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Why Roosevelt's Recovery Succeeded
Netanyahu Threatens U.S. With Terrorism
LaRouche to Mexico: Don't Deregulate!

**Venezuela Fiasco Lays Bare
Policy Chaos in Washington**



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From the Associate Editor

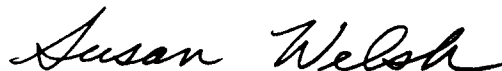
I recommend that you start reading this issue with Lyndon LaRouche's short statement to the address of President Bush (see *National*), on the institutional responsibility of the U.S. Presidency, especially at a time of global breakdown crisis such as the present.

Counterposed to this, our *Feature* takes up the case of an earlier President at a time of calamity, who exercised Executive authority from the standpoint, not of partisan politics, but of the General Welfare: Franklin D. Roosevelt. As LaRouche pointed out in an article in last week's issue ("Crocodile Economics"), you can always tell a dyed-in-the-wool populist by his apoplectic reaction to the mere mention of Roosevelt's memory. In this first of a three-part series, economist Richard Freeman presents the historical truth about FDR that is almost universally blacked out by academia: his roots in the American System economics of Alexander Hamilton. In future installments, Freeman will document how Roosevelt mobilized the nation to get out of the Depression.

Such methods, as LaRouche told a Mexico City audience on April 16 (see *Economics*), have been proven to work, and must be used again immediately. Re-regulate energy production and distribution. Provide low-interest credit for priority infrastructure projects. Deploy the power of the centralized nation-state, in a protectionist economic mode, to foster economic development, while joining with other sovereign nations in a community of principle, for the benefit of all.

The fearsome alternative, is the global war and destruction of the nation-state that we see in the Mideast and in Venezuela, for example—both of which are covered extensively in this issue. The carnage in these places is the deliberate policy of an oligarchy that is flailing desperately, like a blinded Cyclops, in a doomed effort to save its already dead financial and economic system.

LaRouche will be making a webcast address to a Washington audience on May 1, to elaborate on these burning issues. Titled "The Middle East Blow-Back Effect," it will begin at 1:00 p.m. Eastern Time, and there will be an opportunity for questions from both the local and the Internet audience. You can join the live webcast at www.larouchein2004.com.



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An anti-Chávez demonstration fills the streets of Caracas, Venezuela's capital, on April 11.



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Hugo Chávez's ouster from Venezuela's Presidency and return to power within 48 hours, wrecked the precious few possibilities for restoring national unity without civil war. Such civil war is now the order of the day not only in Venezuela, but across Ibero-America. With governments being shattered by their own servile adherence to globalization, the region is rapidly becoming polarized between two equally chaotic forces: the "leftist" FARC-allied forces which Chávez represents; and the "rightist" would-be imitators of Chile's Augusto Pinochet, with their pretensions of imposing by force, the Mont Pelerin Society's destruction of the nation-state.

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Commissioned by Lyndon LaRouche for his recently issued Presidential campaign Special Report, *Economics: The End of a Delusion*, this study of President Franklin D. Roosevelt's economic policies shows his firm grounding in the American System of political-economy founded by Alexander Hamilton. FDR's steps to bring the United States out of the Great Depression, are the tried and true model we can look to today, in circumstances which are even more dire.

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Lame Ducks and LaRouche.

Battle for Mexico Under Way, Energy Policy Is Central

by Harley Schlanger

In the midst of an intense debate on national energy policy in the Mexican Senate on April 16, between leading figures of the major opposing parties, Manuel Bartlett (of the opposition PRI) said to Senator Rodríguez Pratts (of the governing PAN), “You are a threat to the existence of our Republic.” Bartlett’s comment provoked spontaneous applause from the packed gallery.

This debate opened up to public view the stakes in the Fox government’s campaign to complete the transformation of Mexico from a sovereign republic, with a protected national energy sector, to a colonial satrap of the energy and banking cartels of the United States. While Mexico’s accep-

tance of the North American Free Trade Agreement (NAFTA) represented an important step in this direction for the cartels, they have set their sights on the final, significant step to eliminate the sovereignty of Mexico: the repeal of Article 27 of the Mexican Constitution, which protects the natural resources of the nation from foreign predators, by placing them in the hands of the state.

The National Action Party (PAN) of President Vicente Fox, for whom Rodríguez Pratts serves as a key spokesman in the Senate, is committed to this transformation, under the slogan of “free trade.” Guided by the ideology of the globalist extremists of the Mont Pelerin Society, the PANistas argue that deregulation and privatization will “increase competition,” which will “increase efficiency,” thereby, “lowering prices.”

The experience with deregulation in the United States over the last two decades demonstrates that this argument is a fraud. In reality, the PAN leaders are engaged in a shameless sellout of the future of Mexico to the cartels.

I was in the Senate gallery on that day, present as the Western States Spokesman for 2004 U.S. Democratic Presidential pre-candidate Lyndon LaRouche, with Nevada State Sen. Joseph Neal. We were invited by Marivilia Carrasco, chairman in Mexico of the Ibero-American Solidarity Movement (MSIA)—the LaRouche movement in South and Central America—to participate in public and private meetings in



Conference against electricity deregulation in Mexico, held in the Chamber of Deputies (the national Congress), was organized by PRI Congressman Benjamin Ayala (in light jacket), and addressed by Lyndon LaRouche, MSIA leader Marivilia Carrasco, Nevada State Sen. Joseph Neal (to her left), and LaRouche Southwest coordinator Harley Schlanger (to Deputy Ayala’s right).

the defense of Mexican sovereignty, and on behalf of LaRouche's proposal for convening a conference for a New Bretton Woods monetary system.

'Enron-ization' of Mexico

The strategy being pursued by Fox and the PAN, to break the resistance to this transformation in Mexico, has been developed in the boardrooms of energy firms, banks, and investment houses in Houston, New York, and London. The goal of these "privateers" is to grab Mexico's oil and gas, and its national energy company, CFE.

One of the leaders in this effort is Enron—though bankrupt and disgraced in the United States, operatives of this crooked company are still engaged in subversion in Mexico, in collaboration with the party of the Mexican President!

Until recently, their strategy was openly discussed in the United States. For example, on April 17, 2001, a lecture was presented in Houston as part of a seminar series, with the title, "The Oil Is Ours! Whither Pemex?" a reference to Mexico's national oil company, Petroleos de México. The speaker was Dr. Michelle M. Foss, assistant research professor at the Energy Institute of the Bauer College of Business, at the University of Houston. The institute is funded by Enron, Dynegy, Duke Energy International, and Reliant—the very companies responsible for last year's California electricity crisis—as well as BP Amoco, Shell, and Texaco Global Gas. Foss served as coordinator for the Natural Gas Project, established by former Enron CEO Kenneth Lay.

In her lecture, Foss said, "The search is on for a loophole in the Mexican Constitution that would provide for other companies besides Pemex" to profit from Mexico's oil and gas reserves. The problem, she said, is that "Pemex filters through all of Mexican society. It has to be dealt with." After praising Fox as a "remarkable man . . . who understands business," she added that "it is encouraging that this matter is creeping into the national debate."

The speech given by Rodríguez Pratts last week, which was accurately characterized by Senator Bartlett as a "threat to the existence" of Mexico, represented the next phase of this debate, for which Foss and her financial sponsors have been preparing.

Deregulation Fraud Exposed

In private meetings during our visit, Senator Neal and I reported to Mexican officials, businessmen, and university figures how Enron, et al., had succeeded in their efforts to deregulate the energy sector in the United States. Senator Neal, an expert in this area, who was responsible for halting deregulation in Nevada, explained that the regulation of energy—particularly the regulation of electricity—had been a major feature of President Franklin Roosevelt's anti-Depression program, to rein in Wall Street predators in the 1930s.

One of the most significant of these meetings occurred in a hall in the Chamber of Deputies (the National Congress of

Mexico), in the presence of the national press and at least ten Congressmen. Senator Neal and I presented not only the reasons for the collapse of Enron; but that, far from being an isolated case, it is part of the systemic disintegration of the post-1971 neo-liberal model which has been imposed on the U.S. economy.

"It is this systemic collapse which compels the U.S.-based cartels to seek new sources of loot, as in their campaign for deregulation and privatization in Mexico," I said, in conclusion.

This sparked an intense debate with the PANistas present. PAN Deputy Héctor González Reza expressed his anxiety over these presentations, which devastated the argument for more liberalization, deregulation, etc. At the conclusion of a debate in which he took part, the badly flustered Deputy fled the room, saying he would continue the discussion "via e-mail."

Another highlight of this tour was a public meeting sponsored by the MSIA, attended by approximately 100 officials from leading institutions, which was addressed by Lyndon LaRouche (see report following).

Lyndon H. LaRouche, Jr.

Energy Policy and The Strategic Crisis

U.S. Democratic Party Presidential pre-candidate Lyndon H. LaRouche, Jr. addressed the April 16, seminar in Mexico City sponsored by EIR and the Ibero-American Solidarity Movement (MSIA). The meeting convened on the 20th anniversary of LaRouche's influential document Operation Juárez, which he dedicated to Mexico, while that nation was fighting for its economic survival and independence in 1982. After LaRouche spoke by telephone, Nevada State Sen. and LaRouche campaign spokesman Harley Schlanger, who were visiting in Mexico, also spoke. Here is LaRouche's speech, and the discussion after it.

We have three subjects to consider, in order to put the energy policy issues into focus, particularly as they affect both Mexico, and specifically the relationship of Mexico with the United States.

Now, as you probably have noticed, the United States is presently not capable of delivering an effective policy in many crucial areas. And, the number of areas in which this is the case, has increased. You've noticed, recently, the coup and the counter-coup in Venezuela. This is typical of the confusion in

the state of the United States government, the Executive branch. We have a similar situation, which you may have observed in Colombia. You have three policies on Colombia, all coming from the same government, but from different factions inside the U.S. government: One: proposals now to support my policy on dealing with narco-terrorism. That's sane. Then, you have some other people, who want to have U.S. troops in Colombia, in effect: That's *insane*. I oppose that. You have a third group, that doesn't want it to happen at all, because they are making money in doing business with the narco-terrorists.

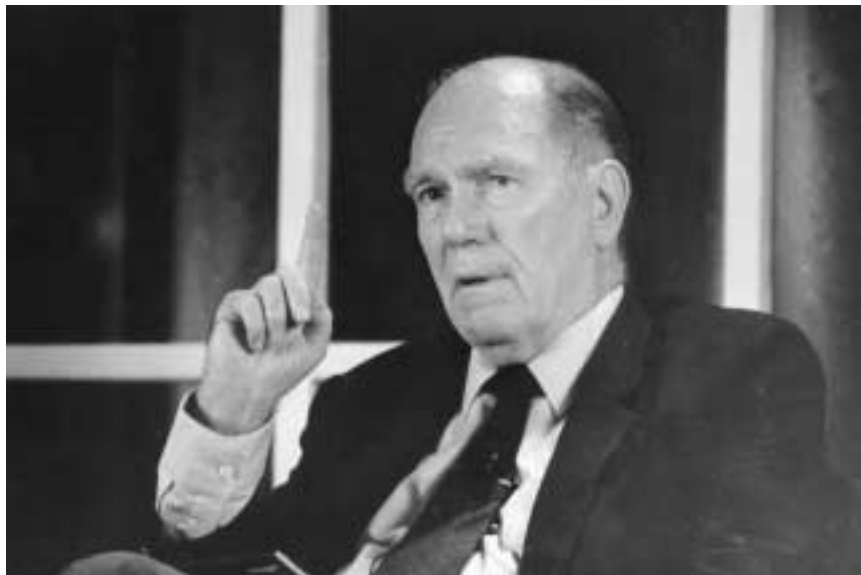
So, therefore, you see the mess of indecision in Colombia, as also the mess you see in the Venezuela coup and counter-coup. And who knows what comes next.

You look at the monetary-financial system: The international monetary and financial system is collapsing. The policies of the United States, at present, will ensure the acceleration of that collapse, which is on the edge, now. And, there's no sign of any rational policy from the U.S. government, from *any* leading faction, on this issue. The collapse is onrushing, and that's a key part of our energy policy problem.

You see a strategic crisis. You see a war in Afghanistan, which has not been won, but which is just beginning. You see the danger of a Middle East war, an attack on Iraq, on top of the present Israeli-Palestinian war. And, we are told by the U.S. military, that it would take a half-million U.S. troops into the Middle East to deal with the Iraq war, planned for later this year. The United States does not *have* a half-million troops to put in. And, the same thing goes in the general area of military policy overall. The United States is *losing* its strategic military capability; while it's spending a lot of money in the military areas, it is not being effectively spent, and will not, at the present rate. So, these are the kinds of problems.

In addition to that, we have the failure of the so-called "New Economy"; it's totally collapsed. We have a catastrophic failure of globalization, in the respect, that the so-called role of the United States as an "importer of last resort," is breaking down. This affects China; this is causing a crisis for Japan, which may blow up at any time; this is, also, of course, a great crisis for Mexico, whose dependency upon the U.S. market, both through the *maquiladoras* and other operations, is a crucial factor.

So, at the present time, there is no sign of a solution from the U.S. government. And, under the present policies, there will not be. So, my job is to inform you of what the situation



LaRouche told the Mexican officials and intellectuals, "The coup and the counter-coup in Venezuela [are] typical of the confusion in the state of the United States government: the Executive branch. We have a similar situation, which you may have observed in Colombia."

is, while I, at the same time, am doing as much as I can, to try to *change* the situation, in and around the U.S. government, hoping that the crisis itself will force the government to clean up some of the messes in its own policy-making and policy-implementing apparatus.

Go Back to Policies That Work

The question is, what is the solution to these crises, particularly on the economic side, as they affect energy policy? On the one hand, it's obvious, that what worked in the past, was what Franklin Roosevelt, as President of the United States, did from 1933 through 1945, in organizing an economic recovery of a United States which was on the verge of going the way of Hitler, if Franklin Roosevelt had not been President; conducting the struggle during the war; and leaving a legacy, which, while it was not fully carried out, was generally beneficial to much of the world, over the period between 1945 and 1965.

From 1971, and in particular from 1982—especially for Ibero-America—the changed policies, which were introduced in the middle of the 1960s, have proven themselves a 35-year-long disaster, for the United States itself, and for the entirety of Central and South America. So, therefore, we've made a terrible mistake, with these changes in policy. We should be going back to the direction of the Franklin Roosevelt policy between 1933 and 1945, as an example of the way in which to make policy, both within our nations, and among our nations. And, we must also recognize the importance of going back, specifically, to a protectionist model of economy, which is the type of model which has always worked for the

United States, and has been the best model for the countries of Central and South America.

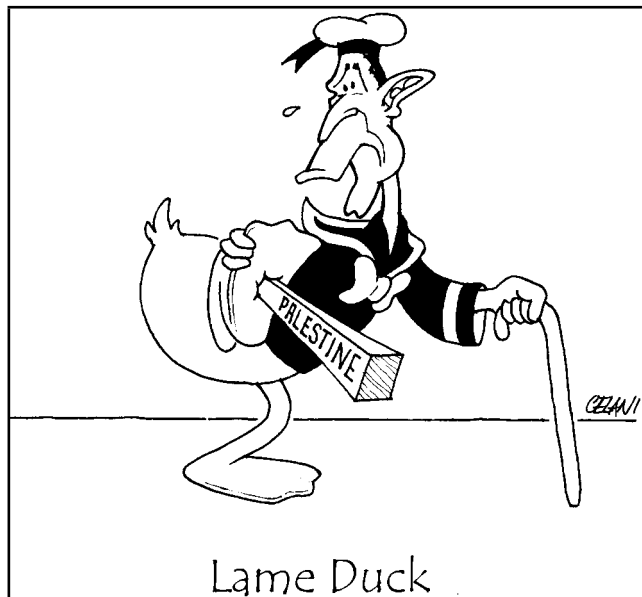
Now, the problem today is this, in terms of energy, as such: We do not have enough energy. That is, we have destroyed the energy system, especially since Jimmy Carter became President of the United States. Carter's boss was actually Zbigniew Brzezinski. And, while Carter is responsible for what he did as President, I don't think he was responsible, in the sense of knowing what he was doing. But, Brzezinski *did* represent the forces which planned these policies, which have caused a crisis for Mexico and other countries, as well as for the United States people, themselves. You will observe, if you study the figures: If you look at the lower 80% of the family-income brackets of the United States, the lower 80% of the U.S. population family-income brackets have been losing positions at a catastrophic rate, ever since Carter was inaugurated as President. And you see similar, or worse effects, throughout the nations of the hemisphere—Mexico and south.

So, obviously, what we have to do, is go back to policies that *did* work, to the idea of a protectionist approach, to basic economic infrastructure, including energy supplies. What we have to do, essentially, is to have two things: We must have a return to a protectionist model of the international monetary and financial system, to replace the present, bankrupt model. There's no way that this present system, can survive; it is doomed. There is no recovery possible, within the framework of the present IMF system. *It can not recover, ever*, under that system. However, it *could* recover, if we applied the lessons of 1945-1965, to reform the monetary system, to function in the way we did for the post-war recovery, following 1945. We could organize a recovery, by returning to the model of monetary system, which worked successfully for us, in those immediate, two post-war decades. And, that's what we must do.

We must go back, largely, to what, in the United States, are *Franklin Roosevelt policies for recovery and security*.

Credit for Economic Infrastructure

Now, what we require for this purpose, is a large mass of publicly organized credit, at borrowing costs between 1% and 2% simple interest rate. This credit must be used, largely, for basic economic infrastructure. The building and maintenance of basic economic infrastructure, is properly about one-half of the total economic activity of any nation. This is an area, which, in general, must be either government-directed, government-operated, or government-regulated: This includes things such as public education systems, energy systems, general transportation systems, like railways and so forth; it includes water management systems; and, of course, social, health-care, and general welfare systems. These are essentially the responsibilities of either a national government, or state and municipal authorities. And, they are public works; they are public events. Sometimes, you can legally create an



arrangement, under which private investors may invest in a public utility, *under government regulation*, and that is also an acceptable form. But, we're still talking about 50%, or more, of total expenditure, total activity, of a national economy *must* be in the area of basic economic infrastructure. Otherwise, the economy will not be an effective one.

It's the lack of such infrastructure, which causes the perpetual underdevelopment of so-called developing nations. They don't have the infrastructure, in order to make their labor force, as a whole, productive. Even by investing in so-called modern industries: The poverty of the economy around these industries, drags even those industries down.

We must also have an adequate amount of this infrastructure, especially in the area of energy. Since it takes some five to ten years, to put into place, even the basic elements of an increment of an energy supply—that is, for a large power station, and its associated distribution apparatus—we must put these things in there, *before* they are needed. Otherwise, we won't have them, when we need them, under conditions of growth. This means, we have to set prices; we have to regulate prices; we have to set up the kind of regulations we had before, in order to get this going.

The Case of Mexico

Now, let's take the case in Mexico, in particular: In the post-1982 period, Mexico shifted increasingly toward dependency upon the U.S. market for Mexico's existence. Now, much of that U.S. market has collapsed. Under present conditions, that market will collapse more. Mexican exports to the United States will collapse, under these conditions. Therefore, Mexico is forced to turn back to putting a greater proportional emphasis upon its *internal market*, such as power stations; development of energy resources, and their regulation;

the development of the transportation system; the development of new urban centers, which can be centers of well-supported production, that is, in terms of infrastructure—that sort of thing. This means, regulation of these things. It means, as I said, a totally regulated infrastructural section, and it requires protectionist measures. This does not mean that the U.S. market should collapse entirely for Mexico. It means that Mexico must return back to a greater emphasis, on the *internal market*, an internal market, which could be most greatly stimulated, by the impact of increasing employment in state-backed basic economic infrastructure.

That's the direction we have to go in, in Mexico, Mexico-U.S. relations. That is the way the *world* has to go. As you know, I'm very much involved intellectually, in proposing what because first known as the "European Triangle," for the post-1989 construction of Europe, and for the post-1992 effort to establish a Eurasian Land-Bridge, which will be the greatest market in the world, if it's developed; in which we would hope we would participate, as partners.

