

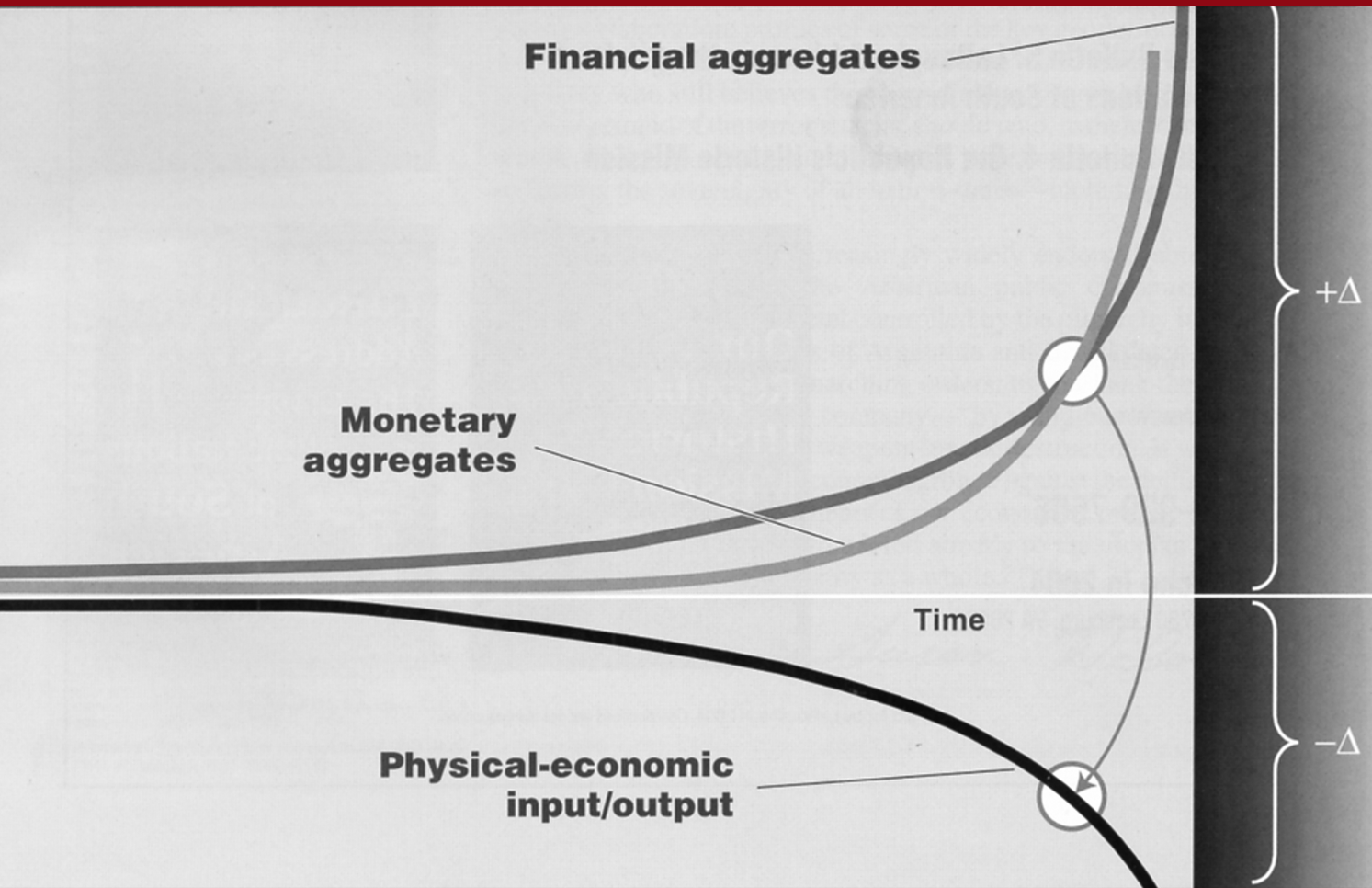
# EIR

Executive Intelligence Review

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The 'Open Conspirators' Behind Sept. 11 Coup Plot  
Opposition Grows to 'Osama Did It' Hoax  
Marines, and Mini-Coup, Hit the Philippines

## U.S. Economy 1996-2001 Proves LaRouche's Collapse Function



# LA ROUCHE

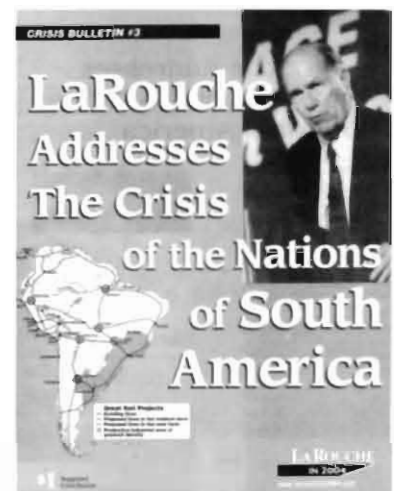
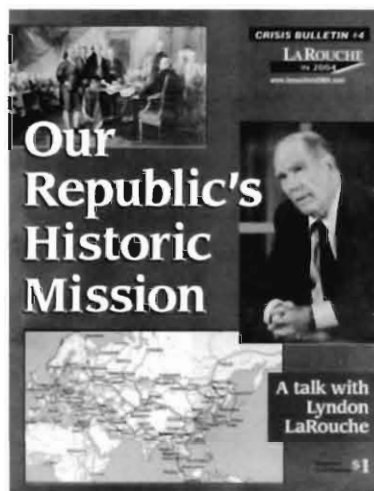
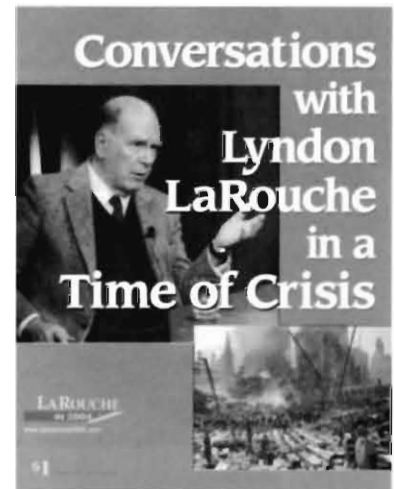
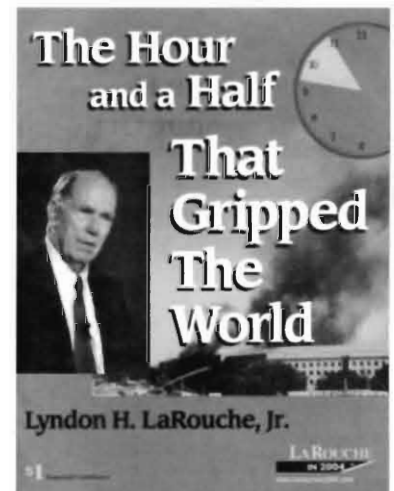
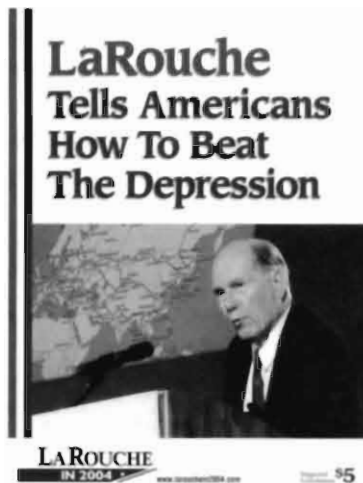
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## From the Associate Editor

**T**he graph on our cover, well known to regular readers of *EIR* as Lyndon LaRouche's "Triple Curve" schematic, presents an air-tight proof of LaRouche's diagnosis, that the current financial and monetary system is bankrupt beyond repair. It shows the *hyperbolic rate of growth* of financial and monetary aggregates, and the corresponding downward plunge of physical economic production.

This hyperbolic function represents a *phase shift*, an absolute limit at which a collapse occurs—unless the world's nations intervene to replace the existing, terminally diseased system with a new, healthy one. As our *Economics* section documents, we have now reached the point shown on the schematic, at which the growth of monetary aggregates soars above the financial paper, and the economy is set for hyperinflation.

As LaRouche has argued since the Sept. 11 irregular warfare attacks on the United States, this collapse dynamic is what is propelling the crazed financier oligarchy to carry out desperate actions to try to save its own power.

In our Jan. 11 issue, LaRouche's article, "Zbigniew Brzezinski and September 11," laid out his analysis of the ongoing coup d'état against the U.S. Constitution. Our *Feature* this week supplies documentary elaboration: profiles of some of the key geopolitical lunatics whose ideology lies behind the drive for a "clash of civilizations." Anybody who still believes the fairy tale that Osama bin Laden was the mastermind of the terror attacks, should read, in their own chilling words, what Brzezinski and his cohorts have to say, about their plan to destroy the sovereignty of all nation-states—including the United States.

LaRouche's view is increasingly widely endorsed abroad (see *International*), even as the American public continues to be brainwashed by a media cartel controlled by the oligarchy itself.

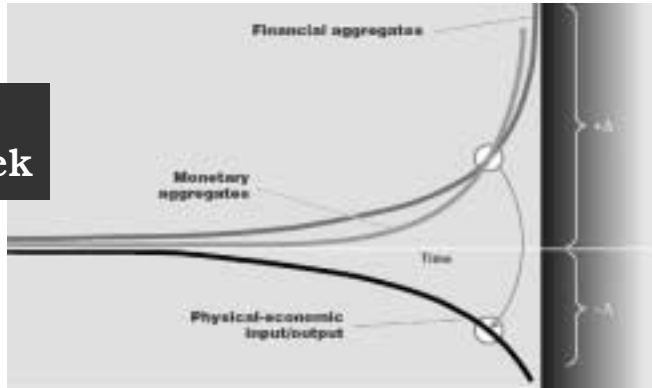
In a message to patriots of Argentina and Brazil dated Jan. 17, LaRouche gave us all our marching orders: to "outflank the utopian warriors"—Brzezinski and company—"by using our weapon, economic growth, against their weapon, lunatic destruction. If we do not find the courage to defend economic growth against the demands that we dismantle essential elements of our economies, we, by our own negligence, would have surrendered already to the utopian reign of general destruction of humanity as a whole."

*Susan Welsh*

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*LaRouche's Typical Collapse Function shows a critical point of instability, at which the hyperbolic growth of money-printing outstrips that of the financial aggregates it is supporting, leading to hyperinflation. U.S. economic data show that point, forecast by LaRouche in 2000, has now been passed.*



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Pursuing Evil-Doers, Or Doing Good?

**Correction:** In the transcript of Henry Kissinger's Chatham House speech published in *EIR*, Jan. 11, 2002, an editor's interpolation on p. 50 misidentified George Canning (1770-1827). He was a British Prime Minister.

## LaRouche Points To His 1995 ‘Triple Curve’ Forecast of Today’s Collapse

On Jan. 12, 2002, speaking to a California workshop recruiting young volunteers to his campaign, Lyndon LaRouche reviewed the six years since his “Triple Curve Collapse Function” was put forward. Subheads have been added to his presentation.

At the end of 1995, I was a guest at a Vatican conference generally on health care. And as a contribution to the record of that conference, I produced a short report on related problems, and submitted a diagrammatic representation of the essence of my report, as to where the world economy—Europe, the United States, and elsewhere—were going; and how this would affect health care. It was the famous Triple Curve (Figure 1).

As you recall, if you have looked at the Triple Curve, there were two successive versions of that. One, was the one I produced in 1995 for this Vatican event; which I then reproduced as a key feature of my 1996 Presidential campaign. The second one was done on the basis of the 1999-2000 study of exactly where the Triple Curve function was going. I indicate the “crossover,” which is where we are right now (Figure 2).

Let me just remind you of this, and then get to what my point is here. You recall the Curve. The top [curve] was a sort of hyperbolic, self-feeding growth of financial aggregates—what might be called “shareholder values,” nominal shareholder values as accountants would account for them, or the equivalent. Then you had a second [curve], which was the monetary expansion, both by Treasuries and Central Banks and so forth, which was feeding the money-flow in, to help pump up the growth of this financial bubble. Then the other tendency, which I dated from 1971, is the accelerating decline in real physical output and consumption, in terms of productive potential per capita and per square kilometer. That’s the bottom curve. The bottom curve is down, the two

top curves up.

The second version—in which I dealt with the phenomenon of the [United States as the] “importer of last resort,” last year [see *EIR*, Jan. 19, 2001]—was based on the fact that, as we emphasized in various reports done by Richard Freeman and others, we’d reached the point, already during the period of the 2000 election campaign, that we were in a Weimar type of hyperinflationary process.

### The Weimar Germany Example

Remember that in Germany, the hyperinflation really started several years *before*—about 1921—*before* the famous

FIGURE 1

### A Typical Collapse Function

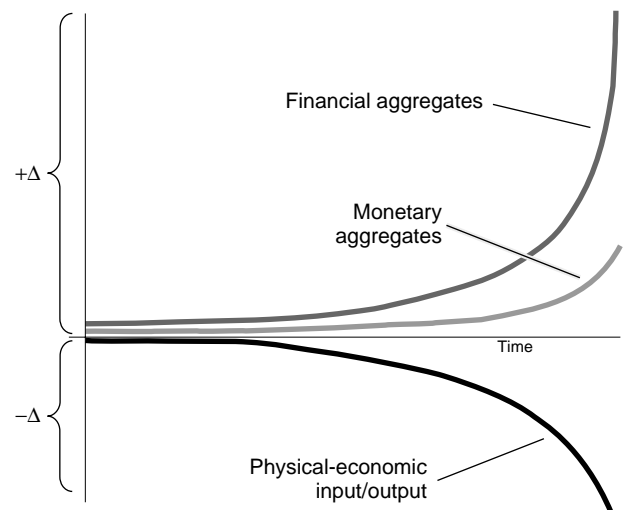
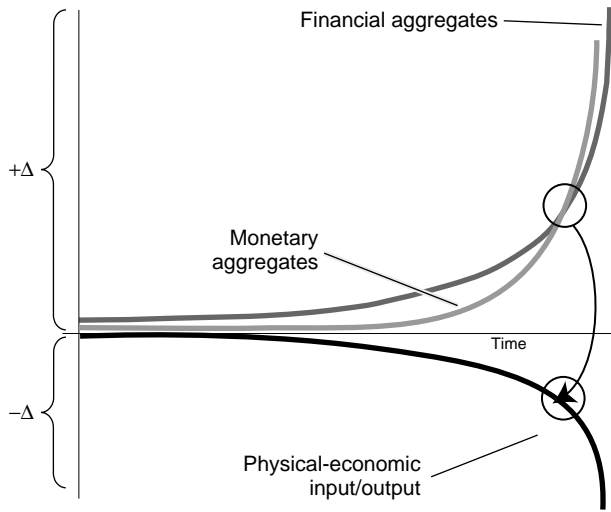


FIGURE 2

**The Collapse Reaches a Critical Point of Instability**



1923 blowout of the Reichsmark. The problem grew gradually. There was an increase, an inflationary increase in monetary-financial aggregates, largely debts, debt rollover, especially debt to the predatory Versailles Powers on war reparations, or other reparations of Germany. And then there was the monetary printing-press operation, which was feeding the ability of Germany to pay, and create the financial assets for the foreign creditors. Thirdly, there was a process of looting Germany physically, internally, and even shutting down firms, to sustain this monetary-financial process.

This seemed to be holding up until the Spring of 1923. There was an increase in hyperinflationary tendency in the financial aggregate (Figure 3). There was a hyperinflationary tendency in the rate of growth of emission of monetary aggregate. And there was a hyper-deflation, as a trend—that is, a hyperbolic trend *downward*—in terms of physical production, output, consumption, in '23.

In the period somewhere between late May and July, 1923, the amount of monetary aggregate which had to be put into the system—that is, printing-press money—which had to be put into the system to roll over the existing financial assets, was bigger than the amount of the financial assets being rolled over. This was being done by financing methods for the printing of money, which resulted in a major collapse in terms of the physical economy of Germany of that time: production, output, consumption.

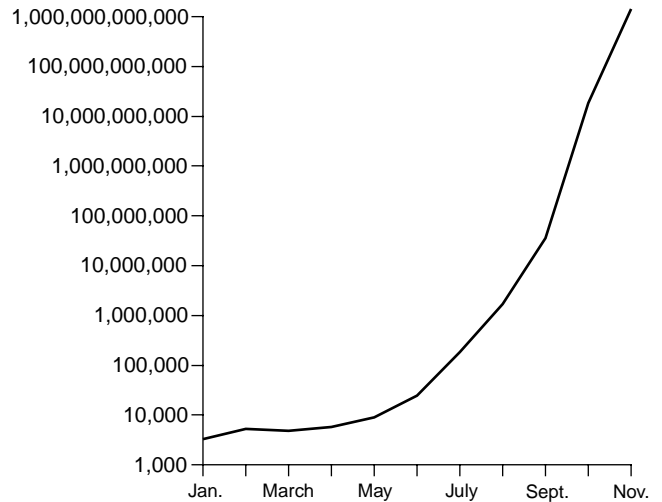
So that led, from the beginning of Summer into October-November [1923]—the Reichsmark virtually disappeared. It had to be brought back from the grave at a later point.

So, what I identified, is that as of the Spring-Summer of

FIGURE 3

**Weimar Hyperinflation in 1923: Wholesale Prices (1913 = 1)**

(logarithmic scale)



the year 2000, it was obvious that the United States, and the world economy associated with the United States, had entered a phase comparable to exactly this condition which had occurred in Germany in 1923, but this time on a world scale, with a world economy, not a German economy.

This was signified [as follows]: as I drew the second [monetary aggregates] curve, I said, “Now you’ve reached a point, where the rate of the monetary aggregate required to keep these curves functioning, is greater than the amount of financial aggregate which is being sustained by [this] printing-press money.” At the same time, the effect of this, this monetary-financial process, is to accelerate the collapse of real industry, in terms of fake industry.

**The So-Called New Economy**

Now, you’ve got a good example of this in terms of the so-called New Economy. The New Economy, which took off in 1995, was a hoax, created by the government—or, with the blessing of the Clinton-Gore Administration—in which they argued two things. First, that we were in danger of a year-2000 blowout of the computers, which wouldn’t know what to do when they reached the end of 1999, which is the old two-digit year code [problem]; and the accountants tried to figure out how to get to the year 2000. And they would tend to think that they [the computers] would go back to the year 1900, not to the year 2000. So that would really screw things up—that was the argument.

And of course, it was true, that when they made Cobol

[computer code language] as a system, and developed it in the course of the 1950s and early 1960s, they kept this two-digit year code in there. And when they assembled more and more programs later on, these programs had this Cobol thing locked in there, as a general part of the way they built these programs. So the programs that computers were using were full of this two-digit date thing. Especially, you'd have government systems, for example, which would date, in the creating of accounting systems, back to the 1950s, when computers were first used.

So what they did, is they said, "We've got to stop the Y2K Cobol crisis. The whole world economy is going to vanish on Jan. 1, 2000," because of this Cobol problem inside present-day computer systems and the programs installed in them. So they had to invest a vast amount of money, of course—they said—in changing all these computers of government and private concerns. So therefore, they had to pour credit into this.

Then they said, "Well, if we're going to change the machines, going to change the programs, why don't we put out better machines—faster, more efficient machines?" So there was a vast increase in the marketing of computer hardware, software, and so forth. A big inflation in that area. It was all pumped up by the Federal government, by the banking system internationally. They created the myth that the production of information—emission from these computers—this circulation of information—was itself, intrinsically, an increase in wealth.

And therefore, they built up this tremendous bubble, which was not based on the actual sales or net income of these companies; because what they counted as net income, was the growth, the appreciation on shareholding. So a company that would make no profit, because its stock was selling, and because it was being bid up in price on the market, would show a capital gain—a financial capital gain—in the current price of the share, even though the company in which this share was created, was operating at a net loss.

And they invented a lot of accounting tricks and fakery, to cover up this kind of thing; where they would show—someone's profit on a sharehold would then be shown as an asset for the company. And therefore this would then be turned around and shown as *growth* in the company; even though in terms of the operation, the operation was not making any money, but was operating at a massive loss.

## The Reckoning

So now, then, comes the year 2001. The New Economy collapsed. It was substantially wiped out.

So we shut down the U.S. economy. We gave people synthetic jobs—that is, make-work jobs—to keep them quiet. We gave them very cheap jobs, very low wages in real terms, but we gave them the opportunity to work at *three* jobs a week; maybe not full-time jobs, but one, plus, plus jobs per week per person. We put virtually everybody in the family to

work. We put the children on the streets—the younger children who couldn't work—virtually on the streets, or "latch-key children." We took all decent education away from them. So they came out of these schools, not qualified for any serious kind of work, with no cultural development—social studies of some crazy kind—but essentially useless people as members of the labor force. That was a fraud.

We shipped the jobs overseas. We shipped the national income overseas. How did we get national income? We *stole* it! We used the IMF and other means to pressure countries to sell things to us, by reducing the price of their currency, so we could buy their goods cheaply. We imposed debts on them, by these manipulations, so we could loot them. And the argument was, "Look, we don't have to work anymore. We're going to use our power intelligently, our financial power, our control of international financial institutions; we're going to loot the world, and we're going to get along just fine, in this New Economy, this new way of life." And so forth, and so on.

So what's happened now, is we've gotten to the point—and you can see it in the figures—that all these financial blow-outs beginning 1997—I forecast this in 1960, that this would occur; 1997 it occurred. It was called the "Asia crisis." It wasn't an Asia crisis, it was a crisis of the system, which was beginning to disintegrate. Then they invented this fakery called the [Russian government] GKO bonds, which were really junk bonds, against Russian debt. They blew out in 1998. And the entire world system has essentially been limping along, in the process of collapse, ever since 1998.

And what's been keeping it going, is largely this engine of printing currency, like monetarizing Japanese yen—zero-interest loans, overnight loans—monetarizing all kinds of lending of this type. Pumping that lending at almost-zero interest rates, or very close to that, into financial markets, trying to drive the financial markets up; but at a time—especially since the year 2000—when the amount of money which the monetary mechanisms must put into the economy, to pump up these financial markets, is greater than the amount of financial growth that the economy generates as a result of this monetary pumping.

In other words, we're in exactly the kind of mechanisms, on a global scale, that Weimar Germany was, in the Summer to Autumn of 1923. And we've been in that state of affairs, since approximately the Summer of the year 2000—as Richard Freeman and others have produced the figures which just show this comparison.

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# LaRouche ‘Typical Collapse Function’ Confirmed by U.S. Economy, 1996-2001

by EIR Economics Staff

Lyndon LaRouche’s Dec. 2, 1995 conference address in Germany, “We Are at the End of an Epoch,” first introduced his “Typical Collapse Function,” or “Triple Curve” idea, to make the point that if monetary and financial processes shown were allowed to continue, the major nations of the world would undergo outright collapse of their physical economies. The Triple Curve (see p. 5) gave an econometric form to LaRouche’s “ninth long-range forecast” made in 1994, in which he warned that a global financial bankruptcy and collapse would be under way by the time President Bill Clinton left office, unless Clinton and other leaders dramatically changed economic policies.

The economic data of the American economy from that time to the current crisis completely vindicate LaRouche’s Triple Curve schematic. Graphs of the relevant U.S. economic statistics (however inadequate the available data), document and verify LaRouche’s forecast of what would ensue, if policies were not changed. In the figures below, we provide indicative representations of key components of this collapse process.

LaRouche stressed in 1995, both at the German conference, and at an earlier Rome colloquy, where he first introduced the “Triple Curve” diagram, that the world economy at the time, was already in serious decline. “For reasons I’ll indicate to you, generally speaking and overall, *there has been no economic growth on this planet, since the end of the 1960s*. None; if you measure the right magnitudes.” Referring to the fact that “the American people produce *half as much* as they did 25 years ago, and consume about half as much, for various reasons,” he stressed: “That is a pattern around the world. There has been a secular tendency toward a 2-3% annual contraction in economy around the world, with some variations in that, over the past quarter-century. The system is collapsing” (*EIR*, Jan. 1, 1996).

He described the interplay of the three curves—not mathematical calculations, but directionalities which characterize the collapse process. The bottom curve is the productivity and functioning of the physical economy, upon which all human existence depends; the middle curve shows increase in monetary aggregates (approximately represented by money supply

measures); and the upper curve shows growth—which can become hyperbolic growth—in financial aggregates of all kinds: run-up of debts and other obligations, speculation in currencies, stock markets, futures (derivatives), etc. As in the case of a “typical collapse function,” the interaction of the upper two curves sucks the underlying physical economy dry.

Here we review several elements of each of these curves, making reference to certain key government policy responses year-by-year, which furthered the collapse process, to the breakdown point we face today. The final figures shown are snapshots of the actual *collapse process now under way in the United States*.

## Financial Aggregates Zoom Out of Control

**Figures 1-3** show aspects of the volume and trends of certain financial aggregates—the LaRouche diagram’s “top curve”—for recent decades, highlighting (shaded area) the six years following the 1995 LaRouche warning.

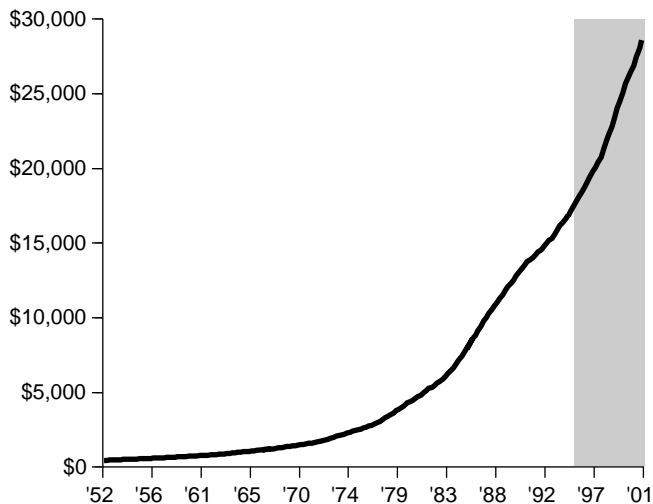
In **Figure 1**, “U.S. Credit Market Debt” is shown, which includes all types of borrowings (corporate, household, consumer revolving credit, etc.) kept as a category by the Federal Reserve statistics, but excluding certain types of government debt. The time period is 1952 through the third quarter of 2001.

It is clear that the rate of rise through the mid-1960s was minor. But the rate of increase took off in the 1970s and 1980s. This time-phase change, is a pattern seen across other key readings on the American economy, as it shifted into the “post-industrial” decline.

In the years following LaRouche’s forecast—1996 is noted on the graphic—the rate of U.S. indebtedness continued to grow, and at an even steeper rate. Today, it is at the level where whole categories of debt-holders are unable to service their obligations, from personal credit card accounts, to steel mills. Insolvencies are evident in the record incidence of bankruptcies and defaults. In November 2001, U.S. consumer borrowing increased by \$19.8 billion, an annual growth rate of 14.8%. The monthly dollar increase was the biggest since the Federal Reserve started keeping its records in January 1943. Though no downturn may yet be visible in the volume

FIGURE 1  
**Financial Aggregates: U.S. Credit Market Debt, 1952-2001 (3Q)**

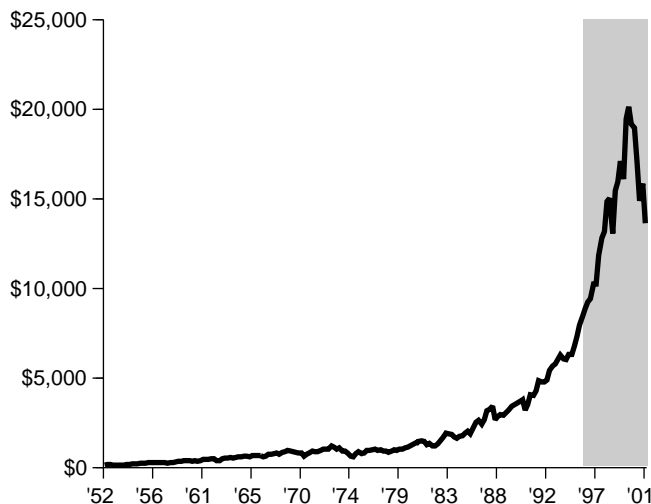
(\$ billions)



Source: Federal Reserve Flow of Funds

FIGURE 2  
**Financial Aggregates: U.S. Corporate Equity, 1952-2001 (3Q)**

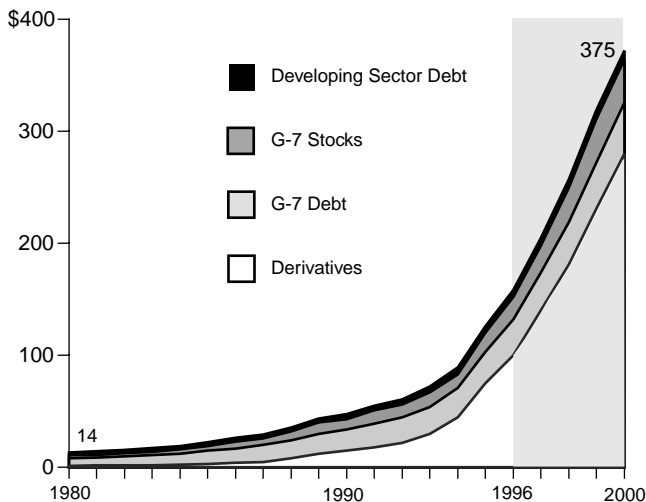
(\$ Billions)



Source: Federal Reserve Flow of Funds

FIGURE 3  
**World Financial Aggregates, 1980-2000**

(Trillions \$)



Sources: Federal Reserve Board of Governors, "Flow of Funds Accounts"; OMB, "Budget of the U.S., Fiscal Year 2001, Historical Tables"; Bank for International Settlements; World Bank; *EIR*.

of debt outstanding in the Fed's figures, that statistic will change almost instantly in a crash.

**Figure 2** shows "Corporate Equity," the financial cate-

gory of valuation of stocks, for the same time period, 1952 to 2001's third quarter. First, notice that the same slow rate of increase is apparent from the 1950s through the mid-1960s. Then, in the 1970s, there was more volatility in equity values; and a real take-off occurs in the late 1970s. By the time of LaRouche's warning—1996 is again indicated—the "bubble"-rate of rise in stock values was well under way. Then, with the New Economy info-tech frenzy, stocks soared to an amazing peak as of early 2000. By Spring, the dot-com meltdown began, and since then the "Old Economy" stocks have been plunging as well.

- The Nasdaq capitalization (the number of shares of stock times per share value) was \$6.7 trillion in March 2000; then stood at \$2.9 trillion in December 2001.

- The New York Stock Exchange capitalization was \$12.9 trillion in August 2000, and \$11.7 trillion in December 2001.

- U.S. Corporate equity overall that was \$20.1 trillion in the second quarter of 2000, was \$13.7 trillion in the third quarter of 2001.

**Figure 3** shows four categories of financial aggregates for the world, from 1980 to 2000. The same run-up since 1996 is notable. Stock values for the G-7 are shown continuing to rise from 1996-2000 (Group of Seven, being the United States, Canada, Italy, France, Germany, Japan, United Kingdom), and also G-7 debt. Growing relatively less is the "Developing Country" debt. Rising dramatically, and accounting

for most of the “financials” bubble in the world, are *derivatives*. These contracts are futures bets of all kinds (hedges, swaps, or so-called risk-management instruments), which, as a category, did not even exist prior to the 1980s.

What about 2001? While not shown graphically, the current or near-future condition of much of the global skyrocketting indebtedness, is made clear by recent events in one location: Argentina. As of December 2001, the biggest national debt default in history took place there. Similar situations are pending in Turkey, Poland, and the “Big One”—in Japan. The debts are unpayable.

## ‘Wall of Money’

What has propped up the unprecedented heights of indebtedness, stock values, and other financials? Looting of the physical-economic base of the economy, as shown in graphs further below, and a “wall of money” policy of hyperinflation, as shown in **Figures 4** and **5** (which refer to the middle of the three curves on the Triple Curve diagram).

But at a certain point in the 1999-2000 period—which we graph in more detail further on—no matter how much money is injected, the financial bubbles cannot be kept aloft! The rate of rate of growth of monetary aggregates becomes higher than the rate of rate of growth for financial aggregates. In graphical terms, this is the “inevitable crossover” point of the middle, monetary curve, breaking up through the top, financial curve.

In 1997, as the breakdown of the global financial/monetary system expressed itself in the mis-named “Asian” crisis, LaRouche warned against continuing International Monetary Fund (IMF) policies, and, in particular, against pursuing the “printing press” approach to money supply.

On Feb. 17 that year, international parliamentarians joined with him to launch a mobilization to “annihilate the IMF,” and he outlined a threefold program for what course should be taken by national leaders at the time. He called for collaboration to convene a New Bretton Woods conference to devise sound financial and monetary measures for restored national economies, utilizing the best of “what worked” during the 1946-66 first Bretton Woods period. Secondly, he called for an international mobilization for global infrastructure development—led by building the “Eurasian Land-Bridge” projects; and thirdly, for a commitment to fostering nation-state economies, with machine-tool sector development, to create conditions for self-generated economic growth.

As the year progressed, and IMF-policed assaults on Asian and other economies intensified, LaRouche repeated his warnings. Specifically attacking the resort to money-pumping, he likened such a policy to the hyperinflation in Weimar Germany in 1922-23, and he commissioned an *EIR* research feature on it (Richard Freeman, “Hyperinflation in Weimar Germany,” *EIR*, Jan. 30, 1998).

Speaking on Jan. 17, 1998, at an international conference in Alexandria, Virginia, LaRouche warned: “We’re on the

edge of coups throughout Asia and Southeast Asia, as a result of IMF policy. In the meantime, the policy which the United States government, including the Clinton Administration presently, by default, is conducting, is a hyperinflationary policy, which will blow up the value of money into nothingness, quicker than John Glenn can get into space, through an attempt to maintain financial aggregates by pumping in money fast enough to keep the aggregates going, under so-called bailout techniques, IMF bailout.

“What does the IMF say? The IMF says: *Cut* your production. *Accelerate the cutting* of per-capita output. *Increase greatly* the monetary output in order to cover, and prime up, and pump up the financial aggregates, which are already skyrocketting.” LaRouche noted that it took Weimar Germany 18 months to two years for the German Reichsmark to disintegrate, and the same would happen on a world scale at some point ahead, unless measures were taken to stop the hyperinflation and the IMF monetarist insanity.

However, as 1998 drew to a close, the money-pumping policy was even more frantic. This came in response to a series of financial crises. In August that year, soon after the Russian government defaulted on short-term bonds, the huge Connecticut-based hedge fund, Long Term Capital Management (LTCM), was caught out wrong on billions of dollars of speculative bets, and failed in September. The chain-reaction impact of LTCM threatened a meltdown of the financial system. In response, instead of taking public-interest-serving measures, the Federal Reserve, U.S. government officials, and London/Wall Street interests collaborated in a “bailout of the bankers,” one part of which was a massive increase in money supply.

This liquidity-pumping accelerated again in 1999 in response to the so-called “Brazil crisis” and the “Argentina crisis” of that year. At that time, the strategy was actually given the name, “the wall of money policy,” by its own advocates—most prominently, by mega-speculator George Soros at Davos in February 1999. Worldwide, this was intensified under the hoax of “contingency” preparation for the asserted Y2K computer changeover period. Under these massive money infusions and related policies, the Nasdaq stock index skyrocketted.

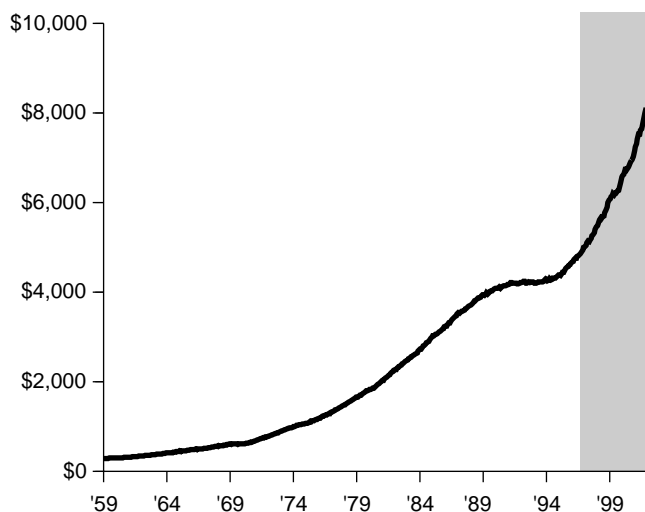
LaRouche warned again and again of the hyperinflationary insanity. In early 2000, as hyperinflation hit oil and gasoline prices, he said on March 8, following the Super Tuesday 16-state primary elections, “There is a *global* hyperinflationary spiral in the process of taking off.” Referring to the gas pump prices, he said, “This is simply, predominantly—it is not some ‘market this, and market that’—it’s a hyperinflationary process, which has taken off.”

## Extraordinary Collapse Function

In the Spring of 2000, LaRouche issued his updated version of the 1995 Typical Collapse Function (see previous article), to depict, as he said on June 3, 2000, in a paper on

FIGURE 4  
**Monetary Aggregates: U.S. Money Supply (M3), 1959-2001**

(\$ Billions)



Source: Federal Reserve

world monetary reform, that there is “a point at which the rate of monetary expansion rises more rapidly than the rate of financial expansion [it is feeding]. The latter is the condition into which Germany had entered over the interval March-October 1923.”

