”

With that history in mind, Congress must, once again, stand up to the continuing corruption and rampant abuse of power at the DOJ and FBI. And this time, the criminals in government must be held fully accountable, in the courts, for their crimes.

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