But, we're in that type of period, in which a large-scale new system, large-scale objectives of this type, is absolutely necessary, for a recovery in any part of the world.

But what we have today, being proposed in various countries, is *more* globalization, which is disaster. *More* deregulation, which is national suicide. And, the problem is—also at the same time, as I said, the problem is, that the *idea of the nation-state*, has been undermined. It's no longer popular. It's no longer fashionable.

But, in point of fact, let's come back to a simple question: If you have a depression, how do you get out of an economic depression? There's only one way you can get out of an economic depression: as an act of will. And, that is, an action taken, chiefly, by government. Government reorganizes its financial affairs, reorganizes its banking system, with the purpose of using the power of the state, to create *state debt*, as a way of generating the capital flows *needed to employ labor, in expanded production*. The greatest amount of expansion in any economy, will come, first, from expansion in basic economic infrastructure. The expansion in basic economic infrastructure will have two effects on general employment: First of all, the fact that you've increased employment, will increase the purchases by people who are employed. You will increase the business available to contractors, who participate in construction projects, and things of that sort. It will then stimulate the growth of new industries, in the environment of the infrastructural development. The benefits of the infrastructure, will improve the opportunities for new industries and employment. And, thus, by the intelligent use of credit in a regulated way, you can stimulate an economy, to recover through this process of increased public employment, and directed efforts to cause private employment to respond to the increase in public employment, for a general growth of the total national income.

That's the answer for Mexico. That's the answer for virtu-

ally every country in the world. It's the answer for every country in Europe.

Essential Role of the State

In order to do this, however, you must have an accountable, nation-state republic, whose government can make commitments of indebtedness, of a span of 25 years into the future. That is, in order to do this, you must have a national government, which, under its Constitution, is able to incur a debt, of 25 years' life, at fixed, low interest rates, and use that public debt as a way of stimulating the growth of the internal market. If that is not done, any country that does not do that, now, is *doomed* to a horrible economic depression, beyond anything presently experienced. Therefore, in this area of energy, energy is one of the chief categories for investment in this kind of infrastructure requirement. Energy investment goes together with mass transportation; it goes together with water management; it goes together with public sanitation, and so forth.

So, this is the leading edge: If you can not have a focus of public credit, on a *regulated energy industry*, regulated for a forward period of up to 25 years, the likelihood of a recovery, in today's economies, is very small. With that, we can recover. That means, a protectionist system, of the type we used to have, in which we used to take pride. And, what we have to do, is look back at the best aspects of the experience, especially of the post-war period—1945 to '65, and a little bit beyond; look at what we did, then. And say, "Those rules, by which we operated, *were sane*. We improved. Justice may not have been fully achieved, but we improved." Since then—and for, of course Central and South Americas—since 1982, the economies have been going into the pit. The people have been sent into the pit.

So, obviously, the policies we had between 1945-1965—as against those we've had later, to the present time—we know that we made a mistake; for the past 35 years, largely, for the United States, have been a big mistake. We have to *admit our mistake*, and go back to the idea of a nation-state economy, which it used to take pride in, when Franklin Roosevelt was President, and before Johnson left office.

Thank you.

'A Dialogue About Ideas'

Q: I am a retired electrical worker. My question is: Why, today, are we as bad off as we were in 1923? The problem today is the corruption which exists among President Fox, the director of the Luz y Fuerza company, and the Mexican Union of Electrical Workers. We have to put an end to corruption. The solution is to raise electricity rates for industrialists, and lower the rate for the people.

LaRouche: I don't think it's necessary to do much, in terms of discriminatory prices. I agree that we have to look—as I said before—at things from the past, at lessons from the



Mexico's sovereignty over its national energy company, Pemex, is directly at stake in the fight to stop Enron-style "deregulation," which has been proposed by President Vicente Fox's government.

past, as a basis for popular understanding, especially, of the present. That is, if you wish to make a radical change in policy that is needed, now, you must, to the degree possible, find in the experience of the people—at least, *as a people*—the lesson to which you can refer, which enables the people to understand what you're proposing and what you're doing.

Often, usually in politics, that is a precondition, for any sudden change. So, obviously, the experience of Mexico of the past, is very important for the present. But, in general, if we do the right thing, we can produce energy; and if we're stimulating the economy, we can produce energy in quantities and at prices that will benefit the people. And, we don't have to be discriminatory about it.

If somebody is an employer, and produces and is employing people, then we encourage that. But we also protect the people who work. If someone wants energy, which is, say, in short supply, for purposes which are not useful for the economy, well, obviously, they should pay a premium. But, otherwise, I frown on discrimination in prices. I think we have to have abundant energy, available to all, and especially for the needs of all concerned: for the households, for the community, for projects of national and local importance, for industry, for employers, and for anybody else—with, of course, naturally, I would agree, priority on those people who are most important for what they do for society, that they should certainly always have that first.

In the United States, we have a law, which is the fundamental law of the United States: It's in the Federal Constitution's Preamble. It's not original to the United States, although it's known as that. It's actually a law, which was introduced into European civilization in the 15th Century, in the great Renaissance. It's the law of the Common Good: that government has no right to rule, except as it is efficiently committed to promote the General Welfare, the Common Good, for the people as a whole—for *all* of the people—and

for their posterity.

I think the question of prices, the question of priorities and so forth, is best approached, not with a formula, as much as with an understanding of that law: That no government has the right to rule, except as it is efficiently committed to serve the purposes of the General Welfare. Under those conditions, yes, we can do well.

What happened in the 1920s? Well, Mexico had a certain experience with Woodrow Wilson, who was an enthusiast for the Ku Klux Klan, and a follower of the filibusters, who, from Polk on, and so forth, invaded and looted Mexico. So, if we find that the 1920s are not a good period in the history of Mexico-U.S. relations, don't be surprised. The improvement came with Franklin Roosevelt. It may not have been a perfect improvement, but at least it was an improvement, and Roosevelt proceeded from the standpoint of the General Welfare. So, if a man is efficiently serving the General Welfare, even if he's not doing so perfectly, we'll put up with his government.

An Initiative for Nation-Building

Q: Good evening. My name is Manuel Frias Alcaraz, and I'm the author of the "Mexico in the Third Millennium" national project. Mr. LaRouche, you've touched on a fundamental point for reactivating the economies of all of the developing sector countries. It's the case that, during the terms of President Roosevelt, with his New Deal program, the economy of the United States was reactivated in depth, and it is now the great world power that it is. In Latin America, in the recent gathering on "Financing for Development," it was again shown that globalization benefits the industrialized nations, and the international trade and financial institutions.

In Mexico, we have a long-term project of broad scope to reestablish our worth as a nation, to develop our enormous hydroelectric potential, our water-management potential, and, in general, our energy potential, and to create conditions appropriate for the country to overcome its terrible underdevelopment. This project consists of important basic infrastructure projects, which, as you correctly noted, are the basis for the reactivation of the economy through productive labor and constructive activities. Mexico and the countries of Latin America have an enormous debt to their populations, and we have this enormous potential, which I believe that people as important in the world as yourself and other great thinkers would have the responsibility to promote in countries such as Mexico.

This "Mexico in the Third Millennium" project, I would like you to know, has been presented to Mexican authorities and various organizations in my country, and has as its objective that the country advance and resolve its underlying problems, which are those of poverty, inequality, and that we have a better future.

I would just like to congratulate you, and especially, I would like an answer from you: How can we Mexicans, with this nation-building project, find the opportunity to solve

our problems?

Thank you very much, for your attention.

LaRouche: Well, first of all, what we have to do, is we have to work together. This is not merely a matter of working together as nation-to-nation, government-to-government; this is also people-to-people. That's extremely important—like the discussion we're having. These represent ideas. We have to establish a dialogue about ideas. We have to establish a sense of what should be the common purpose of our respective sovereign governments; what our interests are. For example: The security of Mexico is an essential part of the security of the United States. Therefore, people in the United States, who have any sense, should be very concerned about the well-being of the people of Mexico, and the stability of Mexico, and the prosperity of Mexico. It's to our benefit, that Mexico be prosperous; that it be secure; that it be stable. And, anyone in Washington who doesn't understand that, is an idiot!

Now, there's one thing I'd like to emphasize to you: The United States is not a prosperous nation. Let me point at what happened (it happened also in Mexico, too, but in a different way): From the middle of the 1960s, the United States began to undergo a fundamental change in its character as a nation, especially in its economy. We used to be a *producer* economy. That is, that the basic idea of most people was that you produced the wealth, for society, in amounts adequate to provide what you required as income. So, you saw a cause-and-effect relationship between *your* productivity, the productivity in your community, and the welfare of the nation, in which you participated.

In the middle of the 1960s, we changed that: We went from a producer society, to a consumer society. We went to that, just like ancient Rome, at the end of the Second Punic War, shifted, fundamentally, with the massive introduction of slavery in Italy; it went to a consumer society, in which Italy produced less and less of its own needs. And, extracted its own needs, at cheap prices, from countries which had been subjugated by the Roman legions.

An Economic System Based on Slavery

What has happened in the past 35 years, especially since 1971, when Nixon repealed the gold-reserve standard, is that the world has been put *increasingly, into slavery to produce what the United States eats*. That is, by driving down the prices that are paid for the products in the Americas—Mexico, South America—the prices actually paid on the world market, for the products of these countries were slashed. The United States says, "We'll take these at *our* prices." Europe was involved in the same agreement. So was Japan.

So, now we had dependent countries, which were being looted of their product, at prices which were dictated, through international monetary authorities, and they were looted! The United States population lost its employment. The jobs went to Mexico; they went to China; they went to Southeast Asia; they went to other places. And, American factories were emp-

ried. The United States people *do not produce* most of their own products, any more. They are a non-productive, consuming society, employed in make-work services, which have no intrinsic value.

Now, how do we pay for that? Well, we don't—we, in the United States. We have a current-account deficit, which is now approaching \$1 trillion a year. (Maybe it's there, I don't know: The figures are so faked, you can't tell. But it's in that order of magnitude.) In addition to that, the United States financial markets, which otherwise would collapse, are being kept supported, by a vast amount of financial inflows, into the United States, into the U.S. markets, from Europe, from Japan, and elsewhere. So, therefore, we are a *parasite economy!* We are not a prosperous, healthy economy. We are a *sick* economy! Very sick! Living on the rest of the world, through what's called "globalization" and "free trade." And, that's what free trade and globalization means: It means, in Mexico, in South America, in Asia, and so forth: "We eat, from your labor. But we don't pay for it."

And, that's what the problem is: a completely inequitable system. And, we have to understand what kind of a world that system will lead to. We have an example, in the fall of the Roman Empire. It took about 300 years, from Augustus Caesar, seizing power, until the Roman Empire in the West collapsed. But it collapsed. Now, over the past century, we've had a similar trend in European civilization: a moral degeneracy, which has spread increasingly, through two world wars, and especially through the past 35 years. And, this is destroying civilization around us.

Our interest goes deeper, than what we eat today. Our interest goes, essentially, to what kind of grandchildren we are going to have? What kind of *life* are those grandchildren going to have? What kind of a chance do these nations have? Or our grandchildren, under those kinds of conditions, of a collapsing caricature of a defunct Roman Empire? And, when we can rise to a higher standard, than looking at our material interests, as such, and look at our *immortal* interests—that is, the interest in our mortal life, which lives beyond us; the interest of ideas; the interest of benefits to our grandchildren, and those who come after them; and find our purpose in life, in living our life, such that we give *them* the benefit of our having lived, and say, "Our interests are defined, accordingly": When we think in *those* kind of moral terms, *then*, we shall understand what we need to do. And, if we *think* in those terms, we can *talk* to one another, understand one another, and cooperate.

How Can We Change Bankrupt Policies?

Q: Good evening, Mr. LaRouche. I'm a professor of constitutional law at the National Autonomous University of Mexico. I agree with many of your views. I think that, in fact, we have to promote the construction of infrastructure. The problem which you are posing, is to contract debt, to issue 25-30 year debt bonds. I have a doubt about this: What would

be the inflationary effects of this? And, also, what power can be used to motivate the political structures to change their policies, which, at this point, are shaped by a neo-liberal model?

LaRouche: Very good. Well, first of all, look at the problem that George Bush, the President of the United States, is having. That's why I mentioned this, at the beginning of my remarks. Because, if you look at the mess with U.S. policy in Colombia, which some of you, of course, who follow these things in the Americas, would recognize. This is an absolute disaster! It's not only a disaster for the people of Colombia; it's a disaster *made in the United States*, by the inability of the incumbent Presidency of the United States—and that is not to say anything good about the *previous* Presidencies—but the incumbent President of the United States is *absolutely incompetent*, so far, to come up with a consistent, effective policy on Colombia. And, that is, that policy which affects the entire hemisphere. If Colombia is destroyed, what happens to the hemisphere? We've already got enough problems.

Now, look at Venezuela. Now, I'm not going to take sides on Venezuela, on either side. But, the way the United States handled the coup and counter-coup—and every politician who knows anything, knows that—shows you that, in Washington, the Presidency of the United States *is not competently in charge of its own policy-making!* Somebody made a coup, with U.S. blessing. After negotiations in Florida—the usual thing. And, a coup was organized in Venezuela against the Chávez government. This backfired. Somebody in Washington realized that this thing wasn't working, so they supported and they accepted a counter-coup! What kind of government is that?

You look at the monetary and financial policies of the United States: They're talking about a recovery! There *never* will be a recovery under the present policies! They talk about a stimulus package: Their present military stimulus package, is not a stimulus package. It won't work. You're just passing out some money to some of the people who backed George Bush, in the last election. That's all it is. There's no real, net gain, to the military, of what they're proposing.

There's a general strategic crisis—the Middle East. They're trying to *plunge* the world into a general Clash of Civilizations war, which is what this attack on Iraq would mean. You have an Israel, that's out of control. Literally a fascist government of Israel, and the United States calls it a “democracy.” The United States, if it would support the Europeans and others on this issue, we *could bring that thing under control*, and end this bloodshed. We might not have a perfect solution, but at least, we wouldn't have all the killing! And, then, we can work our way up from there.

The problem is just this; this is what you're looking at. If you look at it as an historian, you'd say: “This is a Classical tragedy. The tragedy of an entire nation; of a great power, which is about to crumble into dust, from its own incapacity to deal with its problems.” Now, I don't want my government

of the United States, to crumble into dust. But, that's where it's heading, right now, together with the government of Israel, which is headed toward doom, a self-imposed doom. And, therefore, in history, we find that we come to a point of crisis, in which you either have a tragedy—that is, the inertia of the present policies continue to work their way to doom, like the Persian Emperor going to Plains of Gargamela, to be slaughtered—overpowered, and slaughtered by Alexander the Great. Or, the so-called Sublime happens: We inspire ourselves, with an idea of what will address this crisis and change it.

Our greatest chance for doing this—I realize what you're saying: Yes, we have *terrible* problems, with these institutions to ever *dream* of their accepting what we're discussing. Ah! But, there's a factor in history—the factor of crisis: At a point of crisis, when it becomes manifest, that a certain kind of government doesn't work, that a certain public opinion doesn't work; you come into a time of very *sudden, sweeping changes in public opinion*. And, if you have a *good idea*, which can inspire the people, and inspire institutions to change the way they behave, *that nation, that people can save itself*, from what is, otherwise, inevitable crisis. And, I would propose to you, that what we're seeing as some of the symptoms, I've just indicated—and I could give you a whole list more—at present, *unless we change*, unless the U.S. government changes—changes the way it does things, changes many of its policies—this United States is not going to last very much longer. It will crumble, just like the Roman Empire of the past.

And, therefore, I think, in a time of crisis, those of us, who present the optimistic alternative, to a present disaster, suddenly have a capacity to influence populations, which would have seemed impossible, in the preceding time. I think, that is our opportunity. And, this is the time we must *seize* that opportunity.

Neo-Liberals and ‘Universal Fascists’

Q: Mr. LaRouche, I'm a university professor. I congratulate you for your ideas, with which I agree. I would like to ask you to please tell me what the role of the Trilateral Commission was in the development and design of the neo-liberal model. And what role is it playing today? Thank you very much.

LaRouche: Well, the key author of this design, the neo-liberal model, the central agency involved, was an organization, which was created in Britain, under the personal sponsorship of Winston Churchill, in the immediate post-war period: It's called the Mont Pelerin Society, because it held its founding conference in the Mont Pelerin area, in Switzerland. It was headed, for the duration of his life, by Friedrich von Hayek, who was a follower of the pro-Satanist, Bernard Mandeville. This is not a good recommendation.

Now, as part of a racist “renaissance,” in the United States, partly provoked as a reaction against the leadership of Martin

Luther King, and Johnson's collaboration with Martin Luther King in the Civil Rights laws of 1964—this group, gathered around Richard Nixon, launched Nixon's campaign for the Presidency, around two basic themes: number one, racism. Nixon went down to Mississippi, and he met with the leaders of the Ku Klux Klan, as a launching pad for his campaign for the Presidency. Also, the Mont Pelerin Society ideas. Now, remember, Milton Friedman is—he's a very stupid example—he was rightly described by Joan Robinson as the "professor of *post hoc ergo propter hoc*"; but, nonetheless, this became the official ideology. Now, then, as a by-product, of this turn toward a monetarist, or radically monetarist policy—or what is called a "neo-liberal" policy, today—the Trilateral Commission was organized by Zbigniew Brzezinski, who, I tell you, is manifestly crazy. He's insane, and dangerously so.

Brzezinski organized, with the sponsorship of David Rockefeller, the Trilateral Commission. The Trilateral Commission is really a "universal fascist" organization, at least by the intention of Brzezinski, Huntington, and other people involved. Others involved in the Trilateral Commission are a different story—people jumped onboard because it was important.

Brzezinski created the Carter Administration. Brzezinski personally chose Carter to become President, and made him President. Brzezinski ran the Carter Administration—like a dictator—and revised the security procedures of the U.S. gov-

ernment, and so forth, while he was in charge there. So, the Trilateral Commission is not, in itself—and George [H.W.] Bush was a member of it, during the 1970s—but, the Trilateral Commission is not the problem.

The problem is, there is a faction, inside Anglo-American institutions, in particular, which models itself on the Roman Empire. And the book to reference on this, is Huntington's *The Soldier and the State*. Now, this is the book, which is published, again, and again, and again, in its original form, since the 1950s, when it was first produced, under Kissinger's friends at Harvard: This book is the basic manual for *world military dictatorship*, Roman Empire-style. And, it has the same characteristics, as a military policy, as the policy of the Nazi Waffen-SS. Of course, when Huntington was writing the book, back in the 1950s, it was not considered *popular*, to say, "I propose the revival of the Nazi military system"; so, he called it something else. But, if you read the book, and know military policy, you realize that Huntington is what is called a "universal fascist"; who has proposed, as a U.S. system, or an Anglo-American system, of world government, a world empire, ruled over by military forces, which are modelled upon both the Roman legions and, more recently, the Nazi Waffen-SS.

That's what the problem is. The problem with the neo-liberals, is this: Neo-liberalism—and anyone who understands it [knows]—will destroy any modern economy it touches, if it persists long enough. It destroys the nation-state; it destroys the small entrepreneur, including the farmer; the small businessman, especially one in technology and so forth, who is essential to the society; it puts all power in the corporations, in the hands of a financial clique, who use the large corporations they control, as a weapon against society—they may produce something, but their essential political motive is that.

And, the question here, is a political question: Do we want the kind of society, in which the *individual* intellect, the developed intellect of the individual person, makes contributions to the progress of society? Or, do we want to reduce our typical citizen to a serf, who is not supposed to think; who is supposed to do as he's told; who's not allowed to have a farm, that he actually controls; who is not allowed to be a small entrepreneur; and to have this kind of thing? So, the issue is, a *philosophy*, typified by the Mont Pelerin Society, in which the worst aspects of the Trilateral Commission, are simply an expression of that. For example: I could name institutions which are equally important: the H. Smith Richardson Foundation, which is a fascist institution; the various foundations, and so forth, run by the Mellon family, and the Mellon Scaife family; the Olin Institute, up at Harvard. And, so forth. There's a long list of these institutions, in the United States and elsewhere, which are outrightly fascist institutions, in the sense of the universal fascism, advocated by Brzezinski and Huntington. That's the danger. The Trilateral Commission is simply a by-product, as an institution, of this movement.