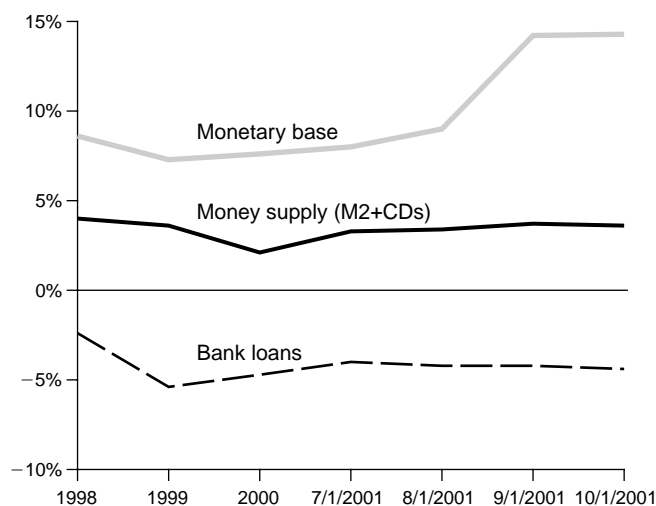
**Figure 4** gives the value of money supply in the United States, called M3, from 1970 through 2001. Clearly rising throughout, the rate of rise after 1996 is spectacular. Last year, Federal Reserve Chairman Alan Greenspan made an unprecedented series of 11 interest-rate cuts. For 2001 as a whole, the fundamental measure of U.S. money supply known as MZM grew at an extraordinary 23% rate; the broader M3 measure grew by 12.8%. We face today exactly the chaos that the hyper-liquidity policy brought to Germany, but this time on an international scale.

**Figure 5** gives monetary trends in Japan, the nation for which interest rates were effectively at the zero level for a prolonged period of time in recent years. Today Japan—the second largest and economy and financial system in the world, is facing a financial meltdown. With an impossible load of many trillions in indebtedness, and Japanese banks holding approximately \$1.5 trillion of bad loans, “walls of money” printed by the Bank of Japan no longer work to sustain debt, bad or good.

The graph, giving 1998 through September 2001, shows three things. The “monetary base” of the nation (the Bank of Japan’s loan mechanisms for providing liquidity) has increased at the rate of 9% a year, and then in October, it went

FIGURE 5  
**The More Japan Prints Money, The Less Banks Loan To The Economy**

(Percent Change)



Source: Bank of Japan.

up a drastic 14.3%. Meanwhile, the money supply (the cash and certificates of deposit which consumers and businesses are putting into circulation by going about their business), is staying flat, at the 3% to 4% rate of increase a year. And bank loans are negative! The Bank of Japan’s liquidity pumping is no longer functioning.

Properly speaking, this situation is not truly a “Japan” or a “yen” crisis, but the prelude to the crash of the *dollar system* itself.

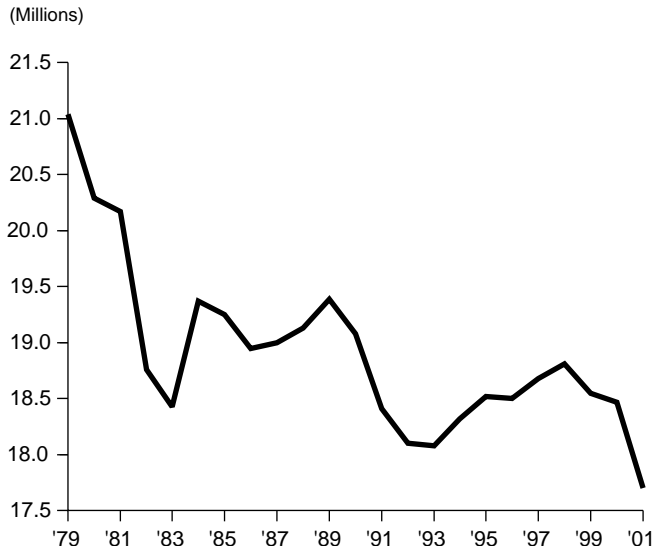
**Figures 6 and 7** show the dramatic fall since the 1970s, in two key aspects of the real, physical economy in the United States: manufacturing workers employed (1979 to 2001), and machine-tool production (in units and in dollars, 1974 to 2001). The manufacturing workforce declined significantly from 1970s levels. Since LaRouche’s 1995 forecast/warning, the decline has been catastrophic. It is estimated that from Summer 2000 to Summer 2001, the hardest-hit category of the 1.2 million layoffs, was the manufacturing sector.

Machine tools—the heart of an industrial economy—dropped in U.S. production by over half in the last 30 years, and at present, the fall in output is headed toward shutdown.

### Instability Becomes Collapse

Shown next in **Figure 8**, are key components of the LaRouche-specified Triple Curve components for the United States economy. In order to show the combined development of the three types of curves, they are indexed back to their levels of 1996—the time of the circulation of LaRouche’s

FIGURE 6  
**The Physical Economy: U.S. Manufacturing Worker Employment**



Source: U.S. Department of Labor.

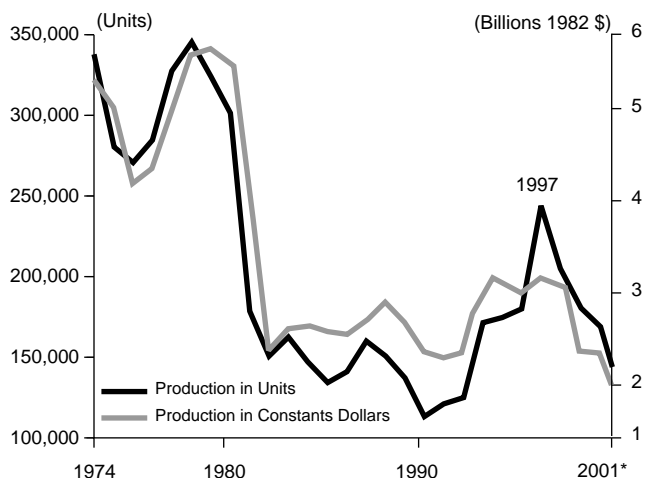
original Collapse Function diagram. Just as he said, what is associated with perpetuating the upper curve of the financial bubble—depicted by the rising debt curve (debt, as defined in Figure 1), are a soaring money supply (M3, as in Figure 2), and the decline in the physical economy, shown in the manufacturing employment falling.

What also jumps out from these data-based curves is verification of the second version of the LaRouche Triple Curve diagram in 2000. In this second stage—which might be called an extraordinary collapse function—the “crossover” LaRouche forecast as a result of the “wall of money” policy has indeed occurred. The central monetary (M3) curve has broken up through and beyond the financial-aggregates curve (debt) which it was sustaining. This “crossover” effect occurred in the 2000 as LaRouche had warned it would. The rate of money emission has increased at hyperinflationary rates, but with less and less effect on “supporting” the financial curve.

Meantime, the decline in manufacturing workers accelerates, as the instability of the system has sent the actual physical economy into collapse. A fourth line on the graph relates to that, showing that corporate profits are now plunging. Corporations cannot service their debt, do not have income levels required to continue to do business, and no amount of easy-money from Fed Chairman Greenspan’s hyperinflation machine is helping.

Figures 9-11 show three aspects of the economic/financial collapse now in progress. In Figure 9, the level of U.S.

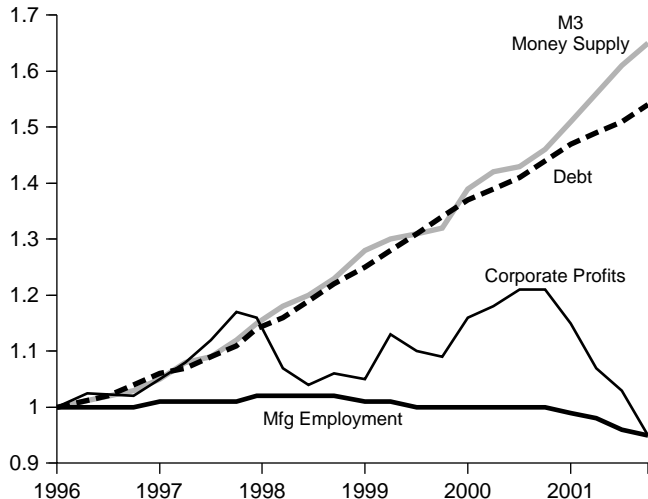
FIGURE 7  
**Physical Economy: U.S. Machine Tools**



\* projected, based on first three quarters of 2001.

Sources: Association for Manufacturing Technology; U.S. Department of Commerce; EIR.

FIGURE 8  
**The U.S. Economy’s Collapse Function Since 1996**

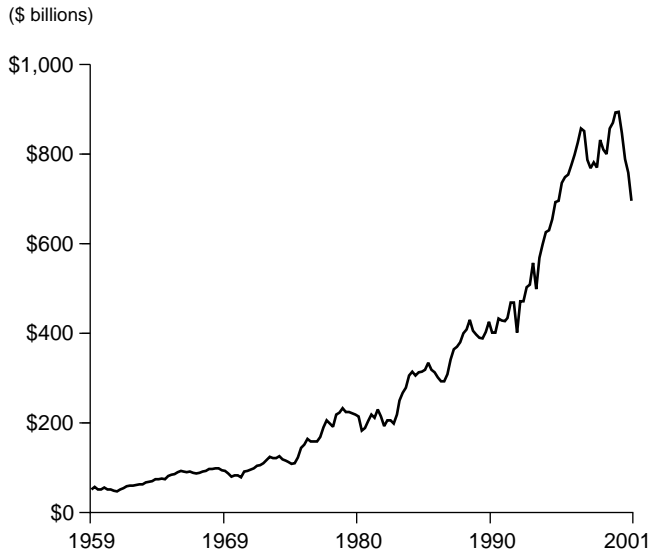


Source: EIRNS.

corporate profits is shown from 1959 through 2001’s third quarter. They now are approaching a hyperbolic rate of fall.

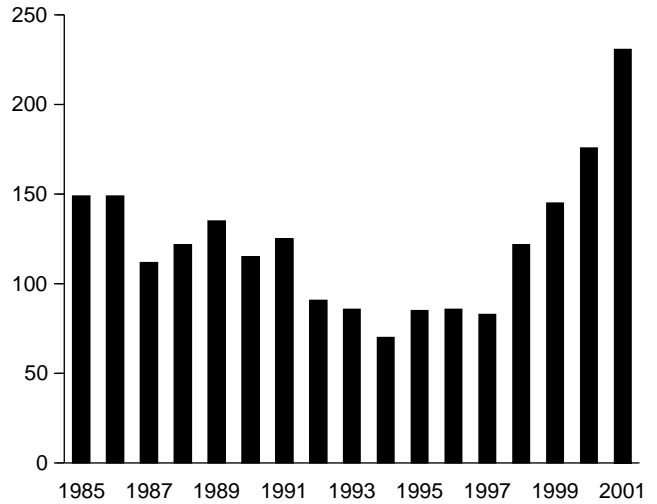
Associated with this process, are the number of annual bankruptcies of U.S. public companies, 1985 to 2001, shown in Figure 10. Some of these big-name Chapter 11 filings, such as Bethlehem Steel (October 2001), are still in operation,

FIGURE 9  
**The Physical Economy: U.S. Corporate Profits, 1959-2001 (3Q)**



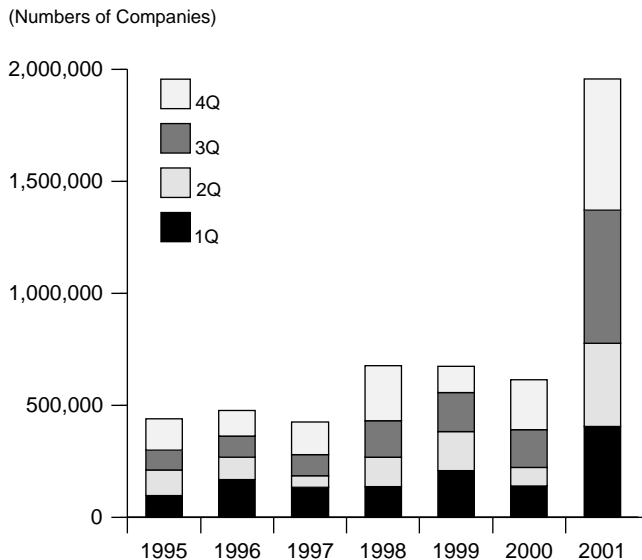
Source: Federal Reserve

FIGURE 10  
**Bankruptcies Of Public Companies, 1985-2001**



Source: BankruptcyData.com

FIGURE 11  
**The Physical Economy: Mayor U.S. Layoff Announcements, 1995-2001**



Source: Challenger Gray & Christmas

11, portrays the numbers of major U.S. layoff announcements each year, from 1995 through 2001. While all the announced cuts have not necessarily been implemented, and while some repetition occurs, the catastrophic trend is clear.

The biggest job-cut year ever, 2001, had almost as many layoffs announced as in the three previous years combined. Moreover, the bar column which is divided into the four quarters of 2001, shows clearly that none of this can be blamed on the impact of “Sept. 11” as the key factor. By that point, a record number of job cuts were already promulgated. We are on the brink of all-out breakdown.

Thus, the 1995 LaRouche Triple Curve is entirely proven by the U.S. economy’s evolution into today’s collapse crisis. But it is not, nor was it intended to be, a blueprint. It described processes which ought to have been reversed, but were not, because key leaders chose not to heed LaRouche’s warnings.

LaRouche’s evaluation, as of two years ago, is still a call to action. Speaking Jan. 11, 2000, on a live video webcast from Boston, he summed up the collapsing system: “And it’s coming down fast now. No one can say, predict, what day is the market going to collapse. It’s collapsing already, in one sense or the other. It’s caught between deflationary threats, hyperinflationary threats, wars spreading all over the world, a new war every month or so, which doesn’t seem to quit. A new scandal, a new destabilization. We’re in a crisis worse than that of the 1930s. We’re in a crisis of the type, which, in terms of worldwide strategic implications, is the kind of thing that gave us Adolf Hitler in World War II.”

but others represent closures and liquidations, on a scale now eroding the remaining economic capacity of the nation.

The final illustration of this shutdown process, in **Figure**

# A Short History of ‘Chapter 11’: Model for a Bankrupt Economy

by Edward Spannaus

As the U.S. economy and the global financial system careen deeper into collapse, it is an appropriate time to examine the background and history of what we call bankruptcy reorganization, or “Chapter 11” for short.

For many years, Lyndon LaRouche has warned that the U.S. economy—and indeed, the entire global financial system—must be put through the equivalent of a Chapter 11 bankruptcy reorganization. This requires that debts and paper financial titles are put to one side, while the essential functions of the economy are maintained. “The general rule,” LaRouche wrote in 1999, “is that useful production and distribution of needed physical goods, must be uninterrupted, and that essential institutions remain standing and functional, even if they might be judged insolubly bankrupt. Keep things which must function, functioning, and sort out the financial accounts at leisure.”

LaRouche spelled out the principles involved on Oct. 3, 2001, in a video-conference presentation to the Peruvian Society of Economist Engineers.<sup>1</sup>

“We’re in the final, breakdown phase of the existing world monetary and financial system,” LaRouche warned. “The system is, essentially, finished, and can not be preserved in its present form, with its present institutions.”

LaRouche said that we must have a reform of the international financial and monetary system immediately, and that governments and the entire world financial system must be put through the equivalent of bankruptcy reorganization. “The principles are not much different than they are for the bankruptcy of an important firm, in a nation,” LaRouche explained. “There are certain firms you do not want to have collapse at any cost, because they’re too important to the country. And therefore, somehow, you will arrange that these firms continue to function because they perform an essential function for the nation. When you’re dealing with the bankruptcy of a nation, the authority of this principle is even stronger. *You can not bankrupt a nation. You can not foreclose on a nation.* That would be mass-murder.”

LaRouche emphasized that it is necessary to keep the essential institutions of a nation functioning, to keep the levels of employment high, and to have a program for recovery.

The same principles apply when dealing with an international financial and monetary crisis, LaRouche stressed. “*You can not liquidate countries; you can not decide which country is going to survive or not; all nations must survive.* And they must survive together.”

But, the reader might ask, what exactly *is* bankruptcy reorganization? Is it possible to allow a firm—or a nation—to keep operating, even if it can’t meet its financial obligations, or pay its debts? What happens to all the contracts, solemnly negotiated, which bind a firm to pay its creditors, and which allow its creditors to collect the debts, even to the point of seizing assets or shutting down a company?

It is to provide answers to these and other questions, that we present this brief report concerning the development and the operation of current U.S. bankruptcy law, with an emphasis on its provisions for corporate reorganization, or Chapter 11. For what this does, is exactly what LaRouche prescribes for the entire economy: It subordinates debt payments and strict fulfillment of contracts, to the U.S. Constitutional principle of the general welfare, by putting a priority on keeping a company in business and operating, over and above the payment of back debts.

And we will see, how corporate reorganization—which once stood in opposition to bankruptcy—came to be incorporated as an essential feature of U.S. bankruptcy law, through the efforts of Franklin Delano Roosevelt, and his collaboration with his outgoing predecessor, President Herbert Hoover, in 1932-33. This story, which remains untold in the history textbooks, is vital for us today, as we face an even more devastating economic and financial collapse.

## The Uniqueness of U.S. Bankruptcy Law

It is important to note at the outset, that U.S. bankruptcy law is unique in the world today, for its equitable treatment of debtors. Indeed, a current legal treatise on bankruptcy law states:

“In many respects the U.S. Bankruptcy Code is perhaps the most liberal debtor relief bankruptcy system to come into existence since the Jubilee Year of the Old Testament.”<sup>2</sup> Under the Jubilee provisions (Leviticus 25:10), every 50 years,

1. “LaRouche Discusses World Crisis With Peruvian Engineers,” *EIR*, Oct. 19, 2001.

2. David L. Buchbinder *Fundamentals of Bankruptcy* (Boston: Little Brown, 1991).



*National Guardsmen control a crowd protesting a farm foreclosure in Iowa in 1933. After Franklin D. Roosevelt's election victory in November 1932, he and incumbent President Herbert Hoover collaborated to reform U.S. bankruptcy laws, in the interest of the general welfare.*

all debts were discharged and all indentured servants and slaves were freed. During the intervening years, it was possible to redeem property or persons given in payment of a debt. The purpose of the Jubilee was to provide the opportunity for a “fresh start”—which is an essential feature of U.S. bankruptcy law.

Even more significant than the ability of individual debtors to discharge their debts and to have the opportunity for a “fresh start,” are the provisions which apply these principles to corporations. What is today known as “Chapter 11”—corporate reorganization—is even more unusual: This allows a debt-strapped corporation to set its debts to one side, and continue in business, rather than shutting down, throwing its workers on the unemployment lines, and depriving the economy as a whole of its products and (what should be) its contribution to the common good.

Under the traditional Anglo-American “rule of law”—modelled on Roman law—contracts are considered sacrosanct, and debts must be repaid at all costs, in former times often at the cost of the life or liberty of the debtor. Thus, to be bankrupt was considered a crime to be punished.

But, there is another tradition—falling within the sphere of jurisprudence—known as “equity,” in contrast to “law.” This tradition stems from the Judeo-Christian concept of the Jubilee’s debt forgiveness and redemption, and was expressed historically in the usually subordinate republican tradition in English law, as that tradition was carried forward into those American colonies which were committed to building a re-

publican nation-state in the New World. This stands in contrast to the rigid, oligarchic notions of law of a John Locke or Thomas Hobbes, for example.

The classic exposition of the principle of equity is, of course, Shakespeare’s *The Merchant of Venice*, wherein Portia’s famous speech on the subject of mercy and true justice, is framed by Shylock’s protestations: “I stand for law,” and, “I crave the law,” as, sharpened knife in hand, he sought his pound of flesh.

### **The Principle of Equity**

Going beyond Shylock’s view took a long time, and began under the republican tradition in Europe.

The first provision in English law which allowed the discharge of a debtor from his debts, was introduced in 1705 under Queen Anne. (It was under Anne, and with her support, that the nation-building project in the New World was launched by republican circles in England and on the Continent.)<sup>3</sup>

In the United States, it was within the sphere of equity (in contrast to “law”) that the most important developments relative to bankruptcy took place, including the emergence of provisions for corporate reorganizations.

3. On Queen Anne, her ties to the republican Leibniz networks, and her importance for the transatlantic republic conspiracy which produced the United States of America, see H. Graham Lowry, *How the Nation Was Won: America’s Untold Story* (Washington: Executive Intelligence Review, 1987).



Equity dealt with correcting and mitigating the law, when strict compliance with the law (a contract, for example) would cause a hardship or an injustice. Whereas a court of law would attempt to enforce a contract, a court of equity could mitigate a contract on grounds of mistake, fraud, accident, or hardship.

The great 17th-Century German philosopher Gottfried Wilhelm Leibniz defined equity (or distributive justice) as a higher level of natural justice than strict right (or commutative justice); but the highest level, said Leibniz, is piety, or universal justice. Leibniz compared equity to the Golden Rule: to treat others as you yourself would wish to be treated.

It was from courts of equity (often called Chancery Courts) that provisions for relief of debt could be sought. In former times, equity was that branch of the judicial system which dealt with justice, termed “natural justice” by Joseph Story, the preeminent 19th-Century legal and Constitutional commentator (and Supreme Court Justice), and other commentators. (The Federal courts eliminated the distinction between law and equity in the 1930s.)

The U.S. Constitution foresaw the importance of having uniform, national laws on bankruptcy, with the provision in Article I, Section 8, Clause 4, giving the Congress the power to establish “uniform Laws on the subject of Bankruptcies throughout the United States.” Bankruptcy and insolvency laws were, otherwise, matters of state, not Federal law; this provision provided for national uniformity, but more importantly, ensured that such laws would be subordinate to the principles of the Federal Constitution.

Story discussed this provision in his 1833 *Commentaries on the Constitution*. He wrote that one of the purposes of bankruptcy and insolvency laws was “to relieve unfortunate and honest debtors from perpetual bondage to their creditors.”

To keep a debtor in perpetual bondage until a debt is fully paid, either through imprisonment, or through “an absolute right to appropriate and monopolize all their future earnings,” Story explained, takes away all encouragement to industry and enterprise, and it takes away all just rewards of his labor. To imprison a person on account of his debts, Story declared, is “incompatible with the first precepts of Christianity.”

One of the first duties of legislation, Story said, should be “to relieve the unfortunate and meritorious debtor from a slavery of mind and body, which cuts him off from a fair enjoyment of the common benefits of society, and robs his family of the fruits of his labor, and the benefits of paternal superintendence.” Any national government which did not have this power of legislation, Story declared, “would be little worthy of the exalted functions of guarding the happiness, and supporting the rights, of a free people.”

For the first century of our republic’s existence, there were only a few periods of time in which there were uniform national bankruptcy laws. These were passed in periods of economic distress, or immediately following a panic—1800, 1841, 1867—but were repealed after a few years, usually under pressure from the creditor class. The effect of these

short-lived national bankruptcy laws, was to eliminate the punitive character of state bankruptcy laws, and to permit debtors to voluntarily petition for relief from debt. By mid-19th Century, all states had eliminated imprisonment for debt.

Finally, in the wake of the Panic of 1893, the Bankruptcy Act of 1898 was passed, which has remained in force, with major amendments and revisions, ever since.

The U.S. Supreme Court’s 1935 review of the history of U.S. bankruptcy laws in its decision upholding the constitutionality of the 1934 railroad reorganization bill, underscored the divergence of U.S. bankruptcy law from the “rule of law” tradition.<sup>4</sup> English law, at the time of the adoption of the U.S. Constitution, “was conceived wholly in the interest of the creditor and proceeded upon the assumption that the debtor was necessarily to be dealt with as an offender,” the court said, adding that anything like voluntary bankruptcy was unknown to the English system. But the court was emphatic that the framers of the Constitution had *not* intended to limit the power of Congress to then-existing English law and practice.

The first U.S. bankruptcy law, in 1800, still operated exclusively in the interest of the creditor, the court said, but “the act of 1841 took what then must have been regarded as a radical step forward by conferring upon the debtor the right to surrender his property, with some exceptions, and relieve himself of all future liability in respect of past debts.” While English law and the U.S. 1800 law assumed that the bankrupt debtor was dishonest, “the act of 1841 and later acts proceeded on the assumption that he might be honest but unfortunate.”

Then, in the short-lived 1874 amendments to the 1867 bankruptcy law, for the first time a debtor was permitted “to propose terms of composition [reorganization] to his creditors to become binding upon their acceptance by a designated majority and confirmation by the judge.”

## The Public Good

We now turn to the extension of this principle of equity into U.S. bankruptcy law, particularly as applied to corporations.

Until the 1930s, “bankruptcy” generally meant liquidation, and bankruptcy courts dealt primarily with liquidation of a firm’s assets for the benefit of creditors. Courts of equity, on the other hand, provided for reorganizations, for the benefit of both debtor and creditor, and more importantly, for the public good. Until 1933-34, what is now known as Chapter 11 reorganization, was known as “Federal equity receivership,” and it operated outside of—and in contrast to—bankruptcy.

The practice of equity receivership first developed around insolvent railroads, beginning in the 1840s. Why railroads? Well, for one thing, it was clearly impractical to dismember a railroad for the benefit of creditors. The only way to ensure that creditors could get some benefit, was to keep the railroad operating under a financial reorganization.

4. *Continental Illinois Bank v. Rock Island Railway*, 294 U.S. 648 (1935).

## LaRouche: Why We Need Bankruptcy Reorganization

On Oct. 9, 2001, Lyndon LaRouche was interviewed by radio talk show host Jack Stockwell of KTKK radio in Salt Lake City, Utah, in a follow-up of LaRouche's historic Sept. 11 interview on the same show. In the course of the two-hour interview, Stockwell raised the question of the rising number of bankruptcies, and he suggested that perhaps "we need to consider a reorganization on a much higher scale, a much broader spectrum, than just the local business down the end of the street" (*EIR*, Oct. 26, 2001).

Stockwell said that this idea is catching on around the world, and among certain governments, which are "beginning to recognize that we didn't just hit the iceberg, we hit it some months, some years ago, and that if something isn't done *quickly*, and move in the sense of nation-building, rather than nation-bombing, we may have the 14th-, 13th-, 12th-Century lifestyle foisted upon us again, whether we like it or not."

LaRouche's response included the following:

"Well, it's true. You know, the fellow today who may be very useful to his or her neighbor, is the businessman who, sometime ago, went through a successful reorganization and bankruptcy, and what he would probably tell that neighbor, if he actually did pull successfully out of a bank-

ruptcy reorganization, he would have said: 'Well, first of all, I didn't want to do it. I didn't want to accept the fact that my business had gone bankrupt. But then I realized I had to bite the bullet, I had to face that reality, and boy, am I glad I did.' Because this was the way in which he *saved* that business, which may have been significant to that community.

"I think we can apply the lesson which such people can tell us, to the more general situation.

"We have a bankrupt U.S. and world economy. Right now, it's hopelessly bankrupt. There's no way this is going to bounce back. You know, people who went to jail in bankruptcy, did so because they kept issuing, or taking credit, when they were already bankrupt. And the United States government, especially this Federal Reserve chairman, is doing exactly that! We are hocking everything in sight, against assets which really do not exist, promissory notes which will never be paid; they never could be. We should have a reorganization of this economy now, in order to keep the businesses, the banks, and so forth, which are essential, going; to prevent employment from collapsing; to maintain pensions and essential services, and keep the economy going; and keep things growing. The same way that you would take a corporation, a company, that was essentially a sound company, but had gotten into financial bankruptcy—and take that company, put it through reorganization, save it, and bring it back as a viable part of the community. We're going to have to think in those terms."

But more significantly, railroads were seen as imbued with the public interest, and as having a quasi-public character. Indeed, in the 19th Century, their charters generally stated that their corporate status was granted in exchange for providing a public service. As the Supreme Court put it in the *Rock Island* case: "A railway is a unit; it can not be divided up and disposed of piecemeal like a stock of goods. It must be sold, if sold at all, as a unit and as a going concern. Its activities can not be halted because its continuous, uninterrupted operation is necessary in the public interest."

The old railroad receivership system was, however, riddled with abuses, and it worked to the effect of increasing the concentration of railroad holdings on Wall Street. Nevertheless, this is where the principle of corporate reorganization, rather than liquidation, first came into play. There was an effort to incorporate something like this, as we have noted, in an 1874 amendment to the 1867 Bankruptcy Act, but the law was repealed four years later. Throughout the 19th Century, courts denied to other corporations the right to reorganize their finances in the same manner as railroads, saying that railroads were a special case because of their service to the public.

### Hoover Presses for Reform

The crash of 1929-31—with its widespread liquidations and massive resulting unemployment—spurred new efforts to reform the bankruptcy laws. The number of bankruptcies had already been rising throughout the 1920s, reaching a peak in 1932. The disastrous consequences of this, convinced even the conservative Republican President Herbert Hoover to consider a new approach.

On July 29, 1930, Hoover authorized a comprehensive investigation into bankruptcy law and practice, to determine if changes in the laws were needed. The investigation was headed by Solicitor General Thomas Day Thacher, a former Federal judge, who had previously participated in an investigation of bankruptcy in New York City. The Solicitor General's investigation was to be aided by the Department of Commerce, which had just conducted its own study of commercial bankruptcies. New York attorney Lloyd K. Garrison was designated to conduct the investigation under Thacher's supervision.

One of the reasons for Hoover's concern, was obviously that losses in bankruptcy over the previous five years were more than \$3 billion, and were averaging \$750 million per

year. Thacher said that creditors were only recovering an average of about 8%.

And it was getting worse. On Aug. 14, 1930, the Justice Department reported that the amount of liabilities involved in bankruptcy cases during the last fiscal year (1929-30) had risen to \$948 million, from \$883 million a year earlier. The amount of assets realized from the cases was only \$118 million. These figures include farmers, wage-earners, and businesses, with the largest number being wage-earners.

Initially, the thrust of the investigation, according to Thacher, was that a bankrupt was discharged too easily, without examination into the causes of his distress, and that he was given a slap on the back and told to “go do it again.” In an address to the American Bar Association on Aug. 21, 1930, Thacher actually endorsed the British view, saying that the present system encourages dishonesty and recklessness. He said that English and Canadian law, which made it a public duty to investigate the causes of each bankruptcy, was better than the way American law operated, which left it to the creditors alone to be concerned with the administration of a bankrupt’s assets and his discharge.

Thacher’s remarks only pertained to liquidations—which were the only form of bankruptcy at the time. However, in New York, the Federal Court had also appointed a committee in June, in coordination with the local Bar Associations, to examine the rules of practice of equity receiverships. Robert P. Swaine of the law firm Cravath Swaine & Moore was one of the leaders of the equity committee.

In February 1931, Thacher gave a speech to a banking conference, in which he again called for reform of the bankruptcy laws, saying that when nearly \$1 billion a year is taken out of trade and industry because of the inability of bankrupts to pay their debts, and less than 10% is returned to creditors, there is something wrong with the system.

At the conclusion of his study, Thacher submitted his report to Congress in 1931; the report included proposals for a section on corporate reorganizations—in contrast to liquidations—to be added to the Bankruptcy Act, and also a provision allowing other debtors to make adjustments or extensions of their debts.

Hoover sent a message to Congress on Feb. 29, 1932, urging revision of the bankruptcy laws. Hoover’s proposals included a provision for debt reorganization by individuals and corporations, so that debtors could have the protection of the courts while adjusting or reorganizing their debts, without being adjudged bankrupt. But Hoover’s proposals apparently did not go anywhere, until after the November elections.

## **The Hoover-Roosevelt Collaboration**

Two days after his victory in the November 1932 elections, Franklin Delano Roosevelt took up the issue of bankruptcy—which led to a surprising collaboration. FDR first carried on discussions with his “Brains Trust,” particularly A.A. Berle and Raymond Moley, about revising the receiver-

ship laws, as well as ideas for centralized industrial planning. FDR directed Berle to work with Republican New York Congressman Fiorello LaGuardia, both on a farm relief bill, and on draft revisions to the 1898 Bankruptcy Act, including provisions for railroad reorganizations.

In mid-January 1933, with the country sinking deeper into depression, President Hoover had issued a special message to Congress, asking for emergency action in the form of immediate revision of the bankruptcy laws. Hoover wanted the law changed, so that individuals, corporations, and railroads could obtain the protection of the courts, and voluntarily adjust their debts, and so that they could avoid “the process of forced liquidation through foreclosure and bankruptcy sale” of their assets, which he called “utterly destructive of the interests of debtors and creditors alike.”

Hoover urged immediate consideration of his proposal, saying the “effective legislation would have most helpful economic and social results in the welfare and recovery of the nation.” He pointed out that forced liquidation and foreclosure simply immiserated debtors, without any substantial benefit to creditors. “In the great majority of cases, such liquidation under present conditions is so futile and destructive that voluntary readjustments through the extension of composition of individual debts and the reorganization of corporations must be desirable to a large majority of the creditors.”

For debtors to seek the protection of the courts, for readjusting their debts, should not carry the “stigma” of bankruptcy, Hoover said. Rather, the protection of the court should be extended to the debtor and his property, while the debtor and his creditors are given the opportunity “to arrange an equitable settlement of his affairs.”

“Under such process it should be possible to avoid destructive liquidation through the composition and extension of individual indebtedness and the reorganization of corporations, with the full protection of the court extended to the rights and interests of creditors and debtors alike,” Hoover declared. He added that while the individual and corporate debtors are under the protection of the court, all creditors would be prevented from enforcing their debts.

Hoover said that members of Congress and his administration were collaborating on the proposed measures, and he urged immediate consideration and passage of his legislation “as an emergency action.” Within hours of his address, Senator Hastings, and Representatives McKeown of Oklahoma and LaGuardia, who all had proposed bills along these lines, met with Solicitor General Thacher; they arranged to consolidate the McKeown and LaGuardia bills, and to submit them to the House Judiciary Committee on Jan. 13.

Over the next week, work proceeded in committee on the consolidation of the different bills, and a provision was added to include farmers. On Jan. 24, the bill was reported out of committee to the full House, and it was reported that the House would suspend its rules, to expedite consideration of the bill.



*President Roosevelt (right) on Inauguration Day, March 4, 1933, with outgoing President Hoover. The day before, Hoover signed the new bankruptcy reform bill into law, with financial reorganization becoming a permanent part of U.S. law.*

But opposition to the bill then surfaced. Mayor John O'Brien of New York City said that the bill would have the effect of reducing the value of tax liens on real estate. LaGuardia told him that his opposition was based on a misunderstanding of the bill. On Jan. 30, the Federal Bar Associations of New York, New Jersey, and Connecticut announced their opposition to the provisions of the bill for corporate reorganizations, saying this would bring back a multitude of bankruptcies and strengthen the grip of Wall Street on bankruptcies; they cited the "Irving Trust Monopoly" (Irving Trust Co. having a monopoly on trusteeships in the Southern District of New York). But the Bar Association also protested that the proposed bill would constitute "reckless interference with sacred contractual rights."

Nevertheless, on Jan. 30 the bill passed the House, and it went to the Senate, where the Hastings bill was already pending. On Feb. 5, the *New York Times* reported that the bills were stalled, and would probably have to wait for a special session of Congress to be called by FDR after his inauguration. The *Times* reported on strenuous opposition to the bills by bankers, who said the proposed bills would "destroy all credit." There were also warnings (or perhaps hopes) that the Supreme Court would likely find the proposed bills unconstitutional, on the grounds that they violated the sanctity of contracts.

Senator Hastings submitted a new draft of the bill on Feb. 10, containing a section on railroads, which had the approval of FDR, to the Senate Judiciary Committee. However, the *Times* reported the next day again that, despite FDR's approval, passage of the bill seemed unlikely at this session. Hastings described how the bill, including both corporate and

railroad reorganizations, was the product of consultations with representatives of both Hoover and Roosevelt, plus with the Interstate Commerce Commission (ICC) and railroad executives. He also said that, at the insistence of Senator Robinson (D-Ark.), the Democratic floor leader, he had added a section on farm relief.

But on Feb. 13, the Senate Judiciary Committee reported out a stripped-down version of the bill, with the provisions for corporate and railroad reorganizations taken out.

With only ten days left in the session, Hoover sent another special message to Congress on Feb. 20, asking for immediate action on various matters, including bankruptcy reforms, the ratification of the St. Lawrence Seaway Treaty so construction could begin, the Glass banking bill, and increased lending authority for the Reconstruction Finance Corporation (RFC) for states and municipalities.

Passage of the bankruptcy bill was the first item in Hoover's list; he said that obtaining cooperation between debtors and creditors for the orderly adjustment of debts "will preserve the integrity and continuous operation of business, save the values of goodwill and the continuation of people in their occupations."

The bill, allowing individuals, farmers, and railroads to readjust their debts, but without the section on corporate reorganization, passed the Senate on Feb. 27.