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Senate Defies Fox, In Defense of Mexico

by Rubén Cota Meza

The Mexican Senate, by a vote of 71-41 on April 8, denied President Vicente Fox permission to travel to Canada and the United States. This is the first time in modern Mexican history that the Congress has prevented the head of the Executive branch from travelling abroad.

But even more important were the reasons presented by the Senators of the Revolutionary Institution Party (PRI), for denying their permission:

- Fox has formed an alliance with the United States on border security, which calls into question Mexico's own territorial jurisdiction;
- In participating in naval exercises with the Armed Forces of the United States and other nations in the region, the Mexican government deliberately evaded the Senate's authorization, opening the door to possible extraterritorial military actions;
- The Mexican government held negotiations to establish a unified military command of North America, which could conceivably subject national armed forces to foreign command;
- The government failed to respond to a prejudicial report by the U.S. State Department on the matter of human rights, which violated the spirit of bilateral cooperation;
- The Fox government showed complete passivity in the face of a U.S. Supreme Court ruling, which poses the imminent risk of escalating the violation of the labor rights of undocumented Mexicans;
- And, perhaps, the point that has the greatest implications with regard to the underlying economic crisis, Fox has accepted several unilateral decisions by the United States which are prejudicial to the productive sectors of the Mexican economy.

The majority of the reasons cited by the PRI Senators allude to attitudes and compromises by the Fox government, which threaten to lead to the dismantling of Mexican national sovereignty to the benefit of the Anglo-American financial oligarchy. In an angry radio and television response broadcast nationally, Fox implicitly acknowledged his culpability. He confessed that one of his acts in the United States would have been to "witness the beginning of efforts by a group of Mexican, U.S., and Canadian experts, intended to reflect on the common future of North America, and the steps that would have to be considered to carry out this ambitious vision of the future."



Mexico's President Vicente Fox, recently "grounded" by the Mexican Congress for giving up sovereignty to the United States, gives no hope for Mexico's economy but a "coming U.S. recovery."

Fox's confession indicates that the project is already under way to which Mexico's Foreign Affairs Minister Jorge Castañeda Gutman referred Feb. 24, announcing the government wanted to "create permanent institutions" for a "North American Community" that would surrender national sovereignty to the "new supranational rules."

The Senate's refusal to permit Fox's trip abroad, represents just one stumbling block in the current government's race against time to surrender Mexico to the unrestrained ambitions of the Anglo-American oligarchy, before it disintegrates into chaos. But setting the Legislative branch into open confrontation with the Executive, will necessarily affect the great national "economic" debate.

Mexico, Moving in Argentina's Direction

On April 2, the Fox government announced the first cuts to the 2002 budget, of about \$1 billion (10.1 billion pesos). This is the fifth budget cut in the 18 months of his Presidency, and this first cut for this year represents 62% of the combined total of last year's four budget cuts. One week later, Finance

Secretary Francisco Gil Díaz announced that, during the first quarter of 2002, more than 8 billion pesos accumulated in the Oil Stabilization Fund, had already been spent. If the Fund money had not been used, the budget cutback would have been much larger, according to the Finance Secretary. The first quarter 2002 budget cut would have been closer to \$2 billion, more than the total cut out of the budget last year. However, Fox called the latest cut “minimal and insubstantial.”

And the budget gap is growing: Tax revenues in February were 5.6% less than February of last year. In March, public income was 10% less than anticipated. In the meantime, the government’s options to get more money and gain time, while awaiting an illusory economic “recovery” in the United States, are rapidly running out.

The Fox government and its partisans within the media and business sector are blaming Congress for approving a tax reform other than the one proposed by Fox, which had been based on more taxes on food and medicine. But, the truth is, that economic depression is wiping out both the tax base and the physical economy of Mexico.

While Fox is blaming the Mexican Congress because reality is not living up to his illusions, the Americas edition of the *Wall Street Journal*, mouthpiece of the financial oligarchy, complained in early April that Fox “has not succeeded in convincing a divided Congress, during his 18 months in power, to promulgate the necessary structural reforms to alleviate pressure on the federal budget,” a reference to the resistance of PRI legislators and others to changing the Constitution to allow for the privatization of Mexico’s electricity sector. Months earlier, the same publication had demanded that Fox “sacrifice his political capital” to achieve the privatization of energy and oil.

While the ruling National Action Party (PAN) presented a bill proposing to change the Constitution to allow for the privatization of the national electricity industry, the PRI proposed a bill to create the Public Electrical Energy Service. Its proponents declared that “the arguments in favor of a constitutional reform are not sustainable,” because electrical energy at competitive prices, “far from requiring a modification of the Constitution, is achieved by maintaining it, and its provisions that it remain the exclusive responsibility of the nation to generate, conduct, transform, distribute and supply electrical energy” as a “public service.” Such a policy, the PRI opposition characterizes as a matter of “the general interest” and “the bedrock of our national sovereignty,” and whose strengthening “should guarantee the energy independence and security of the country.”

Just as in the case of defining foreign policy, one finds two distinct positions over the issue of electrical energy: on the one side, that of Fox, Castañeda, and their cheerleaders, who want to annex Mexico to the United States and Wall Street; on the other side, those who seek to reestablish Mexico’s sovereignty and viability.

Fox’s Energy Reform Is Enron’s Cannibal Policy

by Marivilia Carrasco

This statement by the head of the Ibero-American Solidarity Movement (MSIA) associated with Lyndon LaRouche in Mexico, was circulating nationally against President Fox’s energy deregulation scheme, prior to the intervention of LaRouche and Nevada State Senator Joseph Neal in mid-April.

Following the guidelines of the multinational energy sharks, the Vicente Fox government has proposed to financially “clean up” Mexico’s Federal Energy Commission (CFE) and the state oil company Pemex, preparatory to dismembering them and selling them piecemeal, at junk prices. This is otherwise known as “energy reform or deregulation.”

On Feb. 7, the Fox government announced an increase in electricity rates via the reduction of subsidies, thereby driving the final nail into the coffin of the impoverished Mexican population, and creating the conditions for a total deregulation of the national energy sector.

These increases, which add up to a substantial general increase in prices across the board—something which the Banco de México refuses to admit—will not only *not* increase tax revenues, but will intensify the economic depression into which Mexicans are already submerged, thereby reducing still further the tax base upon which the government’s own income depends. Such measures, in fact, will reinforce the general bankruptcy the country is suffering, in the context of a global and systemic crisis of the international financial system.

To the predictable collapse in public income, one must add the equally predictable decline in expenditures. Following the Argentine-style monetarist criteria of keeping the fiscal deficit at 0.65%, guarantees new cutbacks to the already austere government budget, 15% of which is absorbed by the cost of financing the public debt.

The country is thus caught in the descending spiral of a bottomless depression, the combined result of the hyperdeflation of physical economic activity—aggravated by an increase in taxes and tariffs, reduction of public expenditure, decline in currency in circulation, and shortage of credit for production—and a hyperinflation of financial obligations. In addition to the \$21 billion in interest alone that the federal government must pay this year on an official public debt of nearly \$90 billion, there are other interest payments in the order of at least \$50 billion, which the national economy must

support for foreign, domestic, and internationalized financial obligations of nearly \$600 billion in private debt of both the banking system and the Banco de México, which they have officially tried to hide.

It is because of this mountain of debts, that Wall Street is so urgently pressuring for the deregulation of the country's energy sector, along with the deregulation of the education, labor, transport, and justice sectors. These debts are unpayable, but they have effectively served thus far as the means by which the international centers of financial power have been able to subject entire nations to a policy of looting, both of their populations and their natural resources.

Wall Street's Final Attack

It is no secret to anyone that the Fox government's economic program is a carbon copy of the World Bank's 2001 proposal, entitled "Mexico: An Integral Agenda of Development for the New Age." That proposal states that "the electricity sector needs rates that will enable it to recover costs . . . a new institutional organization that divides the CFE into generation, transmission, and distribution. . . which would permit the participation of the private sector in practically doubling electrical capacity . . . over the next ten years, [which would] require investment estimated at some \$37 billion." All of this, of course, would have to start with the "elimination of subsidies in stages."

Thus, the announcement of the electricity rate hikes was preceded by a not-very-veiled threat by Wall Street interests to the Fox government, that it must quickly fulfill these dictates to the letter, and burn all of its "political capital" by imposing the structural reforms that would assure the dismembering of the CFE and Pemex. This, of course, would be followed in short order by the deregulation of the other strategic sectors.

After criticizing Fox for not having yet achieved his "fiscal reform"—instead, the Congress voted up its own budget bill which, while incompetent, does not meet the demands of the International Monetary Fund—Mary Anastasia O'Grady, the editor of the Americas column of the *Wall Street Journal*, was charged with issuing those threats on Jan. 15, when she wrote: "President Vicente Fox Quezada has not lived up to his promises. . . . Neither has he brought about the uniform increase in Value-Added Taxes; nor has he advanced the privatization of the petrochemical and electricity industries." Therefore, says O'Grady, "Fox Quezada must use his political capital" to force through these reforms. "If there is no rapid economic growth, the total level of Mexico's debt could cause problems."

The same threat was made by Gary Becker, the fascist winner of the 1992 Nobel Prize in economics, during a quick trip to Mexico at the beginning of this year. Becker denounced the Mexican Congress's refusal to approve the application of the Value-Added Tax to food and medicine, saying that taxes must be imposed on consumption, given that they are "easier



MSIA leader Marivilia Carrasco.

to collect, and more difficult to evade." After demanding that labor regulations be withdrawn, Becker insisted that, sooner or later, Pemex would be privatized. A professor at the University of Chicago, Becker trained many of the officials at the Argentine Central Bank, as well as officials of that country's government, who are today being investigated for looting their nation.

We Warned You!

At numerous public events in different parts of Mexico which were also attended by representatives of U.S. 2004 Presidential pre-candidate Lyndon LaRouche, and in various publications since late 2000, the Ibero-American Solidarity Movement presented clear-cut evidence that energy deregulation was nothing but a speculative and fraudulent manipulation which was destined to fail.

It is entirely useless for President Vicente Fox and his Finance Minister Francisco Gil Díaz, along with the Deputies and Senators who approved the budget bill, to repeat the mantra that "Mexico is not Argentina," while ignoring the profound implications of that country's bankruptcy and the disintegration of its banking system. They also ignored the significance of the Enron bankruptcy which, like Argentina's, occurred simultaneously with the Congressional debate late last year.

Those bankruptcies are not isolated, but rather express the general state of the world economy, including Mexico, Brazil, Poland, Japan, and the United States itself. The situation is unsustainable, and its dramatic political, economic, and human consequences will not be long in afflicting Mexico on the scale of Argentina. Unless and until the IMF's dictates are tossed onto the garbage heap, and the political measures proposed by Lyndon LaRouche are adopted, the future of entire nations is in question.

India, ASEAN Build Highways of Opportunity

by Gail G. Billington

During March and early April, a series of bilateral and multi-lateral meetings in Asia put the pieces in place for major new collaboration between the ten members of the Association of Southeast Asian Nations (ASEAN) and India, the major power in South Asia, and the second most populous country on Earth. Moves are afoot for India to join East Asia's major powers—China, Japan, and South Korea—as the newest ASEAN “dialogue partner.” An ASEAN summit with India has been proposed by Cambodian Prime Minister Samdech Hun Sen, whose nation, the Kingdom of Cambodia, takes over as ASEAN chairman in the coming year. Such a summit could lead to a more formal relationship, and would certainly mean the extended ASEAN dialogue involves nearly half of the world's population.

The tour of India's Foreign Minister Jaswant Singh to China, Thailand, Myanmar, and South Korea during March 29-April 7, was followed by the tour of Indian Prime Minister Atal Behari Vajpayee to Singapore and Cambodia on April 7-11. Shortly before the Indian leaders' tours, Indonesian President Megawati Sukarnoputri and Cambodian Foreign Minister Hor Namhong visited New Delhi, and Thai Prime Minister Thaksin Shinawatra made two trips to the Indian capital.

The density of India-ASEAN exchanges during this period astounded journalist Dinesh Sharma, writing for the April 13 *Bangkok Post*: “Never before has such a flurry of diplomatic activity and high-profile visits been seen on the Indian-ASEAN front. This is the first time since India adopted its much-touted ‘Look East’ policy in the early 1990s that concrete projects have really taken off.” Sharma ticked off four major initiatives in a week: the first direct flight between New Delhi and Beijing; an undersea cable between India and Singapore; a trilateral agreement among India, Myanmar, and Thailand for a road to be completed in two years; and a direct air link between Guwahati in Northeast India and Bangkok, Thailand.

Eurasian Land-Bridge or Bust

The April 5-6 “India-Myanmar-Thailand Ministerial Meeting on Transport Linkages,” held in Yangon, Myanmar, made clear that the central focus of this new partnership is very concrete: filling in missing links in the east-west and north-south transport infrastructure grid, involving roads,

bridges, and rail. This focus had earlier set the stage for Indonesian President Megawati Sukarnoputri's meetings with Indian Prime Minister Vajpayee, which led to agreements worth \$260 million, including construction of a railroad in southern Sumatra, cooperation between the two nations' space institutes, and the signing of nine other memorandums of understanding.

Lt. Gen. Khin Nyunt, First Secretary of the ruling State Peace and Development Council of the Union of Myanmar, addressed an audience including India's Minister of External Affairs Shri Jaswant Singh, Thai Minister of Foreign Affairs Dr. Surakiart Sathirathai, and Myanmar's Minister for Foreign Affairs U Win Aung. He singled out Myanmar's historical, cultural, religious, and economic role as the link between the civilizations of the Ganga Basin and the Mekong Basin. “Never before have the foreign ministers of the three countries come together in such a manner to develop common regional solidarity,” and thus “to deepen the integration of our economies,” he said. “The purpose of this meeting is to discuss and agree upon land transport linkages that would link our three countries and the two regions to which we belong.”

India's Jaswant Singh replied, “The road network connecting our three nations will become a highway of opportunity.”

New Delhi-to-Bangkok Road by 2004



Source: EIRNS.

Malaysia Launches Hi-Speed Rail

The *New Straits Times* reported on April 14 that Malaysia had opened its first high-speed railroad link, with help from Germany's reconstruction bank, the Kreditanstalt für Wiederaufbau (KfW). Prime Minister Datuk Seri Dr. Mahathir bin Mohamad launched the link between Kuala Lumpur and the Kuala Lumpur International Airport, about 50 km away. Dr. Mahathir said this "monumental achievement" proved that Malaysia can do things against

all odds, and laid the basis to proceed with a series of rail links to its regional neighbors.

The Prime Minister noted that the project was set to take off in early 1998, with domestic financing fully in place, when the Asian currency crisis hit. "Standard and Poors downgraded the country's rating and no one was willing to lend us money," he said. Tight liquidity in the domestic financial market resulted in the underwriters of the financing package withdrawing their commitments, and the project was stalled for almost a year. The company came up with a new financing plan. Germany's KfW, Bank Pembangunan and Infrastruktur Malaysia Berhad were willing to fund a portion of the project cost, when the government gave assurance it would back the project.

nity. Let us jointly begin the process of weaving our part of Asia together, through multi-modal infrastructure links. . . . India's emphasis on connecting the Northeast to the outside world could not have come at a more propitious time, for it is part of a larger project to build Eurasian land and rail corridors that could connect Singapore to Istanbul and Europe, via both the Subcontinent and China."

The Yangon meeting agreed to support the complementarity among regional development initiatives: the Bangladesh, India, Myanmar, Sri Lanka, Thailand Economic Cooperation group (BIMST-EC); the Mekong-Ganga Cooperation; and the ASEAN-India Dialogue. The countries agreed on construction of a highway (see map) to be completed within two years, linking India's New Delhi, Moreh, and Tamu on the border with Myanmar, to Kalemmyo, Monywa, Mandalay, and south to Mae Sot, Thailand and on to Bangkok. In addition, the three countries agreed to build a highway from Myanmar's Tavoy (Dawei) deep-water port to Kanchanaburi, Thailand, and shipping links to Indian seaports. On April 4, Cambodian Prime Minister Hun Sen had opened his country's newest and longest bridge, which will link Thailand's Trat province with Cambodia's southwestern Koh Kong province. The mile-long bridge spans the Gulf of Thailand and will open a new link to Vietnam.

The Yangon meeting is all the more important in exposing the evil intent of the George Soros-funded Burma Watch, which has encouraged the economic and political isolation of Myanmar, casting it as a "pariah nation," and thus intentionally sabotaging prospects for the future of a nation of more than 50 million people. Two of the most serious challenges confronting Myanmar date to its British colonial occupation, including the extension of Britain's Opium Wars in Asia, and divide-and-conquer rule among and between the various ethnic peoples which make up Myanmar. Financial speculator

Soros' funding of efforts to prevent the development of the Golden Triangle—the necessary precondition for the final eradication of the drug economy—is directly connected to his role as the world's leading sponsor of drug legalization, as well as his opposition to the institution of the sovereign nation-state.

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Mittelstand Starved of Credit, Going Broke

by Lothar Komp

In Germany, the year 2002 began with a series of sensational mega-bankruptcies. First hit was Philipp Holzmann, one of Germany's oldest construction companies, with 23,000 employees. In March and April, one crash after another followed: The Thuringian construction service provider Mühl AG (3,800 employees); the second-largest German airplane producer Fairchild Dornier (3,600 employees); and Herlitz, the largest German maker of office supplies (3,000 employees). After a months-long tug-of-war between the bank supporters and the minority owners, Rupert Murdoch and Silvio Berlusconi, bankruptcy was finally declared by Kirch Media Corporation, with 6.5 billion euros in official debt and many more billions in optional liabilities—the largest corporate bankruptcy in the post-War German history. One must assume that we have not seen the last of the mega-bankruptcies for 2002.

Even as the big business bankruptcies monopolize the headlines, a process just as dramatic is taking place at the small and medium-sized business level. A mass sickness of these *Mittelstand* businesses has set in, which in its extent is unprecedented. And the crest of the bankruptcy wave has yet to be reached. By the figures posted by the Federal Office of Statistics, insolvent companies in 2001 rose to 32,300, some 14% more than the year before. Not only was a new bankruptcy record set, but the rate of growth in the number of bankruptcies doubled from the previous year.

Some 9,000 companies were liquidated last year alone, of which 3,700 were industrial firms. Since 1990, the number of insolvent companies has increased each year, with the exception of 1999.

More than half a million jobs were eliminated in the *Mittelstand* sector in 2001 alone, of which 330,000 were in the former West Germany, and 173,000 in former East Germany. The insolvent businesses had a debt volume of 31 billion euros, compared to only 24 billion euros the year before.

Among the 32,300 companies which went bankrupt in 2001, about 50 were businesses with more than 500 employees. The remaining, overwhelming majority, were small or belonged to *Mittelstand* entrepreneurs. Around 56% of the bankruptcies came from businesses with 5 employees or fewer. This year it will only get worse. The Creditform agency expects that the current trend of numbers of bankruptcies will

increase dramatically, and the number in 2002 could even surpass 40,000.

New Bank Priorities

The avalanche of small- and medium-enterprise bankruptcies is driven, on the one hand, by the looting of global economic activity outside Germany. The strong export business of these industrial firms is being torn to shreds. The depression of the German construction sector, which started in the mid-1990s, is still deepening, not least because of the financial bankruptcy of the cities, and therewith the current implosion of public spending for infrastructure.

That gloomy situation shows us only part of problem. Just as significant is the radical change in the German bank sector, which has been taking place since the 1990s and is now affecting the German business sector with full force. The successful post-War model of the German credit system, with its strong General Welfare component and its long-term attachments of businesses to their respective local banks, has always been a sore spot for advocates of the Anglo-Saxon "share-holder" mentality, one that they have demanded should be crushed.

The lever for this action is the globalization of the financial markets and the worldwide merger-mania. Even for German banks, the saying now goes: Eat or be eaten. The only ones who can survive, are the ones who are big players in the profit game of "investment banking." From this viewpoint, the allocation of credit to business is nothing but a burdensome, barely bearable side game. Much more profit is made through mutual takeover of international corporations, as with stock swaps. Often business credit is only used as bait, to get credit-using companies to accelerate up through the stock market exchanges. The other businesses are told to go to *Sparkasse* (savings banks) and other partly or wholly subsidized creditors; or, if they are young and promise fairytale growth rates, they go to "venture capitalists."

Almost all large banks in Germany have tightened their criteria for *Mittelstand* loans over the last few years. Some have even openly stated that they want to completely dump their small business clientele. The German savings and loan association (DSGV) summed it up last Autumn as follows: "The private competition, including the Deutsche Bank, Dresdner Bank, Commerzbank, and HypoVereinsbank, are pulling out systematically from doing business with medium-sized companies."

The Advancing Storm: Basel II

It will only get worse. For a long time, governments, regulatory authorities, and banks have been trying to rewrite the Basel equity directives of 1988. By those rules, banks could only loan out 12.5 times the amount of equity the debtor company possessed. In other words, the equity of a company must be at least 8% of the volume of credit it carries, in order to be protect the bank from failure of the company.

Because the banks clamored against these regulations, the

Unions Warn Germany On Maastricht Austerity

Don't cut the budget if you want to balance it, German Trade Union Federation (DGB) chief economist Heinz Putzhammer warned in a statement on Feb. 21. He explicitly rejected German Finance Minister Hans Eichel's "fixation" on a short-term balanced budget.

"An absolute fixation on a balanced budget by 2004 is too dangerous," Putzhammer said, because "sufficient growth is not guaranteed. But, what we know for sure, is, that if the state pulls the brakes to consolidate the budget in 2003, and especially in 2004, too strongly, the following will happen: Unemployment will grow, and not shrink. The scissor between reduced tax income and social security payments, and the higher costs of unemployment will open further, instead of closing. The new debt of the public will rise, and not shrink. . . ."

The DGB economist explicitly attacked the European Stability Pact (based on the Maastricht Treaty) as unworkable: "What we need, in Germany and in Europe, is a sustainable and economically sensible strategy of consolidation. The European Stability Pact is not the right exam-

ple. On closer inspection, it has a number of deficiencies in regards to 'sustainability' and 'economic sensibility' . . ."

Instead, "infrastructure investments have to be stabilized at a politically desired and economically sensible level. Consolidation will then be accomplished . . . on the income side, in an economic upswing. Public investments can be financed through credits, if public infrastructure expenditures serve, as in many cases, several generations."

On April 5, Putzhammer reiterated his comments, in a statement greeting "decisions of France, not to realize the ambitious austerity plans of the euro countries by 2004, at any cost. Finally, an important EU member is realizing and indicating, that, in all probability, it is impossible to reduce the new debt incurred to zero, by 2004. . . . If recognition prevails in France that the austerity aims can be only reached, if at all, by a highly risky therapy for Euroland, then the German Government should no longer resist becoming smarter."

Putzhammer's arguments fall far short of the real scale of the present crisis. But, they reflect a growing awareness that in order to overcome it, the logic of the Maastricht criteria has to be discarded. It is unusual for trade unions to issue such harsh criticism of a Social Democrat-led government in an election year, and is as indicative of the mood among workers, as the growing strike ferment in Germany.

Basel Committee for Bank regulation has been working for some years with representatives from central banks and bank regulators from the United States, Canada, Japan, and ten Western European nations, to reform these rules. The main point of discussion is that debtors will be differentiated by their creditworthiness, so that banks will be able to loan first-class debtors much more than 12.5 times their equity. The losers of the new system have already been determined: the *Mittelstand*.

One of the strongest principles of banks used to be the fact that the creditor banks, with years of service in the local area, were familiar with the owners of the credit-taking enterprises, such that they would be able to make a realistic estimation of their creditworthiness. But now, "objective" rating methods are being introduced, which decide whether and under what conditions credit will be given. The criteria include equity and "cash flow." The criteria will be summed up, and a rating determined, by a rating agency, from which every business will have to ensure that it gets a rating at a cost of about 50,000 euros (\$45,000).

The large rating agencies, with whom the speculative excesses of technology shares revealed a complete incompetence and blindness, will thus become also the arbitrators over credits to the industrial *Mittelstand*. On account of the chronic

weakness of company stock capital in the smaller and middle-sized enterprises in Germany—precisely because they traditionally do not want to become dependent on shareholder-value interests—it appears that bad ratings, and with it higher interest rates, are preprogrammed.

Certainly, the new directives, called "Basel II" and scheduled to take full effect in 2006, will serve the banks as a pretext to tighten the conditions for middle-sized enterprises.

The 3.3 million *Mittelstand* enterprises of Germany create 80% of all jobs, 85% of the apprenticeships, earn half of the Gross National Product, and form the basis for two-thirds of the public social income and domestic revenue. If they are sacrificed to the interests of the global finance markets, it is all but over for the German economy.

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General Strike: Prelude To Reality, or Farce?

by Claudio Celani

On April 16, a highly successful general strike paralyzed Italy, as 13 million workers participated in demonstrations in major Italian cities. Strike participation, according to trade unions, was as high as 95% in industrial factories. Factory owners claimed the figure was closer to 60%, which is still higher than voter participation in most industrial nations.

The strike had been preceded by a nation-wide demonstration on April 23, which drew more than 1 million workers into the streets of Rome. It was an impressive show of force, the largest labor demonstration in Italy's postwar history. The strike and the demonstration were called to protest the government labor reform plans, which include a proposal to loosen legal protection against layoffs. Similar to Germany, Italy has a provision, called Chapter 18, which forces entrepreneurs to re-hire workers dismissed for "unjustified reasons." The government insists that such a provision, which applies to firms with more than 13 employees, is an obstacle to job creation, because it hampers smaller firms that want to expand. Labor organizations, on the other hand, see in the government action a plan for labor recycling, i.e., of dismissing older workers in favor of younger, lower-paid workers.

Although the trade union argument is correct, observers have correctly pointed to the political character of the protest. In the last decade, the trade unions have accepted several reforms enacted by center-left governments, which have deregulated the labor market. On the other side, many government supporters recognize that Chapter 18 is a totally secondary issue. But both sides, the government and the trade unions, have chosen the Chapter 18 issue to stage a confrontation, which apparently is intended to end with a fatal defeat of one of the two contenders.

The main protagonists of this confrontation are trade union leader Sergio Cofferati and Prime Minister Silvio Berlusconi. Cofferati is Secretary General of the largest trade union, the CGIL. Together with the CISL and the UIL, the CGIL forms the so-called "united labor movement." Whereas all trade unions oppose the government reform plans, it was Cofferati who imposed a confrontationist line on his allies; originally, they wanted to sit at the negotiation table.

Knowing that he would rally popular support, Cofferati

has in reality pursued the design of changing power relationships inside the opposition. Since 1992, with the short exception of the Massimo D'Alema government, the center-left coalition has been dominated by a faction of technocrats, who have forced the traditional labor movement to accept austerity policies under the pretext of party discipline. This policy resulted in the 2001 electoral defeat of, and the demoralization and endless divisions in, the center-left coalition. One component of this, is the fact that mass protest risks being taken over by radical, anarchistic fringes, such as the ones that protested in Genoa at the Group of Eight summit in July 2001. With the labor mobilization against Silvio Berlusconi's government, Cofferati has now turned the tables, and is in the pole position to become the next candidate of the opposition when he retires, in a few months.

The Thatcher Poison

On the other side, the government decision to make Chapter 18 a point of confrontation is motivated by Berlusconi's insane admiration for former British Prime Minister Lady Margaret Thatcher. This element of right-wing populism cohabits with healthier impulses of Berlusconi's character, as shown by his foreign policy and other aspects of his economic policy, including his thrust for infrastructure development and industrial investment. Somebody has suggested to Berlusconi that the trade unions are his enemy, and that he should crush them, as Thatcher crushed the trade union movement in Britain. This is insane, not only because Thatcher destroyed Britain's industry, but because Italy is not Great Britain. Nevertheless, Berlusconi has acted publicly as if he intends to steer that course, and a decisive step in this direction was a demonstrative meeting with British Prime Minister Tony Blair on Feb. 15, in which the two former enemies signed a common "manifesto" for labor deregulation reforms.

This theatrical government-labor confrontation ignores the real problems to be addressed, such as the European Union's insane budget policy, as U.S. Presidential pre-candidate Lyndon LaRouche stressed during his visit to Milan last March (see *EIR*, April 5 and 12, 2002). Within the so-called "Maastricht parameters," an economic development policy is impossible, and social conflicts are inevitable. The decade-long austerity policy dictated by the Maastricht Treaty is the real cause behind the workers' protest mobilized by the trade unions, and at the same time the real obstacle to the job creation targets claimed by the government. A confrontation policy opens up a prospect of conflicts, which forces hostile to Italy are ready to manipulate, as the assassination of government adviser Marco Biagi, on the eve of the March 23 demonstration, shows (see last week's issue).

Biagi was a key figure in the government-labor negotiations, and one of the authors of the government labor reform plans. However, he was not a supporter of the confrontation line, and was suggesting that an agreement be found with the



Strikers in Turin. Labor unions and the government are being distracted from the real issue: the Maastricht criteria, which are preventing an economic recovery.

unions on Chapter 18. Biagi was killed on March 19, by so-called “Red Brigades” terrorists. The Red Brigades were believed to be extinct in 1989, after the Italian government succeeded in dismantling their terrorist operations throughout the country. However, they resurfaced in 1999, and killed government official Massimo D’Antona. D’Antona, like Biagi, was a labor expert. He was assassinated at a strategic moment, when the Italian government was opposing a land invasion of Kosovo, pushed by Blair. After the D’Antona assassination, all anti-war demonstrations stopped. Similarly, Biagi was killed at a moment when Italy is playing a key role in organizing against the so-called “Clash of Civilizations” scenario, which includes a war in Palestine and a U.S. attack against Iraq.

As LaRouche has repeatedly stated, there is no independent terrorist capability in the world. All terrorist groups are either an expression of a state power, or a force equivalent to a state. In the case of the Red Brigades, it has been documented that they have been an instrument of British, U.S., French, and Israeli intelligence circles. By choosing Biagi as a target, the terrorists have acted according to a well-known script from the “strategy of tension” years. In the 1970s, in a period of social unrest and labor strikes, terrorism was used to make Italy ungovernable by playing into staged left-right polarizations. Italy was made ungovernable for reasons of foreign policy, but the left-right scenario provided the cover for the destabilization. Similarly, Biagi was not killed because of the

labor policy issue, but because of Italy’s role in the current strategic situation.

However, the social conflict offers the pretext: Pushed by “public opinion” (the media), the conservatives accuse the left of creating the breeding ground for terrorism with their radicalism, and the left accuses the conservatives of using terrorism as a strategy to discredit and destroy the labor movement. Theater prevails more and more in place of reality, and actors become prisoners of their own ideology, like on the stage of a Classical tragedy, and thus bring doom upon their nation.

Thus, Berlusconi and his rival Cofferati are playing with fire. They might become prisoners of the ideological roles they have chosen to play, unless they decide to stop acting like foolish actors on a stage and address real issues. They have a golden opportunity, offered to them by the LaRouche movement. In both houses of Parliament, a resolution is being circulated, which calls on the government to organize a New Bretton Woods conference for a reform of the international financial and monetary system, as the only way to initiate a real economic recovery. The resolution has been signed by dozens of representatives of all political parties, and could be enacted into law, if it reaches a majority. The government should drop its labor deregulation reforms, and should challenge the unions—and the left—to support the policy expressed by that resolution. If conflict must be, at least it should be a real one!

THEN, AND NOW

Why Roosevelt's Explosive 1933-45 Recovery Worked

Part 1, by Richard Freeman

The following is the introduction to a major study included in "Economics: The End of a Delusion," a special report by the LaRouche in 2004 Presidential campaign committee. The rest of the article will appear in future issues.

In the period 1933-45, President Franklin Delano Roosevelt transformed an American economy that was collapsed by depression, and whose banking system had fissured apart, leading it through a successful economic recovery. At a time of intense crisis, he shaped the course of history. Thereby, he saved the American republic and civilization.

Roosevelt made a fundamental change by sweeping away the method of the British System of economy, which had dominated earlier Twentieth-Century America, and caused the Depression. He replaced it with a return to what the first U.S. Secretary of the Treasury, Alexander Hamilton, had described as the American System of political economy, with its commitment to nation-building and economic development.

Overview: The American System

As Hamilton had described it, the American System represents the commitment of the nation to the principle of promoting the General Welfare, through priority on the cognitive development of the citizen. This meant, then as now, the capital-intensive, power-intensive development of the physical economy, inclusive of infrastructure, to produce growth. The sovereign powers of the nation-state must be aroused, to promote scientific progress, and to create the advancement of mankind.

To that purpose, Roosevelt built a labor-farm-minority-urban machine alliance, as the new base of the Democratic Party.



President Franklin D. Roosevelt signs the Social Security Act, Aug. 14, 1935. His measures to bring the nation out of the Depression expressed the principles of the American System of political economy.

Roosevelt instituted his American System recovery in two phases. First, through the New Deal of the years 1933-37, Roosevelt revived the existing manufacturing and agricultural capability, which had been closed by the Depression. He also built a magnificent array of technology-transmitting infrastructure. Later, during the economic mobilization for World War II, which was conducted from 1939-44, Roosevelt introduced a qualitative change. He made scientific discovery—and the machine-tool design principle—the driver for the economy. The latter mobilization injected a scientific-technological revolution into every aspect of the economy, and built a new layer of manufacturing and productive capacity, of the highest technological level. This, in addition to the capacity that had existed prior to the war. The end result was a revolutionary reordering of the U.S. economy for a vastly increased technological level of development. This combination of measures, not only defeated the Depression, but generated explosive, anti-entropic growth.

Upon taking office, Roosevelt had to confront both a devastating physical reality and, more challenging, the fatally flawed method of the British System. The 1929-32 Depression was deep. At the start of 1933, unemployment was officially 12.83 million, representing 24.9% of the labor force. Worse, industrial production was down 54% from its 1929 levels. Steel production operated at only 24% of its capacity. The banking and financial system was shattered. But, above all, what Roosevelt had to confront, was the British System's several decades of pillage and rape of America, during the

first third of the Twentieth Century, and in particular during the decade of the 1920s.

Roosevelt Comes on the Depression Stage

The ruin which led into the 1929-1932 Depression, was chiefly due to the efforts of President Calvin Coolidge (1923-29), together with his alter ego and controller, Treasury Secretary Andrew Mellon, and the banking House of Morgan.

Coolidge himself was a venal man, whose Hobbesian outlook defined man as a beast. He believed that the nation-state must not intervene to positively develop the economy, nor to regulate financial and economic affairs. Andrew Mellon, who spoke for Wall Street's interests, had been installed as Treasury Secretary for three Presidents—Warren Harding, Coolidge, and Herbert Hoover—serving during an extended period from March 1921 through February 1932. He dictated policy to the United States government from that post.

Together, Mellon and Coolidge instituted the policy of the the neo-Venetian rentier-finance British System. This meant speculation, unbridled looting, and the virtual enslavement of millions. Under the rubric that the “free market” ruled, Wall Street and the City of London gouged the physical economy. Labor was crushed, and the decades-long farm crisis was permitted to fester and worsen. With Mellon's and Coolidge's approval, the speculative bubble, fed with the “leverage” of broker loans, rose to unsustainable heights.

Inevitably, this orgy of predatory speculation came crashing down. It happened in October 1929, only seven months

into the administration of President Herbert Hoover. The crash itself was not the work of Hoover, but, chiefly, of Mellon and Coolidge. Nonetheless, during the next two and one half years, Mellon, as Hoover's Treasury Secretary, dictated austerity and deflationary policies, which drove the shattered economy onto the rocks.

Then, Franklin Roosevelt came on stage.

Many corporations had collapsed. The supposed institutional authorities—the banks and the so-called experts of academia and the media—were completely discredited; and while his rivals failed, Roosevelt swept the stage clean.

In his Dec. 26, 1999 paper, "Tinsel Town Follies," 2004 Presidential pre-candidate Lyndon LaRouche stated:

"Typical of the investment practice which yields the highest rates of growth of physical productivity, per capita and per square kilometer, is the so-called science-driven crash-program effort, such as the U.S. Manhattan Project and the German-American aerospace effort launched under President John F. Kennedy."

A little later in that same paper, LaRouche wrote, regarding the productive powers:

"This requires the kind of society in which each young person is educated in the way coherent with that practice of knowing. That means, in turn, a family and cultural environment coherent with the production of such qualities of graduates of education. It means a society whose investment policies cohere with that kind of emphasis upon fostering crash-program-like rates of improvement in the physical-productive powers of labor."

Though he may not have said it in the same terms, Roosevelt understood crash programs, as driven by science. He understood the need for emergency powers to achieve that. In his March 4, 1933 inaugural address, Roosevelt laid out at the end of his speech the need for command decisions and emergency mobilization:

"I am prepared under my constitutional duty to recommend the measures that a stricken nation in the midst of a stricken world may require. These measures, or such other measures as the Congress may build out of its experience and wisdom, I shall seek, within my constitutional authority, to bring to speedy adoption.

"But in the event that the Congress shall fail to take one of these two courses, and in the event that the national emergency is still critical, I shall not evade the clear course of duty that will then confront me. I shall ask the Congress for the one remaining instrument to meet the crisis—broad executive power to wage a war against the emergency, as great as the power that would be given to me if we were in fact invaded by a foreign foe."

In that same speech, he indicated how he would tackle his first task:

"Our greatest primary task is to put people to work. This is no unsolvable problem if we face it wisely and coura-



"Roosevelt understood crash programs, driven by science," and another Democratic President in his tradition, John F. Kennedy, was able, thus, to cause the only in-depth growth in America's real economy since World War II. Here, JFK examines an Apollo landing vehicle under development.

geously. It can be accomplished in part by direct recruiting by the government itself, treating the task as we would treat the emergency of a war."

Roosevelt mobilized the population, using the executive powers inhering in the Preamble of our Constitution. In a time of crisis, he provided towering leadership. He possessed great moral courage, a mind that could improvise creatively to come up with sound judgments and solutions, wit, and compassion for every person. In the special way he personally addressed the population, through "fireside chats" and the like, he could reach inside a person, to inspire his (or her) better half to act on behalf of a *national mission of great importance*. This was especially true in his three great strategies: the New Deal (1933-37); the economic mobilization for World War II (1939-44); and the fight for post-War world development against British and other imperialisms. The Bretton Woods system, as adopted before his death, reflects this. Notably, the period of this fight is 1939-45, but that fight is predated by his fights for new strategic orientations such as the "Good Neighbor Policy."

In these fights, in which he made such executive decisions, Roosevelt swept away the method of the debauched Thomas Hobbes and the usurious Adam Smith. He reinstated the American System of Economics, associated with the General Welfare. The principles of the American System echoed the Italian Fifteenth-Century Renaissance, and rested upon the influence of the work of Gottfried Wilhelm Leibniz on the Eighteenth-Century American leaders such as Franklin and Hamilton. This legacy was continued, by Henry Carey, Abraham Lincoln, and others, in the course of building America

as a great industrial constitutional republic.

In this American System, as Hamilton named it, the nation-state acts for the interest of the entire population, present and future. The state positively intervenes to shape the economy: It directs cheap and abundant credit to foster capital-intensive, power-intensive manufacturing, agriculture, and infrastructure; it fosters scientific discovery and the incorporation of advanced discoveries into the machine-tool design sector; it develops the cognitive power of the labor force; it regulates its economic and financial affairs, and crushes speculation. As a result, there is an increase of the rate of potential relative population density.