On March 1, the *New York Times* reported that, under the impetus of FDR's influence, the bankruptcy bill was certain to pass the House before Saturday, adding that Roosevelt had made it clear that he wanted the bankruptcy act amended to provide protection to railroads and corporations before he entered into his duties as President. The Senate version was

passed by the House that day, with only two days left in the session. Representative Summers, chairman of the House Judiciary Committee, said that President-elect Roosevelt regarded the railroad situation as very serious, and that he was in agreement with Hoover that the bankruptcy revision bill should be passed.

Hoover signed the bill on March 3, his last full day in office, marking a major transformation of U.S. bankruptcy law, with financial reorganization (although limited in scope) becoming a permanent part of the bankruptcy code.

### ‘Corporate Reorganization’ Enacted

In the new Congress, the McKeown bill for corporate reorganizations was reintroduced, and was then passed by the House in June 1933, along with provisions for municipal bankruptcy. In his third Fireside Chat, on June 24, 1933, Roosevelt cited the problems of individual credit, and people losing their homes and farms, as reasons for reform of the bankruptcy laws, as well as for passage of the Home Loan Act and the Farm Loan Act.

Meanwhile, in the Senate, an investigation of bankruptcy and equity receiverships was under way, with a report being issued in February 1934. But the corporate and municipal reorganization bills did not pass the Senate until May 1, 1934. The *New York Times* reported that this represented a renewal of the movement for bankruptcy reform which had been

started in the 72nd Congress by LaGuardia, and was then extended into the Roosevelt Administration.

After negotiation in the House-Senate conference committee, the bill was signed by President Roosevelt on June 7, 1934. Thus, finally, corporate financial reorganization was part of the bankruptcy code.

The statement of purpose of the Corporate Reorganizations Act, noted that, although the bill was designed to deal with current economic conditions, its value would be permanent, in permitting the operation of indebted companies for the public good:

“While this bill was framed with a due regard for the present and immediate prospective economic conditions, it is believed that an expansion of the opportunity for amicable adjustment by debtor and creditors, under the supervision and protection of the bankruptcy courts, and for holding the property of the debtor intact with its operation disturbed as little as practicable such as is provided for by this bill, will prove itself to be of permanent helpful assistance both to distressed corporations and in line with the public interest.”

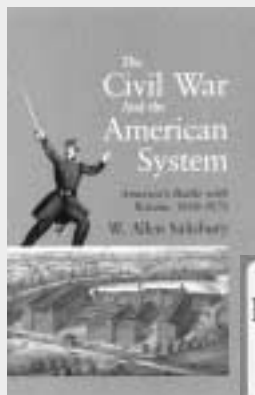
The June 8 *New York Times* described the passage of the bankruptcy bill as “a major achievement of the present Congressional session,” and as the result of long investigation and intensive study. It said that “long-drawn-out and expensive receiverships will be obviated and monopolies by professional receivers will be barred.” And, with corporations now

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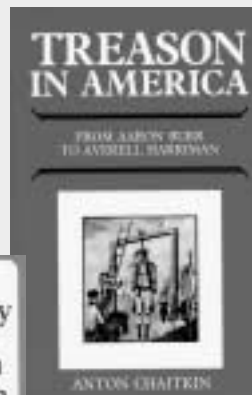
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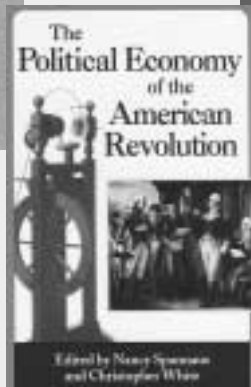
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able to file voluntary petitions for reorganization of their affairs, “the stigma of ‘bankruptcy’ may to all intents be removed.”

The bill also prohibited any interference, by a court, trustee, or the management of a company under court protection, with the right of employees to join a labor organization of their choice; and it prohibited the use of company funds to maintain company unions when a company was under court protection.

The next day, June 9, the *Times* headline read: “Bankrupt Act Held Spur to Recovery: Sponsors Expect It To Help Troubled Concerns Get on Paying Basis.”

And indeed, within minutes of FDR’s signing of the bill, a number of large corporations, which were already involved in bankruptcies or receiverships, filed voluntary petitions for reorganizations, and it was anticipated that thousands more would do so soon.

### The Question of Constitutionality

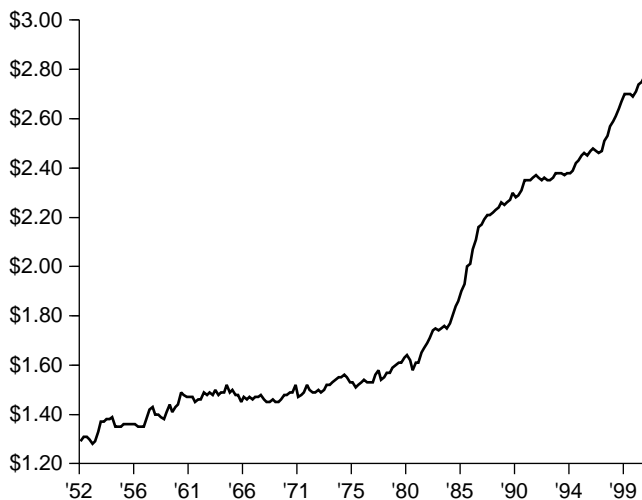
Why were the provisions for corporate reorganization incorporated into the bankruptcy law, despite their rather distinct histories, in which bankruptcy generally meant liquidation? One reason often given, is that its proponents felt that it otherwise might be declared unconstitutional as an impairment of contracts—not an unwarranted concern, given the reactionary character of the Supreme Court in the early days of the New Deal.

But by making reorganization (which clearly “impairs” contracts) part of the national bankruptcy laws, the law came under the protection of Article I, Section 8 of the U.S. Constitution. And indeed, when a challenge soon came before the Supreme Court in the *Rock Island* case, the constitutionality of the new provisions was upheld, in a 1935 opinion which affirmed that the bankruptcy power granted to Congress in the Constitution, can override contract law. When a “composition,” or reorganization, of debt is made binding on non-assenting creditors, the court ruled, this is not a deprivation of property without due process of law; rather, such laws and regulations “simply require each individual to conduct himself for the general good as not unnecessarily to injure another.”

The Corporate Reorganizations Act was passed the day after one of the keystone New Deal legislative enactments, the Securities Exchange Act, which, *inter alia*, directed the newly created Securities and Exchange Commission (SEC) to conduct a study of corporate reorganizations and to submit a report to Congress. The SEC study was headed by Yale Law School Prof. William O. Douglas, and its recommendations resulted in the 1938 amendments to the Bankruptcy Act known as the Chandler Act. (Douglas was appointed by FDR to the U.S. Supreme Court in 1939, where he served until 1975.)

The New Dealers wanted direct government oversight of the reorganization process while that process was under way, rather than only allowing a plan to be reviewed by a court

FIGURE 1  
Dollars Of Debt Per Dollar Of GDP



Sources: Federal Reserve, *EIR*

*The course of today’s entire U.S. economy toward bankruptcy: It takes issuance of twice as much indebtedness to produce one dollar of GDP, as it did only 20 years ago.*

after it had been adopted. One of the most important changes made by the Chandler Act was that it provided for the appointment of a trustee to replace the existing managers in reorganization cases involving large, publicly held corporations. The effect, was to sharply reduce the influence of Wall Street investment banks and the powerful Wall Street law firms, such as Cravath Swaine & Moore, which had controlled major corporate reorganizations, especially those involving railroads.

However, over time, the SEC’s role was diminished. Although the intention was to give the SEC an oversight role in the reorganization of publicly held companies (i.e., those whose stocks were sold and traded to the public), the SEC’s role was confined to what was then known as Chapter 10 of the Bankruptcy Act; a “loophole” in the law allowed large public-stock companies to avoid the trustee requirement by filing under Chapter 11.

Chapter 11, under the 1938 amendments, had been intended for use by smaller corporations, and it allowed a company’s management to retain control during a reorganization. By the 1970s, the use of Chapter 10 had been sharply reduced, and in 1978, the new comprehensive bankruptcy reform law combined the two chapters into a new, single Chapter 11.<sup>5</sup>

5. David A. Skeel, Jr., *The Rise and Fall of the SEC in Bankruptcy* (University of Pennsylvania Law School, Institute for Law and Economics, 1999).

## What Chapter 11 Does

By allowing the reorganization and reduction of debts, Chapter 11 proceedings violate every “common sense” notion of the free market and contract law. The public interest in maintaining an entity as a going concern, trumps all other narrower legal “rights.”

How does it work? The first thing that happens upon the filing of a petition for bankruptcy, is that all other legal proceeding involving debts of the corporation are frozen. This is what is now called the “automatic stay,” and it brings to an immediate halt all collection efforts, harassment of a debtor,

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*By allowing the reorganization and reduction of debts, Chapter 11 proceedings violate every “common sense” notion of the free market and contract law. The public interest in maintaining an entity as a going concern, trumps all other narrower legal “rights.”*

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and all court proceedings, including to seize bank accounts or other property. It also means that a utility cannot cut off power or other services to a business (or an individual, for that matter) because of non-payment of back debt.

In most cases, the current management of the company is allowed to continue to operate the business; in some cases, where fraud, for example, is suspected, a trustee can be appointed by the court to operate the business.

More importantly, the company can obtain *new* credit necessary for ongoing operations, and the repayment of this new credit takes priority over the old debt; it is as if it is a new company, starting with a clean slate, for credit purposes.

The official purpose of this, as stated in the legislative history of the law, is so that the company can continue to operate, provide jobs for its employees, and, over time, pay its creditors and provide a return for its stockholders. It is also recognized, that the assets of a company are far more valuable if they are used in the production of goods or services, than if they are sold off for scrap or otherwise, in a liquidation.

As the business continues to operate, the company and its creditors can work out a plan for partial payment of back debts over time, so that it does not impair the ongoing operations of the firm.

In the case of a public utility, the customers of the utility are also a party-in-interest, whose right to have the utility continue to provide electricity, for example, under contractual arrangements, must be taken into account by the supervising court.

It can thus be seen, from this review, why Chapter 11 bankruptcy is not only a vital feature of our Federal constitutional and legal system, but how it provides a model of the principles which must be applied to the economy as a whole under conditions of economic collapse: Keep corporations and businesses operating so as to maintain necessary functions, keep employees working, and provide new sources of credit, while freezing all debt-collection and back debt, which is to be sorted out over time.

Of course, when dealing with the economy as a whole, economic recovery cannot be accomplished by financial reorganization alone; what is vital is that the Federal government 1) exercise sovereign powers over credit and currency, to ensure a steady flow of low-interest credit into productive enterprise, and 2) promote large-scale infrastructure projects—transportation, energy, water, as well as such “soft” infrastructure, such as schools and hospitals—upon which the revived health of any economy depends. But, without wiping out the massive amount of accumulated, speculative debt now strangling our economy, no other measures could be successful.

And if anybody starts screaming about “the sanctity of contracts” and the solemn obligation to pay all debts, just point them in the direction of the United States Constitution and United States bankruptcy laws, to help them rise above their ideology-bound ignorance.

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# Big Three Auto Shutdown, Layoffs: The First of Many To Come

by Richard Freeman

Ford Motor Company declared on Jan. 11 that it will lay off 35,000 workers globally, and shut down several production plants in North America. Previously, DaimlerChrysler had pronounced large-scale cuts in production and layoffs, and General Motors had announced layoffs.

The moves by America's Big Three automakers will have a two-pronged ruinous effect. First, they signal the start of the permanent dismantling of automotive productive capacity in North America; in particular, in the United States; second, through the multiplier of the bill of materials, they produce a ripple effect throughout America, shutting down production in rubber, steel, aluminum, and other factories that feed the auto industry.

This will create another ratcheting-down in the U.S. physical economy, driving it still deeper into depression.

During the period of August through November 2001, the U.S. economy underwent a dramatic *phase-shift* downward. The production of battered economic sectors, such as machine tools, collapsed further, while unemployment shot upward.

To attempt to slow the rate of collapse, Wall Street flooded the auto sector with money: Starting in early September, auto companies offered zero-percent financing to customers buying new cars. This program bought increased auto sales in the period September through December 2001, at the expense of sales this year. As can be seen—through the bill of materials—while it could not stop the fall in production in other industrial sectors, it could slow the *rate* of fall.

Now, the removal of the zero-percent financing in some cases, and its increasing ineffectiveness in others, will lead to a significant fall in auto production. Accordingly, this will result, through the bill of materials, in a multiplier close-down of production in other sectors. The pent-up U.S. economic phase-shift downward will break out with even greater virulence, intensifying the biggest global economic-financial breakdown in 500 years.

## Ford's Production Shutdown

During 2001, the Big Three U.S. auto producers had already made sizeable cuts in production, though of a temporary nature. **Table 1** shows that relative to 2000, General Motors cut production by 11.2%, DaimlerChrysler by 10.3%, and Ford by 14.5%.

Ford's Jan. 11 announcement will enforce a whole new

TABLE 1  
**North American Vehicle Production, by Manufacturer**

(Millions of units produced)

	2001	2000	Percent Change
General Motors	5.001	5.630	-11.2%
Ford	3.993	4.670	-14.5
Daimler-Chrysler	2.597	2.896	-10.3
Total, Big Three	11.591	13.196	-12.2

level of production cutback. Most importantly, most of these cutbacks appear to be of a *permanent nature*:

- Ford will lay off 35,000 of its total worldwide workforce of 345,000. But within that, the layoffs will hit North America the hardest—22,000—and production workers the hardest of all. Of the 22,000 layoffs in North America, 5,000 will be of white-collar workers, and 1,500 will be “contract positions.” That means about 15,000 production workers jobs will be eliminated in North America: Some 3,000 were laid off in 2001, and the remainder will be laid off in 2002 and beyond. The 15,000 production worker layoffs represent 13.4% of Ford's production workforce at the start of 2001.

- Ford will idle, and then, most likely permanently, will close plants in the following locations: Edison, New Jersey; Vulcan Forge, in Dearborn Michigan; Oakville, Ontario; the St. Louis plant, in Hazelwood, Missouri; and the Cleveland Aluminum plant. But, Ford also announced that it may also close plants in Avon Lake, Ohio, and Cuautilan, Mexico.

- Ford announced that it will reduce its worldwide auto production capacity from 5.7 to 4.8 million units, a cut of 15.8%, most of it concentrated in North America. But that apparently does not include the potential closing of the Avon Lake, Ohio and the Cuautilan, Mexico plants, and thus, Ford could be shutting down, most likely permanently, one-fifth of its production capacity.

## Multiplier Effect

The auto shutdown is broader: Daimler-Chrysler has reported that it may lay off as many as 38,000 of its 128,000





**'Roll-Over'**

North American workforce, and close three to five plants. General Motors has announced plans to reduce salary workers and contract jobs by 5,760 workers, but has not, as yet, announced any production cutbacks.

The Big Three shut-down will devastate the auto plants, and the workers who work at them, as well as the communities in which they are located. However, the close-down in auto will have a much broader effect on the economy.

The auto industry consumes a significant portion of the output of other industries; *EIR* found that the U.S. automotive industry, as America's largest manufacturing sector, consumes 14.7% of America's annual steel production, 21.2% of its annual aluminum production, 76% of synthetic rubber production, 72% of lead production, and significant percentages of zinc, glass, and platinum, as well as machine-tool production.

In a Dec. 9 discussion, economist and 2004 Democratic Party Presidential pre-candidate Lyndon LaRouche pointed out that, in addition to temporarily increasing auto sales at the expense of future sales, the zero-percent auto financing was deployed to prop up both auto industry and its feeder industries.

The difficulty that the zero-percent financing is now ex-

periencing, which will worsen, is removing that prop, and will trigger a multiplier close-down of production in other sectors.

### **'Benchmarking'**

The principal cause of Ford's shutdown of a portion of its production, is the collapse in living standards, which is reducing sales. But an additional reason for its problems, is its adoption of the practice of "benchmarking." Benchmarking refers to the incompetent use of linear computer modelling as a replacement for the necessary experimental methods of machine-tool design in the development and testing of automobiles and other products—products which are marketed with very little design-testing other than on computer simulators. The practice has led to serious engineering problems in both the European and American auto industries' products.

Again, Lyndon LaRouche: "Compare the issue of the difference between science-driven experimental design of products and processes with the sterility and ultimately bankruptcy of so-called 'benchmarking.' . . . Ask the question: What is the economic function of science, as opposed to benchmarking, with respect to both survival of the enterprise and the contribution of the activity of the enterprise to the economy as a whole?"

Ford has adopted benchmarking to the point that it permeates the corporation's culture. Ford used benchmarking to design its Explorer sport-utility vehicle (SUV), which exhibited stability and steering problems, causing the vehicle to roll over, and several deaths. In 2001, Ford spent \$3 billion to recall and replace Firestone tires, which it did as a business expense, in part, in a lame attempt to shift the blame from the vehicle to the tires. Despite this, people stopped buying Explorers, adding to the drop in sales caused by declining living standards generally.

Now that Ford still emphasizes benchmarking in the design process, it has had to recall the Expedition, Ford's small SUV model, five times.

### **New Direction**

Were the auto plants that are slated to be closed down, reconverted instead, this productive capacity—just as with Boeing and the aerospace sector—could be utilized for infrastructure-building capabilities, vital for the Eurasian and American Land-Bridge projects. They could produce components for high-speed and magnetic-levitation railroads, nuclear power plants, etc.

If that doesn't happen, the next announced phase of elimination of production capacity by Ford and others, will intensify the world economic collapse.

# Is Japan Now Facing a 'Reverse Pearl Harbor'?

by Kathy Wolfe

Wall Street and London predictions of a 1929-style run on Japan's giant banks grew to a dull roar in mid-January, with the Jan. 3 *Wall Street Journal*, and the former British Ambassador to Tokyo on Jan. 14, comparing Japan to Argentina. Top financiers Goldman Sachs and Morgan Stanley, the *Journal*, the *New York Times*, and the London *Financial Times* all played up the Jan. 4 study by the American Enterprise Institute (AEI), the neo-Conservative think-tank in Washington, which claimed Japan's banks have a "negative net worth of \$1 trillion" and "constitute a systemic risk to the global economy."

"A Financial Super-Crash in Japan" was the headline of an editorial in Germany's daily *Die Welt* on Jan. 15 by Massachusetts Institute of Technology economist Rudiger Dornbush, who writes: "A Japan mega-crash might happen in a few years, but could also happen tomorrow." It would start with "private household" runs on the banks, leading to a crash of the yen, then "an explosion" of government bonds. "From one day to the other, Japan could plunge into a new Great Depression." Dornbush featured the identical trigger mechanism as did the AEI report, which states that the crash will begin when Japanese citizens, "convinced that liabilities of Japan's banks far exceed their assets, withdraw funds from the Japanese banking system," and there ensues "a full-scale 'run' on the banks."

Because a collapse of major Japanese banks, several of which have \$600 billion to \$1 trillion in assets each, presumably could bring down half the banks in the United States and Europe, why are these Anglo-American spokesmen playing with matches around the Tokyo gas pump? Dr. John Makin, "resident scholar" at AEI and author of its January paper "Japan in Depression," says that the New York banks have "minimized down to nothing their exposure to Japan," and are ready for a Tokyo crash. "They are all aware of this situation and they have all gotten out," he said in a Jan. 16 interview obtained by *EIR*.

## 'The Japanese Have No Guts'

In fact, Makin praised Goldman Sachs, Morgan Stanley, Citibank, and other Anglo-American speculators for their current "short sale" dumping of Japanese bank stock, which is egging on the crisis. "Why not?" he said. "If a bank is about to fail, you *should* short their stock."

Makin and company are insane, of course; a crash of Ja-

pan's \$10 trillion banking system can't possibly be contained. Much of the Japan mess has been caused, in fact, by Washington's demand that Tokyo act as the "firewall" for the overvalued dollar, by printing enormous amounts of yen to support the U.S. currency, as U.S. Democratic Presidential pre-candidate Lyndon LaRouche explained in "AEI's Makin Misses the Point" (*EIR*, Jan. 18, 2002). Without its Asian firewall, the dollar itself would quickly crash.

But mere reality may not stop these lunatics. Because the Anglo-American oligarchy's entire global financial system now faces collapse, as LaRouche has stressed especially since Sept. 11, their minds turn to making trouble for others, and in particular, to theft: Where can we make a quick profit, by grabbing someone else's assets? It appears that the Japanese markets, which are ready to blow up because of their own mistakes, are also facing, on top of that, a foreign-predator speculative attack far worse than what was done to the Thai baht in the Summer of 1997.

In the end, Makin said, Wall Street believes it can get away with treating Japan like Thailand, or Russia in 1990: "That's the end-game. The Japanese have no guts. The Japanese consistently do nothing, and then they are stuck," he said, explaining why the U.S. banks are shorting Japan bank stocks. "Since we know that they are going to insist on doing nothing, we may as well act on that assumption. So my advice is: Prepare for a crash, because it's probably going to happen."

There, unfortunately, Dr. Makin has a point. Japan has been profiled and pigeon-holed as a country which never takes initiative or forceful action. This is not because they are dumb, but because Japan's elite has made large profits from its junior-partner status with Washington for 50 years, exporting consumer goods to the United States and Europe. "Japan has a parliamentary system with a one-party government which will never do anything," Makin said—and many Japanese agree. "Koizumi's government is too weak to change the entrenched old-style bureaucrats who refuse to do anything."

## Trigger Mechanism

Now, however, that game is over, and as Makin put it, "Japan has no options"—if Tokyo behaves according to profile. What is required, is to *break* the profile. As LaRouche has insisted, the U.S. banking system is as bankrupt, or more so, than Japan's, and no national banking system can be saved, by itself, from today's *global* crisis. There are no domestic measures which can work. Japan's only choice is to come out of its shell and take what LaRouche calls "strong and pungent" measures on the global stage. The reality is that the entire post-1971 monetary system is broken, and must be replaced by a New Bretton Woods system. The last thing Wall Street expects the docile Japanese to do, would be to call for an international conference to construct an entirely new monetary system capable of coordinating a sound international banking reorganization. That is precisely

what Tokyo should do.

But if Japan performs according to profile, it will be destroyed. The threat being mounted is: Launch a press campaign to try to frighten Japan's citizens into a run on the banks. Leverage that to an uncontrolled run on the yen. Once the value of the currency and banks fall, go in and buy valuable assets cheaply.

This is the order of speculative attack indicated by AEI's Makin, and the numerous press pieces which cite him in recent weeks. In his own article, Makin concludes that Japanese domestic "depositors, convinced that the liabilities of Japan's banks far exceed their assets, will continue to withdraw funds from the Japanese banking system. There will be a full-scale 'run' on the banks."

Asked in an interview why Japan's citizens should suddenly do this, Makin simply asserted it. "Clearly there are a lot of banks in Japan that aren't viable. The public is going to react and start moving money out of the weaker banks, and into the Top Three banks they think the government views as too big to fail—and also into the postal savings system."

He noted that Dornbusch, in *Die Welt*, pointed to the same trigger, "private households start[ing] to liquidate domestic savings," which was also cited with no particular reason. A collapse in Japan, Makin said, would be too hard to start by a foreign run on the yen, because "most Japanese have no dealings abroad, so they don't care at all about the exchange rate."

The domestic run could be touched off when Japan's deposit insurance is deregulated on April 1, so that savings deposits over 10 million yen are no longer government insured, Makin said. "Or it could happen sooner; something entirely new could crop up." Citizens, he believes, might switch to checking accounts in the Big Three banks, which will be guaranteed until 2003. "Or people could run the banks much sooner—just put the cash under the mattress! They get no interest at the banks anyway. The only reason to put money in a bank is safety, and if you think that's gone, you remove your money."

Asked whether Japanese citizens are really just going to remove \$12 trillion worth of yen from the banks and postal fund, and put it under the mattress, he said, "Not all of it, but enough to cause a run on many banks other than the Top Three. Why not? When I lived in Japan, I did everything in cash; people are used to a cash economy."

After that, Makin asserted, the Western banks could have a field day. Asked if the crash of major Japanese banks would cause a collapse of the U.S. banking system, he flatly replied, "No. It will hurt the economy of Asia, which will hurt our exports; it will worsen the global economy and strengthen China, which is bad for us geopolitically." But why should a Japan bank panic bring down U.S. banks? he said. "Most big U.S. institutions and indeed most foreigners doing business in Japan have minimized down to nothing their exposure to Japan."

It was pointed out to Makin that in 1997, Citibank almost went under when South Korea had what is, relatively speaking, a much smaller problem than this. Makin's view is that "In 1997 Citibank had a big exposure in Korea—but no U.S. institutions have any exposure worth talking about in Japan now. They are all aware of this situation and they have all gotten out."

That's why, he said, Goldman Sachs and many other Western hedge funds have been shorting Japanese bank stocks. "Why not? If a bank is about to fail, you *should* short their stock. If the reality is, the bank is not worth what the stock market says, then you should sell it for what it is really worth. Just Like Enron; if smart market players had known Enron was going to go under, then it would only be good business sense for them to have shorted the stock, if they had known."

### 'Tokyo, Argentina'

Unfortunately, Dr. Makin is not alone in his madness; most of the major Western media have begun singing this song. The *Wall Street Journal's* Jan. 3 editorial, entitled "Tokyo, Argentina," characterized Japan as just another Third World do-nothing country waiting to get hit. "Argentina's economic collapse has dominated recent headlines, but the slow-moving crisis that is Japan may deserve even more attention. Like the folks in Buenos Aires, the political class in Tokyo can't seem to break out of its self-destructive policy habits," the *Journal* wrote. Alas, Japan won't consider a Ronald Reagan-style tax cut—the *Journal's* "cure-all"—so "unless its politicians think anew, they will stay on their road to Argentina."

On Jan. 8, the *Journal* played up the AEI report: "The U.S. think-tank American Enterprise Institute released a report last week saying Japan's banking system is insolvent, and that the government will have to inject the yen equivalent of \$1 trillion."

"There are warnings of a banking meltdown [in Japan] by Spring," the *New York Times* said on Jan. 9. "'By the end of March, we will have a financial crisis—that is 100% true,' one ruling-party legislator said. As a group, Japanese banks have a negative net worth of \$1 trillion, according to a study released last week by the AEI. Bailing them out would swell Japan's public debt, already the world's largest, by 15%, and threaten to crush the country's currency and bond markets, the Institute said. 'Japan's deflation and debt crisis now constitute systemic risk to the global economy,' the report warned."

"What is the difference between Japan and Argentina? Answer: Five Years. That was the riddle, or sick joke, said by the *Financial Times* in London to be circulating in Tokyo over the recent holidays," wrote Hugh Cortazzi, former British Ambassador to Tokyo, in the Jan. 14 *Japan Times*. "My immediate reaction was that the idea was silly. . . . But even mountains can be eroded."

## ‘Open Conspirators’ Behind September 11 Coup Plot

by Jeffrey Steinberg

In 1928, the leading British Round Table strategist, H.G. Wells, wrote *The Open Conspiracy: Blue Prints for a World Revolution* (New York: Doubleday, Doran and Company).

Wells prefaced the book with a religious proclamation: “This book states as plainly and clearly as possible the essential ideas of my life, the perspectives of my world. My other writings, with hardly an exception, explore, try over, illuminate, comment upon or flower out of the essential matter that I here attempt at last to strip bare to its foundations and state unmistakably. *This is my religion*. Here are my directive aims and the criteria of all I do. . . . [It is] a scheme for all human requirements.”

Wells, at one point, attempted to boil down his new religion to six “basic essential requirements”:

“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 minimise 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 support of a minimum standard of individual freedom and welfare in the world;

“6. 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.”

“The admission therewith that our immortality is condi-

tional and lies in the race and not in our individual selves.”

Upon reading *The Open Conspiracy*, Bertrand Russell, the other leading British Round Table subversive, wrote to Wells, “I do not know of anything with which I agree more entirely.”

### An Unbroken Continuity

In writing *The Open Conspiracy*, Wells set out to recruit a worldwide network of Open Conspirators, who would operate, within their national settings, on behalf of the global subversion of all nation-states, the “scientific” depopulating of the darker-skinned races of the planet, and the establishment of one-world oligarchical domination, under Anglo-American leadership.

“The political work of the Open Conspiracy,” Wells wrote, “must be conducted upon two levels and by entirely different methods. Its main political idea, its political strategy, is to weaken, efface, incorporate or supersede existing governments. . . . Because a country or a district is inconvenient as a division and destined to ultimate absorption in some more comprehensive and economical system of government, that is no reason why its administration should not be brought meanwhile into working co-operation with the development of the Open Conspiracy.”

By the time the first edition of Wells’ *Open Conspiracy* bible appeared, institutions like the Rhodes Trust, the Round Table, the British Fabian Society, the Royal Institute of International Affairs and its New York City adjunct, the Council on Foreign Relations, were already engaged in the process of recruiting successive generations of agents, agents-of-influence, and agents-provocateur, to the one-world banner. Wells’ *The Open Conspiracy* gave focus to the effort, stating bluntly the long-term objectives, and highlighting the critical importance of selecting and recruiting the best and the bright-



*H.G. Wells vowed to destroy all nation-states, and to establish a new oligarchical empire, under Anglo-American domination. His macabre world-view bore fruit in the events of Sept. 11, 2001.*

est, albeit corrupted, minds—what Wells called the “serious minority.”

For obvious historical reasons, the Open Conspiracy placed special priority on recruiting from within the political elites of the United States. Wells, Russell, and the other Open Conspirators detested the American intellectual tradition, that sprang from the American Revolution and was institutionalized through the U.S. Constitution. Therefore, they needed a particularly virulent crop of American Conspirators.

A number of outstanding examples of Open Conspirators congregated around the disastrous Woodrow Wilson Administration, virtually running the Presidency, principally from behind the curtain of private advisory bodies and intelligence cells. “Wilsonian democracy” was, in fact, Wellsian Open Conspiracy “democracy.”

Beyond the famous figures, like Walter Lippmann and Col. Edward House, there were others of less public fame, but of equal importance to the Conspiracy, due to their subversive influence on the visible policy-shapers, and their ability to

spot and recruit new talent. Among these, you will shortly be introduced to Isaiah Bowman, the long-time head of the National Geographic Society, the leader of Colonel House’s “The Inquiry” private intelligence group, and the recruiter and principal mentor of Robert Strausz-Hupé.

Strausz-Hupé was first drawn to Bowman’s attention by his booklength paean to Europe’s two leading geopoliticians, Sir Alfred Mackinder and Karl Haushofer. Under Bowman’s sponsorship, Strausz-Hupé was educated at, and then placed on the faculty of the University of Pennsylvania. Bowman also introduced him into the Anglophile intelligence circles of OSS and CIA figure Allen Dulles. When Strausz-Hupé founded the Foreign Policy Research Institute and its *Orbis* magazine in 1955, he revealed his Open Conspiracy recruitment in an inaugural essay in Vol. 1, No. 1 of the quarterly, titled “The Balance of Tomorrow,” in which he set a 50-year American foreign policy agenda:

“Will the coming world order be the American universal empire? It must be that. . . . The coming world order will mark the last phase in a historical transition and cap the revolutionary epoch of this century. The mission of the American people is to bury the nation states, lead their bereaved peoples into larger unions, and overawe with its might the would-be saboteurs of the new order who have nothing to offer mankind but a putrefying ideology and brute force. It is likely that the accomplishment of this mission will exhaust the energies of America and that, then, the historical center of gravity will shift to another people. But this will matter little, for the opening of new horizons which we now faintly glimpse will usher in a new stage in human history. . . . For the next 50 years or so the future belongs to America. The American empire and mankind will not be opposites, but merely two names for the universal order under peace and happiness. *Novus orbis terrarum.*”

Strausz-Hupé’s words could have come directly from the pages of Wells’ *The Open Conspiracy*.

Some of the American recruits to the Open Conspiracy were inducted via the “conventional” route of study at England’s major indoctrination centers—Oxford, Cambridge, etc. William Yandell Elliott, the Harvard Open Conspiracy recruiter of a succession of U.S. National Security Advisers, including McGeorge Bundy, Henry Kissinger and Zbigniew Brzezinski, was a Rhodes Scholar to Oxford in the 1920s. He gained his PhD at Baliol College, Oxford under the tutelage of the school’s leading Round Tabler, Alexander D. Lindsay, whose Wilton Park post-World War II indoctrination center was the model upon which Elliott created the Harvard Summer Institute. In published works like *The New British Empire*, *The Need for Constitutional Reform* and *A Round Table for the Republic*, Elliott, who was also a leading figure in the Nashville Agrarian literary circle of Confederacy apologists, made his loyalty to the Open Conspiracy clear.

The intersecting careers of Strausz-Hupé and Elliott spanned the period from the 1930s through to the present (Strausz-Hupé is still alive, Elliott died in 1979). Strausz-

Hupé wrote for the Harvard Summer Institute's journal *Confluence*, and both Kissinger and Yandell Elliott were on the editorial advisory board of *Orbis* from the very outset. The combined impact of Strausz-Hupé and Elliott on such individuals as Brzezinski, Samuel P. Huntington, Henry A. Kissinger, and McGeorge Bundy establishes them as pivotal figures in the advancement of the Open Conspiracy.

Which brings us to the events of Sept. 11, 2001.

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*"The coming world order will mark the last phase in a historical transition and cap the revolutionary epoch of this century. The mission of the American people is to bury the nation states, lead their bereaved peoples into larger unions, and overawe with its might the would-be saboteurs of the new order. . . ."*

—Robert Strausz-Hupé

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## **A Coup d'État in Progress**

In the Jan. 11, 2002 issue of *Executive Intelligence Review*, Lyndon LaRouche provided a comprehensive analysis of the military-style coup d'état that was attempted, with the coordinated attacks on the World Trade Center and the Pentagon on last Sept. 11. LaRouche identified three components of the coup plot, dispelling the preposterous notion, peddled by the U.S. media, that Osama bin Laden and his al-Qaeda organization, operating out of caves and primitive camps in Afghanistan, were the authors of the Sept. 11 attack.

The degree of precision of the attacks, the access to details about the national security structures of the United States, and other features of the operation convinced LaRouche, from the moment the attacks took place, that the attackers had the backing of contaminated elements within the national security structures of the United States. Without that inside input, the attacks of Sept. 11 would have been impossible. This was the first component of the coup plot—the involvement of "secret teams" of figures from inside the American national security structures.

LaRouche acknowledged, in his "Zbigniew Brzezinski and September 11" report, that we may never ferret out the identities of those within the military and/or national security structures of the United States who directly facilitated the precision attacks of Sept. 11. He therefore concentrated, instead, on the second component of the coup apparatus, the "strategic authors" of the attack, and identified them as the

leading public proponents of the "clash of civilizations," the new, global religious Thirty Years War. A careful mapping of the behavior and deployments of individuals like Brzezinski, Huntington, Richard Perle, and Bernard Lewis, in the hours immediately following the attacks on the World Trade Center and the Pentagon, revealed powerful circumstantial evidence of their complicity.

As LaRouche wrote in "Zbigniew Brzezinski and September 11": "There is the general political-strategic factor of the 'Clash of Civilizations' policy of Zbigniew Brzezinski, Samuel Huntington, et al., of which the attempted military coup was merely a subsumed part. That policy is the principal culprit, and the main body of the operation as a whole. . . . This is the factor which continues to be reflected so vividly in the ferocious factional battle within the U.S. government and leading news media, the debate on such subjects as proposing escalation of war against Iraq."

The third element of the coup apparatus identified by LaRouche comprises those factions in Israel and inside the neo-conservative Zionist apparatus in the United States who are aligned with Ariel Sharon and the present command of the Israeli Defense Forces (IDF), and who are prepared to serve as, in LaRouche's words, "the implicit suicide-bomber" detonator for a religious war in the Middle East at any moment. Sharon's "breakaway ally" posture, his covert alliance with Hamas, Islamic Jihad, and other terrorist gangs deployed against Yasser Arafat from inside the Palestinian Authority territories, and his patronage of the Temple Mount terror underground inside Israel, defines him as a principal asset of the coup. LaRouche also emphasized the additional factor of the Israeli espionage penetration and contamination of the U.S. national security structures, as yet another facet of the Sharon/IDF role as the third vital component of the coup operation.

## **Our Purpose Here**

An *EIR* investigative task force, commissioned by LaRouche to prepare a soon-to-be-released campaign white paper, has been working for the past four months assembling evidence, detailing crucial facets of the coup. This documentation, in the form of appended dossiers, will soon appear in the LaRouche in 2004 special report, the third in a series of LaRouche Presidential campaign white papers produced since Sept. 11 and directed at casting a spotlight of truth on the perpetrators of the treason. It will provide the documentation of the key features of LaRouche's "Zbigniew Brzezinski and September 11" report.

What follows below is part of that documentation. To look inside the minds of the Open Conspirators—living and dead—who shaped the strategic-political dimensions of the still-ongoing coup d'état attempt, we provide a series of personnel dossiers. The authors of the dossiers are Antony Pappert, Scott Thompson, Stan Ezrol, Anton Chaitkin, and Jeffrey Steinberg, with additional research done by Art Ticknor.