The New Deal

Under what came to be known as his New Deal, Roosevelt applied the American System by aid of such measures as the following:

- He stabilized the banking system.
- He directed cheap and abundant credit into the economy, using such agencies as the Reconstruction Finance Corporation (RFC), and other government agencies which he newly created.
- He built magnificent infrastructure, with the Tennessee Valley Authority (TVA) in the forefront. The Tennessee Valley encompasses a watershed of tens of thousands of square miles spanning seven states. The TVA built an integrated development project, which developed abundant hydroelectric power, accomplished flood control and river diversion, provided scientific agriculture and new industry, eradicated malaria, and spread education to overcome illiteracy. It reshaped a region in a revolutionary way, and became a model for the world.

And as we shall see below, this was but one of four great “quarters,” pillars of new national infrastructure, which Roosevelt intended to use his Presidency to erect, to support a rising, transformed structure of the American economy.

Roosevelt’s New Deal also built the Rural Electrification Administration, and constructed tens of thousands of sanitation projects, hospitals, schools, ports, and public buildings.

Roosevelt launched public works programs which employed millions of workers building the infrastructure. This report will show, perhaps for the first time, that the public works programs, led by the Public Works Administration (PWA) and Works Progress Administration (WPA), through the bill of materials, drove forward the whole economy.

The New Deal also famously introduced social programs of justice, like Social Security for the aged and disabled; unemployment insurance for the unemployed; the right to organize for labor, etc. President Roosevelt operated on the concerns of the downtrodden. He introduced legislation, such as the Glass-Steagall Act, that went after Wall Street looting and corruption.

The New Deal stopped the farm and home foreclosures,

stopped the loss of savings accounts, restored whole sections of the economy and nation, and prevented the disintegration of the republic. That it did not totally end the Depression, can be seen by the fact of the high level of unemployment which still existed in 1939.

The success of the New Deal was completed by the economic mobilization for World War II, which had a different emphasis, but was based on the same American System and its method.

New Deal and War Mobilization Interact

Franklin Roosevelt conducted a crash economic effort, a mobilization for World War II. It took the achievements of the New Deal, and pushed the economy into non-linear growth that seemed beyond the scope of what the ordinary person would have believed achievable. It used the method of Hamilton, directed cheap and abundant credit for the productive economy, the construction of infrastructure, etc. But it was distinguished from the New Deal in that *it was very much premised and explicitly driven by the driver of scientific discoveries, and the machine-tool design sector*. It was a qualitative solution. The economy leapt forward.

Between 1939 and 1944, the wage level per worker doubled; corporate profits increased 4.5-fold; the output of industrial production doubled; the level of the manufacturing workforce grew from 10.28 million to 16.33 million, while the level of the unemployed fell from 9.48 million to 0.67 million.

In 1938, the United States produced 34,000 machine tools. By 1942, the figure was 307,000, nearly ten times greater. Moreover, the new machine tools had a much more developed scientific power, and thus were far more productive.

There was the commercial development of aluminum, magnesium, and penicillin; the utilization of the electron microscope; the crash program of the Manhattan Project.

An entirely new economy had been built on top of the old, while the old one was upgraded. The productive labor force was technologically upgraded. By the end of 1944, the U.S. economy was operating at an unprecedented level of explosive, anti-entropic growth.

World Development

Roosevelt had the confidence that the same American System method, which had proved successful with the New Deal and the economic mobilization for World War II, could be applied to the whole world. This belief, combined with Roosevelt’s hatred of British and other imperialisms, and his commitment to eradicate them, led him to seek to end the enforced backwardness of the colonial world, and moved to develop it by “Twentieth-Century [American System] methods” of development.

Roosevelt met British Prime Minister Winston Churchill in the Bay of Argentia, off the coast of Newfoundland, in



The “arsenal of democracy” mobilization for the global fight against fascism was qualitatively distinct from the New Deal, in that it was driven by breakthroughs in the machine-tool design sector, scientific discoveries, and a transformation of the American labor force.

August 1941. FDR’s son, Elliott Roosevelt, who was, at the time, assistant and confidant to his father, related the discussion between FDR and Churchill, in Elliott Roosevelt’s book, *As He Saw It*:

“Father answered slowly. ‘It is along here somewhere that there is likely to be some disagreement between you, Winston, and me. . . . If we are to arrive at a stable peace, it must involve the development of backward countries, backward people. How can this be done? It can’t be done, obviously, by Eighteenth-Century methods. . . . Twentieth-Century methods involve bringing industry to these colonies. Twentieth-Century methods include increasing the wealth of a people by increasing their standard of living, by educating them, by bringing them sanitation—by making sure that they get a return for the raw wealth of their countries.’

“The Prime Minister was turning red. ‘You mentioned India?’

“ ‘Yes. I can’t believe that we can fight a war against Fascist slavery and at the same time not work to free people all over the world from backward colonial policy. . . . The peace cannot include any continued despotism. The structure of the peace demands will get equality of all peoples.’ ”

Roosevelt continued to develop this policy. In 1940-41, Roosevelt had a team at the U.S. Treasury begin to work out plans that would guide the formation of a post-War monetary financial and economic system that would embody this pro-development, anti-imperialist outlook. Harry Dexter White was one of the key figures involved. One of the key obstacles that Roosevelt faced, was the British Imperial Preference Sys-

tem. This permitted the British to demand that products and raw materials of the colonies and Commonwealth countries be sold to the mother country, and that they would buy only British finished goods. This kept loot flowing to Britain, securing the value of the pound sterling, and the continued world dominance of the London banking system. Roosevelt had plans drafted in 1941-42 to break apart the British Imperial Preference System.

Roosevelt knew that by 1945, America produced 46% of the world’s physical goods output and sought to have these goods, especially technology-transmitting capital goods, flow to the “Third World,” to develop it. He set up a new monetary system at a conference at Bretton Woods, New Hampshire, July 2-22, 1944, to facilitate the flow of these capital goods to the Third World, and to arrange currencies in a fixed-exchange-rate system, the latter so that the flow of capital goods would be relatively smooth. Sovereign nations, instituting capital controls and exchange controls, were leading elements of this system. This would galvanize growth. At the Bretton Woods conference, Sun Yat-sen’s 1919 grand

proposal, the “International Development of China” was discussed.

In a Feb 12, 1945 message to Congress, urging the adoption of the Bretton Woods system, Roosevelt outlined one part of his plan: the creation of an International Bank for Reconstruction and Development, which was renamed the World Bank. Roosevelt said:

“If we are to measure up to the task of peace with the same stature as we measured up to the task of war, we must see that the institutions of peace rest firmly on the solid foundations of international political and economic cooperation. The first problem, in time, which we must cope with, is that of saving life, and getting resources and people back into production.

“Emergency relief is under way

“[However,] the main job of restoration is not one of relief. It is one of reconstruction. . . . The same is true for . . . the many plans for the improvement of transportation, agriculture, industry, and housing, that are essential to the development of the economically backward areas of the world. But some of the things required for all these projects, both of reconstruction and development, will have to come from overseas. It is at this point that our highly developed economy can play a role important to the rest of the world. . . .”

FDR’s American System Heritage

Roosevelt pursued many ways to realize this objective.

From the time of his youth, Franklin Roosevelt located his identity in what Henry A. Kissinger denounced, in a May 10, 1982 London address, as the American Intellectual Tradi-

tion. As a boy and young man, Roosevelt was steeped in the history of activity of his great-great-grandfather, Isaac Roosevelt, an important leader of the American Revolution, and a life-long friend and ally of Alexander Hamilton. Isaac Roosevelt was the second president of the Bank of New York, which Hamilton set up to industrialize the nation.

As a Harvard undergraduate before World War I, Franklin Roosevelt wrote his senior thesis on Alexander Hamilton's leadership in creating America as a constitutional republic.

However, in 1921, when Franklin was stricken by polio, he developed a deeper compassion, and a stronger commitment to the destitute, and to those who needed someone to fend for them. It was during that period after first contracting polio, that Roosevelt did intensive study of the history of the United States.

This work was deeply grounded in that constitutional root of the American System known as the General Welfare principle. In the 1930s, he advanced the labor-minority-farm-urban machine alliance. In a Sept 11, 1932 interview he gave the *New York Times*, Roosevelt summed up his prescient view of the job of Presidency. "The Presidency is not merely an administrative office. That's the least of it. It is more than an engineering job, efficient or inefficient. It is preeminently a place of moral leadership. All our great Presidents were leaders of thought at times when certain historic ideas of the nation had to be clarified."

As Lyndon LaRouche has emphasized this critical feature of the present world economic crisis, today, mankind is in the midst of an economic and moral crisis far more severe than 1929-33. Whereas in 1929, the manufacturing capacity which had been shut down by depression was relatively modern, today the manufacturing capacity has either been permanently shut down, or gutted by 35 years application of a "post-industrial society" policy. The world financial system is overhung by an estimated \$400 trillions notional valuation of financial derivatives, and of other speculative instruments. This is an amount three orders of magnitude greater than the speculative bubbles which collapsed in 1929-33.

As LaRouche has emphasized, the world financial system has the trajectory of a *global systemic breakdown crisis*, not simply a depression, a crisis comparable to the trajectory of the orbit of a comet which is hurtling straight toward its doom in a collision with the Sun.

To solve this, we must begin from the point of reference of the Roosevelt precedent of 1933-45. That much of the task before us amounts to reliance on a method of recovery, which is reproducible. Lyndon LaRouche echoes the voluntaristic, innovative thrust of Roosevelt's rescue of the U.S. economy. This is reflected in LaRouche's bold proposal for a New Bretton Woods monetary system, pivoted around the high-technology development corridors of the Eurasian Land-Bridge, which will generate worldwide reconstruction and growth.¹

1. *LaRouche Tells Americans How To Beat The Depression*, August 2001, available from LaRouche in 2004 (www.larouchein2004.com).

A. Revolutionary Identity: Roosevelt vs. Mellon-Coolidge

The hundreds of historians who have written volumes on Roosevelt's life, have compulsively mislocated Roosevelt's political identity. They have identified him as a liberal, a progressive, a consumerist, a Keynesian, and a communist. None of these descriptions are remotely true. Not accidentally, none of these historians has located Roosevelt's identity within the American Intellectual Tradition. That is, however, exactly where Roosevelt himself knowingly located his identity, from his earliest years, throughout his whole life.

Franklin Roosevelt was born on Jan. 30, 1882, in Hyde Park, New York, to James and Sara Roosevelt. While James Roosevelt inherited the wealth of the Hyde Park Roosevelts, he also had a sense of public service, and worked on the attempt to build the strategic Southern Railway Security Company in the post-Civil War period, with the intent of industrializing the South. The project was under the direction of Thomas Scott, an ally of that Henry Carey who led the United States' nation-building faction throughout the post-Civil War period. The Southern Railway project was never completed, due to the financial crash of 1873.

To situate Franklin Roosevelt's sense of identity, and thus learn about his character, personality, intellectual commitment, and even his wit, one has to understand his intense intellectual relationship with his celebrated great-great grandfather. Isaac Roosevelt had lived from 1724 to 1796, and played a significant role in America's Revolution and establishment as a constitutional republic.

From the study of his great-great-grandfather—whom the Roosevelt family called "Isaac the Patriot"—Franklin developed his visceral hatred of those American Tories who followed in the traitorous footsteps of Aaron Burr. Roosevelt was not afraid to say that he saw the fight as between the patriot of the American Intellectual Tradition and the Tory. For example, in his July 2, 1932 address accepting the Presidential nomination, he told the Democratic Party national convention, "There are two ways of viewing the government's duty in matters affecting economic and social life. The first sees to it that a favored few are helped. . . . That theory belongs to the party of Toryism, and I had hoped that most of the Tories left this country in 1776."

FDR also internalized Isaac's legacy in his strong commitment to the General Welfare clause of the Constitution, and to the idea that the nation-state must serve mankind, past, present, and future. This is the source of Roosevelt's morality.

Franklin Roosevelt became aware of great-great-grandfather Isaac Roosevelt at an early age: In those late 19th-Century years, a large oil portrait of Isaac the Patriot, by Gilbert Stuart, still hung in the most prominent spot in the central living room of the Roosevelts' Hyde Park home, and greeted young Franklin every morning. (Stuart painted the famous full-length portraits of Benjamin Franklin and George Washing-



Alexander Hamilton's friend and revolutionary collaborator Isaac Roosevelt (1724-1796), that "Isaac the Patriot" whose living legacy held a central place in the Roosevelt family a century later, when FDR was a growing up.

ton, which now hang in the National Portrait Gallery in Washington, D.C.)

In the eyes of Franklin and the other Roosevelts, Isaac provided a direct family link to the Revolution and to the adoption of the Constitution. Isaac Roosevelt's activity imbued in Franklin Roosevelt a belief in a strong Federal government, and a commitment to the General Welfare. It is worthwhile to describe a few highlights of this notable ancestor's numerous achievements.

During the early phase of the American Revolution, Isaac played various roles for the Revolutionary government. He was one of the main recruiters to George Washington's army. He also organized arms, munitions, uniforms, tents, and blankets to outfit Washington's men, and was part of the process that established foundries and powder mills. Most importantly, on behalf of the Committee of Safety, which played a pivotal role in the Revolution, Isaac Roosevelt was asked to arrange, and then direct, an emission of paper money of 55,000 pounds sterling to fund the Army. He established a sinking fund to redeem the bills over a three-year period beginning in 1779. Thus, Isaac Roosevelt worked with Washington and Benjamin Franklin as one of the chief financial officers, providing a currency and funding mechanism for

Washington's army.

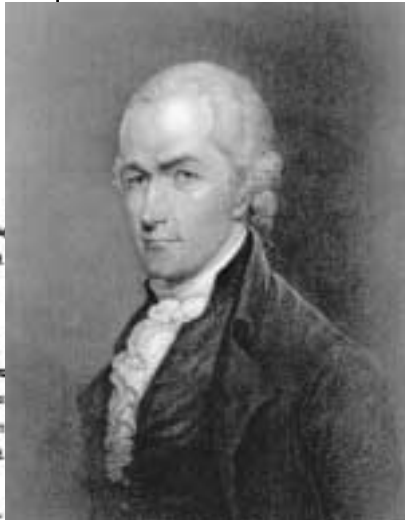
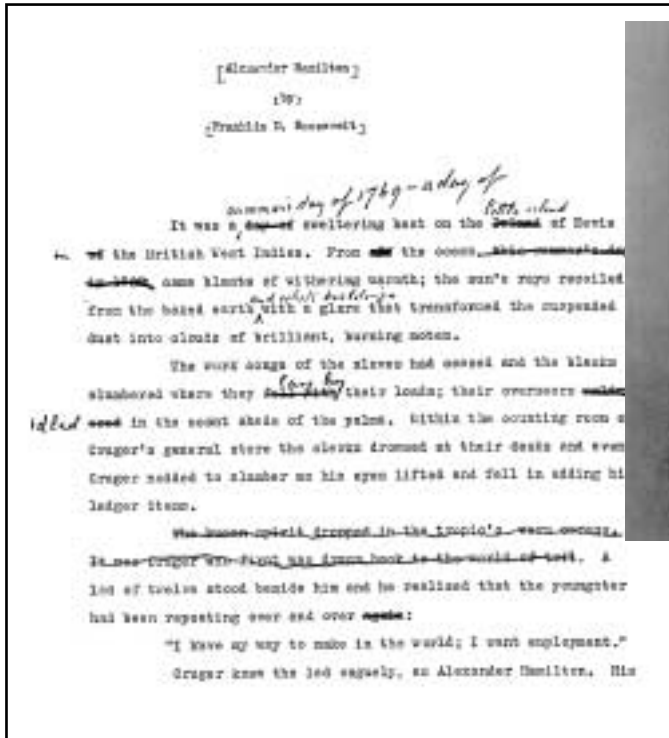
Once the Philadelphia Constitutional Convention of 1787 had drafted the U.S. Constitution, it was required that it be ratified by 9 out of the 13 state conventions called specifically for that purpose. Isaac Roosevelt knew that the Articles of Confederation (1783-89), drafted to govern America after the victory of the Revolution, were a disaster that produced anarchy, and threatened the obliteration of the United States. Thus, Isaac went to lead the New York state convention in June 1788, in an old court house in Poughkeepsie, New York. Sixty-five delegates attended, and only 19 came in supporting the Constitution. To change this, Roosevelt collaborated closely with his friend Alexander Hamilton. He knew that even if nine other states ratified, but New York did not, that would bode ill, and threaten the dissolution of the Union. Thus, Hamilton wrote the *Federalist* papers; and finally, on July 26, 1788, Hamilton and Roosevelt succeeded in getting New York State to ratify the U.S. Constitution.

On June 9, 1784, Hamilton took the decisive step of founding the Bank of New York, as only the second commercial bank established in America, in order to finance the interests of American manufacturing and commerce. Hamilton did this to break the grip on America of the British financier oligarchy, which controlled most financial mechanisms, and to provide America with financial-economic independence, a mission which Hamilton carried out on a national level by creating the Bank of the United States in 1791, as America's national bank. Isaac was an original director of the bank. In 1786, two years after the bank's founding, Isaac Roosevelt assumed the presidency of the Bank of New York, serving during the bank's crucial formative period, until 1791. Isaac worked regularly and directly with Hamilton to provide credit to the fledgling nation's industry.

Franklin Roosevelt's study of the work of Isaac Roosevelt, and the higher purpose that he served, stayed with him throughout his life. During the closing days of the 1936 Presidential campaign, for example, speaking in Poughkeepsie, Franklin told the crowd, "About a block from where I stand, up there on the corner of Main Street, there was a little old stone building, and in the year 1788 there was held there, the constitutional convention of the State of New York. My great-great-grandfather was a member of that convention. . . . And so you will see that not only in my person but also by inheritance I know something about the Constitution of the United States."

Alexander Hamilton

The 1903 Harvard senior thesis gave FDR an opportunity to organize his thoughts on his great-great-grandfather and on Alexander Hamilton (1757-1804). In Roosevelt's view, Hamilton was the great leader, in the period after the American Revolution, who made America a constitutional republic. In the short paper, Roosevelt discussed Hamilton's remarkable power with words, his role in the Revolutionary Army,



As a Harvard undergraduate, Franklin Roosevelt wrote his senior thesis on the central role of his great-great-grandfather's ally, Alexander Hamilton, in creating the United States as a nation.

accomplished by his assuming the debts of the states—a very controversial move at the time, which involved the process by which Hamilton established the Bank of the United States. Hamilton stated that the Treasury debt of the United States, which he had expanded by having the Federal government assume the debt of the states, could be used by those who held it as part of the payment of purchase of the stock of the Bank of the United States. Thus, the “national debt became a national blessing.” FDR may have known already of the functioning of the Bank of the United

and his service as adjutant and confidant of Commander-in-Chief George Washington during the war. Roosevelt wrote, “In time, it was said that while Washington wielded the sword of the Revolution, Hamilton held the pen.” Franklin the undergraduate attacked the chaotic Articles of Confederation, as having caused the United States “to crumble for lack of a cohesive unity;” recounted the fight over the Constitution at the Poughkeepsie court house; emphasized the importance of a strong central government; and situated Hamilton’s unique role: he created, “that document that has been the model for other nations and the bulwark of our own, the Constitution of the United States.”

Roosevelt concluded with two paragraphs which “jump off the page,” as an important insight into the history of the United States, and presented a critical evaluation of the U.S. political-economic process:

“Washington, the first President under the Constitution, made Hamilton Secretary of the Treasury—the greatest of the Cabinet offices. As he [Hamilton] had stabilized the problems of State, so now he ordered the finances of the country and it was his impetus that removed for all time the risk of disintegration of the States.

“None appreciated this solidarity more than Aaron Burr, who, defeated for the Presidency in his race against Jefferson [in 1800], largely through the efforts of Hamilton, saw in this greater financial security the banishment of his dream of establishing a Northern Confederacy.” [emphasis added]

Thus the young Roosevelt understood what Hamilton had done. Hamilton’s “ordering the finances of the country” was

States—Isaac Roosevelt worked with Hamilton in financial matters—in any case, he put his finger on its key effect: “It removed for all time the risk of disintegration of the States.”