### William Yandell Elliott

**Born:** May 12, 1896, Murfreesboro, Tennessee.

**Died:** Jan. 9, 1979, Haywood, Virginia.

**Family:** William Yandell Elliott was the third by that name in a line of “Tennessee Templars,” closely associated with the Masonic founders of the post-Civil War Ku Klux Klan. His grandfather (1827-93) was a Reconstruction-era “radical” Republican legislator who was reported to have provoked deadly racial violence. This “provocateur” charge against the first William Yandell Elliott is supported by the fact that, although ostensibly an anti-slavery Republican, he served under the Masonic command of Ku Klux Klan founding member James Daniel Richardson, who, as a Congressman in 1898, led the campaign for the construction of a memorial to Klan founder Albert Pike in the nation’s capital.

Throughout his life, Elliott operated in concert with an extended network of Nashville-centered cousins and friends descended from this same circle of Ku Klux Klan founders, which formed, variously, the “Fugitive” poets and the “Nashville Agrarians.” (See Stanley Ezrol, “Seduced From Victory: How the Lost Corpse Subverts the American Intellectual Tradition,” *EIR*, Aug. 3, 2001, for a full account of the ideas and activities of the Nashville Agrarians.)

**Education:** Webb School, Bell Buckle, Tennessee; Vanderbilt University, Nashville, Tennessee, B.A., 1917; M.A., 1920; Balliol College, Oxford University, London, England (Rhodes Scholar), Ph.D., 1923.

**Career:** Elliott’s entire career was dedicated to establishing a new “dark age” of globally extended medieval feudalism, built on the ruined remains of the United States and any nation which strove to establish itself on any approximation of American principles. From the Freemasonic elite of Murfreesboro, Tennessee, Elliott went on to play a major role in shaping the Cold War predecessor to today’s “clash of civilizations” strategic policy from the period preceding World War II through at least the Johnson Administration. Despite his occasional colorful utterances of loyalty to the United States, he insisted throughout that the real enemy in the Cold War was not communism, but American-style “nationalism.”

Beyond his role in strategic policy, he was an FBI informant, and promoted “anti-communist” education in the public schools. In the 1930s, he pointed out that “left-wing socialists” were among the first to recognize the danger of communism, and later, in the 1950s and ’60s, he collaborated with leading socialists, including Sidney Hook and James Burnham, in the “anti-communist” crusade.

He served as an adviser to at least five Presidential admin-

istrations, was mentor to at least five National Security Advisers, the patron of two Secretaries of State, and educator of dozens of officials, including Parliamentary representatives, administrators, and heads of state from countries on every inhabited continent.

Throughout his career, he coordinated operations between his hometown crowd—the “Tennessee Templar” heirs of the Ku Klux Klan—and the Cecil Rhodes’ “Round Table” movement with which he became associated during his Rhodes Scholarship studies at Britain’s Balliol College at Oxford University. His speeches, published work, and private correspondence emphasize that he viewed his life’s work as extending the “Round Table” movement worldwide. His direction of the Harvard Summer School, including Henry Kissinger’s International Seminar, and the International Seminar alumni associations which it spawned around the world, were all directed to this purpose. The affinity between the Round Tablers and the Fugitives is indicated by the fact that Fugitive John Crowe Ransom (the grand-nephew of Ku Klux Klan founder, James R. Crowe) preceded Elliott as a Rhodes Scholar, Fugitive, and “Templar”; Bill Frierson accompanied him; and Fugitive Robert Penn Warren succeeded him.

Both movements insisted that the mass of people naturally ought to live under the fixed rules of an oligarchy directed by their “betters.” Both movements hated the American Intellectual Tradition idea that all men and women ought to participate, through the institution of the sovereign nation-state, in the perpetual improvement of human capability over nature—and over stupidity.

Although it is often claimed that Elliott rejected his Agrarian brethren’s yearning for the “Lost Cause” of the Confederacy, he reported publicly, in 1956, at the age of 62, when he was at the height of his Harvard career and an adviser to the National Security Council, that he thought brother Donald Davidson’s “Lee in the Mountains” was one of the finest pieces of Fugitive poetry. There, Davidson conjures up not only the spirit of Robert E. Lee, biding his time till the day of the great reconquest, but God Almighty, “Brooding within the certitude of time, to bring this lost forsaken valor . . . to flower among the hills to which we cleave, to fruit upon the mountains whither we flee, never forsaking, never denying His children and His children’s children forever.”

Also, in 1956, Elliott expressed his gratitude to Fugitive “guru” Sidney Mtron Hirsch, whom he described as a “mystic philosopher,” for teaching him that all of the great thinkers of history were special people with mystical powers, the “Epic Exemplars,” who passed on knowledge from generation to generation through the occult meanings of words in their writings. While many thought he was a fat-headed, loud-mouthed pest, it would appear that Elliott viewed himself, and was accepted by some, as at least some sort of messenger to earth of these “Exemplars.” A basic theme in his work is that it’s necessary to develop myths (which is what he means when he speaks of true religion or spirituality) to control people.



William Elliott     Harold Stone     John With     Sidney Harsh  
 Alfred Scott     Sir Nevins     Robert Ross, FRS     Donald Davidson  
 Alex Tate     John Green Gibson     Donald Davidson

This photograph of the assembled fugitives was made during the occasion when between the morning and afternoon sessions of Friday, May 3, which were held at the home of Mr. and Mrs. With, on Belle Meade Boulevard.

  
**FUGITIVES' REUNION**  
*Conversations at Vanderbilt*  
 May 3-5, 1956

Edited by ROB ROY FURDY

Introduction by LOUIS D. RUBIN, JR.

VANDERBILT UNIVERSITY PRESS

Nashville

*William Yandell Elliott, a modern Mephistopheles, represented both the feudalist, pro-Confederate "Fugitive" poets, and their ideological brethren of the British Round Tables.*

His son and collaborator, Ward, for instance, eulogized him as "a true Eleatic, a man who could overarch time and place and deepen and enrich whatever time and place he might occupy." He compared his mission to that of the Round Table of Arthurian legend (see "A Round Table for the Republic" below). In pursuit of this epic mission, Elliott was quite willing, as we shall see, to plunge all of humanity into a nuclear holocaust and dark age.

The Round Table movement, to which Elliott was recruited by his Oxford tutor, later Master of Balliol, A.D. Lindsay, and others, consisted of semi-secret Masonic or Masonic-like cells dedicated to smashing all nations and replacing them with a revamped British Empire. It was founded by Lindsay's Oxford predecessors, John Ruskin and T.H. Green, and continued, most notably, by Cecil Rhodes and Lord Alfred Milner, managing director of the mammoth colonial mining cartel Rio Tinto Zinc. Ruskin was the founder of the "pre-Raphaelite" cultural movement, which viewed the Italian Golden Renaissance as the worst disaster of modern history, and strove to restore pre-Renaissance feudalism. They were obsessed with Britain's loss of its major North American colonies, and determined to reorganize the British Empire into the collection of quasi-autonomous units now known as the "Commonwealth," both to avoid pressure for further colonial independence, and to lure the United States back into the fold.

Elliott's four-decade campaign to scrap the U.S. Constitution, based on invidious comparisons to Great Britain and its Canadian colony, is pure Round Table, as is the Royal Institute of International Affairs, headquartered at Chatham

House, with which Elliott and his "kindergarten" have coordinated their efforts. Elliott's Round Table contemporaries included a fellow Lindsay protégé, top British historian and intelligence director of Chatham House, Arnold Toynbee; Lord Lothian of the notoriously pro-Nazi "Cliveden Set"; Lord Leconsfield, later director of Britain's Tavistock Institute psychological warfare center; and media magnate William Waldorf Astor. The whole intertwined complex of elite "British-American-Canadian" foreign policy think-tanks, councils, and conferences, including the New York Council on Foreign Relations, the Trilateral Commission, the Bilderberg Conferences, the Ditchley Foundation, the Aspen Institute, the International Institute for Strategic Studies, and dozens of other think-tanks, were founded and operate under the influence of the Round Tables.

Elliott's tutor Lindsay was a Fabian socialist, and a top activist in the Workers' Educational Association and the Christian Social movement, both outgrowths of the Round Tables' "Settlement House" movement, which involved middle and upper class "intellectuals" going slumming to maintain lower-class solidarity with their schemes. In her biography of Lindsay, his daughter, Lady Drusilla Scott, characterized him with these statements from his Oxford associates, which (especially when you realize that Lady Drusilla thought these comments were quite flattering) give a sense of the duplicitous Fabian Round Tabler mentality:

"I have never been able to distinguish in my own mind between Lindsay and Oliver Cromwell. . . . Each of them had a sense of being one of the elect."





*The Elliott “kindergarten” includes such Nashville Agrarians as Robert Penn Warren (left) and John Crowe Ransom; all three were also British Rhodes Scholars.*

“By nature [he is] a lotos-eater [sic], a reactionary, and a believer in aristocracy, who has deluded himself and his friends into regarding him as an idealist, a radical, and a collectivist.”

From 1947 through 1950, after having been dubbed “Lord Lindsay of Birker” as a result of the British Labour Party’s 1946 election victory, Lindsay chaired the Academic Council of the Wilton Park center for “re-educating” Germans to virtually incorporate that nation as a dominion of the Commonwealth. Wilton Park had been founded by Sir Kenneth Strong, Director General of Political Intelligence of the British Foreign Office, later a director of the multinational financial giant, Eagle Star Insurance Co. Its student body, totalling 8,000 in its first decade, were mostly German POWs being re-educated to the Round Table cult. Lecturers included Lord and Lady Astor, Bertrand Russell, and Arnold Toynbee, and it was directed by Heinz Koeppler, head of the Foreign Office’s Psychological Warfare Division. Leaders of all major German political parties, and other notables including Ralf Dahrendorf, longtime head of the London School of Economics, were Wilton Park graduates.

Elliott’s other recorded associates at Oxford include the mystic poets William Butler Yeats (the estranged lodge brother of the 20th Century’s top Satanist, Aleister Crowley) and “White Goddess” cultist Robert Graves. In his official capacity as “editor in absentia” of the *Fugitive*, he used these contacts to promote his “Templar” friends as an international literary phenomenon.

Returned with his Ph.D. from Oxford, Elliott used his base on the Harvard University Government faculty (1925-63) to establish the now familiar pattern of the private university and think-tank functionary, with connections to the highest level of high finance (Elliott’s personal contacts included the Rockefeller brothers, Paul Mellon, W. Averell Harriman, and the Richardson Foundation), serving, at the same time, as a high-level government policy adviser and official. This follows the Round Table insistence that government should be run by the “great interests,” not elected “amateurs.” His

associates and protégés, who developed this pattern to the point of dangerous absurdity, include National Security Advisers McGeorge Bundy, Walt Rostow, Henry Kissinger, Zbigniew Brzezinski, and Richard Allen; Secretaries of State Kissinger and Dean Rusk; and foreign and domestic policy officials Samuel Huntington, Arthur M. Schlesinger, Jr., Paul Nitze, and Robert Bowie.

His government work promoted the Round Table “dark age” agenda, both through the internal reorganization of the government, and the development of strategic policies in support of the “New British Empire.” By the end of the 1930s, and increasingly through the 1950s and ’60s, he operated at the highest level of those strategic, quasi-military, quasi-intelligence *coup*-ist institutions, including the Foreign Policy Research Institute and the National Strategy Information Center, which have been dangerously successful in placing Round Table operatives in leading positions within the U.S. and other governments. He was a frequent lecturer at all sorts of strategic policy and “anti-communist” events, including at U.S. War Colleges and military academies, at least up through the late 1960s.

**Positions Held:**

- The President’s Committee on Administrative Management (1936).
- Business Advisory Council, under Averell Harriman (1937).
- War Production Board (and predecessor agencies) (1940).
- House Special Committee on Postwar Economic Policy and Planning (1945).
- Staff director of both the House Committee on Foreign Affairs and the House Select Committee on Foreign Aid, headed by Christian A. Herter of Massachusetts (1947). (State Department Official Charles P. Kindleberger, who had to deal with Elliott in this period, reported that “he was a big blowhard. He really just wanted to be busy. You know that he gave a course at Harvard which was called Elliott in war, Elliott in peace, Elliott in the hearts of his countrymen” (transcript from the Harry S Truman Library oral history archive).
- Office of Defense Mobilization (1951).
- Policy Planning Board of the National Security Council (1953). (He reported to the 1956 Vanderbilt University Fugitives reunion, that while in this position, he wrote a poem about atomic war. It has never been published.)
- Adviser to Secretary of State Dean Rusk (the former head of the Rockefeller Foundation, whom Elliott had recommended for the post) (1963).

His private academic and think-tank service, beyond his government faculty position, included:

- Director of the Harvard Summer School (1949-60). From this position, he arranged to place his leading protégé, Kissinger, as head of the International Seminar, and editor of its magazine, *Confluence*, for which he arranged Rockefeller, Ford, and Richardson Foundation financing. The Summer School and Seminar, as specified by its charter, brought “per-

sons between the ages of 26 and 45 who are on the verge of reaching positions of leadership in their own countries,” including parliamentarians, academics, and others, from around the world, in order to shape postwar strategic, educational, and cultural policy. Elliott has stressed that the regional and national associations of International Seminar alumni, including, for instance, the annual European reunions at the Rockefeller family complex, in Bellagio, Italy, were extensions of the Round Tables. Its method of operation paralleled that of Lord Lindsay’s Wilton Park, except that it selected out and indoctrinated potential leaders from around the world, not just German POWs.

Along with Eastern Establishment types, Round Tablers, and W.B. Yeats’ protégé Frank O’Connor, Elliott’s Fugitive-Agrarian brethren, notably Allen Tate, John Crowe Ransom, and Andrew Nelson Lytle (the admiring biographer of the Ku Klux Klan’s first Imperial Wizard) were prominently associated with Elliott and Kissinger on the advisory board of *Confluence*, and the faculty.

**Present Associations:** Foreign Policy Research Institute (FPRI); Foreign Service Educational Foundation, which spawned Johns Hopkins University School for Advanced and International Studies; American University; Woodrow Wilson Foundation Committee on American Education and Communism; Council on Foreign Relations; National Strategy Information Center; American Bar Association Committee on Education About Communism; League-to-Save-Carthage.

**Publications:**

- *The Pragmatic Revolt in Politics* (1928). Based on his Balliol doctoral dissertation, this is a tortured “proof” of the central idea in Elliott’s method, which, in private communication, he liked to refer to as “Futilitarianism breeds Brutalitarianism.”

Briefly, he ignores Platonic, Leibnizian scientific advances but says modern science is “pragmatism” (the amoral philosophy that says what has “cash value” is true, or, as is said now, “If it works for you . . .”). States based on this “Futilitarianism,” he says, invite a totalitarian (fascist or communist) “Brutalitarian” reaction. Having eliminated the Platonic idea of a cognitive principle knowable to human beings, he insists that the only defense against this syndrome is to manufacture myths to promote Fundamentalist spiritualism. He seems not to notice that the “Futilitarian” and “Brutalitarian” philosophies he claims to oppose, are themselves based on irrational myths, as is the terror which is called “clash of civilizations.” Blithely, he promotes his solution: Spread the Round Table and revive the British Empire.

- *The New British Empire* (1932). Here, Elliott promotes the core Round Table idea, calling the post-World War I British Empire “possibly the greatest modern political organism,” especially the way its “permanent official[s]” dominate the elected government, as the model for building a new global order. This, and his other “Constitutional Reform” work,

draw on the ideas presented by Lord Lindsay in locations including his lecture “The State and Society” (1916), and *The Modern Democratic State* (1943).

- *The Need for Constitutional Reform* (1935). This is Elliott’s major Round Table proposal for a Constitutional Convention to re-organize the United States on the British Empire model. Here, he claims this is the only way to prevent the United States from going fascist or communist.

The key idea is to replace the states with autonomous “regional commonwealths.” Each of these commonwealths, and the central government, is to be run by a permanent bureaucracy, rather than by the elected officials (which he derides as “amateur administration”). Economic policy is to be run by a “National Council” composed of “the great economic interests of the country . . . bankers, . . . labor, . . . etc.” (in other words, the nobility). The proposal was identified as one of the “Pillars of Agrarianism,” in a series of Agrarian tracts between 1935 and 1938.

- “The Modern State, Karl Marx, and Mr. Laski,” *Southern Review* (Fall 1935). Here, Elliott claims, among other things, that “nationalism” is the cause of war, and calls for the creation of “nobler myths” in order “to reshape order from chaos, as the Holy Roman Empire did.”

- “If America Goes Fascist,” *American Mercury* (June 1938). “The crisis of the American Constitution,” an address at the College of William and Mary in Virginia summarizes his argument for mercy killing of the Constitution.

- *The City of Man: A Declaration of World Democracy* (1940). This is a joint declaration, in the tradition of H.G. Wells’ *Open Conspiracy*, by a committee, coordinated by Robert Maynard Hutchins, and including Elliott on its executive board, consisting of Nashville Agrarians, agents of Bertrand Russell and H.G. Wells, Frankfurt School allies, and others. It urges the United States to enter the war for the purpose of establishing a single world empire under a “democratic aristocracy,” culturally controlled through a single religion—the religion of democracy—to which all other church, family, educational, and neighborhood associations would have to subordinate themselves, and defended by a single military/law enforcement apparatus, for the chief aim of safeguarding the “treasure of English culture.”

- “A Time for War,” *Virginia Quarterly Review* (Autumn 1941).

- *The British Commonwealth at War* (1943). Elliott helped edit this collection of essays at the urging of British Intelligence’s John Wheeler-Bennett, to build support for America’s defense of the British Empire. One of the contributors, Sir Eric Roll, was to become a director of S.G. Warburg and the Bank of England.

- “A Time for Peace?” *Virginia Quarterly Review* (Spring 1946).

- *Western Political Heritage* (1949), co-edited with Neil A. McDonald. This is Elliott’s Harvard textbook, which became, for years, the core of Harvard undergraduate education



Lord Bertrand Russell was the founder, along with H.G. Wells, of the anti-industrial, One Worldist movement, of which Elliott became the most influential U.S. spokesman.

in history and culture. It was compiled with the assistance of Carl J. Friedrich, Samuel H. Beer, Brian A. McGrath, S.J., Henry A. Kissinger, and others.

Elliott's own essay in the collection, "Can We Organize a Free World, Under Law?" is a revision of his 1946 *Virginia Quarterly Review* article. In it, he uses the newly discovered threat of nuclear war to argue for the immediate forced establishment of the "New British Empire," demanded by the *City of Man* committee, even at the cost of human civilization. He described the clash with "communism," in ways now used by his protégés to support the need for global war against Islam:

"It is not simply the clash of open as against closed systems. It is in the very nature of the spiritual value which each represents. Christian morality, after all, puts an ultimate value on the individual which is incompatible with the 'transitional' stage of communist dictatorship."

After explaining that the threat of "communism" is really the Round Tablers' old bugaboo, the threat of "nationalism"—especially American, Russian, and Chinese—he insists that the United States must accept "the full implication of a surrender of our own sovereignty to whatever degree is necessary to get a sufficient strength mobilized in Western

Europe and elsewhere to deter aggression. It means accepting . . . world control of atomic energy with no reservations whatsoever. . . . If we cannot force Russia to join us under a world system . . . we may have to choose the path of armed strength, lead where it may."

He is equally clear on where it may lead: "If humanity is bent on extinction by the tens of millions in all the main centers of population, conceivably the Dark Ages might descend once more and the insects might have their innings at trying to develop a higher form of life. . . . What is really in question is how a future world order is going to be created that will succeed nationalism."

He concludes by invoking his mystic "Epic Exemplar" demi-gods: "The rest of the world is an open arena for this tremendous conflict for the human soul. The challenge must produce once more for us a truly epic leadership and an epic response by our democratic world if it is to be met."

- *Mobilization Planning and the National Security, 1950-60, Problems and Issues* (1950).
- *United States Foreign Policy: Its Organization and Control* (1952), report of a study group sponsored by the Woodrow Wilson Foundation and the National Planning Association, chaired by Elliott.
- *The Political Economy of American Foreign Policy; Its Concepts, Strategy, and Limits* (1955); report of a study group sponsored by the Woodrow Wilson Foundation and the National Planning Association, chaired by Elliott.
- *Television's Impact on American Culture* (1956).
- "A Round Table for the Republic" (1968). This essay

was included as an appendix to the 1968 edition of his doctoral dissertation, *The Pragmatic Revolt in Politics*. In this year, marking the end of his academic career and the beginning of Kissinger's career as czar of American foreign policy, Elliott reiterated his continuing commitment to a "Round Table for the Republic," which he had consistently promoted since at least as far back as 1956. This "Round Table," he wrote, should select "those people who best represent the best principles." He added, "We must find funds which our thousands of foundations could amply provide, privately, and ways to supply them with a staff of young men who would themselves be potential members of this highly honoured and motivated group. They would be particularly fit for the honor if, after being tried out and given missions to perform, they really succeeded . . . with honor and dignity, with self-effacing service and heroic willingness to undertake missions no matter how dangerous or difficult. This is what the Round Table of the Arthurian legend suggests. . . . I would hope the Round Tables could be spread on an international base by a parent Round Table for Freedom. . . . We had the makings of something like this on a lower-level model in the well-chosen representation of the Harvard International Summer Seminars set up during the ten years which I ran the Summer School, and with Henry Kissinger as the prime guide for it through most of his life."

## Robert Strausz-Hupé

*Founded the Foreign Policy Research Institute (FPRI), for half a century a highly-influential arm of the apparatus of influence involving William Yandell Elliott, Henry Kissinger, Zbigniew Brzezinski and their co-thinkers, against the U.S. Constitution. He is, for the entire span of half a century, leading advocate of world empire to “bury” the nation-states, including America.*

**Early Years:** Born 1903, Vienna, Austria. Educated in Austrian secondary school system. Came to United States in 1923.

**Positions Held:** Investment banker (1927-37); during World War II, United States government project on post-War resettlement; faculty of the University of Pennsylvania (1946-69); Director, Foreign Policy Research Institute at University of Pennsylvania (1955-69); foreign policy adviser to President Richard Nixon; Ambassador to Ceylon (1970-72); Ambassador to Belgium (1972-74); Ambassador to Sweden (1974-76); Ambassador to NATO (1976-77); Ambassador to Turkey (1981-89).

### **Profile:**

After brokering for Russian emigrés and managing Wall Street investments in early Nazi Germany, Strausz-Hupé wrote *Geopolitics*, published in 1942. The book won him career sponsorship at the hands of Isaiah Bowman, who brought Strausz-Hupé into secret government work, and into the circles of Director of Central Intelligence Allen Dulles and the British-Wall Street power axis.

Bowman, a geopolitician who opposed the post-War aims of President Franklin Delano Roosevelt, had been the director of the intelligence apparatus called The Inquiry, for Colonel Edward House, controller of the Woodrow Wilson Administration. Bowman, with Walter Lippmann and other right-wing advocates of H.G. Wells’ utopian One-World doctrines, brought British utopian subversion into U.S. policymaking; Bowman was a top Council on Foreign Relations (CFR) organizer, committed to using Wilson’s Presidency to sink the Constitution and American sovereignty.

### **Foreign Policy Research Institute and *Orbis***

Strausz-Hupé created FPRI in the 1950s, immediately putting his close collaborator William Yandell Elliott, and Elliott’s creature Henry Kissinger, on the advisory board of FPRI’s magazine, *Orbis*.

In the inaugural issue (1957) of that geopolitical quarterly, Strausz-Hupé’s essay, “The Balance of Tomorrow,” predicted within the next 50 years the fall of communism, then a new global empire initially under the United States, and finally the wrecking of the U.S.A. and the transfer of rule over

the world to another, unnamed country.

He wrote:

“Will the coming world order be the American universal empire? . . . It must be that . . . [it] will mark the last phase in a historical transition. . . . The mission of the American people is to bury the nation-states, lead their bereaved peoples into larger unions, and overawe with its might the would-be saboteurs of the new order who have nothing to offer mankind but a putrefying ideology and brute force.

“It is likely that the accomplishment of this mission will exhaust the energies of America and that, then, the historical center of gravity will shift to another people. But this will matter little. . . . For the next fifty years or so the future belongs to America. The American empire and mankind will not be opposites, but merely two names for the universal order under peace and happiness. *Novus orbis terrarum*.”

To put this strategy into practice, Strausz-Hupé began in 1969 a new career as a diplomat and a leading Nixon foreign policy adviser, “alternative” to Henry Kissinger.

Most notable is his eight years as Ambassador to Turkey. There he pressed the schemes of Britain’s Bernard Lewis, who sought a new “Ottoman Empire,” with Turkic uprisings in and around the Soviet Union, simultaneously a Turkish alliance with a Greater Israel to enflame and disrupt the Muslim world.

Strausz-Hupé installed as his hand-picked successor as director of FPRI, Daniel Pipes, a radical right-wing Zionist who has pumped out hate material against Islam and promoted the Israel-breakaway-ally scenario to wreck the United States (see Lyndon H. LaRouche, Jr., “The World To Be Seen From Sunday,” *EIR*, Oct. 26, 2001).

FPRI has emerged as a center for the putschists’ clash of civilizations attack. Current *Orbis* board members include Ronald Lauder, prime bankroller for Ariel Sharon and Benjamin Netanyahu; Bernard Lewis; Samuel Huntington; Alexander Haig; neoconservative leaders Midge Decter and Martin Peretz; former Attorney General Richard Thornburgh; former CIA Director James Woolsey; and Strausz-Hupé himself, though now aged 98 and incapacitated.

### **Publications:**

• *Geopolitics: The Struggle for Space and Power* (1942) is advertised as having brought the word “geopolitics” into the American vocabulary.

In this book, Strausz-Hupé wildly lies that Nazism is the result of America’s nationalist economics and foreign policy.

### **Nazi Geopolitics Introduced to America**

He writes that the Second World War “is being waged for the redistribution of space,” and that the British Empire “bars the road to expansionist tendencies the world over.” But the Nazis are challenging this, he says, by trying to solve all internal socio-economic problems “by the conquest of space and still more space.”

Where do the Nazis get this doctrine of geopolitics?

Strausz-Hupé announces that the first to present the “theory of space as the prerequisite of national greatness” was the German-born, American protectionist economist Friederich List! He says that List, “the friend of Henry Clay and student of Alexander Hamilton, originated the theory of living space (*Lebensraum*).” Here Strausz-Hupé links the American System of Hamilton and Lincoln, with Hitlerism. He claims that List believed Germany “should expand her manufacture and commerce through protective legislation and a Navigation Act. But, for economic progress, she needed an extended and conveniently bounded territory reaching from the North and Baltic Seas to the Black and Adriatic Seas.”

In the book, Strausz-Hupé traces Nazi political strategy further back, to America’s Monroe Doctrine! He claims it was mere “applied geography,” without any basis in “rights construed from historic precedents.” In fact, President Monroe’s message constituting the Doctrine to Congress actually contrasted the Hapsburg monarchy’s political system (beloved of Strausz Hupé) with that of the United States, and called for the protective tariffs and government transport projects which Strausz-Hupé reviles.

But he writes, “The Monroe Doctrine is the first and most significant application of geopolitical principles, and [Hitler strategist Karl] Haushofer [co-author of Hitler’s *Mein Kampf*] . . . was inspired in his theorizing by American realities.”

Haushofer himself insisted that his work derived from British imperial strategist Halford Mackinder. Strausz-Hupé denied that Mackinder, whose “brilliance” he revered, was Haushofer’s source. And after Isaiah Bowman hired Strausz-Hupé into his U.S. Government geopolitics nest, Bowman and his friends got the aged Mackinder to write an essay for the New York Council on Foreign Relations magazine *Foreign Affairs* (July 1943), which argued for breaking the World War II alliance of the United States with Russia. MacKinder’s essay expressed the need, instead, for an American empire on British lines.

- *The Balance of Tomorrow* (1945).
- *The Zone of Indifference* (1952).
- *International Relations in the Age of the Conflict Between Democracy and Dictatorship* (1954).
- *Power and Community* (1956).
- *The Idea of Colonialism* (1958).
- Co-author, *Protracted Conflict* (1959).
- *Forward Strategy for America* (1961).
- *Building the Atlantic World* (1963).
- *In My Time: An Eclectic Autobiography* (1965). Here, Strausz-Hupé devotes considerable verbiage to his lifelong idol-worship for Napoleon Bonaparte, perhaps the real original geopolitician, whose desire to conquer the Eurasian heartland (Russia) preceded Mackinder and Haushofer.

Strausz Hupé describes in veiled terms his adventures with various fascists in post-World War I Germany, and his German work in the 1930s for Wall Street and British bankers. He names, however, none of these institutions.

But he identifies in the *Autobiography* one individual, Gero von Schulze-Gaevernitz, as his longtime friend, from their days together in Munich just after World War I. Gaevernitz was an early Nazi activist, with family ties to New York bankers when they were backing the rise of Hitler. He left Germany and as World War II was winding up, became the main German adviser to Allen Dulles in arranging terms for the surrender of Nazi leaders.

Here Gaevernitz’s path crossed again with that Strausz-Hupé, who began working with Dulles—before and after the latter ran the Central Intelligence Agency—on political projects such as the postwar order in Germany, and the Free Cuba Committee, the putchist group to which Lee Harvey Oswald belonged.

- With the fall of the Soviet Union in 1991, Strausz-Hupé’s 1957 essay was reissued in the December 1991-January 1992 issue of *Orbis*. Introducing the 1957 piece, Daniel Pipes explained that Strausz-Hupé had foreseen the death of communism and that near the end of the millennium, the United States would and must institute a new universal empire. Pipes emphasized that only this would assure the “survival of Western culture and of mankind.” He reminded the reader that the journal’s name comes from *Novus orbis terrarum*, the last phrase of the Strausz-Hupé essay, Latin for “new world order.”

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# Sir Henry Alfred Kissinger

**Title:** Knight Commander of St. Michael and St. George.

**Early Years:** Born in Fuerth, Germany, May 27, 1923, to Louis and Paula (née Stern) Kissinger. Emigrated to United States with family before World War II, via Britain, and was naturalized in 1943.

**Military Service:** Served in U.S. Army 1943-46, where he met his first mentor, Fritz Kraemer of the AUS Counterintelligence Corps (CIC), who referred to Kissinger fondly as “my little Jew.” Kissinger had been part of the Army Specialized Training Program, to train a core of personnel who would direct the occupation of Germany. Kraemer obtained for Kissinger a position as interpreter for the General heading the Intelligence Division. And, after a brief stint in an occupied German village, Kraemer next got Kissinger posted to the European Command Intelligence School at Oberammergau, which was an offshoot of the British Wilton Park “re-education” project, out of which the British recruited a host of agents who were put into leading positions in postwar Germany. The head of Wilton Park at this time was Heinz Koeppler, head of the Psychological Warfare Division of the Political Intelligence Division, British Foreign Office.

**Family:** First marriage to Ann Fleischer, 1949; two children, Elizabeth and David; divorced 1964; second marriage to Nancy Maginnes, former executive secretary to David Rockefeller, March 30, 1974.

**Education:** After Fritz Kraemer told him that “a gentleman does not attend City College,” Kissinger gained entrance to Harvard University, receiving his: A.B. *summa cum laude*, 1950; M.A., 1952; and, Ph.D., 1954. With William Yandell Elliott as his thesis adviser, Kissinger wrote a 300-page dissertation, *The Meaning of History: Reflections on Spengler, Toynbee, and Kant*.

Some time during this period of study, Kissinger was sent to a “group therapy” program run by the Tavistock Institute of London, whose director, H.V. Dicks, had developed the “madness doctrine” for British conduct during World War II as head of Psychological Warfare Studies under the Supreme Headquarters of the Allied Expeditionary Forces. It was apparently under the guidance of Tavistock’s brainwashing sessions, that Kissinger began to espouse the doctrine of “credible irrationality” as the basis for tactical nuclear warfare against the U.S.S.R.

## **Positions Held:**

- Under the direction of William Yandell Elliott, Kissinger became Executive Director of the Harvard International Seminar (1951-69); he was also the Seminar’s Director of Defense Studies for the program (1958-69). Kissinger served as the editor of the seminar’s publication, *Confluence, An International Forum*, which was founded in 1951, until its

demise in 1958. The Harvard International Seminar was based upon the model of Wilton Park, and numerous future world leaders were both indoctrinated and recruited as Anglo-American “agents of influence,” by Kissinger and his new mentor, Elliott.

*Confluence* was founded by Elliott to create *Novus nascitur ordo* (“a new order is born”), an apparent reference to H.G. Wells’ 1928 *Open Conspiracy*. The publication was funded by the Smith Richardson Foundation and the Ford Foundation (under the presidency of John McCloy), and its Advisory Board included another Elliott protégé, McGeorge Bundy. Two consecutive 1956 issues of the magazine were devoted to Ku Klux Klan proponent and “Wellsian Democrat,” President Woodrow Wilson. Other authors ranged from British fascist Enoch Powell, to Karl Jaspers, who helped popularize fascist ideologue Friedrich Nietzsche.

- Through Elliott, Kissinger was brought into a number of national security agencies, including: consultant to the Operation’s Research Office (1950-61); consultant to the Director of the Psychological Strategy Board (1952); consultant to the Operations Coordinating Board (1955); and consultant to the Weapons Systems Evaluation Group (1959-60).

- Kissinger, under the patronage of New York Council on Foreign Relations’ Chairman John J. McCloy, and of CFR member McGeorge Bundy, served as Study Director of the CFR’s Nuclear Weapons and Foreign Policy task force.

- He was a member of the faculty of the Department of Government, at the Center for International Affairs, Harvard University (1954-69). He clashed frequently with the Center’s director, Robert Bowie, and was known to fellow profs as “Kissassinger.” At the same time, Kissinger was associate professor of government at Harvard (1959-69); he became a full professor in 1962, and served there until 1969. His posting at the Center for International Affairs secured his Harvard tenure—over strenuous objections from some senior faculty. Elliott and Bundy, then a Harvard Dean, were instrumental in overcoming the opposition.

- Director of Special Studies Project, Rockefeller Brothers Fund, Inc. (1956-58).

- Consultant to the Department of State (1956-69).

- Kissinger was a consultant to the National Security Council under Assistant to the President for National Security Affairs McGeorge Bundy beginning in 1961, but he was fired on direct order by President John F. Kennedy, when he pushed for the use of theater nuclear weapons during the Berlin crisis of that year.

- Assistant to the President for National Security Affairs in both the Nixon and Ford Administrations (1969-75).

- Secretary of State (1973-77).

Throughout his career, true to his pedigree as William Yandell Elliott’s protégé, Kissinger was a self-confessed agent of the British. He delivered a keynote speech at the Royal Institute of International Affairs (Chatham House) on May 10, 1982, at an event commemorating the 200th anniversary



*British agent of influence  
Henry Kissinger (left), with  
David Rockefeller.*

sary of the creation of the British Foreign Office, during which he freely acknowledged his British agency (see full text in *EIR*, Jan. 11, 2002). In the course of a lengthy diatribe against President Franklin Delano Roosevelt's opposition to Sir Winston Churchill's goal of recolonization after World War II, Kissinger admitted: "In my White House incarnation then, I kept the British Foreign Office better informed and more closely engaged than I did the American State Department—a practice which, with all affection for things British, I would not recommend be made permanent." Kissinger went on to say that he formulated policy based upon British Foreign Office documents, "even when I did not fully grasp the distinction between a working paper and a Cabinet-approved document."

From the beginning of his posting in the Cabinet, Kissinger, who was in regular contact with the British Foreign Office and 10 Downing Street, set out to destroy Secretary of State William P. Rogers and Secretary of Defense Melvin Laird. Both they and President Richard Nixon had intended to withdraw from Vietnam during the first few weeks of the new administration. Moreover, Secretary Rogers, with the backing of President Nixon, sought a solution to the Middle East crisis, which involved development of the Middle East using Western Europe as a partner, and engaging Russian assistance in the process. Within two weeks of Nixon's inauguration, the "Rogers Plan" was presented to the NSC by Undersecretary of State Joseph Sisco, who stressed that not only must the United States act in an "evenhanded way" toward the Arab states and Israel, but that Israel must be pressured to give up the land it had conquered during the 1967 war.

The British deployed Kissinger to wreck this program.

This he did successfully, while bringing the world to the brink of thermonuclear war and economic ruin. He convinced President Nixon that, both in Vietnam and the Middle East, the U.S.S.R. was testing American "will," and could not be a partner in peace. The result of the destruction of the "Rogers Plan" was the 1973 Middle East War and ensuing "oil shock." Later, Kissinger offered both Syria and Israel the right to partition Lebanon, during the process of which he sought to destroy the Palestine Liberation Organization. In this way, Kissinger orchestrated the Lebanese civil war, which served as a model for the destabilization of Iran, and the semi-permanent destabilization of the entire Near East.

In Spring 1975, after Lyndon H. LaRouche, Jr. issued his International Development Bank (IDB) proposal for a new, gold reserve-backed monetary system, Kissinger flew to Paris to scotch LaRouche's ongoing talks with prominent Middle East government officials, both Arab and Israeli. One Arab state was threatened with immediate cut-off of American food aid, unless it dropped plans to host LaRouche at a diplomatic reception.

As for the Vietnam War, it had dragged on and on, as the American GI "body count" rose until Kissinger finally negotiated a ceasefire in 1973 (never implemented), and then the U.S. withdrew in 1975. In the process, Kissinger secretly expanded the war to Cambodia and Laos. Kissinger's secret, illegal bombing of Cambodia, beginning in 1970, killed several hundred thousand Cambodian peasants, and drove them into the arms of the genocidal Khmer Rouge, which slaughtered several millions of that nation's population during its 1975-79 reign of terror. Under any just criteria of prosecution, Kissinger would be indicted as responsible for the Cambo-

## Kissinger and the 'Get LaRouche' Task Force

Henry Kissinger had declared war against Lyndon H. LaRouche, Jr. from at least the time that Kissinger was Secretary of State. This first phase was followed in Aug. 19, 1982, by a letter addressed by Henry to then-FBI Director William Webster, demanding the frame-up of LaRouche on bogus charges of hostile foreign associations, and the destruction of the LaRouche political movement.

The Kissinger letter was followed by a January 1983 rump meeting of the President's Foreign Intelligence Advisory Board, attended by such Kissinger cronies as David Abshire, who founded the Center for Strategic and International Studies; PFIAB Vice-Chairman Leo Cherne (chairman of the British intelligence-inspired International Res-

cue Committee); and Edward Bennett Williams (attorney to Katharine Graham of the *Washington Post*). There, a direct order was given to FBI Director Webster to initiate an investigation of the funding of LaRouche and his associates, noting that: "In view of the large amounts obviously being expended worldwide, the question was raised whether . . . [these activities] might be funded by hostile foreign intelligence agencies."

Under Executive Order 12333, which set the guidelines for FBI and other national security investigations, a massive illegal campaign was launched against LaRouche, which culminated in an Oct. 6-7, 1986 government paramilitary raid of the LaRouche movement's publishing offices in Leesburg, Virginia, aimed at murdering the three-time Presidential candidate. When the assassination effort was blocked, the Justice Department staged a series of bogus prosecutions of LaRouche and associates that sent a dozen individuals, including LaRouche, to Federal and state prisons.

dian genocide.

Kissinger's Cambodian genocide is merely the "tip of the iceberg," in terms of Sir Henry's schemes for global genocide on a scale greater than that envisioned by Adolf Hitler. On Dec. 10, 1974, Kissinger had the National Security Council staff draft "National Security Study Memorandum 200: Implications of Worldwide Population Growth for U.S. Security Overseas Interests" (NSSM 200), *which would make genocide the official national security policy of the U.S. government.*

Later declassified, NSSM 200 calls for holding world population at 8 billion, rather than the 22 billion then projected for 2075. Arguing that population growth of this dimension would cause "wars and revolutions," NSSM 200 recommends the use of "food control" to stop rapid population growth, and argues that modern, intensive agricultural methods that might feed the growth of populations otherwise, would require "too much capital expenditure." NSSM 200 argues that should the populations of the less-developed countries grow, they would consume fuel and raw materials needed by the so-called industrialized sector.

NSSM 200 selected 13 countries which, it said, accounted for 47% of the population growth outside China, for special treatment: India, Bangladesh, Pakistan, Nigeria, Mexico, Indonesia, Brazil, the Philippines, Thailand, Egypt, Turkey, Ethiopia, and Colombia.

Kissinger has been implicated in numerous assassinations of foreign leaders who "got in his way." On Aug. 14, 1982, Italian associates of LaRouche submitted an investigative dossier to the Italian Attorney General, presenting evidence of Kissinger's involvement in the 1978 kidnapping and assas-

sination of Italy's Prime Minister Aldo Moro. Included in the dossier were statements from Moro's wife, his daughter Agnese, and son Giovanni, that in 1975 Kissinger had threatened Moro for his effort, as chairman of the Christian Democrats, to create a stable national unity government with the Italian Communist Party, to staunch the terrorism.

Throughout the period leading up to Moro's kidnapping (ostensibly by the Red Brigades) and subsequent murder (his body was found on May 9, 1978), NATO, with full support of the British and of Sir Henry, had been running a "Strategy of Tension" against Italy and Moro, using both "red" (left-wing) and "black" (right-wing) terrorism, as well as abortive coup attempts. Much of this terrorism, particularly that of the fascists, was sponsored by the Propaganda Duo (P-2) Freemasonic Lodge to which Kissinger and his deputy, Gen. Alexander Haig, had channeled covert funds.

Then there is the case of Pakistani Prime Minister Zulfikar Ali Bhutto, who had been overthrown by a coup d'état on July 5, 1977, imprisoned, and then hanged on April 4, 1979. Shortly before his death, Bhutto wrote a response to a concocted government White Paper justifying his overthrow, which *EIR* published in January 1979 under the title "The Pakistan Papers." Bhutto charged that he had been overthrown because of his conflict with Kissinger, who had signed "a death sentence against his person." The reason for Kissinger's threats, according to Bhutto, was that he had refused to accede to Kissinger's insistence that he stop the development of "uranium-processing plants to satisfy Pakistan's energy needs."

Also, as *EIR* first documented in its 1978 pamphlet "Expel Britain's Kissinger for Treason," it was Kissinger, together





*Pakistani Prime Minister Zulfikar Ali Bhutto, hanged in 1979 on orders from Henry Kissinger.*

with Haig, who orchestrated, from inside the White House, the Watergate coup against Nixon. It was Kissinger who deployed his Oxford University-trained NSC staff member, David Young, to head the Watergate “plumbers unit.” Throughout the *Washington Post*’s “Deep Throat” revelations, which led, ultimately, to Nixon’s resignation, Kissinger maintained frequent personal contact with *Post* publisher Katharine Graham. In effect, Kissinger and Haig took over all key White House decision-making, while beginning the process of destroying the institution of the U.S. Presidency.

- On leaving government in January 1977, Kissinger assumed the post of North American director of the Trilateral Commission—a position formerly held by Zbigniew Brzezinski, who assumed Kissinger’s post as National Security Adviser to President Jimmy Carter.

- Kissinger was the founder and chairman of Kissinger Associates, Inc., which, notably, had Britain’s Lord Peter Rupert Carrington as a founding member of its Board of Directors. The “consulting firm” served as an informal arm of British intelligence. The founding vice-chairman was Brent Scowcroft, and the founding president was Lawrence Eagleburger. Later, Kissinger also formed Kent Associates, along the same lines.

Kissinger was the chairman of the National Bipartisan Commission on Central America (1983-84), which had been initiated by President Ronald Reagan, who reneged on his campaign promise that Kissinger would have nothing to do with the Reagan Administration. Immediately after this commission filed its report, President Reagan appointed Kissinger to be a member of the President’s Foreign Intelligence Advisory Board (1984-89). Kissinger used his position on PFIAB not only to monitor the most secret U.S. intelligence reports, but also to instigate operations.

- Kissinger is presently a trustee of the Center for Strate-

gic and International Studies at Georgetown University in Washington.

- His current corporate positions include: International Advisory Board, Chase Manhattan Bank; International Advisory Board, Hollinger International, Inc.; Board of Directors, ContiGroup Companies, Inc.; Board of Directors, Freeport McMoran Copper & Gold, Inc.; Board of Directors, FirstMark Holding; Board of Directors, The TCW Group, Inc.; Advisory Board of Directors, American Express Co.; Advisory Board of Directors, Forstman Little & Co.

#### **Publications:**

- *Nuclear Weapons and Foreign Policy* (1957). This book from the CFR project by the same name was ghost-authored for Kissinger by Gordon Grey. It praised feudalism, “set-piece” theater limited nuclear war, of the sort advocated by the Pugwash Conference founded by Bertrand Earl Russell, many of whose early sessions were attended by Kissinger. The book states: “To the extent that military operations can be conducted in stages, so that a sequence of events is approximately concluded before the next commitment is made, it will give an opportunity for evaluation of the circumstances which make a settlement advisable. Not the least of the paradoxes of the nuclear age may be that lack of secrecy may actually assist in the achievement of military objectives and that, in a period of the most advanced technology, *battles will approach the stylized contests of the feudal period, which served as much as a test of will as a trial of strength.*” This is exactly what Lord Russell’s Pugwash ally, Dr. Leo “Strangelove” Szilard, had earlier presented in a scenario for “theater limited nuclear war” in the Middle East.

- *A World Restored: Castlereagh, Metternich and the Restoration of Peace, 1812-22* (1957). In this book, which promotes the British and Habsburg oligarchic model of the Congress of Vienna. Kissinger asserted the superiority of European balance-of-power machinations over relations among sovereign nation-states, again casting himself with the British, against American republicanism.

- *The Necessity for Choice: Prospects of American Foreign Policy* (1961).

- *The Troubled Partnership: A Reappraisal of the Atlantic Alliance* (1965).

- *White House Years* (1979).

- *For the Record* (1981).

- *Years of Upheaval* (1982).

- *Observations: Selected Speeches and Essays* (1984).

- *Diplomacy* (1994).

- *Years of Renewal* (1999).

- *Does America Need a Foreign Policy?* (2001). Here, Kissinger argues that the world has entered the “post-Treaty of Westphalia” era—i.e., that the era of the sovereign nation-state has ended, and world government is the new order.

**Present Associations:** Executive Committee of the Trilateral Commission; Board of Directors of the International Rescue Committee; Council on Foreign Relations.

## Zbigniew Brzezinski

**Early Years:** Born in Warsaw, Poland, March 28, 1928. Came to the United States in 1953, and was naturalized in 1958. Zbigniew was the son of minor Polish nobility, Tadeusz and Leonia (née Roman) Brzezinski.

**Family:** Married Emilie Anna Benes, June 11, 1955, and had three children: Ian, Mark, and Mika. Brzezinski's wife was one of the daughters of the late Czechoslovak President Eduard Benes, in whose government, Clinton Secretary of State Madeleine Albright's father, Josef Korbel, served as a special assistant to Foreign Minister Jan Masaryk. Madeleine Albright served as the Congressional Liaison officer on Brzezinski's National Security Council (NSC) staff in her first major U.S. government post, and she later helped him write his memoirs.

**Education:** B.A. with first-class honors in Economics and Political Science, McGill University, 1949; M.A. in Political Science, McGill University, 1950; Ph.D., Harvard University, 1953-56.

### **Positions Held:**

- Instructor, Government and Research Fellow, Russian Research Center, Harvard University (1953-56); Assistant Professor of Government and Research Associate, Russian Research Center and Center for International Affairs, Harvard University (1956-60).

- Columbia University, Associate Professor of Public Law and Government (1960-62).

- Member, Joint Committee on Contemporary China, Social Science Research Council (1961-62).

- Director of Research, Institute for International Change (1962-77).

- Member, Policy Planning Council, U.S. Department of State (1966-68).

- Co-founder and Director, Trilateral Commission (1973-76). The Commission was founded at the initiative of Brzezinski and David Rockefeller, with strong input from Henry Kissinger. It recruited leading political, financier, media, labor, and industrial figures from North America, Europe, and Japan. The Commission selected then-Georgia Gov. Jimmy Carter for membership, and groomed him for the 1976 Presidency, under Brzezinski's personal tutelage.

As Brzezinski boasts in his memoirs, "By the end of 1975 I had emerged as Carter's principal foreign policy adviser." Together with Trilateraloid and future Carter Administration Ambassador to Italy Richard Gardner, who was married to Venetian oligarch Danielle Luzzato, Brzezinski wrote the key foreign-policy paper for Democratic Party

candidate Carter at the end of January 1976, which would later form the kernel of Carter Administration policy. Brzezinski also boasts in his memoirs not only that "all key foreign policy decision-makers of the Carter Administration had previously served in the Trilateral Commission," but that "the new President's specific views on foreign affairs . . . had been formed during his time with the Trilateral Commission."

- Assistant to the President for National Security Affairs with Cabinet Rank (1977-81). Working with his NSC staff assistant, Samuel Huntington, Zbig crafted a 43-page, classified book, spelling out ten foreign and national security policy goals of the incoming Administration. Two of the pivotal goals were: promoting military ties with China, to play the "China Card" against the Soviet Union; and buildup of human rights as a cornerstone of Carter Administration foreign policy.

In his memoirs, Brzezinski reserves his highest praise for Samuel Huntington. Huntington was assigned to work on what became Presidential Review Memorandum 10, which Zbig describes as leading to Presidential Directive 18, signed on Aug. 24, 1977, which launched the idea of positioning tactical nuclear weapons in Europe, and revamping the U.S. military for mobile "out-of-area" deployments.

However, first, Brzezinski crafted a plan for the reorganization of the NSC, which further consolidated power into his own hands. Presidential Decision Directive/NSC-1 authorized Brzezinski to initiate Presidential Review Memoranda on any foreign-policy initiative. And, Presidential Decision Directive/NSC-2 reorganized the NSC system, so that there would be only two subcommittees: 1) the Policy Review Committee (PRC), which would be chaired by another Cabinet member; and 2) the Special Coordination Committee (SCC), chaired by Brzezinski, which would be responsible for U.S. policy on arms control, all crisis management, and intelligence policy issues, including "approval of sensitive operations or of covert activity."

Brzezinski was also assigned to report all decisions to the President with a cover "Opinion" memorandum, and also to report back on the President's decision to other Cabinet members. All cables, reports on negotiations, and speeches by Cabinet officials—including especially those by the Secretaries of State and Defense, were to be vetted by Brzezinski. With President Carter's full backing, Zbig step-by-step replaced Secretary of State Cyrus Vance as the principal public spokesman to explain U.S. foreign policy.

In a final feature of his consolidation of power, Zbig usurped the power of Director of Central Intelligence Stansfield Turner. In his memoirs, Zbig states: "It is generally not well known that during the Carter years the CIA was also held under very strict control by the NSC. The Director of the CIA had relatively limited access to the President, briefing him only once a week and then, later, only twice a



*Zbigniew Brzezinski, the evil wizard behind the Presidency of Jimmy Carter, was a leading architect of the “arc of crisis” strategy that created the Afghan mujahideen during the 1980s.*

month, and always with me in attendance. . . . And all CIA reporting was funneled to the President through me. Moreover, all major decisions regarding the CIA had to be vetted by the SCC or in private one-on-one meetings between Turner and me.”

In his State of the Union Address on Jan. 13, 1980, President Carter enunciated what became known as the “Carter Doctrine”: “Any attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled by any means necessary, including military force.” These words were based upon Zbig’s “arc of crisis” thesis, provided by British intelligence agent Bernard Lewis, which aimed at destroying sovereign nation-states in the Middle East, while engaging in a version of the British imperial “Great Game” to halt a growing Soviet presence in the region.

Brzezinski spelled out his “arc of crisis” concept in his memoirs: “By late 1978 I began to press the ‘arc of crisis’ thesis, and on February 28, 1979, I submitted a memo to the President urging a new ‘security framework’ to reassert U.S. power and influence in the [Middle East] region, thus abandoning our earlier plans to demilitarize the Indian Ocean, an objective to which the State Department was still

dedicated. With the earlier British disengagement ‘east of Suez,’ and with the collapse of our strategic pivot north of the Persian Gulf, I felt that a wider response by the United States was needed, and I used my memorandum as the basis for a number of SCC meetings.” Zbig set about a number of escalating steps “to inject effectively American power into a region,” including the forward positioning of a number of new bases in the Indian Ocean and Persian Gulf.

Brzezinski also seized control of the Carter Administration’s Mideast policy, imposing sharp restrictions on Secretary of State Vance’s efforts to convene a Geneva conference, co-chaired by the Soviet Union; gaining Carter’s authorization to handle all contacts with the new Israeli Prime Minister, Menachim Begin; and repeatedly undermining Vance’s efforts to start a “land-for-peace” initiative with the Palestinians.

When German Chancellor Helmut Schmidt saw Germany’s *Ostpolitik* being crippled by Zbig’s riding roughshod over Vance’s efforts to give genuine substance to détente with the Soviet Union, the Chancellor offered to provide his “good offices” for assisting negotiations with the U.S.S.R. Not only did Zbig get the President to reject this offer, but as he notes in his memoirs: “If the President and I admired the same people, we also shared similar dislikes. Among them the Chancellor of Germany, Helmut Schmidt, took undisputed first place.”

When the Soviet Union deployed the SS-20s, which were short-range, mobile ballistic missiles, and Chancellor Schmidt began to be concerned about the “Eurostrategic balance,” Brzezinski told Schmidt that he did not see any problem, provoking Schmidt to throw Zbig out of his office. Eventually, in response to European concerns about the SS-20s deployment, Zbig proposed first development and deployment of the neutron bomb, and when that proved politically unfeasible, he called for deployment in Europe of the Pershing II and cruise missiles. As Schmidt made clear, the deployment of these weapons might make possible theater limited nuclear warfare, whereby Germany would be obliterated in the absence of a full strategic nuclear commitment by the United States.

Brzezinski won President Carter’s permission to pursue “normalization” of relations with China, based upon the geopolitical goal of his predecessor, Henry Kissinger, to “play the China card.” As Brzezinski writes: “After the initial Nixon-Kissinger breakthrough of 1972, the U.S.-Chinese relationship had gradually stagnated.” And he adds: “Normalization of relations with China was a key strategic goal of the new Administration. We were convinced that a genuinely cooperative relationship between Washington and Beijing would greatly enhance stability of the Far East and that, more generally, it would be to U.S. advantage in the global competition with the Soviet Union.”

While covertly throwing his support behind the Islamic

fundamentalists, first in Iran, and later in Afghanistan, Brzezinski used the occasion of the overthrow of the Shah and the taking of the American hostages, to pillory Vance and the CIA. Brzezinski charged that Vance's "softness" and the Shah's vacillations sabotaged his plans for a military coup. In June 1979—six months before the Soviet invasion of Afghanistan—Brzezinski drafted, and President Carter signed, an executive order, authorizing the first covert funding of the Afghan mujahideen. Brzezinski would later boast that this covert war inside Afghanistan had lured the Soviets into the invasion of Kabul, and into the quagmire that followed.

Brzezinski was also notorious for his continuation of Henry Kissinger's Malthusian policies, codified in NSSM-200 (see Kissinger profile, in this section). Brzezinski publicly stated that he would not allow "any new Japans" in the Persian Gulf or south of the Rio Grande—i.e., no modern economic development in the oil-producing regions of the world.

- Professor, Colombia University (1981-89).
- Counsellor, Center for Strategic and International Studies (1981-).
- Member, President's Foreign Intelligence Advisory Board (1987-91).

#### **Publications:**

*The Permanent Purge: Politics in Soviet Totalitarianism* (Harvard University Press, 1956).

Principal contributor, *Ideology and Foreign Affairs* (Center for International Affairs, Harvard University, 1959).

*The Soviet Bloc: Unity and Conflict* (Harvard University Press, 1960).

With Carl Friedrich, *Totalitarian Dictatorship and Autocracy* (Praeger, 1961).

*Ideology and Power in Soviet Politics* (Praeger, 1962).

Editor, *Africa and the Communist World* (Stanford University Press, 1963).

With Samuel Huntington, *Political Power: U.S.A./U.S.S.R.* (Viking, 1964).

*Alternative to Partition: For a Broader Conception of America's Role in Europe* (Viking, 1965).

Editor, *Dilemmas of Change in Soviet Politics* (Columbia University Press, 1969).

*The Fragile Blossom: Crisis and Change in Japan* (Harper, 1972).

*Between Two Ages: America's Role in the Technetronic Era* (Harper, 1972). In this book, Brzezinski, who highlights in the acknowledgements section the role played by Samuel Huntington, spells out his dream of a technocratic corporatist state, drawing upon all the resources of the "computer revolution," cybernetics, etc. to impose a dictatorship. He called it the "technetronic revolution." Drawing on the New Age liturgy, Brzezinski proclaimed that the world was "between two ages," and that the emerging world order would be dominated by "information" rather than traditional indus-

trial production.

*The Relevance of Liberalism* (Westview Press, 1977).

*Power and Principle: Memoirs of the National Security Advisor (1977-1981)* (Farrar, Straus, Giroux, 1983).

With members of the Trilateral Commission, *Democracy Must Work: A Trilateral Agenda for the Decade: A Task Force Report to the Trilateral Commission* (New York University Press, 1984).

*Game Plan: A Geostrategic Framework for the Conduct of the U.S.-Soviet Contest* (Atlantic Monthly Press, 1986).

Co-editor, *Promise or Peril, the Strategic Defense Initiative: Thirty-Five Essays by Statesmen, Scholars, and Strategic Analysts* (Ethics and Public Policy Center, 1986).

*In Quest of National Security*, ed. by Marin Strmecki (Westview Press, 1988). In this book, Brzezinski includes a chapter on "The NSC and the President," where he notes that from approximately 1960 to 1980—i.e., the period spanning William Yandell Elliott's "kindergarten" of McGeorge Bundy, Henry Kissinger, and Zbig's own posting as National Security Adviser—there was a "Presidential" system governing, that gave the National Security Adviser unprecedented power.

*The Grand Failure: The Birth and Death of Communism in the Twentieth Century* (Scribner, 1989).

*Out of Control: Global Turmoil on the Eve of the Twenty-First Century* (Scribner, 1993).

*The Grand Chessboard: American Primacy and Its Geostrategic Imperatives* (Basic Books, 1997). In this book, after proclaiming the United States a superpower of greater degree than *Pax Romana* or *Pax Britannica*, Brzezinski argues that "the prize is Eurasia." He claims that his geopolitical precursors are Sir Halford Mackinder, and Karl Haushofer. Brzezinski here expands his "arc of crisis" into a far broader region which he describes as "The Eurasian Balkans," where he proposes a replay of the "Great Game" to seize the raw materials and gold in the Transcaucasia and Central Asian regions. (It is not incidental that at the time he wrote this book, Zbig was a consultant to Amoco on Central Asian oil.) And, perhaps most importantly, he warns that there could be no greater danger to the United States, than that China join forces with Russia to develop Eurasia—i.e., that it adopt his opponent Lyndon LaRouche's proposals.

*The Geostrategic Triad: Living with China, Europe, and Russia* (CSIS, 2000).

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# Samuel P. Huntington

*The chief publicist for the ideas underlying the Sept. 11 coup plot, who has forced the “clash of civilizations” dogma into prominence in the schools and the mass media.*

**Born:** 1927, New York.

**Education:** B.A., Yale; M.A., University of Chicago; Ph.D., Harvard

**Positions Held:** Assistant Professor of Government, Harvard (1953-58); Associate Professor of Government, Columbia (1959-62); Professor of Government, Harvard (1962-present).

**Profile:** Time and time again over the past 44 years, it was Harvard’s fanatical ideologue Samuel P. Huntington, who was chosen to be the first to unveil many of the ugly concepts underlying the Sept. 11 coup attempt against the U.S. government.

Most famous, of course, is the “clash of civilizations” doctrine which was originated by Bernard Lewis in 1990, but which has become a trademark of Huntington since 1993, through the highly publicized writings, lectures and interviews in which he has promoted it. Already by early 1997, Huntington had toured 20 countries to boost the “clash of civilizations” and debate its opponents.

Like Henry Kissinger, Zbigniew Brzezinski, and McGeorge Bundy, Huntington was a spawn of Harvard’s Prof. William Yandell Elliott. In a recent interview, Huntington described his jealousy at the attention Elliott gave his rival Kissinger. “We would wait in [Elliott’s] outer office as the minutes went by, incensed that he was running late because of the time he took mentoring this one student, whom Elliott had identified as showing particular promise. Then the door would open and this chubby student would walk out.”

The Zbigniew Brzezinski whom Huntington describes as his close friend, brought him into some of the deliberations of the Trilateral Commission and the Carter Administration—both run by Brzezinski—in order to have Huntington inject factional views so extreme that Brzezinski, as a current or prospective government official, could not publicly espouse them. This was the origin of Huntington’s contribution to the Trilateral Commission’s 1975 *Crisis of Democracy*.

In 1957, Huntington’s first book, *The Soldier and the State*, launched two ideas which were later central to the coup plot behind Sept. 11: One was the philosophical basis for a modern-day caricature of the pagan Roman Empire. The other, closely related, was the creation of the sort of praetorian guard, from within the U.S. military, which would be ready to strike at American Constitutional institutions on behalf of imperialist plotters.

## Soldier and State

Back then in 1957, long before video-games and Columbine High School, Huntington adulated a faction of U.S. military officers, who wanted nothing more than to kill instantly on command, without knowing or even wishing to know the reason. All they wanted was to suffocate in themselves and their subordinates, any impulse which would stand in the way of unleashing violence as ordered, in the name of “order.”

He never names any contemporary military officers in this faction, and for good reason. Any American officer known to adhere to this creed would rightly have been suspect in 1957.

Huntington demands that this military tradition, which he compares to that of the French Foreign Legion, should replace that of the citizen-soldier through which we won the Revolutionary War, the Civil War, and World War II. In 1957, Huntington hailed the Korean War, as it was fought after Gen. Douglas MacArthur was fired, as the best example of American military “professionalism,” because the troops never identified with any political war-aims—they didn’t know what the aims were—but fought out of pure obedience, while each waited for his nine-month rotation to end. In this he foresaw how a meaningless, “limited” war like that in Vietnam could destroy what remained of America’s republican military tradition, to the benefit of his “professional” zombies.

Huntington describes the mind of his pretorians in the last pages of *The Soldier and the State*, in contrasting his mythic vision of West Point with the nearby civilian village of Highland Falls: “The buildings [of Highland Falls] form no part of a whole: they are simply a motley, disconnected collection of frames coincidentally adjoining each other, lacking common unity of purpose. On the military reservation the other side of South Gate, however, exists a different world. There is ordered serenity. The parts do not exist on their own, but accept their subordination to the whole. Beauty and utility are merged in gray stone. Neat lawns surround compact, trim homes, each identified by the name and rank of its occupant. The buildings stand in fixed relation to each other, part of an over-all plan, their character and station symbolizing their contributions, stone and brick for the senior officers, wood for the lower ranks. The post is suffused with the rhythm and harmony which comes when collective will supplants individual whim. West Point is a community of structured purpose, one in which the behavior of men is governed by a code, the product of generations. There is little room for presumption and individualism. The unity of the community incites no man to be more than he is. In order is found peace; in discipline, fulfillment; in community, security. The spirit of Highland Falls is embodied in Main Street. The spirit of West Point is found in the great, gray, Gothic Chapel, starting from the hill and dominating The Plain, calling to mind Henry Adams’ remarks at Mont St. Michel on the unity of the military and religious spirits. But the unity of the Chapel is even greater. There join together the four great pillars of society: Army, Government, College, and Church. . . .

“West Point embodies the military ideal at its best; Highland Falls the American spirit at its most commonplace. West Point is a gray island in a many-colored sea, a bit of Sparta in the midst of Babylon. Yet is it possible to deny that the military values—loyalty, duty, restraint, dedication—are the ones America most needs today? That the disciplined order of West Point has more to offer than the garish individualism of Main Street? . . . Upon the soldiers, the defenders of order, rests a heavy responsibility. . . .”

Huntington says the “military ethic” is a pessimistic view, which sees man as Thomas Hobbes saw him. It holds that man is evil, reason is limited, and human nature is universal and unchanging; all men everywhere are the same. Man learns only from experience, and, as British Field Marshal Montgomery said, there is no progress. The individual’s will is subordinated to the group. It is a corporative and anti-individualistic viewpoint.

The nation-state is the ultimate form of political organization; and competition among nation-states, and therefore war as its continuation, are inevitable. Its cause is human nature. Nothing regulates states but power and expediency.

Genius is superfluous and dangerous—what is needed is organized mediocrity. There should be no grand designs or sweeping goals.

The greatest virtue is “instant obedience,” cheerful and unthinking. “Theirs is not to reason why,” Huntington quotes approvingly.

## The Disastrous Carter Presidency

*The Soldier and the State* argues that military professionalism in the United States came from the antebellum South, with what Huntington terms its cultivation of violence, chivalry, the military ideal, and an atavistic feudal romanticism à la Sir Walter Scott. He claims parenthetically that the only American group ever to have been dispossessed of its “property,” was the Southern slaveowners.

The book has gone through more than 18 printings since its first publication in 1957, and is now required reading at West Point, apparently in most other military academies in the Western Hemisphere, and in many courses in other colleges.

When it first appeared, *The Nation*’s reviewer ridiculed its “brutal sophistries,” and wrote that Mussolini had made the same point better when he said, “Believe, obey, fight!” Huntington and his close friend Brzezinski were denied tenure at Harvard because of the book’s tawdry intellectual level, and perhaps because of its fascist tendency as well. Both would later be invited back to Harvard to become full professors in 1962, and Huntington accepted that offer.

In 1974, Brzezinski’s Trilateral Commission was preparing for what would be called the Carter Administration. (It was the Trilaterals who selected Carter as the candidate, and Brzezinski, the Director of the Trilateral Commission, who groomed him for the Presidency. It was then Brzezinski who, with Federal Reserve Chairman Paul Volcker, ran that disastrous administration.) Brzezinski brought Huntington into the



Samuel P. Huntington’s 1957 book *The Soldier and the State* is nothing but hero-worship of the specifically fascist type of professional soldier, intended to overthrow the nation-state and establish a caricature of the Roman Empire as world-government today.

Trilateral project which resulted in the 1975 Trilateral Commission report called *The Crisis of Democracy*.

Brzezinski and his patrons knew that the economic policies which they would foist on the next administration, would result in shrinking economic opportunities especially for lower-income households and for minorities. Rather than changing those economic policies, they proposed changes in the political system.

Under Brzezinski’s direction, Huntington wrote that the United States had “an excess of democracy.” He wrote further that “the effective operation of a democratic political system usually requires some measure of apathy and noninvolvement on the part of some individuals and groups. . . . Marginal social groups, such as the blacks, are now becoming full participants in the political system. Yet the danger of overloading the political system with demands which extend its functions and undermine its authority still remains. . . . We have come to recognize that there are potentially desirable limits to economic growth. There are also potentially desirable limits to the indefinite expansion of democracy.”

In the report’s conclusions on the United States, which were assumed to have been written by Huntington as the *rapporteur* on the United States, *Crisis of Democracy* called for restrictions on the expansion of higher education; or alternately, for lowering the job expectations of college graduates. It also called for curtailment of the freedom of the press. Brzezinski left Huntington to defend these ideas in the furore which followed the report’s release.

Also along these lines, the Federal Emergency Management Agency (FEMA), set up by the Carter Administration, was seen by some of these circles as a potential vehicle for an

extra-constitutional dictatorship. Huntington was a member of its Advisory Board (1980-91).

Huntington's work in recent years has been funded by the Olin, Bradley, and Smith-Richardson Foundations, which together contributed about \$5 million to his work over the period 1988-2000. Both he and Brzezinski sit on the Board of Governors of Smith-Richardson. In 1989, the Olin Institute for Strategic Studies was established at Harvard to be a personal vehicle for Huntington, funded by these three foundations. Huntington wrote that the "clash of civilizations" polemic originally grew out of an early-1990's project of the Olin Institute, "The Changing Security Environment and American National Interests," "made possible by the Smith Richardson Foundation."

The burden of *The Clash of Civilizations*, a 1993 *Foreign Affairs* article made into a 1996 book, is by now very well-known. Huntington advocates that the Cold War is being, and should be succeeded by irrepressible, protracted, world-wide religious war, which he calls a clash of civilizations: the West versus Islam, or "the West against the rest," in a phrase he is fond of repeating.

"The Cold War division of humanity is over. The more fundamental divisions of humanity in terms of ethnicity, religions, and civilizations remain and spawn new conflicts." Later, he states the same point more crudely: "Civilizations are the ultimate human tribes, and the clash of civilizations is tribal conflict on a global scale. . . . Relations between groups from different civilizations . . . will be almost never close, usually cool, and often hostile."

That this is the same outlook as that of *The Soldier and the State*, is already clear on the second page of the book, when Huntington quotes as evidence for his view, a fictional "Venetian nationalist demagogue" from the novel *Dead Lagoon*, by Michael Dibdin. This lagoon creature remarks: "There can be no true friends without true enemies. Unless we hate what we are not, we cannot love what we are. These are the old truths we are painfully rediscovering after a century and more of sentimental cant. Those who deny them deny their family, their heritage, their culture, their birthright, their very selves. They will not lightly be forgotten."

In recent years, Huntington's ranting has become ever more openly cynical, deliberately shocking, and perverse. Indeed, Hitlerian. He is steeling his readers for the religious war to come. To be required to read these writings as scholarship is a form of rape. He ended a 1999 speech at Colorado College by saying, "The issue for Americans is whether we will renew and strengthen the culture which has historically defined us as a nation or whether this country will be torn apart and fractured by those determined to undermine and destroy the European, Christian, Protestant, English culture that has been the source of our national wealth and power and the great principles of liberty, equality and democracy that have made this country the hope for people all over the world. That is the challenge confronting us in the first years of the twenty-first century."

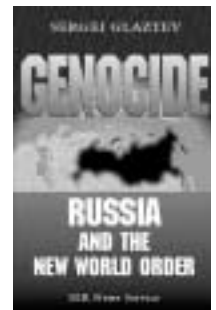
That anyone would campaign for worldwide religious warfare, the most terrible type of warfare, is difficult to believe. But the facts of Sept. 11, themselves difficult to believe, prove that he means exactly what he says. He speaks for a faction which would rather see the world go down in flames, than allow those economic reforms and that cooperation among Eurasian nations, which could resolve the present conjunctural-collapse crisis. They would rather see universal destruction, than to have to bid farewell to some of their peculiar customs and traditions, and to their political power. It is to be "their way," or no way at all. Huntington is well aware of the prospects for the international cooperation he hates. For example, in *Foreign Affairs* of March/April 1999, he knowingly lied in denouncing the proposal of Russian Prime Minister Evgeny Primakov for a Russia-India-China "strategic triangle," as a Russian move against the United States.

**Other associations:** Huntington was Coordinator, National Security Planning, U.S. National Security Council (1977-78); and is a member of the Board of Governors of the Smith Richardson Foundation, of the Governing Board of the Foreign Policy Research Institute (FPRI), the International Advisory Board of the New Atlantic Initiative, of the Board of Trustees of Freedom House, the editorial board of *The National Interest*, the editorial board of the *Journal of Democracy*, and the Council of Academic Advisors of the American Enterprise Institute (AEI).

## GENOCIDE RUSSIA AND THE NEW WORLD ORDER

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## Bernard Lewis

*The British oligarchy's leading Orientalist, author of the "crescent of crisis" and "clash of civilizations" geopolitical doctrines, peddled by Zbigniew Brzezinski and Samuel P. Huntington.*

**Born:** 1916, London.

**Education:** B.A. and Ph.D. University of London, School of Oriental and African Studies.

**Career:** professor of Islamic Studies, University of London (1938-74); British military intelligence (1940-45); professor of Islamic Studies, Princeton University (1974-86); professor emeritus, Princeton University (1986-present).

**Profile:** Dr. Bernard Lewis is the leading British intelligence "Orientalist" alive today. Since his deployment to the United States in 1974, he has been the intellectual controller of both Zbigniew Brzezinski and Samuel P. Huntington, with respect to their role in drawing the United States into the British "Great Game" in Central Asia. His ties to Richard Perle also date to his arrival in the United States in the mid-1970s, when he was brought to Washington, D.C. for policy consultations with U.S. Senators, and stayed at Perle's home. Perle has long been suspected of being an Israeli agent, and his name appeared on a list prepared for then-Secretary of Defense Caspar Weinberger, of suspected members of the "X Committee" of handlers of Jonathan Jay Pollard, convicted in 1985 of spying against the United States for Israel.

Both Brzezinski's Carter-era "crescent of crisis" policy, and Huntington's more recent "clash of civilizations" dogma were authored by Lewis, as updates of the long-standing British "Great Game" geopolitical scheme. The Carter Administration's entire policy toward the Persian Gulf, Afghanistan, and the southern tier of the Soviet Union was devised by Lewis. The Carter Administration support for the overthrow of the Shah of Iran, and the installation of Ayatollah Khomeini's dark age regime in Tehran, was a key component of what was widely known, at the time, as the "Bernard Lewis Plan" for the balkanization of the Near East. In fact, every disastrous American policy toward the Near East and Central Asia over the past quarter-century can be attributed to Lewis' influence.

Lewis was trained at the University of London School of Oriental and African Studies, which had formerly been known as the Colonial Department. It was here that the British East India Company files were maintained, and it was the semi-official training center for the British Foreign Office and British intelligence. Upon receiving his Ph.D. in 1938, Lewis immediately joined the faculty, and remained at the University of London until his departure for Princeton University in 1974.



*Bernard Lewis, the Godfather of the "clash of civilizations."*

From 1940-45, Lewis was in British military intelligence, also serving a tour with the British Foreign Office "Arab Bureau." Lewis has, to this day, kept mum about his wartime activities, merely describing himself as "otherwise engaged." However, his ties to the British Round Table and to the monarchy's intelligence services are unambiguous. Throughout his career, many of Lewis' major works were published by the Royal Institute of International Affairs (Chatham House), one of the most important policymaking agencies of the British oligarchy.

Lewis' first widely publicized intervention into Anglo-American policy in the Near East came with the 1961 publication of his book *The Emergence of Modern Turkey*, in which he denounced the nation-building legacy of Mustafa Kemal Ataturk, in favor of reviving the Ottoman Empire, to be deployed as a British geopolitical battering-ram against the Soviet Union, along its Islamist southern tier. Lewis argued that the very notion of a "Turkish" nation was a 19th-Century European construct, and that the people of the geographic area, delineated by modern Turkey, always associated themselves with Islam and with the dynastic tradition of the Ottoman emperors, whom he traced directly back to the Prophet Mohammad.