Roosevelt’s remarks on Aaron Burr are also “on the money.” Burr “saw in th[e] greater financial security [created by Hamilton] the banishment of his dream of establishing a Northern Confederacy.” Roosevelt knew, through his study of history, that the conspiracy to fracture America into Northern and Southern Confederacies, originated with the Boston Brahmins and Wall Street forces represented by Burr, in the first decade of the Nineteenth Century. How many historians and citizens, let alone Presidents and politicians, in the United States know this today?

Thus, when Roosevelt attacked someone as a “Tory traitor” he knew precisely what charges he was levelling.

In the 1920s, the treacherous historian Claude Bowers, who supported the “South shall rise again” thesis, ran a filthy operation to try to force Roosevelt away from Hamilton. Bowers was supported by certain leading Democratic figures who pressured the President to refrain from publicly praising Hamilton. But FDR held on to this American revolutionary tradition and method of thinking throughout his life. During the New Deal, and especially during the economic mobilization for World War II, Roosevelt’s methods were clearly Hamiltonian.

Forces Shaping Roosevelt’s Development

From the Harvard thesis to the Presidency in 1933 was a span of 30 years. Among the many events and processes that

shaped Roosevelt's development during this period, we will cite just three.

In 1910, Roosevelt scored an upset election to the New York State Senate. On an intellectual level, Roosevelt was committed to the American System and the General Welfare; but, on a concrete level, he still did not know what to do. He immediately attacked, and had his ears beaten back by, Tammany Hall. Tammany taught Roosevelt about the urban machine, the interests of the laboring population and ethnic interests, and to champion decent housing, medical facilities, infrastructure, education, and decent working conditions. By 1912, Roosevelt had begun to rethink and change his views, and he was sponsoring or supporting legislation for workmen's compensation; to forbid young children from working more than 54 hours per week; regulation of fruit commission merchants, to prevent their underpaying of farmers; and so forth.

As the Assistant Secretary of the Navy, Roosevelt coordinated the Navy Department's side of the economic mobilization for World War I, from April 1917 through November 1918. Deploying a Hamiltonian, dirigistic mobilization, Roosevelt learned how to produce an economic surge to vastly increase the production of ships, and thus of Naval yards; and how to master a centralized production and procurement of the bill of materials—to produce and acquire steel, rivets, timber, etc..

In August 1921, Roosevelt was struck, as if by a thunderclap from out of the blue, with poliomyelitis, at the age of 39. A few years afterward, his friend Frances Perkins noticed, "Franklin Roosevelt underwent a spiritual transformation during the years of his illness. I noticed when he came back, that the years of pain and suffering had purged the slightly arrogant attitude. [H]e emerged completely warmhearted, with humility of spirit." The prolonged fight with paralysis strengthened Roosevelt's existing commitment to the General Welfare, by giving depth to his determination to fight for the weak and downtrodden. During the period 1921-27, he studied and wrote, including one paper on U.S. history. From 1924 onward, he developed a once run-down spa in Warm Springs, Georgia, into a modern facility to treat those with polio from around the country. He put a considerable amount of effort into it, living there for part of each year.

In 1928, Roosevelt won the governorship of New York State, and for the period 1929-33, he was involved, as Governor, in fighting the Depression.

The Coolidge-Mellon Blowout

But to understand why Roosevelt had to act in 1933, we have to know who created the 1929-33 financial blowout and Depression of 1929-33, and what problems it posed.

Here, one must confront the well-ensconced, but deliberate lie, that Herbert Hoover caused the Depression. Investigation shows that Hoover, whatever his economic incompetence and lack of leadership, did not cause the Depression; and



The Wall Street controller of Calvin Coolidge's economic policies, and then of Herbert Hoover's as well, was Treasury Secretary Andrew Mellon (second from left), here meeting with a co-thinker, Benito Mussolini.

shows, irrefutably, who did: President Calvin Coolidge, and Wall Street's Treasury Secretary and Coolidge's controller, Andrew Mellon.

Why have Coolidge and Mellon not been properly exposed? Because financiers, economists, and journalists, like the *Wall Street Journal*, heartily approve of the British System mix of rampant speculation with budgetary and anti-labor austerity, that Coolidge and Mellon imposed. The "experts" have even gone so far as to call the Coolidge economic policy of 1923-29, the "Period of Normalcy," when it was anything but normal. In fact, the policies of the Coolidge Presidency were extremely dangerous.

Moreover, there is a more sweeping historical point being covered up. From the 1901 assassination of President William McKinley, the Anglo-American financiers had effected a coup. They had ended the American System paradigm of Abraham Lincoln and Henry Carey, dominant from the 1861-76 period. Instead, they installed the treasonous Teddy Roosevelt, Woodrow Wilson, and Coolidge in the Presidency, and in 1913, set the up the Federal Reserve System, as a British System dictatorship, sending the U.S. on the path which ended in the Depression.

Born in 1855, Andrew Mellon had his money from his father, Judge Thomas Mellon, who specialized in forcing people into bankruptcy, and then foreclosing on their homes. This produced a real estate empire, and soon the Mellon holdings included Mellon Bank, Alcoa Aluminum, Gulf Oil, Carborundum, and a host of other companies. Wall Street had installed Andrew Mellon as Warren Harding's Treasury Secretary in 1921. Mellon stayed in that post for Coolidge, and then for Herbert Hoover, until February 1932. For 11 years, he dictated the financial policies of United States, and caused the Depression.

Born July 4, 1872 in Vermont, Calvin Coolidge (a second



Mellon and Calvin Coolidge, President from 1923-29, actually brought on the Depression with his policies encouraging rampant financial speculation and austerity against the real economy; and left office in March 1929 pronouncing, "Stocks are cheap!"

cousin of that Boston Coolidge family which had made its fortune trading opium in China), moved to Massachusetts, and became the enforcer for the Boston Brahmin financiers. In 1918, Dwight Morrow, the powerful J.P. Morgan banker, who was Coolidge's college classmate, helped bankroll Coolidge into the Massachusetts governorship; and in 1920, Morrow helped secure for Coolidge, the post of Vice President under Harding. When Harding died under suspicious circumstances in 1923, Coolidge vaulted into the Presidency.

The Mellon-Coolidge policy featured reduced living standards of labor, immiseration of farms, fanatical budget-balancing, tax cuts for Wall Street-controlled businesses, and unchecked financial speculation.

- During the 1920s, in several key regions, agriculture and the farm economy were devastated for most of the decade. Yet, Coolidge refused to lift a finger to take measures that would halt the farm crisis—citing the doctrine of “laissez-faire”—though proposals involving parity or cost of production pricing were being made in Congress.

- In the Mellon-Coolidge policy environment, labor, which was not well organized, was crushed. In a 1928 report that received little attention, the Brookings Institution found that 60% of American families had less than the \$2,000 annual income that Brookings defined as necessary for a family to supply itself with the necessities of life. This was the reality of the Coolidge “prosperity.”

- Coolidge and Mellon enforced a \$3 billion limit on annual U.S. budget expenditures, so that the United States would run a budget surplus, and use that money to pay down the outstanding Federal debt. They refused expenditures for any new items of the Federal budget, and Federal infrastructure building was cut to the bone.

- Coolidge and Mellon fostered a geometry of speculation. In 1924-26, a nasty Florida real estate price boom sucked in money from around the country before it popped. On the stock market, a speculator could borrow between 75% and

90% of the purchase price of stock through a “broker loan” from a bank. The rise in stock speculation had more and more people playing the market with broker loans. In 1925, these loans totalled \$1.5 billion, then rose to \$2.5 billion in 1926, and \$3.48 billion in 1927—an incredible sum for those days, but only the beginning. In 1928, they reached \$4 billion by June, and shot up to \$5.7 billion by the end of that year. By this point, stock prices were rising every week, and money was being sucked into U.S. markets from around the world.

Coolidge was asked on Jan. 6, 1929, what he would do about the stock market bubble. He answered, nonsensically, that after consulting the Treasury, “I haven't had any indications [that] that amount [of broker loans] was large enough to cause particularly unfavorable comment.” The next day, in response to Coolidge's comments, stocks enjoyed their second-highest turnover in history. On March 3, the day before he left office, Coolidge told the press, “Stock prices are cheap.”

After four years of systematic speculative build-up, the stock market was overvalued by a factor of three to four times. Banks had lent a very large amount of money into the market. In October, the Coolidge-Mellon bubble burst, on the head of President Hoover, who had been in office all of seven months.

During the next 30 months, Andrew Mellon attached himself to Hoover as Treasury Secretary, and dictated insane policies of austerity and deflation. He demanded budget cuts, and forbade public works and infrastructure building. As a result, he drove the economy onto the rocks. Hoover, who lacked a positive idea of what to do, nonetheless knew he had to get himself out of the Mellon-imposed straitjacket. In February 1932, he made the Anglophile Mellon Ambassador to England, and thereby got him out of the country. But by then, the maximum damage had been done. Hoover, although he then took some small, useful steps, was unable to do anything that would make a fundamental difference.

The Financial-Economic Collapse

The October 1929 bursting of the Mellon-Coolidge bubble, and the subsequent policies of Mellon over the next 30 months, produced a lawful collapse. In addition, international processes had an important effect on this. We look at what happened, in the financial realm, and then, to the physical economy.

The large volume of speculative broker loans blew out with the market bubble, causing problems for the banks. Other speculative markets were punctured, such as that in real estate. Further sectors of the U.S. physical economy, which had begun having difficulty in the Summer of 1929—before the October market crash—began having trouble paying back their bank loans. *In toto*, 341 U.S. commercial banks failed in 1929, and 1,350 more failed in 1930. While this represented approximately 4% of the commercial banks in the United States—hardly a negligible amount—it did not constitute a pell-mell banking crisis.

However, in 1931, international forces intersected the

TABLE 1

U.S. Bank Failures, 1930-32

State	U.S. Banks at Start of 1930	Number of Failures, 1930-32	Failures 1930-32 as % of Banks at Start of 1930
Illinois	1,764	572	32.4%
Michigan	741	221	29.8
Iowa	1,252	442	35.3
N. Dakota	410	139	33.9
N. Carolina	416	187	45.0
United States	23,695	5,096	21.5

U.S. banking picture, to push it over the edge. The hideous 1919 Treaty of Versailles had imposed draconian reparations on Germany. This completely distorted the world financial system, setting up a series of loans related to Versailles and Germany, which loans became a ticking time bomb. In 1930-31, these financial obligations went bad. In May 1931, Austria's largest private bank, the Kreditanstalt, which had significant exposure to Germany, closed.

But the fatal blow came in September 1931, when, with the full encouragement of British Prime Minister Ramsay MacDonald, the Bank of England took the pound sterling off the gold standard. The response was swift and seismic. Speculators and others began exchanging dollars for gold, and yanking the gold out of circulation. This intensified a U.S. dollar and banking crisis. In that month of September 1931 alone, a record 450 U.S. banks failed, and thereafter, the banking crisis snowballed.

Between 1930 and 1932—with most of the failures coming after September 1931—a total of 5,896 U.S. commercial banks failed, or more than one out of every five banks nationwide (see **Table 1**). Hundreds of thousands of families lost their life savings and were left penniless.

The Hoover Administration and Congress took action in January 1932, creating the Reconstruction Finance Corporation (RFC). But under Hoover, and the RFC's chairman, Eugene Meyer of the Lazard Frères banking circle (who was simultaneously chairman of the Federal Reserve Board), all the RFC did was to lend money to banks (and to some railroads) to try to bail out the banking system, without changing any policy. During 1932, the RFC dispensed \$1.624 billion in this manner, but this did not produce an improvement in either the banking system or the economy. The bank failures continued.

During January and February 1933, the crisis reached a fever pitch. In order to stop bank runs, the states' Governors announced a policy that really wasn't a solution: bank holidays. Under a bank holiday, banks that were still solvent were allowed to stop transacting business, or put very strict limits on the amount of money a customer could withdraw. Finan-

cial transactions in America were being choked off. On March 3, one day before Roosevelt took office, bank holidays had been declared in 46 of the 48 states. On March 4, Roosevelt's inauguration day, the Governors of New York and Illinois, the states with the largest commercial banks in the country, declared bank holidays. In parallel, the New York Stock Exchange, Kansas City Board of Trade, Chicago Board of Trade, and all other stock and commodity exchanges closed—this was the first time the Chicago Board of Trade had closed down since 1848.

The financial system had collapsed.

In parallel fashion, the physical economy broke down. Between 1929 and 1933, U.S. industrial production tumbled by between 37% and 54% (depending on the source of the data used). At the start of 1933, steel production operated at a mere 24% of its 1929 capacity. Between 1929 and 1933, net U.S. farm income, in constant dollars, had fallen 45%. Officially, 12.83 million workers were unemployed in January 1933, constituting 24.9% of the labor force (but the actual rate was higher).

Fascist Attack

At the same time, the Anglo-American financiers tried to change the strategic international correlation of forces, by unleashing a fascist movement globally, to destroy civilization and impose a genocidal economic system. They targeted for elimination, those national governments that considered recovery programs based on the American System.

After Roosevelt's election as President in November 1932, these Anglo-American banking forces facilitated a coup d'état in Germany. A cabal, headed by the former head of the Bank of England, Montagu Norman, and supported by the Harriman banking interests of New York (including the father of George H.W. Bush, Prescott Bush), forced the retirement of German Chancellor Kurt von Schleicher on Jan. 28, 1933. Two days later they replaced him, by imposing Adolf Hitler on Germany (see Michael Liebig, "Von Schleicher, Schacht, Schröder and the Hitler Coup," in *New Federalist*, May 10, 1999, for a full description of the operation of the coup). Within months, by brute force and the war chest assembled for Hitler by German banker Hjalmar Schacht, they were consolidating Nazi power.

Behind the Schleicher government were policies—most importantly, that known under the rubric of the Lautenbach Plan—very like those actually implemented by Franklin Roosevelt. Had von Schleicher continued as Chancellor through Roosevelt's inauguration, Germany and the United States would have had virtually identical economic recovery programs; World War II would not have happened.

Having installed Hitler in power, this same financial faction trained the guns of a fascist military coup against Roosevelt. On February 15, 1933, in Miami, Florida, emerging from a crowd gathered around President-elect Roosevelt's open car, Giuseppe Zangara fired several times at the President-

elect. An alert woman in the crowd deflected the gunman's hand, so that the bullets missed Roosevelt (but killed Chicago Mayor Cermak). Zangara, a dissociated, unemployed worker from New Jersey, was tried in "rocket-docket" fashion, and executed immediately, before the higher-level string-pullers who controlled his effort could be exposed.

Then, starting the Summer of 1933, these same forces organized a Mussolini-style coup against Roosevelt, to culminate during that year. Before a Congressional Special Committee to Investigate Nazi Activities, on Nov. 20, 1934, Major General Smedley Darlington Butler, a much decorated Marine, provided behind-the-scenes details of the anti-Roosevelt coup attempt of the Summer and Fall of 1933, in which the plotters had tried to enlist him as military leader. Butler testified that at the head of the operational side of the coup was Grayson Mallet-Provost Murphy, who traced himself from the Swiss Mallet family that had actively worked against the 1775-1783 American Revolution.

The coordinating agency for the coup was an inner core of proto-fascists around the Morgan-Mellon-Dupont financier interests, pivoted around the House of Windsor itself. They operated through social clubs and a group of front organizations, and in September 1934, they formally constituted themselves as the American Liberty League (Grayson Mallet-Provost Murphy was its treasurer). The League was led entirely by financiers: the DuPonts—especially Irenée, Lamot, and Pierre DuPont, who invested large sums in the League—the Morgans, and individuals such as John Jacob Raskob, who, as chairman of the Democratic Party from 1928-32, had tried to deny Roosevelt the 1932 Democratic Presidential nomination.

Throughout Roosevelt's first administration, the New Deal of 1933-37, the American Liberty League used its public organization as well as secret groups, to try to overthrow him and subjugate America under a fascist policy.

Appendix

'American System Caucus' Behind FDR's Public Works

The centerpiece of the Roosevelt Administration was its government-directed construction of economic infrastructure which was both high technology and high employment.

This traditional principle of the American System of political economy was already found in the Massachusetts Bay

Colony, and took its expression from Benjamin Franklin, Alexander Hamilton, George Washington, Mathew Carey, Henry Clay, John Quincy Adams, Henry Carey, and Abraham Lincoln. It was also borne forward by the West Point-Army Corps of Engineers of Sylvanus Thayer, which had been enriched by the input from France of Lazare Carnot and the École Polytechnique.

From the 1910s to the 1930s there was a circle of infrastructure promoters, which we call here the "American System Caucus," gathered in the United States Senate and House of Representatives. Its leading members:

- Sen. William S. Kenyon (R-Iowa) (1869-1933). born in Elyria, Ohio; family moved to Iowa when he was young. Served in U.S. Senate from 1911 until 1922.
- Sen. Robert LaFollette, Jr. (R-Wisc.) (1895-1953). His father, Robert LaFollette, Sr., had been Governor and U.S. Senator from Wisconsin. Robert LaFollette, Sr. had run for President as an independent on the "Progressive Party" ticket in the 1924 elections, and gotten 4.823 million votes, or 16.7% of the vote. Robert LaFollette, Jr. had succeeded his father as U.S. Senator, in a special election following the latter's death in 1925. Robert Jr, served in the U.S. Senate from 1925 until 1946. He is remembered as the co-author, along with Sen. Robert Wagner of New York, of the historic Social Security Act.

Robert LaFollette, Jr. was a leader of the Republican Progressive League grouping within the Progressive Party, the grouping which opposed that party's J.P. Morgan-sponsored "Teddy Roosevelt" wing.

- Sen. Robert Wagner (D-N.Y.) (1877-1953). Born in Germany, he came with his family to New York City at the age of 9. Wagner entered politics working with the Tammany Hall apparatus, and was strongly opposed to Teddy Roosevelt. He served in the U.S. Senate from 1927 until 1949. He saw to it that section 7(a) of the National Industrial Recovery Act, giving labor the right to organize, was complied with; drafted the National Labor Relations Act, which created the National Labor Relations Board; co-sponsored the Social Security Act; and in 1949, drafted the Public Housing Act. In the 1930s, along with Senator Costigan, Wagner introduced Federal legislation to prevent the lynching of blacks, which did not pass.

- Sen. Edward Costigan (D-Colo.) (1874-1939). Born in Beulahville, Virginia, but moved with his family to Colorado in 1877. He served in the U.S. Senate from 1931-37. In 1932, during the Hoover presidency, he and Senator LaFollette introduced relief and public works legislation. Along with Senator Wagner, he introduced Federal legislation to prevent the lynching of blacks.

- Sen. George W. Norris (R-Neb.) (1861-1944). Born in Sandusky, Ohio, Norris moved to Nebraska in 1885, and served in the U.S. Senate from that state from 1913-43. In a demonstration of his concern for national, not only local interests, Norris championed and is the father of the Tennes-

see Valley Authority, which he began fighting for in the 1920s, against the private utility interests. He is also largely responsible for the Rural Electrification Act of 1936, along with Rep. Sam Rayburn (D-Tex.).

- Rep. William Lemke (Non-Partisan/R-N.D.) (1878-1950). Born in Albany, Minnesota, Lemke moved with his family to Grand Forks in the Dakota Territory in 1881. He served in the U.S. House of Representatives from 1933-41, and 1943-50. In the 1910s, he created the Bank of North Dakota. He introduced and successfully brought about the enactment into Federal law of the Lemke-Frazier Bankruptcy Act of 1934, which provided the legal machinery for a farmer's debt to be scaled down, in such a manner that the farmer would not be foreclosed and lose his family farm.

'Brain Trust' Not the Source

This circle will be called "the American System Caucus." The continuity of its work with the infrastructure-public works program of the New Deal is very clear, though historians do not report it. The infrastructure-public works did not arise mysteriously when Roosevelt entered office; nor was it the work of the undefined, vague "brain trust," to which it is often attributed by historians. A few of the brain trusters were close to the "American System Caucus" and favorable to its ideas, but the so-called brain trust did not enter office with FDR on March 4, 1933, and two months later have a public works program worked out and ready to go. There is not a single piece of evidence cited that would support that contention. Nor did John Maynard Keynes have an infrastructure program that was brought into the Roosevelt White House.