In 1967, Lewis penned *The Assassins: A Radical Sect In Islam*, which promoted the hashish-smoking cult of assassins, which was active during the Crusades, as a legitimate tradition within Islam. The book was published by the Royal Institute



of International Affairs.

With his deployment to the United States, as a professor of history at Princeton University, and an associate of the Princeton Center for Advanced Studies (an institution founded on the model of Oxford University's All Souls' College), Lewis came out from the shadows and emerged as an adviser to successive U.S. governments. His arrival coincided with the outbreak of civil war in Lebanon, a model that he would later promote for the Arab world as a whole, under the term "Lebanonization." The Lebanese civil war was promoted by U.S. National Security Adviser and Secretary of State Henry A. Kissinger, as part of his geopolitical plans to create permanent instability in the Mideast.

## The Crescent of Crisis

When Jimmy Carter was elected President in November 1976, Carter's controller and National Security Adviser, Zbigniew Brzezinski, brought Lewis in as a behind-the-scenes strategic adviser. Lewis' plans for promoting the British intelligence-created Muslim Brotherhood, in states all along the southern tier of the Soviet Union, came to be widely known as "the crescent of crisis," and the "Bernard Lewis Plan." Lewis' scheme was spelled out in a *Time* magazine cover story on Jan. 15, 1979, under the headline "The Crescent of Crisis: Iran and a Region of Rising Instability." The lead article began with a quote from Brzezinski: "An arc of crisis stretches along the shores of the Indian Ocean, with fragile social and political structures in a region of vital importance to us threatened with fragmentation. The resulting political chaos could well be filled by elements hostile to our values and sympathetic to our adversaries."

However, the *Time* story made it clear that Lewis, Brzezinski, and the other proponents of the "crescent of crisis" intended to use the ensuing chaos for their geopolitical advantage: "In the long run," the *Time* authors wrote, "there may even be targets of opportunity for the West created by ferment within the crescent. Islam is undoubtedly compatible with socialism, but it is inimical to atheistic Communism. The Soviet Union is already the world's fifth largest Muslim nation. By the year 2000, the huge Islamic populations in the border republics may outnumber Russia's now dominant Slavs. From Islamic democracies on Russia's southern tier, a zealous Koranic evangelism might sweep across the border into these politically repressed Soviet states, creating problems for the Kremlin. . . . Whatever the solution, there is a clear need for the U.S. to recapture what Kissinger calls 'the geopolitical momentum.' That more than anything else will help maintain order in the crescent of crisis."

Within months of the publication of the *Time* cover story, and six months before the Soviets invaded Afghanistan, President Carter signed a secret order, drafted by Brzezinski, beginning covert funding of the Afghan mujahideen. Lewis' "Great Game" scheme, aimed at spreading chaos across much of the Islamic world, within and bordering on the Soviet Union, was up and running.

## The Clash of Civilizations

In September 1990, Lewis announced a new Anglo-American geopolitical initiative: the "clash of civilizations." His call for a new era of religious warfare appeared in the pages of *Atlantic Monthly*, under the title "The Roots of Muslim Rage," three years before Huntington's much-publicized *Foreign Affairs* article (Huntington credited Lewis with the origin of the term). Lewis announced that "Islam, like other religions, has . . . known periods when it inspired in some of its followers a mood of hatred and violence. It is our misfortune that part . . . of the Muslim world is now going through such a period and that much . . . of that hatred is directed against us."

Lewis lied that "Christendom" and the "House of Islam" have been in a state of perpetual struggle for 14 centuries, and that, for the past 300 years, Islam has been under siege, "through an invasion of foreign ideas and laws and ways of life." "The outbreak of rage against these alien, infidel, and incomprehensible forces that had subverted his dominance, disrupted his society, and finally violated the sanctuary of his home, was inevitable. It was also natural that this rage should be directed primarily against the millennial enemy and should draw its strength from ancient beliefs and loyalties."

In a section of the article, subtitled "A Clash of Civilizations," Lewis announced that it was now inevitable that an upsurge in Islamic fundamentalism would lead to a great clash, and that the United States would "become the focus for the pent-up hate and anger." "It should be now clear," he concluded, "that we are facing a mood and a movement far transcending the level of issues and policies and the governments that pursue them. This is no less than a clash of civilizations—the perhaps irrational but surely historic reaction of an ancient rival against our Judeo-Christian heritage, our secular present, and the worldwide expansion of both." After pronouncing the clash inevitable, Lewis attempted to cover his enthusiasm, by warning, "in the meantime, we must take great care on all sides to avoid the danger of a new era of religious wars arising from the exacerbation of differences and the revival of ancient prejudices." Lewis neglected to mention that his "crescent of crisis" geopolitical scheme was premised on the activation of what he called "militant Islamic fundamentalism," principally through the deployment of the 1920s British intelligence-sponsored Muslim Brotherhood.

## 'Lebanonization'

In 1992, in the aftermath of the Persian Gulf War, Lewis celebrated, in the pages of the New York Council on Foreign Relations magazine *Foreign Affairs*, that the era of the nation-state in the Middle East had come to an ignominious end, and the entire region should expect to go through a prolonged period of "Lebanonization"—i.e., degeneration into fratricidal, parochialist violence and chaos.

"The eclipse of pan-Arabism," he wrote, "has left Islamic fundamentalism as the most attractive alternative to all those who feel that there has to be something better, truer, and

more hopeful than the inept tyrannies of their rulers and the bankrupt ideologies foisted on them from outside.” The Islamists represent “a network outside the control of the state. . . . The more oppressive the regime, the greater the help it gives to fundamentalists by eliminating competing oppositionists.”

He concluded by forecasting the “Lebanonization” of the entire region, save Israel: “Most of the states of the Middle East . . . are of recent and artificial construction and are vulnerable to such a process. If the central power is sufficiently weakened, there is no real civil society to hold the polity together, no real sense of common national identity or overriding allegiance to the nation-state. The state then disintegrates—as happened in Lebanon—into a chaos of squabbling, feuding, fighting sects, tribes, regions and parties.”

In 1998, it was Lewis who catapulted Osama bin Laden into prominence with a November/December *Foreign Affairs* article, legitimizing the Saudi black sheep as a serious proponent of militant Islam. Lewis’ piece, “License To Kill: Osama bin Laden’s Declaration of Jihad,” showered praise on bin Laden, hailing his “Declaration of Jihad Versus Jews and Crusaders” as “a magnificent piece of eloquent, at times even poetic Arabic prose . . . which reveals a version of history that most Westerners will find unfamiliar.”

## The Zionist Connection

Osama bin Laden released his jihad call on Feb. 23, 1998, six months before the truck bombing attacks against the U.S. embassies in Tanzania and Kenya. The very next day, Bernard Lewis’ signature appeared on a widely circulated “Open Letter To President Bill Clinton,” released by a previously unheard-of entity called the Committee for Peace and Security in the Gulf, demanding that the U.S. government throw its full support behind a military campaign to overthrow Saddam Hussein. The Open Letter called for carpet-bombing Iraq, and for the United States to aggressively give financial and military support to the Iraqi National Congress, yet another corrupt and inept “Contra” pseudo-gang, created by U.S. and British intelligence elements, and based in London.

In addition to Bernard Lewis, the Open Letter was endorsed by former U.S. Rep. Steven Solarz (D-N.Y.); Anglo-Israeli propagandist and spy Richard Perle; convicted Iran-Contra criminal Elliott Abrams; Jonathan Pollard fellow-traveller Steven Bryen; Frank Gaffney; *New Republic* publisher and Al Gore mentor Martin Peretz; Paul Wolfowitz; Washington Institute for Near East Policy (WINEP) research director David Wurmser; and Dov Zakheim.

Lewis’ public alliance at that time with the leading lights of the Zionist billionaires’ “Mega” apparatus is noteworthy, but not surprising. Lewis is lionized inside Israel, and by the Israeli lobby in America, as a geopolitical giant. On Feb. 19, 1996, Lewis was feted in Jerusalem, where he delivered the ninth annual B’nai B’rith World Center “Jerusalem Address”

on “The Middle East Towards the Year 2000.”

His son, Michael Lewis, is the director of the American-Israeli Public Affairs Committee’s super-secret “Opposition Research Section.” This is one of the most important well-springs of propaganda and disinformation, presently saturating the U.S. Congress and American media with war-cries for precisely the clash of civilizations that Lewis has been promoting for decades.

Since the terror attacks of Sept. 11, 2001, Lewis has been a fixture in the national media, appearing daily on CNN, National Public Radio, public television, and before every neo-conservative think-tank inside the Washington Beltway.

On Nov. 19, 2001, Lewis wrote yet another apologia for Osama bin Laden, dredging up his own study of the Assassins cult, to prove that bin Laden represented a legitimate tradition within Islam. Writing in the *New Yorker*, he warned, “For Osama bin Laden, 2001 marks the resumption of the war for the religious dominance of the world, that began in the Seventh Century. . . . If bin Laden can persuade the world of Islam to accept his views and his leadership, then a long and bitter struggle lies ahead, and not only for America. Sooner or later, al-Qaeda and related groups will clash with the other neighbors of Islam—Russia, China, India—who may prove less squeamish than the Americans in using their power against Muslims and their sanctities. If bin Laden is correct in his calculations and succeeds in his war, then a dark future awaits the world, especially the part of it that embraces Islam.”

**Publications:** *The Arabs in History* (London, 1950); *The Emergence of Modern Turkey* (London and New York, 1961); *The Assassins* (London, 1967); *The Muslim Discovery of Europe* (New York, 1982); *The Political Language of Islam* (Chicago, 1988); *Race and Slavery in the Middle East: An Historical Enquiry* (New York, 1990); *Islam and the West* (New York, 1993); *Islam in History*, 2nd edition (Chicago, 1993); *The Shaping of the Modern Middle East* (New York, 1994); *Cultures in Conflict* (New York, 1994); *The Middle East: A Brief History of the Last 2,000 Years* (New York, 1995); *The Future of the Middle East* (London, 1998); *A Middle East Mosaic: Fragments of Life, Letters and History* (New York, 2000).

**Other affiliations:** Director, Foreign Policy Research Institute; Philadelphia Editorial Advisory Board, *Orbis* quarterly; frequent contributor to *New Yorker Atlantic Monthly*, *New York Review of Books*.

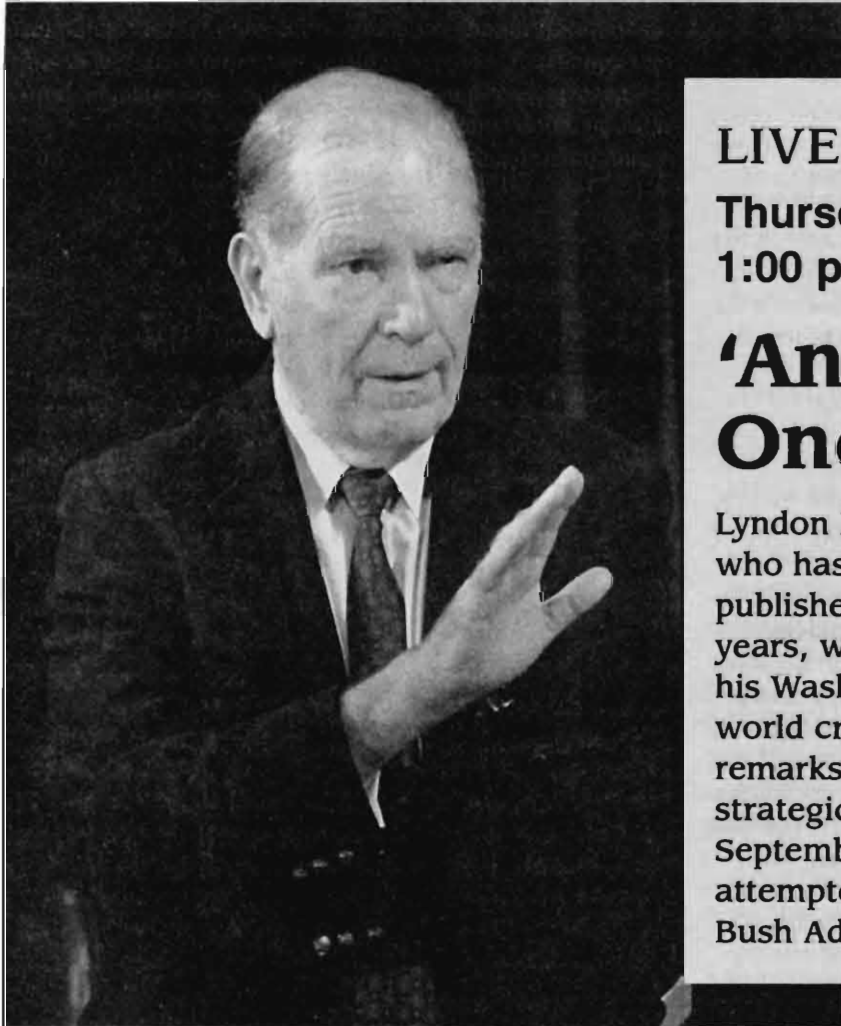
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## Opposition to ‘Osama Did It’: Impact of LaRouche’s Thesis

by Paul Gallagher

With what Lyndon LaRouche called “the policies of Sept. 11” now the subject of increasing American debate over what to do next, a growing number of leading observers around the world are publicly challenging the “Osama did it” story underlying those policies so far.

There is only one problem with the Osama explanation: No matter how uniformly media and governments repeat it, swear to it, and add more and more tertiary details to it, it nonetheless couldn’t have happened that way. The security, intelligence, and military-air command services of the United States could not have slept innocently while an assortment of Islamic militants—of the type monitored intensively in the United States by security services for a decade—carried out *a much-warned-of* precision airborne attack on critical American sites, which the Soviet special services, in their heyday, could not have attempted.

Using the official media fairy-story of Sept. 11 as their touchstone, the powerful faction typified by Zbigniew Brzezinski is pushing for the imperial elimination of national sovereignty all over the world, and the Sharon government in Israel is pushing for general religious war in the Mideast. So, the growing opposition to the “Osama bin Laden did it” line is important. The rallying-point for this opposition has been the international activities, statements, and analyses of Lyndon LaRouche since September, including his authoritative “Zbigniew Brzezinski and September 11,” published on Jan. 11 by *EIR*.

### From Africa to Europe

Former South African resistance leader and President, Nelson Mandela, announced a high-profile and deeply considered “about-face on bin Laden,” reported first on South Africa’s News24 television on New Year’s Day. Mandela repudiated and apologized for his former, controversial statement holding Osama bin Laden and al-Qaeda responsible for



*Former South African President Nelson Mandela was among the leading voices which, during the first weeks of the new year, rejected the “Osama bin Laden did it” cover-story for the Sept. 11 irregular-war attacks in the United States.*

the attacks, as “one-sided and over-stated.” He said he would be arranging meetings with Muslim leaders in South Africa to personally convey this message—called by News24 a “highly unusual” reversal of view by the most widely respected of African leaders. “We are also writing to President Bush,” Mandela announced, “to appropriately qualify the view we previously expressed to him in person and in correspondence.”

In another African power, Egypt, the rejection of the official Sept. 11 story by President Hosni Mubarak (an experienced military pilot) is a view shared by much of Egypt’s population. On Jan. 5, the University of Cairo’s Center for Asian Studies held a seminar on “Who Committed the Sept. 11 Attacks, and Why?” The Center’s director, Prof. Mohamed Selim, introduced Muriel Mirak-Weissbach of *EIR*’s Wiesbaden bureau as the featured speaker. She presented Lyndon LaRouche’s analysis that the attacks constituted an

attempted coup d'état against the U.S. government, involving rogue elements of the American military and security apparatus who share the view of Brzezinski's circles. Mrs. Mirak-Weissbach stressed the desperate need to get "imperial control" over an uncontrollable global *economic* breakdown, as the motivation of the coup's powerful backers.

At the same Cairo conference, an important analysis was put forward by Brig. Gen. Dr. Mahmoud Khalaf of Egypt's Higher Military Academy; he is also a fellow of the British Royal Institute for Home Defense and member of the Scientific Association of the U.S. Army.

General Khalaf said that in the Sept. 11 attacks, "we are confronted with a technical operation of extremely great dimensions. We estimate that the planning organ for this operation must have consisted of at least 100 specialized technicians, who needed one year for planning. Each stage of this operation has many details, and every single technical detail needs measures, which are called 'deception,' and camouflaging, against around ten specialized organs in the United States which are called the 'Intelligence Community.' We will not say the CIA, but we will say the DIA, which is the Defense Intelligence Agency. The DIA has highly qualified technical capability. . . . I will not exaggerate and say it can monitor every single square meter of the planet audio-visually at any moment—[and] the agency called the National Security Agency. . . . Yes, there was a penetration of the security system and the U.S. Armed Forces."

General Khalaf presented to the conference a detailed, virtually minute-by-minute military expert's analysis of the attacks; he emphasized the contradiction between the great confusion and inaction of the U.S. military and security services for hours, that fact that President Bush could not return to Washington, and that the Executive could not clearly characterize *what* was happening; and the fact that *who* had presumably done it—Osama bin Laden—was nevertheless being announced everywhere within less than two hours.

Other Egyptian experts concurred, and a former Foreign Minister reported meeting, in Canada, with senior European bankers in September, who told him they believed "Americans" had done the attacks "because of the economic crisis prior to Sept. 11."

But an even more forceful rejection of the official "Osama" story came from a senior figure in Germany's establishment, Andreas von Bülow.

### **Intelligence Professional: 'Brzezinski, the Mad Dog'**

Von Bülow's statements were highlighted in an interview, entitled "What Did The Insider Know?" in the German daily *Tagesspiegel* on Jan. 13. The newspaper, while argumentatively disagreeing with him, made clear that von Bülow was "already in the 1970s State Secretary in the [German] Defense Ministry; in 1993 you were the Social Democratic Party speaker in the Schalck-Golodkowski investigation committee"—the German version of the Iran-Contra investigation,

and far more serious and sensitive than that conducted by the U.S. Senate. This investigation required von Bülow to know about the operations of intelligence services of the United States, as well as Western and Eastern Europe.

Said von Bülow of Sept. 11: "With the help of the horrifying attacks, the Western mass democracies were subjected to brainwashing. The enemy image of anti-communism doesn't work anymore; it is to be replaced by peoples of Islamic belief. They are accused of having given birth to suicidal terrorism." Challenged on his use of the term "brainwashing," he added: "The idea of the enemy image doesn't come from me. It comes from Zbigniew Brzezinski and Samuel Huntington, two policymakers of American intelligence and foreign policy. Already in the middle of the 1990s, Huntington believed, people in Europe and the United States needed someone they could hate—this would strengthen their identification with their own society. And Brzezinski, the mad dog, as adviser to President Jimmy Carter, campaigned for the exclusive right of the U.S. to seize all the raw materials of the world, especially oil and gas."

The events of Sept. 11, von Bülow told *Tagesspiegel*, "fit perfectly in the concept of the armaments industry, the intelligence agencies, the whole military-industrial-academic complex. This is in fact conspicuous. The huge raw materials reserves of the former Soviet Union are now at their disposal, also the pipeline routes. . . .

"I can state," he said of the planned irregular warfare attacks on the World Trade Center, Pentagon, and perhaps the White House, "the planning of the attacks was technically and organizationally a master achievement. To hijack four huge airplanes within a few minutes, and within one hour, to drive them into their targets, with complicated flight maneuvers! This is unthinkable, without years-long support from secret apparatuses of the state and industry."

Von Bülow concluded on this point by insisting, "I know a lot of people, including very influential ones, who agree with me, but only in whispers, never publicly." This includes not only the Social Democratic Party circles of former federal Chancellor Helmut Schmidt, who share von Bülow's assessment of what Brzezinski represents.

### **'Search for the Truth'**

Such circles' assessment of the "policies of Sept. 11" is worth quoting from the same interview with von Bülow:

**Tagesspiegel:** How did you get the idea that there could be a link between the attacks and the American intelligence agencies?

**Von Bülow:** Do you remember the first attack on the World Trade Center in 1993?

**Tagesspiegel:** Six people were killed, and over a thousand wounded, by a bomb explosion.

**Von Bülow:** In the middle was the bomb-maker, a former Egyptian officer. He had pulled together some Muslims for



*Former German State Secretary of Defense Andreas von Bülow described Zbigniew Brzezinski as “that mad dog,” in a Jan. 13 interview rejecting the official versions and policies of Sept. 11.*

# War Cabal Shifts Its Sights To Iran

by Dean Andromidas

On Jan. 4, the U.S. State Department announced the suspension of funding for the Iraqi National Congress (INC), the organization which hoped to become the “Iraqi Contras” if Saddam Hussein were to become the next target in the “global war against terrorism.” The move was a clear signal by the Bush Administration that an attack on Iraq, at least for the moment, has been put on the back burner.

The decision has not deterred the “clash of civilizations” advocates in and around the Bush Administration led by Deputy Secretary of Defense Paul Wolfowitz and his sidekick Richard Perle, the chairman of the Defense Policy Board. They have simply shifted their focus from Iraq to an attack on Iran as the “center of global terrorism.” This crew has deployed their ally, Israeli Prime Minister Ariel Sharon, who is now linking his war on the Palestinian Authority with a new war on Iran. Israel is a nuclear power, which has stated publicly and loudly that it sees alleged attempts by Iran to acquire nuclear weapons as a “strategic threat,” adding the extremely dangerous nuclear dimension to Sharon’s move. It is very possible that Sharon, in a “breakaway ally” mode, would launch a strike against Iran, independently of the United States. Such a strike could target Iran’s half-built nuclear power plants, as Israel had done in 1981 against Iraq, or something far worse.

The major opponent in the Bush Administration to this insanity has been Secretary of State Colin Powell. This targeting of Iran comes as the Bush Administration has opened a quiet back-channel with Iran. Nonetheless, the first fruit of Wolfowitz and Perle’s campaign was a statement by President George Bush, during a recent press conference. When asked to comment on the absurd story that members of Osama bin Laden’s al-Qaeda organization received a welcome in Iran after fleeing Afghanistan, Bush warned Tehran, “Either you are with us or against us.”

INC spokesman Sharif Ali bin al-Husseini confirmed that Iraq has been pushed lower down on the list of priority targets, when he said that the suspension of INC funding was “engineered by officials in the Bush Administration who don’t want aggressive action against Iraq.” He charged that these officials “want to appease Saddam . . . and don’t want to take Saddam on as the head of a terrorist state.”

The INC is headed by Ahmed Chalabi, an Iraqi “banker” who is wanted in Jordan for his role in a banking scandal in which he was accused of absconding with millions of dollars. The decision to suspend the nearly million dollars a month in

the attack. They were snuck into the country by the CIA, despite a State Department ban on their entry. At the same time, the leader of the band was an FBI informant. And he made a deal with the authorities: At the last minute, the dangerous explosive material would be replaced by a harmless powder. The FBI did not stick to the deal. The bomb exploded, so to speak with the knowledge of the FBI. The official story of the crime was quickly found: The criminals were evil Muslims.

**Tagesspiegel:** At the time Soviet soldiers marched into Afghanistan, you were in the Cabinet of Helmut Schmidt. What was it like?

**Von Bülow:** The Americans pushed for trade sanctions, they demanded the boycott of the Olympic games in Moscow. . . . And today we know: It was the strategy of the American security adviser, Zbigniew Brzezinski, to destabilize the Soviet Union from neighboring Muslim countries: They lured the Russians into Afghanistan, and then prepared for them a hell on earth, their Vietnam. With decisive support of the U.S. intelligence agencies, at least 30,000 Muslim fighters were trained in Afghanistan and Pakistan, a bunch of good-for-nothings and fanatics who were, and still are today, ready for anything. And one of them is Osama bin Laden. I wrote years ago: “It was out of this brood, that the Taliban grew up in Afghanistan, who had been brought up in the Koran schools financed by American and Saudi funds, the Taliban who are now terrorizing the country and destroying it. . . .”

**Tagesspiegel:** What do you think of the bin Laden films?

**Von Bülow:** When one is dealing with intelligence services, one can imagine manipulations of the highest quality. Hollywood could provide these techniques. I consider the videos inappropriate as evidence.

This senior German intelligence professional concluded the interview pungently: “My task is concluded by saying, it could not have been that way [according to the official story]. Search for the truth!”



*Ammunition seized by the Israeli Defense Forces on board the ship *Karine A*, on Jan. 5, 2002. The Israeli seizure of the ship on the Red Sea was aimed at sabotaging the peace mission of U.S. Middle East Envoy Anthony Zinni, and targeting Iran in the “war against terrorism.”*

U.S. aid that the INC was receiving, followed the organization’s failure to account for how the money was being spent.

### **Sharon: The Breakaway Ally**

The capture on Jan. 3 of the 4,000 ton ship *Karine A* marked the beginning of an anti-Iran campaign by Sharon and his generals. The ship was allegedly carrying 50 tons of weapons for the Palestinian Authority. The Israelis claim that the weapons were supplied by Iran and loaded onto the ship at the Iranian Island of Qeshm in the Strait of Hormuz. Sharon has made the absurd claim that personnel and emissaries of Palestinian Authority President Yasser Arafat held secret meetings with ultra-hard-liner Ayatollah Khamenei in order to seal a “terror alliance” among the Palestinians, Iran, and the Lebanese Hezbollah. The Israelis even tried to link this with the attacks on New York’s World Trade Center. Anyone familiar with the region’s history over the past two decades would know the low esteem in which Iran’s hard-liners hold Arafat, whom they characterize as the man who signed the Oslo Accords with the “little Satan,” Israel. In addition, Arafat has been traditionally aligned with Iraq, which he supported throughout the 1980-88 Iran-Iraq War, as well as during the first Bush Administration’s Gulf War in 1990-91. Furthermore, the support given Hamas by the hard-liners in Iran has done little to engender warm relations between Arafat and the ayatollahs.

While the seizure of *Karine A* was touted by Sharon as Israel’s most spectacular achievement since the the June 1967 War, the international community has concluded that the seizure was aimed at sabotaging the peace mission of U.S. Middle East envoy Anthony Zinni, who arrived in Israel on the same day that Israel hijacked the ship in the Red Sea.

The linking of the Lebanese Hezbollah to the *Karine A*

weapons shipment was also aimed at fingering Syria, which is allied to Iran, and, like Iran, is known to support the Hezbollah. The reason Sharon is targeting Syria has become transparent with the visit to the region by former U.S. Ambassador to Syria and Israel Edward Djerejian. Djerejian is the current director of the James Baker III Institute, and has been named by the Bush Administration to open an “alternative channel” to Syrian President Bashar Assad. On Jan. 15, Djerejian, arrived in Israel after visiting Syria, and informed Sharon that the Syrian President is willing to renew negotiations with Israel, picking up where they left off with his late father, Hafez Assad, over two years ago. The implication is that the Bush Administration thinks this might be a good idea—a message Sharon did not want to hear.

At the same time that Djerejian, an ally of Secretary of State Colin Powell, was in Israel, Undersecretary of State John Bolton, who is allied with Powell’s adversaries, Wolfowitz and Deputy Secretary of State Richard Armitage, was also in Israel. Bolton, who is responsible for arms control, was meeting with senior Israeli officials on how to stop the transfer of nuclear and missile technology to Iran.

### **Is Israel Creating ‘Iranian Contras’?**

Writing in the Israeli daily *Ha’aretz* on Jan. 11, senior military commentator Ze’ev Schiff confirmed that Sharon’s anti-Iranian rhetoric is now being followed up by an Israeli-backed covert military-intelligence operation.

Schiff wrote that while Sharon was celebrating the capture of the *Karine A*, the United States was holding meetings with the Iranians. “Suddenly,” he wrote, referring to these discreet talks, “the Iranians discovered that in certain areas, they shared common interests with the United States—for instance the Taliban” and Iraq. Schiff said that while Israel should remain cautious over these talks because of continued Iranian support of the terrorist gang Islamic Jihad, he warned, “Israel must focus its energies on diplomatic efforts rather than support—in terms of weapons and intelligence—for the underground oppositionists Mojahedin-e Khalq (MKO) that are operating in Iran.”

This statement is the first admission by a leading Israeli public figure that Israel has been supporting the MKO, which is on the U.S. State Department list of terrorist organizations, and is based in Iraq.

Schiff also pointed out that there is a debate going on within Iran, and that Israel should follow the U.S. lead, encouraging it through diplomatic means, rather than undertaking dangerous special operations that will provoke Iran into an aggressive response. Schiff wrote, “There is no debate between conservatives and pragmatists over whether Iran

should produce ground-to-ground missiles. All Iranians support the production of these missiles; furthermore, there is no internal opposition with regard to Iran's nuclear ambitions." But, Schiff stressed that there is a debate on Iran's policy toward resolving the Israeli-Palestinian conflict, a debate that had not existed before. He further reported on an Iranian seminar on "Palestine From the Iranian Perspective," where Mohammed Raja Thajikh, an adviser to President Seyyed Mohammed Khatami, said that Iran must "operate here within a neutral context, capable of preventing a clash between ideology and national interests. The Palestinian issue must be deprived of its religious rubric so that it can be examined from a *realpolitik* standpoint suited to our policies." Schiff pointed out that Thajikh was highly critical of suicide bombings.

Schiff is signalling that some leading Israeli military and intelligence circles see the grave dangers of Sharon's schemes to transform the current war of words between Iran and Israel, into covert military operations that could lead to a real war.

### The Israeli-Iranians

Exactly how Israel gets "weapons and intelligence" to the MKO might seem a bit of a mystery, but Sharon has his own "Iranian extremists," who are well equipped for the task. On top of this list is Israeli Defense Forces Chief of Staff Shaul Mofaz, who was born in Iran. Appointed chief of staff almost four years ago by Prime Minister Benjamin Netanyahu, he has been the major force in the military implementing Sharon's hard-line policies, and was the main mover behind the *Karine A* affair.

Another Israeli Iranian is infamous arms dealer and former Mossad agent Ya'akov Nimrodi. Also born in Iran, Nimrodi in the 1970s helped train the Savak, the late Shah of Iran's notorious secret service. An old crony of Sharon's, he became one of Israel's business tycoons by selling millions of dollars worth of weapons to Iran during the Iran-Iraq War. He gained unwelcome attention as one of U.S. National Security Council aide Lt. Col. Oliver North's chief arms suppliers, delivering weapons to the Nicaraguan Contras in the 1980s.

The MKO, despite its sponsorship by Iraq, has often been accused of cooperating with the Mossad. In addition to conducting cross-border raids into Iran from its military bases in Iraq, the MKO has claimed responsibility for assassinating Iranian officials. The most spectacular were the assassination of Army Deputy Chief of Staff Ali Sayyad-Shirazi in 1999 and former Justice Minister Assadollah Lajevardi in 1998. Despite being on the State Department's list of terrorist organizations, its operatives continue to function from the United States, Great Britain, and France.

The aim of Sharon's support for the MKO is not to bring this rag-tag organization to power in Iran, but to use it as a provocateur to ensure that moderate forces continue to be isolated, if not crushed. A moderate Iran, in Sharon's crazed view, is as "dangerous" as a moderate Palestinian Authority.

## India Contemplates 'Limited War' To Stop Cross-Border Terrorism

by Ramtanu Maitra

Despite brisk diplomatic efforts by world leaders, the India-Pakistan border remains highly tense and there is a growing realization around the world, that India's resolve to stop the terrorism coming across the border from Pakistan may lead to war. Indian Defense Minister George Fernandes, who undertook a Jan. 17-20 trip to the United States, made the Indian objective clear, in a recent interview with the *New York Times*. He said that if Pakistan does not stop sending terrorists into the Indian-held part of Kashmir, India will be left with no choice but to go to war. Fernandes and India's top military brass have said recently that New Delhi is now fully prepared to meet the nuclear threat from Pakistan.

On Jan. 12, Pakistan President Gen. Pervez Musharraf delivered a very important address to the nation, laying down a hard-line approach for future dealings with the extremists and militants. He banned the Jaish-e-Mohammad and the Lashkar-e-Toiba—the two groups India had claimed were behind the terrorist attack on the Indian Parliament on Dec. 13, 2001. He also banned three other groups involved in sectarian killings within Pakistan. Prior to the speech, about 300 militants were arrested—although all were from Karachi, while observers point out, that the epicenter of terrorism that affects the Indian-held part of Kashmir is in Lahore and other parts of Punjab.

As one would expect, President Musharraf's speech was strongly disliked by the banned groups. But resentment was also expressed by a number of Arab countries, because of what they view as Pakistan abandoning its role as an Islamic state. On Jan. 16, the day U.S. Secretary of State Colin Powell landed in Islamabad, a fire destroyed a 16-story government building in Pakistan's capital. According to the national daily *The Nation*, Pakistan's Interior Ministry kept its confidential records on religious and militant organizations in an office in that building. The records of recently banned religious organizations and *jihadi* outfits were also said to be there. There has been no official reason given why the building, along with all crucial documents, burned down.

Nonetheless, on the ground, many militants and extremists were taken in and screened. Their offices have been closed, and they have been told that Islamabad will not allow



them to re-start their organizations under new names. The bank accounts of these groups were reportedly frozen as well.

## A Step in the Right Direction

These moves by Islamabad, belated as they were, have been widely welcomed around the world. But to many observers, including some in Pakistan, President Musharraf made no effort in his speech to resolve any of the problems that dog the Kashmir issue. To the chagrin of New Delhi, he kept the “terrorism issue” separate from the complaints lodged by India.

President Musharraf made it clear that these actions against the militants will not lead to any concessions to India on Kashmir, because “Kashmir is in our blood.” He told Indian Prime Minister Atal Behari Vajpayee bluntly, that if there were to be peace and harmony in South Asia, “The Kashmir dispute will have to be resolved peacefully through a dialogue on the basis of the aspirations of the Kashmiri people.” At the same time, the Pakistani President appealed to the world community, especially to the United States, to play an active role in resolving the Kashmir dispute for the sake of peace and harmony in the region. President Musharraf also turned down the Indian request to hand over 20 terrorists who had allegedly committed terrorist acts within India. He said that Pakistani nationals on the list would not be handed over; and as for all others, India would have to produce adequate proof. Pakistan, however, had allowed its citizen, Mir Aimal Kansi, who had been involved in the Jan. 25, 1993 shoot-out at CIA headquarters in Langley, Virginia, to be picked up from Punjab and tried in the United States.

None of these formulations pleased New Delhi. India is allergic to any reference to a resolution of the Kashmir issue which calls for a dialogue “on the basis of aspirations of the Kashmiri people.” New Delhi considers this formulation tantamount to allowing a separate Kashmiri state, which, India claims, was not envisaged in the 1948 UN Resolution on Kashmir. India also believes that this is another Islamabad ploy to get the disputed issue into the hands of those who would like to see this strategically located area become a dependent, independent nation.

India is also adamantly opposed to any third-party involvement in the resolution of the Kashmir conflict. But, as some Indian experts point out, the situation is getting murkier. Writing for the daily *The Hindu*, C. Raja Mohan called the stand-off between India and Pakistan “the return of the Anglo-Saxons to the subcontinent.” Washington and London have already expressed their concern about a potential nuclear war between India and Pakistan, and want to mediate a dialogue. It is clear that Musharraf, in his Jan. 12 speech, had put the focus back on Kashmir. It is evident to India that the Anglo-Americans will keep a very close eye on India’s human rights record from now on, and will push for mediation to resolve the Kashmir issue.

But within India, a strong lobby of hard-liners, who have

FIGURE 1

## The Afghanistan and Jammu and Kashmir Areas of Conflict



many adherents in the political and non-political arenas, would rather go to war with Pakistan than allow the Anglo-Saxons to again meddle in the Kashmir issue. Indian Home Minister L.K. Advani, who is in this category, was in Washington on Jan. 9-10 and met with President George Bush, Secretary of State Powell, and National Security Adviser Condoleezza Rice. He told them that while India likes President Musharraf’s stern position against the extremists and terrorists, it will watch what President Musharraf does on the ground.

## India’s Tough Stance

Indian Defense Minister Fernandes is another one who is unmoved by the accolades that Western nations have heaped on President Musharraf’s tough anti-terrorist posture. Addressing foreign correspondents in New Delhi prior to his departure for Washington, Fernandes said that the Indian mobilization of 700,000 Armed Forces troops along the India-Pakistan border is complete, and any de-escalation will take place “only after cross-border terrorism is effectively stopped.” He also made it clear that India wants to settle outstanding disputes with Pakistan through peaceful bilateral negotiations, but if that fails, India “would explore other options.”

Fernandes said that New Delhi would give President Musharraf time to translate his announcement into effective

action to fight terrorism on the ground. Asserting that the Indian people are “fed up” with terrorist activities sponsored from across the border, Fernandes declared that the government’s resolve is “to end for all time cross-border terrorism.”

Earlier, Indian Army Chief of Staff Gen. S. Padmanabhan, admitting the existence of a highly precarious situation along the border, where almost a million troops have been amassed by both nations, said at a press conference that India is “ready for anything” and “there is scope for a limited conventional war.” “When two countries mobilize their forces and place them on the border, it is not normal. The situation can be comfortably described as serious,” he said.

“To say that there is a scope for a limited conventional war is a truism. Yes, it is there, but it all depends on the circumstances,” he said. He added that some terrorist training camps in Pakistan-held Kashmir are “within India’s reach” if it wants to strike. “When two forces are opposite each other, you are close to an actual war,” he said. But, he also said that the Army would not start a war through its actions on the border. “It is governments that have to set about the business of war,” he said.

## Diplomatic Activities

Those hard-line statements by Indian authorities have triggered brisk diplomatic activities. President Bush has been on the phone with both President Musharraf and Prime Minister Vajpayee. Secretary of State Powell talked to many top Indian and Pakistani officials before heading for Islamabad on Jan. 15. Other important U.S. officials, including Secretary of Defense Donald Rumsfeld, will be in India soon.

China, meanwhile, has maintained a neutral position, demanding that both sides start working toward de-escalating the crisis. Chinese Prime Minister Zhu Rongji, who made a state visit to India on Jan. 12-17, welcomed President Musharraf’s speech and said that China opposes terrorism in all its forms.

But, Moscow, a close ally of New Delhi, has taken more cautious note of President Musharraf’s speech and his subsequent acts. Russian Deputy Foreign Minister Alexander Losyukov, in a meeting with his Pakistani counterpart, Aziz Khan, on Jan. 15, said that President Musharraf should follow up on promises to crack down on militants in that country to ease tensions with India. According to a Russian Foreign Ministry report, the minister said, “Moscow expects Islamabad to put into effect measures to stop the activities of the extremist organizations acting from territory controlled by Pakistan.” Earlier, Russian Ambassador to India Alexander Kadakin likened international terrorism to a “cancer.” He said in a statement issued in New Delhi that banning the cancer does not work. “If the tumor is incurable, which is the case, it can be removed only through surgery.”

Washington, on the other hand, is deeply involved in dealing with what Kadakin refers to as “cancer.” The United States has received a significant amount of help from Islamabad,

using four Pakistani airports as bases and placing troops along the Pakistan-Afghanistan border in the ongoing Afghan war to clean out the Taliban—the now-ousted ruling power in Afghanistan (1996-2001) jointly created by the Americans and the Pakistanis. However, the outcome of the Afghan war indicates that Washington has not yet attained its objectives. The United States would very much like to deliver up the Arab terrorist Osama bin Laden, alive or dead, along with Taliban chief Mullah Mohammad Omar, preferably alive, to the American people as “revenge” for the Sept. 11 attacks.

It is widely acknowledged, although many rumors are flying, that both bin Laden and Omar have melted away inside Pakistan, and that without Islamabad’s help, these two fugitives will remain elusive. Washington is also aware that to demand eradication of all terrorists from Pakistan, including those whom Islamabad considers to be Kashmir liberation fighters, will make it doubly difficult for President Musharraf to hand over either bin Laden or Omar. In addition, any war between India and Pakistan, a limited conventional war or an exchange of nuclear weapons, disturbs the U.S. agenda. And a powerful faction in the United States is pushing to invade Somalia, Yemen, and Iraq to further its “war against terrorism.”

New Delhi, meanwhile, considers the present situation a golden opportunity to pressure Washington, in particular, to force Pakistan to give up cross-border terrorism. Advani told Indian reporters that the United States understands India’s concerns, and that there was no demurring voice during his talks with the American leaders. “Washington did not contest even a word of what New Delhi stated,” the Indian Home Minister said.

On the other hand, New Delhi does not believe that President Musharraf, left on his own, will ever lift a finger to stop cross-border terrorism. New Delhi concluded that the situation can be dealt with in two ways. First, by maximizing pressure on the Americans to force Pakistan to do the job; or, to go for a war to humiliate the Pakistani Army. The second option is not really an option, and it would not prevent cross-border terrorism in the short term. But some in New Delhi believe that yet another humiliation of the Pakistan Army, as in 1971, would force the Pakistani elite to change its views and settle on what should be a mutually beneficial relationship with India.

It is nonetheless evident that India will give President Musharraf some time before it decides to launch a limited conventional war. As one former Indian National Security Agency member pointed out, President Musharraf has displayed immense courage and taken very grave risks to his own life and regime by banning the terrorist outfits. His first and foremost priority has to be to consolidate himself against all domestic threats. He needs time for that. It is only after that, that he would be in a position to engage India or the international community on other issues, including Kashmir, the official said.

# Marines and Mini-Coup Hit The Philippines

by Michael Billington

U.S. Special Forces from several branches of the armed services, and regular U.S. Army troops, are deploying into the Philippines for direct military search-and-destroy operations against one or more terrorist and separatist groups in the predominantly Muslim regions in the South. In world headlines about this first military action after Afghanistan in the U.S. “war on terrorism,” what is crucial is being omitted: The action is explicitly counter to the Philippine Constitution; it is virtually open-ended, in an environment in which multiple, long-standing rebellions are currently escalating into open warfare on several fronts; and a “mini-coup d’état” was effected in Manila in the days preceding the announcement of the American deployment.

The “gradual” coup is being run by the same figure, Gen. Fidel Ramos, who has carried out several such coups in the past, with full backing from his sponsors in Washington.

The fact that the Philippine Constitution explicitly forbids foreign troops to engage in combat on Philippine soil has been flaunted, in a manner which is guaranteed to create further chaos. The country is already reeling from the global economic breakdown and endemic political instability. Before mid-January, several dozen U.S. military advisers were training and advising Philippine troops in anti-terrorist activities, but the government of President Gloria Macapagal-Arroyo insisted that only Philippine troops would be engaged in combatting the Abu Sayyaf, a kidnapping-for-ransom gang with ties to the Afghansi terrorist networks.

The attempt to keep the policy change within constitutional restrictions was so contemptuous of reality that it made matters worse. “Malacanang [the Presidential Palace] should stop the deceptions!” said Sen. Rudolfo Biazon, a former Chief of Staff of the Armed Forces, and an author of the Visiting Forces Agreement which governs U.S. military operations in the country. He has called hearing in the Senate for Jan. 22, challenging the constitutionality of the U.S. military role.

The cover story is ridiculous. Portions of the 160 U.S. Special Forces and 500 Army troops will accompany Philippine forces to the front. They will be fully armed, and permitted to use their weapons if attacked. Nonetheless, Philippines Defense Secretary Angelo Reyes said the U.S. personnel were only trainers. He claimed the military operation was actually

a “joint training exercise,” called Balikatan (Shoulder-to-Shoulder), although the “exercise” would be held on the front of an active war, and would last up to one year, rather than the normal two weeks!

Moreover, U.S. troops will deploy not only to the island of Basilan, where the Abu Sayyaf is holding three hostages (including two Americans), but also to the island of Jolo, where the Moro National Liberation Front (MNLF)—the oldest Muslim separatist movement in the south—has broken a long-standing peace agreement with the government, and is engaged in bloody confrontations with the Philippines Army. Under the announced rules of engagement, if U.S. troops in Jolo become involved in a military conflict, they could find themselves in military operations against a broad array of organizations representing the Muslim population across the entire southern part of the country.

## Philippine Shift Announced by Wolfowitz

The dramatic Jan. 9 reversal by the Philippines government was telegraphed in the Jan. 8 *New York Times* in an interview with U.S. Deputy Secretary of Defense Paul Wolfowitz. Wolfowitz is the leading spokesman for the faction within the Bush Administration demanding war against Iraq and other Islamic targets—a policy intended to destroy the coalition put together by President Bush and Russian President Putin, and to unleash a global “clash of civilizations.” In the interview, Wolfowitz acknowledged that President Bush had not agreed to the Iraq war scenario, and suggested that he (Wolfowitz) and his allies were pushing for the initiation of military campaigns against secondary targets, naming Somalia, Yemen, Indonesia, and the Philippines.

Wolfowitz told the *Times* that Indonesia’s government, like Somalia’s and Yemen’s, was “extremely weak” in certain areas, suggesting that only U.S. military forces could deal with “Muslim extremists and Muslim terrorists” in those areas—a threat arousing great concern in Indonesia. Of the Philippines, he said that, although the government was “very anxious to do it themselves,” he nonetheless believed that U.S. involvement “might include direct support of Philippine military operations.” The next day, Gen. Diomedio Villanueva, the Chief of Staff of the Philippines Armed Forces, announced that U.S. troops “would be allowed to join the front-line Filipino troops fighting the Abu Sayyaf.”

How did the Wolfowitz cabal turn the Philippines government to accede to a policy both dangerous, in total disregard for the Philippines Constitution, and threatening a broader and more tragic war?

## Ramos’ Mini-Coup

The answer is revealed in the timing: Jan. 8, the Wolfowitz interview; Jan. 9, the announcement of the change in policy in the Philippines; and Jan. 10, the announcement that President Macapagal-Arroyo had established a “Council of State,” headed by Fidel Ramos, to “advise the government on all



*The sudden and anti-constitutional long-term deployment of U.S. military forces into the Philippines is part of a rapidly growing crisis of Gloria Macapagal-Arroyo's Presidency; she is threatened with a creeping coup by former President Fidel Ramos (shown with U.S. Defense Secretary William Cohen in 1998), who has long saluted British and U.S. policy in the Philippines.*

matters of national importance.” London and New York’s favorite oligarch-in-residence in the Philippines, Ramos had carefully orchestrated this “mini-coup” over previous months.

Important aspects of background are needed to understand this mini-coup. General Ramos, in 1985-86, under the direction of the U.S. State Department, led a military coup against Philippines President Ferdinand Marcos, whom he had served as head of the Armed Forces. That coup was coordinated with the Wall Street-allied financial elite in Manila—centered in the Makati Business Club, the press under their control, and corrupt elements within the Catholic Church, centered around Cardinal Jaime Sin—who together rallied millions of demonstrators onto the streets of Manila to provide the appearance of what was called “people’s power,” providing a cover for the coup.

Marcos was replaced by Corazon Aquino, the widow of opposition leader Benigno Aquino, who had been assassinated upon his return from self-imposed exile in the United States in August 1983. Cory Aquino ruled at the whim of Ramos and the International Monetary Fund (IMF), and her regime left the economy in shambles. By the time of the 1992 elections, with electricity blackouts across the country, and a general breakdown of the economy, Ramos won the Presidential election himself, posing as a strong leader capable of putting the economy back together.

Indeed, he immediately coerced the Congress to grant him emergency powers, including the right to sign contracts with foreign investors, without review. He then proceeded to sign sweetheart contracts with the Anglo-American financial and energy cartels, placing all the risk upon the government of the Philippines—i.e., upon the Filipino people. When the Asian economies collapsed under the speculative assault of the Western hedge funds in 1997, devaluing the peso and shutting

down much of the economy, the country was left holding huge debts which the devaluations multiplied, and contracts which forced the government to purchase *unnecessary and unused* electricity and other products.

When the 1998 elections came around, Ramos tried several means to run for a second term, including efforts to lift the constitutional ban against succeeding oneself. However, with the population wracked by the impact of the economic collapse, he did not prevail. His Vice President, Joseph Estrada, a populist extremely popular among the poor, was elected in a landslide.

Within a year, Ramos and his cohorts from the 1986 coup were at it again—and, again, the shots were called in Washington. Estrada, despite his continuing huge popular support, was charged with corruption, and pilloried by the press. When Ramos, the Makati Business Club, Cardinal Sin, and the press again produced a critical mass of warm bodies on the streets of Manila, creating the appearance of yet another “people’s power” revolt, Ramos returned from a Washington “visit,” broke most of the resistance within the active military leadership to the unconstitutional usurpation of power from the elected President, and seized power. He installed Estrada’s Vice President Macapagal-Arroyo as President, assuming he could control her, as he had Cory Aquino.

### Round Three

The new President, while generally trained in the monetarist orthodoxy of the IMF and the New York/London free-trade oligarchy, was confronted by the devastating effects which the collapse of that system has had upon her country. She took steps to strengthen relations with the nations of East and Southeast Asia, including establishing ties with Malaysian Prime Minister Mahathir bin Mohamad, whose sovereign measures of defense against the demands of the IMF had

saved Malaysia from the worst effects of the crisis. However, she has been unable or unwilling to take similar kinds of emergency, sovereign measures for the Philippines. The subsequent, continuing economic decay, intensified by falling U.S. and Japanese importing capacity as the world economy careens into depression, left her vulnerable to a (now almost traditional) Philippine-style coup d'état. And Fidel Ramos was soon up to his old tricks.

Coup rumors are nothing new in the Philippines, but the current round became more serious in December, when a suspicious former junior officer, claiming to represent military organizations which had been involved in previous failed coup attempts, turned over "evidence" of a new coup to government-linked NGOs, and promptly got a bullet through his head on the streets of Manila. Meanwhile, the People's Consultative Assembly (PCA), the primary non-governmental organization (NGO) in the overthrow of President Estrada, broke from the Macapagal-Arroyo government, and called for a new "people's power" movement if she refused to resign. The head of the PCA is one Salvador Enriquez, a Ramos man who ran the budget during his Presidency!

Then, in rapid (and predictable) order, Cardinal Sin threw in his hat, on Jan. 9, saying that "the people are tired," while Gen. Fortunato Abat, the head of a retired military association connected to Ramos, and the first military man to publicly call for the military to withdraw support from Estrada last year, piped in on Jan. 10, that the President was not interested in the people, and that "the people are wiser now."

Later that day, Macapagal-Arroyo blinked, announcing the formation of the Ramos "Council of State," and praising his knowledge and experience.

Ramos' attempt at Round Three was part-bluff, since it is unlikely that the "warm bodies" would have been available for the media-show required to justify a "people's power" coup. The population is sorely disappointed that the economy continues to decay under Macapagal-Arroyo's leadership, but few would rally to a Ramos standard any longer.

However, Macapagal-Arroyo is now essentially wedded to Ramos' policies, including IMF-dictated austerity, the sell-off of the nation's industries and banks to foreign speculators, and the introduction of the U.S. military. She will thus find it extremely difficult to reverse the damage. Ramos and his U.S. backers are unlikely to be satisfied with the position of "adviser" for long.

Ramos is clearly behind the decision to deploy U.S. troops. Is he also ready to consider the return of U.S. bases, or allow a new base to be set up elsewhere, such as General Santos City in Mindanao, where the United States recently built a \$2 billion state-of-the-art airport and port facility? Many in the American war faction have called for exactly that.

As with the demise of the state of Argentina, and others now on the chopping block, national leaders must act to assert sovereignty in the onrushing global economic breakdown, or face their nations' downfall.

## Colombia: 'Peace' With Terrorists Disintegrates

by Gretchen Small

When President Andrés Pastrana went on national radio and television Jan. 9 to announce to the Colombian nation that peace negotiations with the largest narco-terrorist force in the Western Hemisphere, the Revolutionary Armed Forces of Colombia (FARC), had failed, a new political-military geometry opened in the Western Hemisphere. The President gave the FARC 48 hours to pull its forces out of the vast, Switzerland-sized demilitarized enclave which, with U.S. State Department encouragement, his government had handed over to FARC control over three years before.

It was a shift in U.S. policy which tipped the scales in Colombia, U.S. Presidential pre-candidate Lyndon LaRouche wrote on Jan. 12. "The significance of the virtual break between President Pastrana and the FARC, is that this represents a dramatic shift in U.S. policy, away from the pro-drug-legalization policy, toward a traditional anti-drug policy. It is, otherwise, a crucial step toward implementing a combat against the spread of international terrorism, whose funding relies chiefly on proceeds of drug and weapons trafficking. The point has been reached, that either those two logistical features of terrorist forms of irregular warfare are virtually ended, or there is no chance of civilized life continuing on this planet for the foreseeable future."

### The Grasso Factor

As indicated by LaRouche, the ramifications of the collapse of the peace with narco-terrorism in Colombia extend far beyond even the Andean region, where the legalization policy had become the dominant reality. Immediately affected, too, are the City of London and Wall Street, whose New York Stock Exchange chairman Richard Grasso has staked part of *his* political capital on his chummy relationship with the FARC's *Comandante* Raúl Reyes.

The response within Colombia was electric. The government would finally reassert its authority over the entirety of the national territory, and end the nightmare of a surreal "peace process" under which an unending stream of foreign dignitaries and top Wall Street financial honchos had flown in to negotiate with FARC commanders in their enclave, even as the FARC kidnapped children and adults across the country, wiped out whole towns in their assaults, shut down highways, blew up electricity installations and oil pipelines—and of course, ran massive amounts of drugs into the U.S., at will.

Even when the Colombian military captured, and then turned over to the U.S. government in 2001, court-useable evidence that the FARC had become the largest drug cartel in South America, the game still continued. The FARC, confident in its political protection, allowed Colombian media into their enclave to film shots of the Nazi-like concentration camps where emaciated hostages were held captive—and yet the FARC were still portrayed as peace-seeking rebels in the world's media.

The decision of the government to *act*, produced an explosion of hope. In town after town, people came out to the highway to cheer troop convoys on, as the Army began moving thousands of reinforcements south towards the FARC DMZ following Pastrana's announcement. Polls found an 85% support for Pastrana's decision; no Presidential candidate dared oppose his announcement.

### Reviving a Corpse

Had Pastrana kept to his deadline, Colombia's Armed Forces would have moved into the DMZ, and had the FARC on the defensive. That opportunity to deliver a rapid, decisive blow to the drug trade and international terrorism, however, was lost. Richard Grasso's Wall Street allies, the United Nations, the drug legalization lobby, the "human rights" lobby, the One Worldists and terrorist sympathizers, all went into action to save their policy of peace with narco-terrorism, and they once again, temporarily, succeeded.

The ostensible issue blocking a return to the negotiating table, had been the government's refusal to lift the military controls around, and over, the FARC's enclave which it had imposed in the wake of Sept. 11. The FARC had said they would not return to the table until the government revoked its order that any foreign visitors who wished to enter the enclave had to receive government permission, first, and lifted the army troops now closely patrolling the roads entering the area. What provoked the FARC's particular fury, were military surveillance overflights of the area, which made operations by FARC drug planes more difficult.

The United Nations envoy to the Colombian peace talks, former *New York Times* reporter James LeMoyne, with backing from UN Secretary General Kofi Annan, took the point in arranging the government's backdown on its 48-hour ultimatum. LeMoyne, who spent many hours "sipping whiskey with the rebel commanders," worked closely with Cuban leader Fidel Castro, who sent in his own, undisclosed, proposal for how to break the impasse. The governments of France, Canada, Sweden, Norway, Spain, Mexico, Italy, Switzerland, and Venezuela also threw their force behind the narco-terrorists, with the French Ambassador to Colombia, Daniel Parfait, serving as the spokesman for the governments involved. The Ambassadors of those ten nations pounded Pastrana for nearly five hours on Jan. 13, and then flew down to the FARC enclave to accompany LeMoyne in the final push to revive the talks.

Parfait told the press, "We are not going in empty-handed," but what they promised the FARC has not been disclosed.

The forces of sanity in Colombia and in the United States, once again, failed to stand firm, and in the evening of Jan. 14, shortly before the troops were to move into the DMZ, President Pastrana went back on national television, this time to announce that yet another 11th-hour pact had been reached. The FARC accepted the status quo, and negotiations with the FARC would be resumed. The President tried to put a tough face on his capitulation, by giving the FARC until Jan. 20, to make a hard commitment to *discussing* a cease-fire in the next round of negotiations!

### Winning the Peace

The FARC took back political control of the situation through the UN-Cuban-French-et.al. initiative, but there is no returning to the *status quo ante*. Colombian military forces remain in place along the borders of the narco-terrorists' enclave, and the government's ability to capitulate is constrained both by the domestic hatred of its peace policy, and the shift within Bush Administration against terrorism globally. What additional military capabilities the FARC may have acquired and stored in their zone, and what strategy they may adopt as Colombia heads into congressional elections in March and presidential elections in May, remain to be seen.

A determined commitment from Washington to take on the Grasso-UN-legalization forces is required. Discussions are underway in Washington, over how to expand U.S. military aid for Colombia, and reduce the restrictions on its use. Currently, U.S. law only permits Colombia's military to use U.S. aid for fighting drugs, and not for any counterinsurgency operations, an absurdity given that there is no distinction between terrorism and narcotics at all on the ground. The restrictions are strongly defended in Congress; as one official told the *Washington Post* Jan. 15, only after Sept. 11 has lifting these restrictions even become debatable.

One immediate step, would be the reactivation of the U.S. drug surveillance and tracking flights over the Andes, which have been shut down since the Spring of 2001, when a plane carrying American missionaries was shot down in Peru.

A second idea under discussion is for the U.S. to train and equip another rapid-reaction force battalion (RDF), this one to protect infrastructure, including pipelines owned by U.S. oil companies. While equipment is sorely needed, the ongoing U.S. effort to restructure the Colombian Army into multiple RDF battalions is a sure-loser, following a line of utopian madness. To win the peace, as Lyndon LaRouche has insisted, Colombia's military must be built up around a strengthened military engineering corps, ready to help restore the country economically, as well as militarily, from the ravages of the narco-guerrillas.

# Venezuela: Jacobin Fascism Defends Dying Neoliberalism

by David Ramonet

Venezuelan President Hugo Chávez Frías has launched his new year with plans to take on the growing opposition to his post-modern fascist “revolution.” For three years the Venezuelan economy, maintained exclusively with surplus oil income, has moved steadily down the Argentine path of self-destruction. But contrary to Chávez’s “leftist” rhetoric, he is not readying such necessary protectionist measures as debt moratorium or exchange and capital controls. Rather, he is preparing to deploy mobs organized from among his impoverished followers against any expression of discontent or dissidence. Chavez’s goal is to impose a plan, contained in 49 recently decreed laws, which appears to be taken straight from the pages of the World Bank’s “Brandt Commission,” or from the radical ecologists sponsored by such oligarchic bankers as Teddy Goldsmith and his World Social Forum.

During Chávez’s three years of government, the guiding principle behind his management of the economy has been strict adherence to International Monetary Fund financial guidelines. He managed to reduce inflation to 12.3% last year, at the cost of a drastic reduction in consumption and private investment. He maintained the exchange rate within the established band, by a slippage of 7.5%, at the cost of a 16.4% increase in imports (\$11.115 billion by September 2001) financed by oil revenues. As a result, the operating reserves of the Venezuelan Central Bank have fallen, and the government has had to tap into the resources of the Investment Fund for Macroeconomic Stabilization (FIEM), in order to maintain the exchange rate, now under pressure.

Last year, only 32% of industrialists invested in fixed capital, and then only to replace equipment and not to improve productive capacity. Unemployment has remained at an official 14%, but “informal,” or disguised unemployment, has already surpassed 50% of the active labor force. To try to alleviate this situation, the government has continued to mispend public treasury funds, derived primarily from the oil industry, on all sorts of “micro” projects—from “micro-credits” to “microbusinesses,” as the World Bank recommends. Meanwhile, the only sacred expenditure has been regular payment on the foreign debt.

However, the main opposition to Chávez has been unable to respond to this spreading chaos with a viable economic alternative.

## Laws of Discord

Throughout 2001, there were all sorts of protest demonstrations against the Chávez government—from oil workers, teachers, farmers and ranchers, firemen, doctors, public employees, etc.—in defense of labor benefits. There were also demonstrations by political organizations demanding Chávez’s resignation.

The protests reached a new high on Dec. 10, when virtually the entire nation went on strike: 90% of Venezuela’s various economic strata heeded the call for a National Civic Strike, jointly called by the Federation of Chambers of Industry and Commerce (Fedecámaras) and the Venezuelan Workers Federation (CTV). Various civil and retired military organizations also responded to the unusual strike call, all demanding that the government respect the Constitution, and agree to revise the 49 laws issued under the aegis of the Enabling Law, granted it by the National Assembly a year earlier.

This is the first time in the history of Venezuela that business and labor have joined forces in calling a strike against the national government. It didn’t bother Chávez, however. He announced he felt “honored that the oligarchy struck against me.”

What finally led to the strike was the approval of the 49 laws, on which the national business community and various civil organizations insisted they were never consulted. Chávez’s “Bolivarian Constitution” supposedly requires such consultation, as part of the “participatory democracy” that the Chávez government vociferously promotes.

The laws being challenged are the Lands and Agricultural Development Law, the Fishing Law, the Coasts and Streams Law, the Hydrocarbons Law, and the Public Administration Law. Each of these is based on radical environmentalist and indigenist criteria which make them not only unfeasible, but dangerous.

The Lands and Agricultural Development Law is the flagship of the Chavista “revolution,” and to carry it out, the President has named his brother, Adán Chávez, as Minister of Lands. The law affects “the use of all public and private lands for the purpose of food production,” and holds them subject “to fulfilling the social function of the nation’s food security.” Thus, these lands “must submit to the needs of food production, *in accordance with the food security plans*

*established by the National Executive*” (emphasis added).

In other words, apart from setting limits on land ownership to eliminate the *latifundio*, as exists in legislation around the world, the law forces landowners “with an agricultural vocation” to produce according to the government’s dictates, or face loss of their property. At the same time, they are required to exploit their land continually, or run the risk of having their land declared “fallow,” and subject to expropriation.

The law also recognizes indigenous “ancestral methods” of cultivating the land, and promotes “research” into these methods. It is here that the law, which reflects the social and economic vision of the Chávez regime, is most similar to the “appropriate technology” schemes promoted by the World Bank’s Brandt Commission during the 1970s and 1980s. The assumption here was that developing countries could not afford the luxury of modern technology, since their first priority was debt payment, not technological development.

Similarly, the Fishing Law encourages primitive rather than industrial fishing methods, to the point that industrial fishing is prohibited in the most productive areas.

The Hydrocarbons Law is the least offensive, since it tends to renationalize the oil industry that had been moving toward privatization under the previous administration. The law tends to concentrate the decision-making powers regarding the budget of the national oil company PdVSA, in the hands of the Executive, while regulating private investment in the area. Many criticisms of the law stem from old neoliberal concepts which have no sense of the real world, after the stunning failure of the “new economy” and the speculative bubble that accompanied it. However, the legitimate criticisms of the law are based on lack of confidence in the Chávez regime’s ability to appropriately administer oil revenues, and fear that PdVSA will be turned into the cash cow for the ruling party.

## The Regime Is Wobbling

The Chávez regime has become increasingly unstable since Sept. 11, 2001. Incapable of comprehending the profound changes which have occurred since that date, Chávez has continued to give cover to Colombia’s narco-terrorist hordes, while blindly criticizing measures adopted by the U.S. government in its battle against terrorism.

U.S. Ambassador Donna Hrinak was recalled to Washington at that time, and the State Department officially rejected the Venezuelan President’s statements comparing U.S. bombing of Afghanistan with the terrorist attack on the Twin Towers. Shortly before that, Venezuelan Vice-President Adina Bastidas had given a speech declaring that “WASP culture” was the root cause of terrorism. Since then, certain State Department circles which had been supportive of the Chávez regime began to distance themselves from it.

The internal opposition to Chávez, particularly in neoconservative circles, understands this clearly. The opposition which earlier had felt itself forsaken, has now begun to gather

strength, particularly in light of the severe economic recession that has hit the middle class especially hard, and the growth of unemployment.

President Chávez’s intransigent response to the Dec. 10 strike polarized the political situation even further, provoking divisions within the ruling coalition. On the day of the strike, Chávez threatened to throw the strikers in jail and bring down the “full weight of the law” on them, while shock troops led by Freddy Bernal, mayor of Caracas’s Libertador municipality, hit the streets to smear striking shop windows with “Traitors to the Nation,” and similar slogans. Bernal personally led one of these goon squads, intending to attack Fedecámaras headquarters, but was prevented from doing so by the Metropolitan Police, under orders from Caracas Mayor Alfredo Peña. Peña, a former Chavista, is now a key opposition leader, backed by certain U.S. factions.

None of this has convinced Chávez to backtrack, however. On the contrary, he has denounced the opposition as “destabilizers,” and has accused them of organizing a coup against him, and even his murder. Although he insists that his “revolution” has the backing of the Armed Forces, in his annual message to the Caracas garrison on Dec. 28, he made an unusual appeal to the military not to heed the campaign he said was intended to divide the military institution and overthrow him.

Chávez has also stepped up his fight with the media, especially against the daily *El Nacional* and the TV news chain, Globovisión. On Jan. 7, a mob surrounded the newspaper’s building, trying to occupy it, but was repelled by the Metropolitan Police. Later, the Chávez-controlled National Guard arrived to replace the police, and allowed the hordes to regroup and attack again. Chávez subsequently defended the mob’s right to demonstrate without permits, and threatened to dissolve the Metropolitan Police for daring to “repress the people.”

Chávez’s erstwhile ally Pablo Medina, secretary general of the Patria Para Todos (Fatherland For All) party, thinks that Chávez intends to dissolve the National Assembly and rule with the mob and with the Armed Forces, just as his guru, Argentine Nazi-communist Norberto Ceresole, advised him to do.

On the other hand, Rafael Poleo, the *El Nuevo País* editor who is well connected to both domestic and foreign intelligence circles, predicts that “in the course of the next months, the Chavista regime will collapse and be replaced by a national coalition government, which will try to unite the country around a political agreement to forge an economic recovery based on job promotion.”

But none of the parties or opposition groups have presented, against Chávez’s neofascism, a real alternative program that is not just a simple repudiation of the supposed “Cuban model.” And what Fedecámaras’ economic program represents is nothing more than the Mont Pelerin Society’s failed neoliberal model, whose application over the past two decades has ripped the economy to shreds.



# Pope John Paul II: Pursue The Common Good In Argentina, Mideast

by Claudio Celani

In his yearly speech to the diplomatic corps on Jan. 10, Pope John Paul II addressed the situation in Argentina and stressed that policies to find a way out of the crisis must pursue the common good. "Most recently," he said, "the difficult situation in Argentina has given rise to public unrest which has painfully affected people's lives. This is yet another reminder that political and economic activity at the national and international levels must always be inspired by the pursuit of the authentic good of individuals and peoples. With insistence I wish to encourage the people of Latin America, and Argentina in particular, to hold on to hope amid the present difficulties, and not to lose sight of the fact that, given the great human and natural resources available, the present situation is not irreversible and can be overcome with everyone's help. If this is to happen, private or partisan interests must be set aside, and the interest of the nation must be promoted by every legitimate means, through a return to moral values, open and frank dialogue, and the renunciation of what is superfluous in order to help those who are in any way in need. In this spirit, it should be remembered that political activity is above all a noble, demanding, and generous service to the community."

## No to the 'Clash of Civilizations'

The meeting was opened by the Dean of the Diplomatic Corps to the Vatican, San Marino Ambassador Giovanni Galassi. He warned against a clash of civilizations policy, saying that nations must reject "armed reprisals against whole, harmless civilian populations, due to wrongly and simplistically identifying the primary cause of terrorism in their ethnicity or their religions." In particular, he said, "we live with interest and hope for the ongoing dialogue with Islam, recently erroneously demonized, which is instead the heir of a millenary culture which has nothing to do with fringes of extreme integralism."

Galassi also warned against "a new and more dangerous economic colonialism," and called for "new supranational bodies which are able to steer the free market not only on the basis of financial profits, but above all, in agreement with the dictates of international law and the ethical values which all legislation involves." This is a concept very close to Lyndon LaRouche's idea of a "New Bretton Woods" monetary and financial reform. Indeed, Galassi has used the expression "New Bretton Woods" in previous public speeches.

The Pope, speaking after Ambassador Galassi, praised his



*Ambassador to the Vatican Giovanni Galassi's presentation, welcomed by the Pope, was influenced by LaRouche's ideas in EIR.*

"thoughtful greeting" as being "accompanied by a penetrating analysis of the international scene during the past year." "The horizon indeed appears dark," said the Pope, "and many of those who have lived through the great movement toward freedom and the changes of the '90s are surprised to find themselves gripped today by fear of a future which has once again become uncertain."

The Pope also issued a clear condemnation of Israeli Prime Minister Ariel Sharon's policies against the Palestinians. The Pope said that "no one can remain indifferent to the injustice of which the Palestinian people have been victims for more than 50 years. No one can contest the right of the Israeli people to live in security. But neither can anyone forget the innocent victims who, on both sides, fall day after day, under the blows of violence. Weapons and bloody attacks will never be the right means for making a political statement to the other side. Nor is the logic of the law of retaliation capable any longer of leading to paths of peace." The Pope then called for "the application of international law, the evacuation of the occupied territories, and an internationally guaranteed special status for the most holy places in Jerusalem."

"One against the other, neither Israelis nor Palestinians can win the war. But together they can win peace," the Pope said. Finally, he addressed the issue of terrorism. Fighting terrorism, he said, means not only "legitimate defense," but also applying "the most effective means of eradicating terrorism, the search for the factors underlying such acts, and the measures to be taken to bring about a process of 'healing' in order to overcome fear and to avoid evil being added to evil, violence to violence."

# South Africans Host Mideast Peace Talks

by Lydia Cherry

A three-day meeting between Israeli and Palestinian delegations was held on Jan. 9-11, in South Africa's Western Cape. It was hosted by South African President Thabo Mbeki and former National Party ministers who played crucial roles in what is dubbed "the South African miracle"—the peaceful end of apartheid—of the early 1990s. The spokesman for the Israeli delegation, Yossi Beilin, Justice Minister in the Barak government and an architect of the Oslo Accords, noted upon leaving that there had not "been a meeting on such a level between Israelis and Palestinians for a long time." Beilin judged that "the meeting set a precedent for us. We never had it before. I think it comes from a belief that the longest conflict since World War II should be resolved."

"A resolution of this long-standing conflict is possible," insisted President Mbeki as the "retreat" ended. Mbeki noted that President George Bush had asked for a report on the meeting, and that the U.S. government had given its support to the peace initiative. Making clear that he was willing continue on this track in any way he was needed, including traveling to the Middle East, Mbeki expressed his faith in a peaceful resolution based on the two-state (Israel and Palestine) route. He referred to the two peoples as very talented and said that both needed to recover their dignity.

The Palestinian delegation to the Western Cape retreat was headed by Dr. Saeb Erakat, who has been negotiating the interim, or transitional, agreement of the Oslo peace process with Israel since its signing in 1995, and has held the post of Minister of Local Government in the Palestinian Authority. Dr. Erakat made clear in his statements that Palestinian Authority President Yasser Arafat was in support of the talks hosted by the South Africans. Dr. Erakat said that after 15 months of funerals, siege, and "closure" in Palestine, "We had lost the ability to hope. . . . Coming here and listening to the great experiences of South Africa's process of negotiation and transformation has inspired us. . . . Also, what these three days demonstrated to me and my colleagues was that a peaceful solution is possible."

A joint communiqué specified the following "South African insights relevant to the Middle East": 1) The conflict could not be resolved through violent and military means, and the only guarantee for stability and security was peace; 2) The

maintenance of effective channels of communications at all times and under all circumstances was vital; 3) There was a need to take into consideration the fears and concerns of "the other side," and to engage seriously with them; 4) Negotiations should not be approached from the perspective of a winner or loser—"It is in each party's self-interest that its interlocutor is satisfied by any agreement reached"; and 5) The process should at no point be held hostage to extremists or their actions.

## Meeting Blacked Out by Western Media

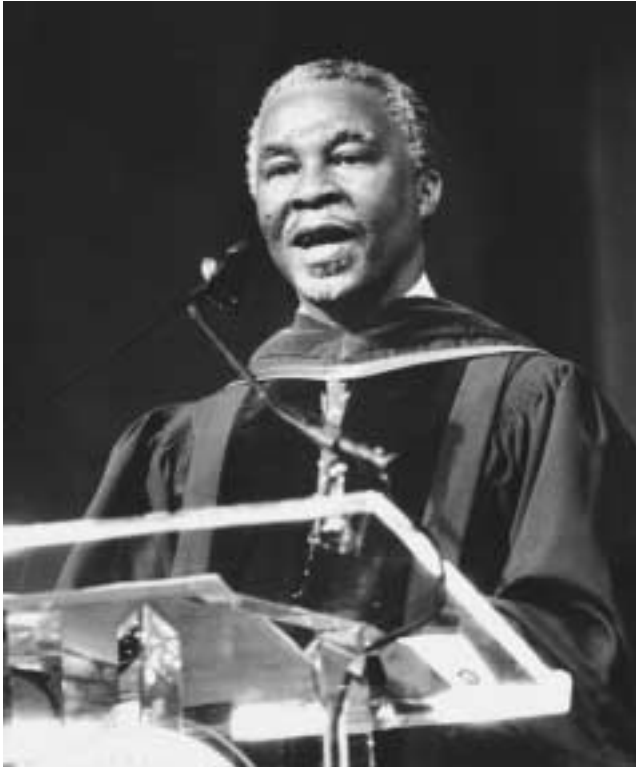
A newsworthy event? Not according to the major Western press organs and wire services, which acted in concert to black it out, while at the same time running wire stories *ad infinitum* geared to forcing South Africa to act against the Robert Mugabe government in next door Zimbabwe. Only the SAPA, South Africa's own newswire, reported on the occurrence of this high-level "retreat."

Instead, in the days leading up to the conference, on Jan. 5, United Press International ran a blistering attack on the South African government, for its supposed geopolitical shift toward the Muslim world and away from the "war against terrorism." Author R.W. Johnson, director of the South African Suzman Foundation, who periodically proposes in the British press that Africa should be recolonized because of the incompetence of its leaders, said that this "new revised policy" in South Africa was signalled by President Nelson Mandela "officially backing off from his support of President Bush in the wake of Sept. 11." Furthermore, Johnson insisted that the policy shift is the result of a conspiracy between the South African Communist Party (SACP) and the "Muslim Lobby"; they have hijacked foreign policy. "The new revised policy," intoned Johnson, "risks infuriating the Bush Administration in the hour of its triumph in Afghanistan." Johnson's geopolitical warning: "If the United States follows this phase of its campaign with a strike against Iraq, South Africa is now likely to be vocal in its criticism, at the head of a large Third World group."