There are two types of proof that the ideas of Lincoln, and the American System tradition, shaped the ideas of the caucus. Certainly, of the first type of proof, there can be no doubt: the total coherence between the programmatic ideas and methods of the members of this caucus, and President Lincoln. But there is also the direct citation by these individuals of Lincoln's ideas. Take the case of William Lemke. In a book he wrote in 1939, he called Lincoln "America's greatest President." Lemke explained, moreover, that his plan for the Bank of North Dakota, and for the legislation he introduced in 1934 to establish a Bank of the United States, came directly from his study of Lincoln's Civil War policy—"a lasting achievement"—of issuing greenbacks for development.

The fight for infrastructure-public works, and the related employment of the unemployed, actually began after the (Hamiltonian) World War I economic mobilization. There ensued a 14-year fight to increase infrastructure-public works. Members of the "American System Caucus," singly or in groups, sponsored most of the legislation:

- In 1919, at the close of the war, some of the individuals in the various war-related boards and corporations proposed the sponsorship of public works to counteract the demobilization from the war buildup. In this year, Sen. William Kenyon

(R-Iowa) introduced a bill to create a United States Public Works Board that would cooperate with the states and their counties, towns, and municipalities, in carrying out public works (the public works would expand or contract depending on the condition of the economy). The Board would be appropriated \$100 million. The bill made it to Senate committee hearings, but did not pass. (Hearings before the Senate Committee on Education and Labor, "Emergency Public Works Board," 65th Congress, 3rd Session [1919])

- In 1921, in response to the Federal Reserve Board-triggered downturn in the economy, President Warren Harding called a conference on unemployment, which urged the government to expand its expenditures for public works during periods of depression, and reduce its expenditures in periods of active business. This "counter-cyclical" theory of infrastructure building, was advanced as "tending towards the more even progress of business." Harding's Commerce Secretary, Herbert Hoover, played a role in coordinating the conference, indicating his awareness of the subject as early as 1921.

- In 1922, Senator Kenyon tried again, proposing a bill that would give the President extensive powers to expedite or retard government construction. The Andrew Mellon-J.P. Morgan wing of the Republican Party, controlling the Party, killed the bill, after a heated debate on the floor of the Senate.

- In 1923-24, there were proposals that the Department of Interior be given the duty of construction and maintaining Federal public works. This included creating two subdivisions within the Interior Department, one of which would administer public engineering works.

- In 1928, Senator Jones of Washington introduced legislation to create a "prosperity reserve," to expand public works during economic depression. His bill proposed an appropriation of \$150 million for road building, river and harbor works, flood control, and public building construction. It was defeated with the argument that prosperity already existed for everyone.

- In 1928, Senator Wagner proposed legislation that would perform three functions: 1) count the unemployed as part of decennial censuses; 2) organize a national employment agency system; and 3) create a Federal Employment Stabilization Board. These three measures were, in substance, enacted into law in 1929, 1933, and 1931, respectively. The President was required to transmit a report to the Congress, in the event of the existence or likelihood of a depression, of plans to undertake public works. The 1931 Act provided for appropriations for emergency highway aid and for the construction by the national government of river and harbor, flood control, and public building projects. Public works undertaken by the government were to be selected from six-year plans of construction needs which the several departments were directed to prepare in cooperation with the FESB.

The "six-year plans of construction needs" are of great note. This suggests that a "menu of needed projects" was

prepared with input from engineers, state governments, and those involved in public works. This meant that the New Deal did not start from scratch; other reports make it more than likely, that it began by drawing upon the existing plans of the FESB.

Mobilization of 1932

The year 1932 marked a turning point. Though the Hoover Administration kept clinging to the mythos that the economy was about to turn the corner toward improvement, and still kept trying to balance the budget, the economy was headed straight toward inferno. The “American System Caucus” mobilized, attempting to launch national infrastructure-public works, with the Hoover Administration resisting but making concessions. The Reconstruction Finance Corporation (RFC) was created. In the Senate, in 1932, Robert LaFollette and Edward Costigan unfurled the Emergency Relief and Construction Act (ERCA), which materially broadened the powers of the RFC, and initiated large-scale public works.

The first title of the ERCA Act authorized the RFC to make available to the several states and territories, the sum of \$300 million to be used in furnishing direct and work relief. The second title of the ERCA act authorized loans, grants and some direct investment in various types of infrastructure projects. But this was defeated by the Morgan-Mellon Republicans. So, Sen. Robert Wagner came forward with a compromise bill that called for the RFC to make loans only to “self-liquidating infrastructure projects,” which were defined as “projects that would be self-supporting and financially solvent and that would permit of the costs of construction being repaid within a reasonable period of time by means of tolls, rents or similar charges other than taxation.” Apparently, George Norris also was involved in this bill.

This amended ERCA Act passed, and was signed into law by Herbert Hoover. The ERCA was limited in scope, and had only limited effect. However, consider the provisions enumerated in the Act’s Title II, Section (3), “the construction, replacement, or improvement of bridges, tunnels, docks, viaducts, waterworks, canals, and markets, when undertaken by private, limited-dividend corporations and devoted to public use.”

Later in 1932, LaFollette and Costigan put forward an even more ambitious proposal that would have created an Administration of Public Works. The bill provided for an emergency construction program involving not only direct action by the national government, but also loans to the states and their civil subdivisions for public works projects. It also called for grants to the states for highway and related purposes, and construction of low-cost housing.

At the same time, LaFollette, Costigan, and Wagner were calling for adoption of national planning, i.e., dirigism.

President Hoover was paralyzed by indecision: He knew that the infrastructure would work, but he was terrified that

the costs would “unbalance the budget”—which couldn’t be balanced in any case, because of the falling tax revenues brought on by the depression—and that this “*dirigism*” would overturn the principle of “free enterprise.” Most of all, he shrank from command decisions, even as the world slipped away from him.

Roosevelt and the Caucus

The “American System Caucus” then, at the conclusion of its 14-year uphill, largely losing battle for an infrastructure policy after World War I, had put their personal stamp on the public works-infrastructure programs that FDR launched. Roosevelt biographer Kenneth S. Davis notes as well, that in Spring of 1933, “at Roosevelt’s request, Senators LaFollette, Wagner, and Costigan conferred with [soon to be Federal Relief Administrator Harry] Hopkins and Secretary [of Labor Frances] Perkins, then drafted a Federal emergency relief bill which would authorize a \$500 million appropriation for relief grants to states, and give to the relief administrator broad supervisory power over the states’ use of these grants. Introduced on March 28, the bill . . . went through the Senate in ten days on a vote of 55 to 17, through the House three weeks thereafter on a vote of 320 to 42, and was signed into law on May 12.” This was the germ of the the Civil Works Administration, and then the Works Progress Administration.

The Federal relief, which involved public works, was only one part of the public works program of Roosevelt. That other part came also, to a large extent, through the “American System Caucus.” Historian Kenneth Davis reported, “In the Senate the clamor for a massive Federal public works program grew deafening, encouraged by Roosevelt’s relief message of March 21. Senators LaFollette, Costigan and Cutting had already introduced, when the relief message was delivered, a bill calling for a \$6 billion federal building program (the figure appalled [Office of Budget Director] Lewis Douglas, who opposed *any* federal construction). Senator Wagner had already developed, through his contacts with federal construction agencies and other members of Congress, a lengthy list of specific projects to be included in such a program.” This list is what Roosevelt drew upon—many of his magnificent projects were drawn up by the American System circle.

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Venezuela Fiasco Lays Bare Policy Chaos in Washington

by David Ramonet and Gretchen Small

Ousted from Venezuela's Presidency in the early hours of April 12 by a civic-military coup with widespread national support, Hugo Chávez was reinstalled by the morning of April 14. Those chaotic 48 hours resolved none of the issues that led to the confrontation, but wrecked the precious few possibilities for restoring national unity without civil war. The Armed Forces are deeply divided. Chávez's narco-terrorist shocktroops, the "Bolivarian Circles" built up with the help of Colombia's notorious FARC cartel, are exultant at his return, and out for revenge. Capital is fleeing the country, and some governments in the region have warned their nationals that they may wish to leave on short notice.

Worse, the slide toward civil war in Venezuela is now the order of the day across Ibero-America. With governments being shattered by their own servile adherence to globalization, the region is rapidly becoming polarized between two equally chaotic forces: the "leftist" FARC-allied forces which Chávez represents; and the "rightist" would-be imitators of Chile's Augusto Pinochet, with their pretensions of imposing by force, the Mont Pelerin Society's destruction of the nation-state.

Much energy and media space is being wasted internationally, and in Venezuela, analyzing "what really happened." As confusing as the events on the ground were, one central point emerged with total clarity: *The government of the United States is dysfunctional*, a fact with implications extending far beyond Ibero-America.

Speaking in Mexico City on April 16, *EIR* founder Lyndon LaRouche spoke on the strategic implications of what transpired in Venezuela: "I'm not going to take sides on Venezuela," LaRouche said. "But, the way the United States handled the coup and counter-coup—and every politician who knows anything, knows that—shows you that, in Washington, the Presidency of the United States *is not competently in charge of its own policy-making!* Somebody made a coup,

with U.S. blessing. After negotiations in Florida—the usual thing. And, a coup was organized in Venezuela against the Chávez government. This backfired. Somebody in Washington realized that this thing wasn't working, so they supported, and they accepted a counter-coup! What kind of government is that?"

The same policy mess is seen in Colombia, LaRouche elaborated. But, this is merely typical of the broader confusion reigning inside the U.S. government, he emphasized. The Bush Administration is not capable of carrying out an effective policy in any crucial area. "The international monetary and financial system is collapsing. The policies of the United States, at present, will ensure the acceleration of that collapse. . . . There's no sign of any rational policy from the U.S. government, from *any* leading faction, on this issue."

LaRouche's view of the strategic significance of what took place in Venezuela, is shared by others internationally. A well-connected continental European source commented to *EIR* that the past weekend's events were "absolutely a great fiasco for the Americans . . . demonstrating to people around the world, and not only in Latin America, how inept, ill-advised, and incapable this Administration is. What I can tell you, is that I am getting questions, from people around the world, asking me, 'Who's in charge over there in Washington?' There are so many centers of power." And, he asked, what are the implications of this for a future military operation against Iraq?

A Coup That Failed

As uniquely chronicled by *EIR* from the outset, London and Wall Street sponsored Chávez's rise to power in Venezuela in 1999, as a key piece in a project to unleash Jacobin narco-terrorism as their battering ram against the institutions which sustain the nation-states of the Americas. Chávez enjoyed enormous popularity then, in February



The headquarters of Venezuela's national oil company, the focus of the tumultuous events of April 10-15, surrounded by a huge rally on April 11. In the wake of coup and counter-coup, Venezuela's currency and economy are tumbling.

1999; but as he razed one institution after another in the name of a “Bolivarian Revolution” which, despite the rhetoric, adhered to International Monetary Fund austerity programs as strictly as any “neo-liberal” government, opposition began to build.

A stacked Constituent Assembly rewrote the Constitution, and replaced the Congress with an equally-stacked National Assembly, which ran roughshod over any real debate. Chávez’s “legal” experts explicitly cited the theories of the “crown jurist of Nazi Germany,” Carl Schmitt, as the legal basis for Chávez’s moves against all opposition. At the same time, the country became a safe haven for Colombian narco-terrorists. The “Bolivarian Circles,” the regime’s shock-troops, were funded better than its soldiers.

Ordinary Venezuelans became frightened. On April 11, more than half a million, from every social strata and of every age, marched through Caracas to the Presidential palace of Miraflores, where they demanded Chávez’s resignation. It was the third day of what had begun as a 24-hour general strike, called by the Venezuelan Labor Federation (CTV) and the leading business federation, Fedecámaras, and backed by more than 40 civil organizations and opposition political parties. Called to support an ongoing strike of workers and managers at the state oil company *Petróleos de Venezuela, S.A. (Pdvs)*, the general strike demanded such elementary rights as democracy, political tolerance, and freedom of expression—all destroyed by Chávez’s fascist populism.

When the demonstrators neared the Presidential palace, where thousands of Chávez followers were already congregated, they were met by snipers posted in surrounding buildings, who killed more than ten demonstrators; hundreds were wounded. Learning of these bloody events, a grouping of anti-Chávez military forces, headed by Vice Admiral Héctor Ramírez Pérez, chief of staff of the Navy, issued a message to the nation, urging Chávez’s resignation. A short time later, Army commander Gen. Efraín Vásquez Velasco, with other members of the High Command, blamed Chávez for the deaths, and demanded his resignation. They invoked Articles 328 and 350 of Venezuela’s 1999 Constitution, which oblige the Armed Forces to guarantee Constitutional order, and pro-

claim the right of rebellion against the government, when the latter has violated that Constitutional order. They insisted they were defending that order, and that “this is not a coup d’état.”

Hours later, it was announced that Chávez had resigned, and that the new provisional President would be Pedro Carmona Estanga, the head of Fedecámaras. In a matter of hours, the Bush government in Washington publicly supported the new Venezuelan government.

The Counter-Coup

At that point, two separate processes went into play, which would tip the balance of forces back to Chávez.

The Project Democracy machine, which for two decades has insisted that narco-terrorism must be granted “democratic” rights, began mobilizing its forces. *Lazard Frères’ Washington Post* insisted in its April 13 editorial, that the U.S. government and Organization of American States (OAS) “push hard to bring back democratic rule as quickly as possible.” Michael Shifter from the Washington-based Inter-American Dialogue, the influential lobbying organization which promotes drug legalization and the dismantling of the Ibero-American Armed Forces, said that if the Venezuelan coup was not turned around, there would be “political contagion” on the continent, making other countries of the region ungovernable.

London protested, too, through Denis MacShane, head of the Latin American section of the British Foreign Office: “The United Kingdom wants to see the swift return to a legitimate, democratic government in Venezuela.” He threatened that “any delay to this process will be . . . unacceptable to the international community.”

Most governments in the region foolishly threw their support to Project Democracy’s campaign to restore Chávez—not out of sympathy for him, but out of terror that the same thing could happen to them. Meeting in Costa Rica on April 11-12 for a Rio Group summit, 19 Ibero-American heads of state, or their representatives, condemned “the interruption of Constitutional order in Venezuela,” and called for an urgent meeting of the OAS, to invoke the Inter-American Democratic Charter, which mandates sanctions against “anti-democratic” countries.

Meanwhile, inside the country, a hard-core cabal—involving elements of the Opus Dei Catholic grouping, their allies in the satanic Mont Pelerin Society, and the henchmen of Venezuelan billionaire Gustavo Cisneros (the Rockefeller interests’ representative in Venezuela)—moved to seize control of the Carmona government, before it had even been installed.

The concern of this group, with its own evident international support—in particular, in Washington—was to hijack the anti-Chávez coup, driving out any forces which might fight for a Venezuelan nationalist policy. For example, when the decree establishing Carmona’s government was issued on April 12, ten people in addition to Carmona himself signed

the decree, representing civil society. Among the first was Luis Henrique Ball Zuloaga, a prominent activist in Mont Pelerin networks. Ball had angered many in the opposition movement when he published an article in *El Universal* on Nov. 23, 2001, arguing that Venezuela needed an Augusto Pinochet, to implement Pinochet's economic program. Three other figures, representing business and the banks, signed the decree, but labor leader Alfredo Ramos, invited to sign for the CTV, did not appear. Strikingly absent from the new transition cabinet announced immediately afterwards, was any representation of the CTV. Carmona's Foreign Minister was José Rodríguez Iturbe, a top Opus Dei figure in Venezuela and well-known as a nasty "right-winger."

What had surfaced as a coup within a coup, quickly turned into a coup against itself. Carmona's moves split the opposition and the military forces which had put him into office. That split provided the opening through which the Chavista forces, emboldened by the international support coming from Project Democracy and Wall Street's press, moved. They deployed mobs against key points in Caracas in quasi-military fashion. Looting as they went, they surrounded the television stations, newspapers, and the Presidential Palace itself. All were left unprotected because no part of the military was able or willing to fight to defend what the Carmona government had become.

Irreconcilable Interests

Chatter about democracy restored in Venezuela, and reconciliation around the bend, is foolish. The hard-core Chavista terrorists, typified by the Mayor of the Libertador district of Caracas, Freddy Bernal (some of whose henchmen were videotaped firing into the crowd of demonstrators on April 11), are brazenly demanding that those who dared stand up to their regime, face "revolutionary justice." So confident are they of their control of Venezuela as a regional narco-terrorist safe haven, that top FARC representatives who were booted out of Mexico in mid-April, flew on April 13, not to Cuba, as had been expected, but to Venezuela.

The opposition has not given up. The CTV is organizing for a May 1 demonstration, and is calling for a referendum on whether Chávez should stay in office. Both the Social Christian (Copei) party and the Democratic Action (AD) party refuse to recognize him as Head of State. Others are calling for new elections.

But the collapse of the economy may shatter all plans. Capital flight drove down the value of the bolivar by 10% during April 12-16. An estimated \$600 million in economic damage was wrought by the Chávez mobs looting their way back to the Presidential Palace on April 13-14. Businesses have announced they will close permanently. Over the next two months, the government has \$700 million in foreign debt payments coming due. Should capital flight and devaluation continue as expected, that debt burden will quickly become unmanageable.

LaRouche on Egypt TV On Mideast, World Crisis

This is the opening of an interview with U.S. Presidential pre-candidate Lyndon H. LaRouche, Jr. on the Egyptian television program "Good Morning, Egypt," conducted on April 12 by Washington-based correspondent Hanan Elbadry.

Elbadry: Mr. LaRouche, welcome to "Good Morning, Egypt." First of all, I would like to know: How can you look at the American administration policy toward the Middle East crisis?

LaRouche: It's a tragic disaster, at this point. It is not a simple disaster, because I believe that the President of the United States does not really know what he is doing. That is, he is so controlled by a small group of people, which, probably except for [U.S. Secretary of State Colin] Powell, are pretty much on the insane line we're hearing. And, he's acting under tremendous pressure, from a lobby inside the United States, which has made very clear, to the President, that, if he does anything to offend Sharon, his brother will lose the election in Florida; and, many in the Republican Party, will lose posts all over the country. So, we have a situation, which is complicated by a President of limitations—that is, of conceptual limitations: He truly does not understand the situation. He probably despises Sharon personally, privately. But he's convinced that his political party, and he, depend upon not offending Sharon, at this time. And so, he's in an impossible, tragic situation.

What is happening on the other side, is, the danger is: We're now in a situation from a military standpoint, where, what Sharon is doing can not work; what the IDF [Israeli Defense Forces] is doing can not work. You can not fight war this way.

Rabin understood that—Prime Minister Rabin. Rabin, therefore, made an agreement with Arafat, and met with Arafat, on what became known as the Oslo Plan: not because Rabin likes Arabs, but because Rabin realized, that they had to learn to live together at peace, because the alternative was something exactly like what is happening now, in Palestine and Israel—this nightmare, which is actually a copy of the Nazi operation against the Warsaw Ghetto. *Exactly*, literally: no difference whatsoever.

So, it's an impossible situation. But, this becomes, then, a trigger, which I think everybody in the region understands: This is a trigger for a wider war. Because Israel can not continue this internal operation, within the bounds of Palestine and Israel, at the present time. It will have to expand the war, or collapse. The immediate targets are Syria, through Lebanon; Iraq; possibly Iran. But, you have to remember, that

the Israeli command is not only Nazi-like in its thinking (not all Israelis, of course, but *these* people); but, they also are operating on a conception, in which they can do anything.

So, my concern is, in evaluating this situation: Europeans are resisting—not effectively, but they’re resisting; the importance of their resistance is, they’re putting pressure on the United States. The United States, alone, might not be able to stop Israel from doing what it’s doing. But if the United States were to come over to the side of what some of the Arab nations and the Europeans are saying, that combination of forces *could* stop this horror-show.

That’s my hope.

Elbadry: What about public opinion, the American public? You just mentioned how the people act, outside the capital. I need to know, how can you go through this? And, how can you explain, as a Democrat, does the Democratic Party have any role to play?