Johnson is attempting to use the "red scare" in a period in which it no longer works, and leading government ministers in South Africa have always been SACP members, because the SACP, like the Congress of South African Trade Unions, is part of the tripartite alliance running the government.

## South Africa Tells Its Story

Before the meetings began, Pik Botha, foreign affairs minister in the Nationalist Party government of the early 1990s, stressed the similarities of the South African situation at the end of apartheid and the Middle East today. "While we wanted to cling to power through the use of violence, the ANC [African National Congress] wanted to take power through the use of violence. We finally all realized it was taking us nowhere. . . . This is a very difficult situation, but it is in the interest of the world to alleviate the war; we cannot



*South African President Thabo Mbeki, who spent three days in January with Israeli and Palestinian delegations. According to his biographer, "uniting the most disparate strands into a viable policy direction" has always been his greatest skill.*

move forward into the new millennium until there is peace in the Middle East. . . . All of us must lend a helping hand where we can."

The mini-summit was an initiative of President Mbeki, and he was strongly commended by both sides for mediating the meetings non-stop for the full three days. Biographers of Mbeki make clear that "uniting the most disparate strands into a viable policy direction" has always been his greatest skill. According to the biography written by Adrian Hadland and Jovial Rantao, it was Mbeki who framed the Harare Declaration in 1989, which was the first document to set out the ANC's strategic vision for a negotiated settlement; it was Mbeki who made the first major contacts with the Afrikaner elite; and it was Mbeki who brought into the government the white right wing, as well as the Zulu-based Inkatha Freedom Party. It was Mbeki who, after an ANC speaker at a Long Island conference in June 1986 threatened to shoot an Afrikaner member of the audience (one Pieter de Lange, chairman of the Broederbond), quietly arranged to meet with de Lange in his hotel room that evening. The chat turned into a marathon four-hour session, and at the end of it de Lange promised to do what he could to enhance reconciliation within South Africa. And upon his return to South Africa, de Lange followed through on his promise.

Although de Lange was not at the Western Cape retreat on Jan. 9-11, Roelf Meyer, the National Party's chief negotiator, was present, as was National Party minister Leon Wessels. Neil Barnard and Mike Louw, from the intelligence community, now retired, were also present.

Among the currently serving South African ministers at the Western Cape retreat was Minister for Water Affairs Ronnie Kasrils. Kasrils was among a number of prominent South African Jews to put out a statement early last December calling on the Israeli government to negotiate seriously with the Palestinians. He insisted that "Jewish survival and the fulfillment of Palestinian national aspirations are not mutually exclusive goals," and that "the security of Israelis and Palestinians is inseparably intertwined."

### The Delegations

Joining Beilin, who headed the Israeli delegation, were:

**Avraham Burg**, Speaker of the Fifteenth Knesset. In 1995, Burg was elected chairman of the executive of the Jewish Agency for Israel and the World Zionist Organization, and was one of the leaders of the protest movement against the war in Lebanon.

**Ambassador Reuven Merhav (ret.)**, who played a leading role in a team developing metropolitan and political options for a permanent status agreement in Jerusalem. In that capacity, former Israeli Prime Minister Ehud Barak called him to the July 2000 Camp David Summit for advice. Merhav is a member of the executive committee of the Council for Peace and Security, a non-partisan, public action group of members of the Israeli Defense Forces, intelligence community, and foreign affairs veterans and experts.

**Dr. Yair Hirschfeld**, Director General of the Tel Aviv-based Economic Cooperation Foundation (which he co-founded with Beilin), an organization developing comprehensive strategy toward regional peacemaking and reconciliation. In 1999-2000, Dr. Hirschfeld was a leading member of a trilateral Israeli-Palestinian-Jordanian working group on security issues.

**Haim Oron**, a member of the Knesset since 1988, and founding member of the Peace Now movement.

**Dr. Naomi Chazan**, Deputy Speaker of the Knesset, Hebrew University professor, and chair of the Harry S Truman Research Institute for the Advancement of Peace.

Backing up Dr. Erakat (who has been negotiating the peace process with Israeli since its signing in 1995) on the Palestinian side were:

**Dr. Nabil Qassis**, a nuclear physicist who is a Palestinian National Authority minister, in charge of the Bethlehem 2000 Project. He is the founder and director of the Palestine Economic Policy Research Institute, and one of the leaders in Palestinian negotiations with Israel since the 1990s.

**Ghaith Al-Omari** and **Rami Shehadeh**, legal advisers with the Negotiations Support Unit of the Negotiations Affairs Department of the Palestine Liberation Organization.

## Election Alternative To Establishment's Failure

by Rainer Apel

Germany's national election campaign this Autumn will be without precedent in the 56-year history of post-War Germany: Whereas there have been elections in times of deep economic recessions before, this campaign will take place in a time of deepening economic depression.

The latest reports of the German export and labor markets illustrate that, for everyone who wants to open his eyes to reality: In November (year-on-year), Germany suffered a drop in exports and imports by 4.5% and 7.0% respectively; exports to the other member states of the European Union—the importer of first resort for German products—dropped by 7%, imports even by 20%, in November.

National joblessness jumped up to almost 4 million in December, and a panicked federal government already speaks of a figure of 4.3 million to be reached in January. These are the officially published figures—real unemployment is much higher, as an internal survey of the Federal Employment Office, leaked to leading German media on Jan. 10, shows. With

the “hidden” categories of joblessness (like early retirement, state aid recipients, unemployed Germans between ages 58 and 65, etc.), an additional 1.7 million Germans ought to be included in the statistics, increasing the real unemployment level to almost 5.6 million. Economists independent of the German government even speak of 7-8 million, as being the appropriate figure for real unemployment.

Therefore, if some in the panicked establishment of Germany voice fears, that unemployment might hit the 5 million mark soon, they are really forecasting a jobless level of 9-10 million. Germany's total workforce is 34 million full-time workers, plus 4 million part-time workers. So more than one-third may be without a job by September election time.

### Helga Zepp-LaRouche's Campaign

The German government is watching this disastrous trend, without acting against it, and even if it wanted to act, it cannot as long as it continues to respect the budget-balancing criteria of the European Union's Maastricht Treaty (signed in 1992, ratified in 1998). The treaty bans all generation of state credit for job-creating projects on a scale worth mentioning. And so far, the German political establishment has not seriously put that treaty, nor its criteria, into question.

That gives the campaign announcement by the German LaRouche movement's political arm, the BüSo (Bürgerrechtsbewegung Solidarität, or Civil Rights Movement-Solidarity) a catalyst role for a change. On Jan. 11, BüSo national chairwoman Helga Zepp-LaRouche issued an “Open Letter to Germans,” in which she declared: “I personally, and BüSo, have not only long correctly forecast the global financial cri-



*The candidacy for the Chancellorship of Helga Zepp-LaRouche (shown at a November 2001 convention of her party) is the alternative to Germany's economic plunge under way; that of Christian Socialist Union leader Edmund Stoiber, as standard-bearer of the Christian Democratic opposition, is a sign of how that plunge is changing the German parties.*

sis, while all our opponents have been completely wrong with their statements; we are also the only force, that has a comprehensive perspective to solve the crisis.

“Because my husband, Lyndon H. LaRouche, and I have been fighting for a new just world economic order for 30 years, there are today many forces in the world who regard our programmatic concepts as the only alternative” to economic collapse, Zepp-LaRouche’s letter said. “Such important forces are in Russia, India, many Eastern and Western European states, in Asia, Ibero-America, and Africa. [But] in this respect, the parties represented in [Germany’s federal parliament] the Bundestag have not the slightest thing to show.”

“The biggest political problem in Germany is that none of the parties seated in the Bundestag will be capable of governing our country during the coming existential crisis. . . . The striking proof of this assessment is the fact that none of these parties’ representatives has even approximately been willing to take notice of the global financial systemic crisis, and consequently they are incapable of offering even the most limited concept for overcoming this crisis. Likewise, these parties have proven incapable of preventing Germany from being drawn, militarily, into a premeditated *war of civilizations*.”

The BüSo party chairwoman also addressed the young generation of Germans, many of whom will vote for the first time, on Sept. 22, in a special way: “I know that many among you will ask yourselves, what should be your perspective, given the military deployments of the Bundeswehr [Germany’s armed forces], and growing unemployment under the conditions of the upcoming depression. I want you to know, that BüSo stands at your side. . . . The situation is very serious, but with us, you have a chance!”

### Crisis Roils the Christian Democrats

The German election campaign is also featuring interesting changes in the establishment’s camp of political pragmatism: The opposition Christian Democrats, (CDU, the bigger of the two conservative German parties), whose leaders have been staunch supporters of neoliberal concepts during the past years, decided not to make national chairwoman Angela Merkel their candidate for chancellor. Instead, they decided for Edmund Stoiber, chairman of the CSU (the smaller opposition party), who has been a state interventionist within the outer limits of what economic liberalism would tolerate.

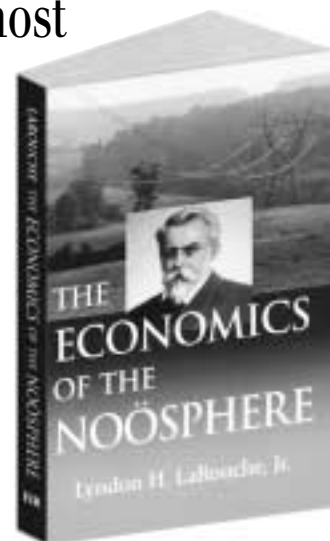
While resembling features of what socialists should look like (if there were any left among the governing Social Democrats), in his defense of the *Mittelstand* (small productive firms) and craftsmen against the banks and insurance companies, of the small people against the Social Democratic government, Stoiber is not a “socialist,” as many neoliberals have called him. He rather is a mercantilist operating within the limits set by budget-balancing. To a certain extent, this has kept unemployment disproportionately low in Bavaria, the southern German state of which Stoiber has been governor for two terms: At approximately 5%, Bavarian jobless rates

are only half of the Germany national average, and only one-quarter of the jobless rate in the deindustrialized regions of the formerly communist-run eastern part of Germany. But running an industrial nation of 80 million citizens poses bigger challenges than running Bavaria, the second-largest among the 16 German states, with its 12 million citizens.

Stoiber has declared the economic crisis his main election campaign issue. But to date, he has not clearly addressed the reality of global economic depression as such, and he has not proposed a viable alternative. Stoiber has not stated anything in public that would come close to the LaRouche call for a New Bretton Woods, nor has he seriously challenged the Maastricht fiscal straitjacket on the German economy. He is what Helga Zepp-LaRouche, in her open letter, termed a comparatively “competent” politician within the otherwise degenerate political parties of the establishment. But Stoiber is still far away from the required, real competence—he may improve, though, during the coming weeks of election campaigning, if he dumps the economic policy illusions and denial of the depression reality to which incumbent Chancellor Gerhard Schröder still subscribes.

Showing the way German politicians have to choose if they want to pull Germany—Europe’s leading industrial economy—out from the global economic depression, will be for the entire election campaign, the sole job of the LaRouche movement in Germany.

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## Joseph Lieberman, The 'New Empire' Presidential Candidate

by Susanne Rose

With a resounding war-whoop, Al Gore's former Vice Presidential candidate, Connecticut Senator Joe Lieberman, effectively announced his availability for the 2004 Presidential nomination with a speech given at Georgetown University on Jan. 14. His egg-head persona set aside, Lieberman was blood-curdlingly pro-war in his maiden Presidential pre-candidacy "lecture" on "Afghanistan and the Next Steps in the War Against Terrorism."

Sounding like the most bellicose war hawks of the conservative revolutionaries—Republican Rep. Dana Rohrabacher (Calif.) comes to mind—Lieberman delivered a widely-covered lengthy "policy" lecture, and promised more to come on economics and other subjects. It unambiguously promoted the religious warfare agenda of the "clash of civilizations," including a vicious attack on Iraq, a bid for a new "imperialist" U.S. foreign policy, and a call for a new Cold War initiative against a "theological iron curtain," about to be imposed by radical Islam. He apologized to the students for the length of this "major policy speech," and compared himself to Bill Clinton.

The speech followed Lieberman's return from a Congressional trip to Afghanistan and Central Asia; and mention in the Jan. 11 *New York Post* by columnist Robert Novak, that Lieberman, rather than Al Gore, was considered to be the Presidential choice of the Democratic Leadership Council—a promoter of both Democrats' careers. Additional fodder for speculation about Lieberman's Presidential ambitions could be found in ubiquitous media soundbites all week, in which he maneuvered to take center stage in the Enron "cleanup," threatening to bring the scandal-ridden energy pirate and its Andersen accounting firm to justice.

There are more than 10 separate Congressional investigations into Enron now going on, but Lieberman intends to

use his position as Chairman of the Governmental Affairs Committee of the Senate to bash Enron's executives for criminal activity. His committee will be the first to take testimony when Congress returns in late January.

Democrats in the House and Senate expect to use the Enron debacle to tar the Bush administration during the run-up this Fall's Congressional elections. Rep. Henry Waxman (D-Cal.) has already announced such intentions from the House side. Lieberman said, when he announced his committee's investigation in early January, "It's a matter of public record that executives of Enron had close relationships with people who are now in the Bush Administration." He said it would be fair to investigate Enron's role in crafting the Bush energy policies.

But Lieberman refused to investigate Enron or other energy pirates at the height of the California price gouging. In June, he preferred to pose the question, whether the Federal Energy Regulatory Commission (FERC) was carrying out its responsibility to ensure just and reasonable prices. The current fervor for investigations is suspicious; for example, since Sen. Charles Schumer, (D-N.Y.), who received large political contributions from Enron, has just returned more than \$68,000 in Enron money to the emergency fund for former Enron workers who lost their jobs *and* pensions. Lieberman's own Senate chief-of-staff was a top Enron lobbyist.

By unmistakably escalating the "clash of civilizations" rhetoric from his position within the Senate, Lieberman is positioning himself to lead the effort, from within and around Congress, for the confrontation with Islam sought by Zbigniew Brzezinski, Henry Kissinger and others promoters of religious war. This, in the aftermath of the Sept. 11 coup attempts, is in opposition to the efforts of President Bush



*Sen. Joseph Lieberman (left), with his role-model, British imperialist Sir Winston Churchill. It is Lieberman, not Al Gore, who is now the Presidential horse of the Democratic Leadership Council. Lieberman is leading the current craze of Congressional posturing on Enron; but he held no hearings on Enron while it was looting California, a year ago.*

and Russian President Vladimir Putin, to promote a peace in the Middle East, and to contain U.S. response to limited targets.

Lieberman demanded U.S. support for the discredited Iraqi National Congress, to overthrow Saddam Hussein while the U.S. applies force from outside. But the Bush administration just suspended funding for this rag-tag grouping, based on allegations of misuse of funds and corruption; the White House is not seeking a military confrontation with the Iraqi regime and further destabilization of the Mideast. Even the war-mongering Assistant Secretary of Defense Paul Wolfowitz is temporarily silenced in his open support for a renewed assault on Iraq.

But Lieberman left no claim unsaid on Saddam Hussein. He concluded, "Of course, it's always better to build coalitions and act collaboratively when engaging in conflict for a cause, but in this case, the unique threat to American security by Saddam Hussein's regime is so real, so grave and so imminent that even if no other nation were to stand with us, I believe we must be prepared to act alone."

There were further indications in the Georgetown speech that Lieberman is currying favor from, and intends to support, the new imperialists using "policies of Sept. 11" to promote new U.S.-led global wars.

### **In Praise of Churchill**

First, Lieberman confirmed his belief that the U.S. should have an ongoing presence in Central Asia similar to its presence in the Pacific, a policy clearly provocative to Russia and to the new relationship between President Bush and Vladimir Putin. In the classic language of imperialism, Lieberman said that a U.S. presence is necessary to protect countries in the region from their neighbors. The frequent use of the word "geopolitics," and equally-frequent references to Winston Churchill, underscore his wish to be included in elite company of the post-Sept. 11 new imperialists.

Quoting Churchill's 1947 speech at Fulton, Missouri in-

augurating the Cold War, Lieberman said that fanatical Islamists are about to drop a "theological iron curtain" across the world. He urged a policy of aggressive intervention into the affairs of the traditional Muslim and Arab allies of the United States in particular: "We must act now proactively and aggressively to help the millions of moderate Muslims in the world who are being besieged by isolation and intolerance, because if the curtain should someday fall, it would constitute a great and grave danger to our country and much of the rest of the world on the other side of it, and would bring awful repression to hundreds of millions of Muslims trapped behind it, as hundreds of millions of people within the former Soviet Union suffered decades of repression brought on by a few fanatical extremists who were communists."

Foreign policy toward the Arab and Muslim countries should be reoriented against their sovereignty, for human rights and free trade, Lieberman said. He attacked the majority of Muslim nations as undemocratic, repressive, and opposing globalization. He laid the blame for terrorism on Muslim extremists, rather than acknowledging the role played by western politicians such as Zbigniew Brzezinski in cynically fostering Islamic militancy as a tool in their "Great Game" against the Soviet Union.

Lieberman's political roots are in the Democratic Leadership Council (DLC); he is a past co-chairman of these so-called centrist Democrats. The DLC is notoriously modelled on the "third way" policies of the British Fabian Society—an organization founded by the Liberal imperialists in the late 19th Century to make the aims of empire palatable to the working man. That the Fabians and the DLC are virtually sister organizations, is clear from their websites. Both promote the privatization of public services, government decentralization, and globalization.

So Joe Lieberman seeks religious wars to reestablish global imperialism, rather than deal productively with the greatest financial collapse in world history, by using the proven policies of the American System of economy.

# Sept. 11 Will Split Trilaterals' Meeting

by Our Special Correspondent

One upcoming event in Washington, D.C. that deserves special attention, is the April 5-8 annual international gathering of the Trilateral Commission. The event, the first Trilateral Commission get-together following Sept. 11, takes on considerable importance now, for reasons that, at first, seem mutually contradictory, but, taken together, are emblematic of the extremely volatile and fluid strategic reality in the world at this critical historical conjuncture.

On the one hand, leading Trilateraloids want to continue the organization's role as an architect of, and catalyst for the kinds of economic, financial, and strategic policies that have been hegemonic in the so-called "advanced sector," since billionaire banker David Rockefeller founded, and bankrolled, the organization in 1973. Some of the very individuals whose policies are the driving force behind the "war of civilizations" coup attempt launched in the United States on Sept. 11, form the hard core of the Trilateral Commission.

On the other hand, the devastating economic and financial crises erupting simultaneously in the three "Trilateral sectors" of North America, Europe, and Japan—crises brought about in large part by following Trilateral Commission demands and prescriptions—have forced to the surface enormous tensions and fissures, among the Trilateral elites themselves.

## Goebbels on the Reichstag Fire?

The first Executive Director of the Commission after its founding, President Jimmy Carter's National Security Adviser and "Rasputin," Zbigniew Brzezinski, is a lead protagonist in the murky developments of Sept. 11, as Founding Editor Lyndon LaRouche elaborated in his Jan. 11 *EIR* "declaration of war" on the coup plotters, "Zbigniew Brzezinski and September 11." Although it is not confirmed, whether Zbig will be present at the April 5-8 conference, Trilateral sources stress that the panel on "Islam and Globalization" will discuss some of the policies for which he became notorious, with his late-1970s Islamic "arc of crisis" ravings.

One of Brzezinski's National Security Council subordinates, Harvard's Samuel P. Huntington, popularizer of the perverse "clash of civilizations" doctrine, has been a leading Trilat for almost three decades. It was he who, in 1975, was the coordinator and chief author of the notorious Trilateral "Crisis of Democracy" report, which demanded emergency, police-state forms of rule, under conditions of growing austerity in the "Trilateral sectors" (see Huntington's profile, in the *Feature* in this issue).

Another former U.S. National Security Adviser, Henry Kissinger, is a third Trilat stalwart. It is none other than Kissinger, who has been selected to head a panel on "the events of Sept. 11," during the April conference. This is more or less like asking Nazi Propaganda Minister Josef Goebbels to head a panel on the February 1933 Reichstag Fire.

Relevant to the same point, is that certain individuals whom the Trilateral bureaucracy labels as "former members in public service," are now forwarding the putschists' strategic designs, from within the Bush Administration. Chief among these, is current Deputy Secretary of Defense Paul Wolfowitz. But he and other Bush Administration advocates of the "clash of civilization" were set back when the State Dept. recently cut off their prime objective for the next phase of the war against terrorism—a total strike against Iraq. The Department cut off funds for the Iraqi National Congress, which was being touted as the Iraq equivalent of the Afghanistan "national Alliance."

## 'The Imperial Moment'

All these and other Trilateraloids, especially from the United States, Canada, and Great Britain, are promoters of exploiting the terrorism of Sept. 11, to bring into being what they call an Anglo-American "New Empire," modelled on the Roman Empire. Calls for this began to mount, in London, New York, and Washington, in the days immediately following Sept. 11. In line with this, early in the New Year, the *New York Times* featured a "New Empire" effusion, written by British-born *Washington Post* scribbler Sebastian Mallaby, for the New York Council on Foreign Relations' *Foreign Affairs* magazine. The *Times*, the main mouthpiece of the East Coast liberal establishment, declared that we are now in "the imperial moment."

With this in mind, the formally scheduled "main event" at the April 5-8 gathering in Washington deserves close scrutiny. This will be the presentation of the Trilateral Commission's new report on China, whose main author is Kurt Campbell, a "hardliner" toward China while he was a senior official in the Clinton-era Pentagon. Trilateral sources have affirmed privately, that the presentation of this report could be a catalyst for relaunching the debate over China that was so heated during the second term of President Clinton, and which has somewhat died down, in recent months. One Trilateral insider, echoing the classical British geopolitics that led to the First World War, said that the majority Trilateral view is that "the challenge from China today, is like that of Germany in the last decades of 19th Century." That is precisely the view of Wolfowitz, as enunciated during the latter 1990s, in an article for the neoconservatives' house journal, *The National Interest*.

While all these plans and designs may be afoot, a very sobering reality faces the Trilateral Commission circles. As a result of the rapidly worsening economic and financial crises, simultaneously, in *all* the Trilateral sectors—North America, Europe, and Japan—there are unprecedented tensions and



fissures erupting, among the policy elites. These strains are being made seriously worse, by the Bush Administration's failure to come to grips with the truth of what happened on Sept. 11, and, instead, to pursue military operations in Afghanistan and environs.

By the same token, the push by the Brzezinski-Huntington faction for the "clash of civilizations" policy, is only serving to exacerbate the tensions. Hence, there is no doubt, that preparations for the April gathering in Washington, and the gathering itself, will focus these conflicts. This was confirmed by a senior Trilateral figure in Europe, who is intimately involved in planning for the meeting, during a candid background discussion.

According to this individual, "The tensions that had begun to spring up transatlantically, in the weeks after Sept. 11, have continued. Naively, many of us thought that there was a window of opportunity, after Sept. 11, that the previous 'unipower,' or 'hyperpower' approach of the United States, would change into a more multilateral approach. But this window was quickly shut, with the Afghanistan campaign. And now the tensions continue, and it is very disquieting. There is a political and psychological tension, that should not be happening, among close friends and allies." This is complicated, he indicated, by "the tensions *within* the Bush

Administration, and by the domestic debate in the United States," because of which, Europeans still feel in the dark about what has happened in the United States since Sept. 11.

A large portion of the April 5-8 meetings, both public sessions and private talks, will focus on the U.S. internal situation. Otherwise, "If there is the long, long war that the Americans talk about, the problems will only become more tenacious," the source insisted. "There is all this talk of a 'Phase 2' after Afghanistan, and it is not clear exactly how some people in Washington interpret the 'clash of civilizations.' We in Europe are very worried. . . . At the same time, of course, there is the economic crisis in the Trilateral countries, which takes very frightening dimensions in Japan, but what frightens us even more, is the erosion of the Trilateral concept itself. It is breaking down, and we are all treading very carefully. We are losing the big picture, and the glue that used to hold us together, for example the Soviet Union in the old days, is no longer there. Terror can't be the only glue. Perhaps it should be the economic crisis, but the Trilateral framework in which we used to discuss these problems, along an axis of Washington-Tokyo-Brussels, is just not there."

As astute observers of history know, such feuds within "elites" are markers of truly revolutionary periods.

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## Russia General Decries Faction's Genocidal Aims

A clear echo of Lyndon LaRouche's characterization of the insane "utopian" military-strategic doctrine promoted by the Huntington-Brzezinski-Wolfowitz faction in the United States—and its connection to the events of Sept. 11—came from a senior Russian military figure on Jan. 11. Col.-Gen. Leonid Ivashov charged in an interview with the semi-official website Strana.ru, that current U.S. military planning reflects a policy to reduce world population and the consumption of resources by developing countries.

Ivashov's statement comes at a moment of increasing alarm in the Russian elites, that the United States may be "betraying" the strategic understanding established between Russia's President Vladimir Putin and U.S. President George W. Bush around Sept. 11. Their fear is that the United States is exploiting Russia's support for the American-led "anti-terrorist operation," in order to build up a permanent military presence in former Soviet republics of Central Asia, and to prepare a dangerous new round of military operations against Iraq or other countries.

General Ivashov, a highly respected military figure who served until Summer 2001 as Chief of the Department for International Military Cooperation in the Russian Defense Ministry, was asked to comment on prominent U.S. press

leaks, that the Pentagon is pushing for a possible resumption of underground nuclear tests.

Ivashov replied: "The Americans are trying to accustom the world to the necessity or possibility of a U.S. battlefield use of nuclear weapons. . . . If we read the documents on U.S. national security strategy for the coming century, we find that the Americans see the exhaustion of natural resources and the rapid growth of world population, as one of the main, priority problems. They project that already by 2015, the world population will increase by 1.1 billion people. And this growth will occur in the East and South, not in the West.

"Therefore, what the United States is doing in various regions of the world, is being done in order to force the nations of those regions into a mode of regressive development.

Ironically, just a day after Ivashov's interview, the *New York Times* de facto confirmed warnings, on the genocidalist aims of the Anglo-American faction represented by Brzezinski. The *Times* reported on a forthcoming article in the Council of Foreign Relations journal *Foreign Affairs*, by British writer Sebastian Mallaby, promoting the idea of a "New Empire."

Mallaby's imperial policy, recommended to the United States and Britain, is focussed very much on *population reduction* in the rest of the world. He is quoted: "A new imperial moment has arrived. . . . The chaos out there in the world is too threatening to ignore, and the existing tools for dealing with the chaos have been tried and found wanting. . . . World population is going from 6 to 8 billion. All that growth is going to happen in poor countries. . . . They threaten our interests."

### *Pursuing Evil-Doers, Or Doing Good?*

Recent wretched political posturing in the Commonwealth of Virginia has a certain national significance, as the economic crisis worsens and citizens are looking for a serious effort by political leaders to face this crisis and solve it. Such citizens' honest expectations are simply too much for most American elected officials to bear. Witness James Gilmore, now former Republican Governor of Virginia; and Mark Warner, the Democrat just elected to succeed Gilmore.

In Gilmore, Virginia voters made their common error of mistaking a career prosecutor for a public servant—even more common than Americans' other fatal error, of mistaking professional sports stars for public servants. During 2001, Gilmore flunked and was booted out as Republican national party chairman, because in that position he had been doing a good imitation of Treasury Secretary Paul “recovery’s just around the corner” O’Neill. Then, in January 2001, Gilmore found himself leaving the Virginia Governor’s office under the cloud of a huge budget deficit and rapidly rising unemployment in this “full employment” state; his own crazy tax policies, which had gotten him so many votes in 1997, had helped the worldwide economic crisis put Virginia into this hole.

So Gilmore decided to “recoup”—by blaming the State Parole Board and the state’s prison inmates. The evil-doers! On Jan. 4, the outgoing Governor demanded that his successor fire the entire Parole Board at once, immediately, saying he was “outraged” that parole had been granted to two inmates serving life terms for murder, each of whom had been in prison for decades. And sure enough, two days later, incoming Democrat Warner—perhaps with a wink and a nod to Gilmore—became equally “outraged” and sacked the offending Board. Its five members went from being the nation’s toughest parole board, to their new status as evil-doers, in less time than it took thousands of the area’s textile workers to lose their jobs in the Burlington plant closings. Warner has refused to say anything specific about his plans to face Virginia’s fiscal blowout and economic shrinkage; but he suddenly found he knew exactly what

to do in this case—to distract popular attention from his cluelessness about the economic crisis.

A final note of pathetic comedy was added by one of the fired Board members. He revealed, in the *Washington Post*, that pressure to parole one of the convicted murderers, “in time to be home for Christmas,” had come from a Leesburg, Virginia state delegate, who is a conservative Republican, and a political ally of Governor Gilmore!

It is easy to see in these sad Virginia events, the local shadow of the behavior of national Congressional and party leaders in the exploding “Enron scandal.” No one of these leaders, either in the White House or the Congress, dares call it economic depression; no one of them will get anywhere near uttering the truth about the economic collapse under way, nor suggest anything serious to do about it. While waiting for the “recovery which must be coming,” they have all seized on the Enron scandal—to try to win votes on the economy, without mentioning the economy or economic policy!

The corrupt spectacle should infuriate Americans: One day scores of politicians, “experts,” judges, prospective Presidential candidates like Joe Lieberman, all shouting “I accuse” at Enron, now that it is bankrupt; next day they, or others, turn around and say, “I recuse,” as it becomes known that Enron paid them or their campaigns. One year ago, when Enron was driving California’s economy toward destruction, hyperinflating energy prices, acting to trigger industrial collapse and mass layoffs, no one of these elected leaders or officials considered it deplorable, let alone criminal.

At that time, one year ago, it was only Lyndon LaRouche, and his Presidential campaign, who declared war on Enron Corp. for its actual crimes—the policies of deregulation and deindustrialization which it was executing. He attacked the real economic and strategic evils other political leaders are *still* hiding from. Compare LaRouche’s webcasts, campaign pamphlets, and campaign actions of November 2000-January 2001 on these issues, to what is now clear. He looks pretty good.

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Tue.—6 & 7 pm  
Wed.—8 & 10 pm
- NEVADA**
- CARSON—Ch.10  
Sun-2:30 pm; Wed-7 pm  
Saturdays—3 pm

- NEW JERSEY**
- HADDON TOWNSHIP\*  
Comcast Ch. 19
- MERCER COUNTY  
Comcast\*
- TRENTON Ch. 81  
WINDSORS Ch. 27  
Wednesdays—4 pm
- MONTVALE/MAHWAH  
Time Warner Ch. 27  
Wednesdays—4 pm
- NORTHERN NJ  
Comcast Comm. Access  
Channel 57\*  
PISCATAWAY  
Cablevision Ch.71  
Wed—11:30 pm
- PLAINSBORO  
Comcast Ch. 3\*
- NEW MEXICO**
- ALBUQUERQUE  
Jones Ch. 27  
Thursdays—10 pm
- LOS ALAMOS  
Adelphia Ch. 8  
Sundays—7 pm
- NEW ULM—Ch.14  
Mondays—9 pm
- TAOS—Ch.2  
Mondays—7 pm
- NEW YORK**
- AMSTERDAM  
Time Warner Ch.16  
Thursdays—4:30 pm
- BROOKHAVEN  
(E. Suffolk)  
Cablevision Ch.1/99  
Wednesdays—9:30 pm
- BROOKLYN—BCAT  
Time Warner Ch. 35  
Cablevision Ch. 68  
Sundays—9 am
- HORSEHEADS—Ch.1  
Mon., Fri.—4:30 pm
- HUDSON VALLEY  
Cablevision Ch. 62/90  
Fridays—5 pm
- ILION—Ch. 10  
Mon. & Wed.—11 am  
Saturdays—11:30 pm
- IRONDEQUOIT Ch.15  
Mondays—7 pm  
Thu.—9:30 am & 7 pm
- JOHNSTOWN—Ch.7  
Tuesdays—4 pm
- MANHATTAN—MNN  
T/W Ch.34; RCN Ch.109  
Alt. Sundays—9 am
- NASSAU—Ch. 71  
Fridays—4 pm
- NIAGARA FALLS  
Adelphia Ch. 24  
Sundays—10:30 pm
- ONEIDA—Ch.10  
Thursdays—10 pm
- PENFIELD—Ch.12  
Penfield Comm. Tv.\*
- POUGHKEEPSIE Ch.28  
1st, 2nd Fri.—4 pm
- QUEENSBURY Ch.71  
Thursdays—7 pm
- RIVERHEAD Ch.27  
Thurs.—12 Midnight

- ROCHESTER—Ch.15  
Fri-11 pm; Sun-11 am
- ROCKLAND—Ch. 71  
Mondays—6 pm
- SCHENECTADY Ch.16  
Wednesdays—10 pm
- STATEN ISL. Ch.57  
Thu.—11 pm; Sat.—8 am
- SUFFOLK—Ch. 25  
2nd, 4th Mon.—10 pm
- SYRACUSE—T/W  
City: Ch. 3  
Suburbs: Ch. 13  
Fridays—8 pm
- TOMPKINS COUNTY  
Time Warner  
Sun.—9 pm (Ch.78)  
Thu.—5 pm (Ch.13)  
Sat.—9 pm (Ch.78)
- TRI-LAKES  
Adelphia Ch. 2  
Sun: 7 am, 1 pm, 8 pm
- UTICA—Ch. 3  
Thursdays—6 pm
- WATERTOWN—Ch.2  
Tue: btw. Noon-5 pm
- WEBSTER—Ch.12  
Wednesdays—8:30 pm
- W. MONROE  
Time Warner Ch.12  
4th Wed.—1 am
- W.SENEGA Ch.68  
Thu.—10:30 pm
- NORTH CAROLINA**
- HICKORY—Ch.3  
Tuesdays—10 pm
- MECKLENBURG  
Time Warner Ch.18  
Saturdays—12 Noon
- OHIO**
- FRANKLIN COUNTY  
Ch. 21: Sun.—6 pm
- LORAIN COUNTY  
Ch.32: Daily—9 pm
- OBERLIN—Ch.9  
Tuesdays—7 pm
- REYNOLDSBURG  
Ch.6: Sun.—6 pm
- OREGON**
- CORVALLIS/ALB.  
AT&T Ch. 99  
Tuesdays—1 pm
- PORTLAND  
AT&T Ch. 22  
Tuesdays—6 pm  
Thursdays—3 pm
- SALEM—Ch.28  
Tuesdays—12 Noon  
Thu: 8 pm; Sat: 10 am
- SILVERTON  
SCANVU Ch. 10  
Alt. Tuesdays  
12 Noon, 7 pm
- WASHINGTON ATT  
Ch.9: Tualatin Valley  
Ch.23: Regional Area  
Ch.33: Unincorp. Towns  
Wed—7 am, 8 pm  
Saturdays—10 pm

- RHODE ISLAND**
- E.PROV.—Ch.18  
Tuesdays—6:30 pm
- STATEWIDE  
R.I. Interconnect\*  
Cox Ch. 13  
Full Ch. 49
- TEXAS**
- DALLAS Ch.13-B  
Tuesdays—10:30 pm
- EL PASO—Ch.15  
Wednesdays—5 pm
- HOUSTON  
Houston Media Source  
Sat, 1/26: 10 am  
Mon, 1/29: 5 pm  
Tue, 1/29: 5 pm  
Sat, 2/2: 11 am  
Tue, 2/5: 5 pm
- RICHARDSON  
AT&T Ch. 10-A  
Thursdays—6 pm
- UTAH**
- GLENWOOD, Etc.  
SCAT-TV  
Ch. 26,29,37,38,98  
Sundays—about 9 pm
- VIRGINIA**
- ALEXANDRIA  
Comcast Ch. 10  
Tuesdays—5:30 pm
- ARLINGTON  
ACT Ch. 33  
Mondays—4:30 pm  
Tuesdays—9 am
- CHESTERFIELD  
Comcast Ch. 6  
Tuesdays—5 pm
- FAIRFAX—Ch.10  
Thursdays—12 Noon  
Thursdays—7 pm
- LOUDOUN  
Adelphia Ch. 23/24  
Thursdays—7 pm
- ROANOKE—Ch. 9  
Thursdays—2 pm
- WASHINGTON**
- KING COUNTY  
AT&T Ch. 29/77  
Sundays—6 pm
- SPOKANE—Ch.14  
Wednesdays—6 pm
- TRI-CITIES  
Falcon Ch. 13  
Mon-noon; Wed-6 pm  
Thursdays—8:30 pm
- YAKIMA—Ch. 9  
Thursdays—4 pm
- WISCONSIN**
- KENOSHA—Ch.21  
Mondays—1:30 pm
- MADISON—Ch.4  
Tue-2 pm; Wed-11 am
- MARATHON COUNTY  
Charter Ch. 10  
Thursdays—9:30 pm;  
Fridays—12 Noon
- WYOMING**
- GILLETTE—Ch.36  
Thursdays—5 pm

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