LaRouche: The Democratic Party is pretty much taken over. The Democratic Party, frankly, would probably be worse than the Republican Party, on Middle East questions, because of the leadership, and the financial control over it. Gore, for example: Gore would have been worse than Bush, by far. Lieberman would be as bad as Bush. Gore is stupid, but Lieberman is clever, and intelligent. But, he’s also bad. . . .

The problem, in most countries, is popular opinion: We know this, in all countries. One of the controlling factors, which is called “democracy”—it’s not really democracy, it doesn’t mean anything, but, it’s popular opinion. Swings in popular opinion can cause governments to do things that are insane, or topple governments, that are trying to do something sane. The problem is, we don’t have, really, a healthy society in the world today. The individual does not feel that they are a responsible member of society. They feel they are a *victim* of society, who can protest; who are swung by moods.

The United States is one of the worst: We are more controlled, in the United States, than in Europe, or probably in most other nations of the world, by manufactured, orchestrated public opinion, through mass media. We’re the greatest victims of it. This is a development, which became worse over the past 35 years, since about 1965. Popular-opinion swings dominate. Therefore, yes, it is a problem. And popular opinion, in the United States—in my experience, with this population, as with other ones—is that, only the perception of a *fundamental crisis*, a fundamental economic and other crisis, will convince American popular opinion *to break out*

of the present mode. That is: If they perceive that the depression is the major issue—the economic depression—they’re going to respond to the major issue: the depression. That will force a change in the agenda of thinking inside the United States. Now, that crisis is coming on fast. It’s coming on around the world.

Elbadry: What about the November election? How can the American Arab, and Muslim, play a role? There are many motives for them to go and act. As you know, in your area [in Northern Virginia], there are more than 750,000 Arabs and Muslims, plus the people who supported them. And half of them, at least, have the right to vote.

LaRouche: Well, the problem is—what I’ve been trying to do, myself, in this connection: I’ve been put into a unique situation, personally, because I understand the situation—understand the situation here; I understand the situation in the so-called Islamic countries, which are targeted. I have people I know in these countries; I understand them, as much as any outsider would understand them. Therefore, I’ve tried to look at this from the top down: I understand the anger of the Palestinians. I understand the frustration of the Arab countries, around there. I understand the fear and anxiety of the Islamic population, as a totality—and others, as well. They tend to react with rage. If they believe there is no hope, for a better policy, from the United States and from Europe, they’re going to become more and more angry. Which is bad for these countries, because they will tend to be more easily destabilized by their own, accumulated rage.

So, what I try to do, is to say to my friends abroad—Islamic countries, Arab countries: “Here’s the way we must discuss the situation—not *you* discuss the situation; not *me* discuss the situation—how should *we* discuss *our common problem*? We’re trying to save civilization. Forget the so-called ‘differences.’ We’re trying to save civilization. You’re capable of a rational solution—well, let’s concentrate on it.”

If we do that, *then*, the targeted populations of Americans—of Arab-Americans and others—then have a sense that there’s somebody representing a position, which corresponds to two things: They are Americans; they have thought of themselves as Americans. They didn’t think of themselves as immigrants: They’ve been here for two, three generations, or longer. They think of themselves as being Americans, with families and connections abroad. And, they’ve reacted, as they supported the Bush campaign, largely, in the last election—as they thought that Gore was worse than Bush on policies of their concern. And many of them mobilized to support the Bush election. Now, they feel betrayed by Bush. So, my sense, is to encourage them—and I would hope that others would do the same—to think of themselves as: They’re American citizens, or American residents, whose immediate, personal interests are here; who have to find a way of expressing *their* views, here, but on the same level as people abroad, realize we have a common concern.

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Jenin: A New Holocaust Unfolds

by Dean Andromidas

The stench of decomposing corpses in the devastation of the Jenin refugee camp on the West Bank, is matched only by the stench of the moral failure of the Bush Administration to stop the genocide Israeli Prime Minister Ariel Sharon is inflicting on the Palestinian people. This failure will lead not only to the further destruction of the Palestinians, but will also destroy Israel as a state and a people.

Reports of the handful of journalists and international aid officials who have been able to enter the camp have confirmed a war crime, rivaled only by that of the crushing by the Nazis of the Warsaw Ghetto. One journalist referred to the “lunar landscape” of Jenin, home to 13,000 souls. Another wrote of a “*monstrous* war crime . . . where thousands of people are still living amid the ruins,” where the stench of decomposing corpses is everywhere.

World outrage was expressed by British Labour Party parliamentarian and Britain’s leading Jewish political figure, Gerald Kaufman. Speaking to the House of Commons, Kaufman denounced Sharon as a “war criminal,” charging that Sharon had “ordered his troops to use methods of barbarism against the Palestinians. . . . It is time to remind Sharon that the Star of David belongs to all Jews and not to his repulsive government. His actions are staining the Star of David with blood.” Kaufman went on: “Sharon is not simply a war criminal; he is a fool. He says Jerusalem must never again be divided, yet it is divided in a way that it has not been for 35 years. . . . Now the State of Israel is a ghetto, an international pariah. . . . More Israeli soldiers are being killed than at any time since Sharon tricked [Prime Minister Menachem] Begin into invading Lebanon 20 years ago.”

While denouncing Palestinian suicide bombers, Kaufman said, “We need to ask how we would feel if we had been occupied for 35 years by a foreign power which denied us the most elementary human rights and decent living conditions.”

In contrast, U.S. President George W. Bush told a press conference on April 18 that Sharon is “a man of peace. I’m confident he wants Israel to be able to exist at peace with its neighbors.” Bush even expressed “understanding” for Israel’s occupation of Bethlehem, with its outrageous encirclement of the Church of the Nativity, which stands on the birthplace of Christ. Israel is demanding that the church violate holy laws of sanctuary, which it is giving Palestinians who are seeking refuge there.

Palestinian Cabinet Minister Nabil Shaath demanded an inquiry into the massacre in Jenin, saying, “The Israeli Army took six days to complete its massacre in Jenin and six days to clean it up. . . . There is a crime here demanding an immediate investigation.”

Palestinian Masada or Warsaw Ghetto?

Israeli military officers in charge of pacifying the Jenin refugee camp called the two-week battle the Palestinians’ “Masada,” to justify Israel’s massive use of force. The reality was better expressed by U.S. Presidential pre-candidate Lyndon LaRouche, who told an Egyptian journalist that while he didn’t support “some of the tactics of resistance by the Palestinians, nonetheless, I compare this to what the desperate Jews in the [Warsaw] Ghetto were doing, with a few pistols and carbines, against the entire Nazi force. It’s a resistance, and the people said of those Jews who died as fighters against the Nazis: They said they saved the reputation of Judaism, by standing up as heroes against hopeless odds, because they see nothing else they can do as a purpose in life, but to leave a mark which may be useful for the future of the people.”

Israeli military forces launched their attack on Jenin on April 3, and for the next two weeks, no ambulances, no international humanitarian organizations, nor even journalists were allowed near the camp. Using tanks, armored personnel carriers, artillery, and attack helicopters, Israel assaulted a refugee camp no larger than one square kilometer. What was the “infrastructure of terror,” except a handful of armed Palestinians facing their attackers with rifles and some home-made explosives. While the Israelis called Jenin a “fortress” from which terrorists were deployed, the only “bunkers” were the living rooms and bedrooms where thousands of men, women, and children live. In fact, half of the estimated 13,000 residents of this refugee camp are under the age of 15.

For two weeks, any man, woman, or child who dared to leave their home in violation of the Israeli curfew was shot dead. The bodies of old men and women and children testify to the truth of the charge. The bodies of those killed were left for two weeks where they fell. The hospital in Jenin was forbidden to carry out its duties, its ambulances confiscated by the Israeli military.

In an absurd attempt to escape the onus of their crime, the Israeli military claimed that the fact that 23 of their soldiers were killed, was a result of their “humanitarian” concern to avoid civilian casualties. One Israeli officer said, “We could have used F-16s and bombed the entire camp”! Instead, they used helicopter gunships to launch anti-tank missiles into the camp. Their humanitarian concern did not prevent them from sending bulldozers to cut through the narrow streets of the camp, knocking down the fronts of the homes so that tanks and armored personnel carriers could be deployed.

Despite the deployment of well-armed and -trained assault troops, the Israelis lost 14 men in one engagement, bring-

ing back bitter memories of Sharon's 1982 Israeli-Lebanese war.

The Palestinian Authority announced that at least 500 Palestinians were killed, including women and children; Israeli Defense Minister Benjamin Ben-Eliezer claimed that only a "few dozen" Palestinians were killed. The military claims 70, "at most." Yet, the same Israeli sources claim that the fighting in Jenin was the fiercest in the West Bank. In Nablus, where the fighting was reportedly far less intense, 66 Palestinians were "officially" killed. Journalists and aid workers who have been in Jenin report that what they have seen with their own eyes confirms what the Palestinians have charged.

The London *Independent* on April 16 reported that residents pointed to a pile of rubble and described how Israeli soldiers, using bulldozers, piled 30 corpses, covered them with rubble, and proceeded to crush the pile using 70-ton tanks. The *Independent* journalist wrote, "We could not see the bodies, but we could smell them." Other journalists saw one Palestinian youth who had been buried alive under the rubble for several days, being rescued by residents who dug him out using their bare hands.

Crude Cover-Up

The number of those killed will most likely never be known, because of what is a planned cover-up. The Israeli daily *Ha'aretz* reported that the military had planned to remove the bodies and bury all the "terrorists" in an Israeli-controlled cemetery in the Jordan Valley. Because no journalist or aid worker had been allowed in the camp during the operation, it is not known how many bodies had already been removed. The other problem is the immense destruction of homes, reduced to piles of rubble. The International Red Cross and Red Crescent Societies made official complaints that the Israelis are preventing them from searching these wrecked homes.

Residents all had the same message as one Rajeb Ahmed, who was quoted in the London *Daily Telegraph*: "Murder; this is murder. Sharon is a murderer."

Richard Cook, the head of the United Nations Relief and Works Agency responsible for aiding Palestinian refugees, upon visiting the camp on April 17, said, "I was absolutely appalled. I anticipated it to a degree, but the devastation was much greater than expected." Another UN official described the scene of destruction as the "Palestinians' Ground Zero." These observations have been repeated by every humanitarian organization representative who entered the camp. In Jenin the fighting has stopped, but the death toll continues to rise. Relief workers who have entered the camp report seeing women and children severely dehydrated and hungry. For two weeks, most of the population was cut off from water and electricity because of the damage done by Israeli tanks, and



The UN Food and Agriculture Organization said "a major catastrophe is under way" due to the incredible killing and destruction wrought by the Israeli Defense Forces in Jenin and other refugee camps. They now lack water, food, sanitation, and electricity—but IDF forces are blocking relief efforts.

unable to get supplies of food or bottled water because of the curfew and fighting. These are the victims of the slow death that the Israeli occupation has become.

While the Israelis have begun to withdraw from the centers of Jenin and Nablus, they have maintained a very tight siege around the towns. This "withdrawal" has nothing to do with complying with President Bush's feeble demands, but relieves the Israeli military from responsibility, as the occupying army, from ensuring that the population has enough food and water. Thus, they threaten to turn these ghettos into concentration camps.

The European Union's humanitarian aid commissioner, Poul Nielson, denouncing Israel's gross violation of humanitarian law, charged in an official statement, "I am deeply concerned about the way in which basic principles of humanitarian law—in particular regarding access to civilian casualties of violence—are being flouted."

The horrors that are coming to light in Jenin are not unique. Other cities, particularly Ramallah and Nablus, report similar horrors. They may be less intense, because Palestinian resistance was not as strong; the whole truth has not yet come out because of the press censorship imposed by Israel.

The Israeli-Palestinian Physicians for Human Rights petitioned Israel's Supreme Court in a futile attempt to force the Israeli military to allow Palestinian hospitals and medical crews to operate, especially in Jenin. One of the organization's directors, Prof. Ravi Valdan, also director of surgery at Israel's Sheba Medical Center, said, "Even in times of war there are laws and morality; and the stronger side has a moral and ethical obligation that cannot be ignored. Part

of this obligation is evacuating casualties and attending to the wounded, and the Israeli Defense Forces is not fulfilling its obligation.” The organization’s chairman said that the medical situation in the West Bank is “bordering on a catastrophe.”

Hundreds of thousands of Palestinians remain under curfew throughout the West Bank. Mothers are forced to give birth to children in their besieged homes while being given instructions over the telephone.

The heads of the aid agencies held a meeting with U.S. Secretary of State Colin Powell, confronting him with the criminal behavior of the Israelis, and telling him if Israel doesn’t stop hindering aid operations, then the world must be informed.

Powell’s Mission: A Moral Failure

The Jenin massacre, and Sharon’s war against the Palestinians throughout the West Bank, are every bit as criminal as Sharon’s infamous massacre at the Sabra and Shatila refugee camps in Lebanon in 1982. But 20 years ago, when that horror was exposed to the world, 400,000 Israelis took to the streets demanding an end to the Lebanese war and the ouster of Sharon, then Defense Minister, from the political stage.

While the Israeli peace movement—whose moral conscience is led by those 422 reserve soldiers and officers who have signed the Combatants Letter of refusal to serve in the occupied territories—continues to grow, it lacks the support within the Israeli political class to stop Sharon.

During Secretary Powell’s ten-day mission to the region, Sharon continued his military operations unhindered. The world witnessed Powell meeting Palestinian Authority President Yasser Arafat in his bombed-out headquarters, where he is a prisoner of the Israeli military, demanding that he do more against terror. This so outraged the Arab world, that Egyptian President Hosni Mubarak cancelled his meeting with Powell, claiming a diplomatic “sickness.”

Through the predictable failure of Powell’s mission, the Bush Administration has admitted its complicity in Sharon’s war crimes. This complicity is not attributable only to the administration’s failure to stop Sharon, but more directly to those within the administration such as the hard-liners around Deputy Secretary of Defense Paul Wolfowitz. This circle is applauding Sharon, and see his vanquishing of Arafat as prelude to a war against Iraq.

LaRouche summed up the danger of a wider war posed by Sharon and his backers in the United States in answer to a letter from an individual deeply concerned about Sharon’s war against the Palestinians. “The danger is that [the Israeli command] attempt to escape from the logic of their butchery of the Palestinians, by reaching out to strike a target at a distance. The danger is that if the U.S. can not be pushed into attacking Iraq very soon, that Israel will, and, if it does so, it is not improbable that they will use nuclear weapons.”

On the Anniversary of the Warsaw Ghetto Uprising

by Nancy Spannaus

Nancy Spannaus, a LaRouche Democrat, is a candidate for U.S. Senate in Virginia. This statement was released by her campaign committee.

Today, April 19, those who cherish the noble fight for human dignity throughout history, commemorate the beginning of the Warsaw Ghetto Uprising in 1943. Just as the Nazi Waffen-SS moved to liquidate the 56,000 Jewish survivors of their two-and-a-half-year campaign of starvation, deportations, and assassinations, a dedicated core of Jewish youth launched a fierce resistance. Knowing that the Nazis planned to liquidate them all, they determined to give their lives in all-out battle, a battle that could serve as an inspiration to those who would live on to fight for justice for all peoples.

Four weeks later, when Waffen-SS Commander Jürgen Stroop could finally report to Adolf Hitler: “The Warsaw Ghetto is no more,” those Jewish fighters had changed history. Their lives, and deaths, had sanctified the reputation of Judaism and all mankind, because, by standing up as heroes against hopeless odds, they had given purpose to both their lives and deaths.

Fifty-nine years later, we face the horror of the repetition of the Warsaw Ghetto policy, this time in the Israeli-occupied areas of Palestine. The Israeli Defense Forces (IDF) are moving on the West Bank, and especially, the refugee camps, such as the now virtually liquidated Jenin. For this purpose, they have used tactics copied directly from their studies of the Nazi reports on the methods used against the Warsaw Ghetto: starvation, isolation, denial of medical care, targeted and indiscriminate shootings, and finally, the mowing down of building after building by use of heavy artillery and fire, against civilians and resisters alike. These are the Israeli government’s faithful imitations of Nazi methods, methods which the world now sees splayed across its TV screens and newspapers.

This fact has been documented without doubt by humanitarian agencies, journalists, many Israelis, and the victims themselves.

The Palestinian youth, like the Jewish youth in Warsaw decades ago, also decided to put up a heroic resistance. Like the Jewish fighters of the Warsaw Ghetto, they responded to their families being butchered. They, too, facing overwhelm-

ing force, launched what would appear to be a hopeless struggle, in order to save their dignity, and inspire future generations to defeat forces like those Nazis in Warsaw. The two-week battle of Jenin was, thus, the Warsaw Ghetto uprising of the Palestinians.

The Israeli-Palestinian crisis did not have to come to this. It was the need to prevent a continued escalation of such seemingly endless attack and retaliation, murder and revenge, the constant bloodletting, which led Israeli Prime Minister Yitzhak Rabin to conclude the Oslo Accords with Palestinian President Yasser Arafat, in 1993. Rabin, an Israeli general, hardened in wars with the Palestinians, finally understood, in that degree, the principle of the Treaty of Westphalia, by which warring parties must choose, at some point, to put aside their grudges, and collaborate for a future beneficial to both. The only real war-winning strategy is a strategy, not for exterminating the enemy, but improving both his, and our own, situation in life.

Former Israeli statesman Abba Eban expressed the crucial point in an article on the Oslo Accords in September 1993. He wrote: "The fact that these 1.8 million people [the Palestinians] have neither the human rights of Israeli citizens, nor the ability to establish a separate political identity, violates our nation's democratic structure. It is a society in which Palestinians have nothing to lose, and Israelis have nothing to gain. That is why we have both agreed to disengage from it. . . . To prefer the previous situation to the current one would be to prefer war and death to peace and life."

Eban was expressing the need for an *axiomatic* change in the Israeli leadership. Yet, clearly, there was not a consensus in Israel for the perspective of Rabin, or Eban. The Nov. 4, 1995 assassination of the peace-making Prime Minister, by a protected asset of the Israeli intelligence services, was the turning-point leading to the present horrors. From that moment forward, the political will of Israel to carry out the Oslo Accords has been thrown into doubt, and that nation thrown onto the track we now see: Nazi-like extermination, or expulsion, of a subject population. Chronicling that downward spiral is beyond the scope of this statement.

But we do know, that the spirit of resistance to these Nazi-like policies is still alive within Israel. More than 420 Army Reservists have put their futures on the line by refusing to deploy in the Occupied Territories, insisting that they will not act to "dominate, expel, starve, and humiliate an entire



Fifty-nine years ago, Nazi Maj. Gen. Jürgen Stroop (third from left) ran the extermination of the Jewish resistance in the Warsaw Ghetto—just as Israel's Ariel Sharon is doing today against the Palestinian camps.

people." (See www.seruv.org.) Thousands more have come out to demonstrate against the occupation, and to openly condemn the actions of the "butcher" Prime Minister Ariel Sharon. Many more Israelis have come to realize that the punishment and retaliation strategy of Sharon and the IDF, like that of the Nazis, will ultimately lead to their own destruction.

What Should Americans Do?

What is our response to this from the United States? We used to say, "Never again!" We used to say, that we would never let Nazi war crimes happen here. Now, it's happening there! Worse, the United States, the biggest backer of Sharon and former Prime Minister Binyamin Netanyahu, is encouraging it to happen.

It's time that we, too, like Prime Minister Rabin, examined our axioms. Why are we willing to tolerate such Nazi-like horrors? Why do we permit our politicians to put the blame on the victims of such horrors? What kind of world have we created over the past 50 years, where a holocaust against any people can be tolerated by those who once prided themselves upon defeating Nazism? Is it that we now consider some classes of human beings less than human, just as the Nazis did?

On this anniversary of the Warsaw Ghetto Uprising, it's past time for us to examine the purpose of our own lives. As they found purpose in their sacrifice, we may find it in the battle to stop these Nazi-like atrocities, and finally establish the basis, in economic development and dialogue, for a true and lasting Middle East peace.

Netanyahu Preaches Fascist War in U.S.

by Scott Thompson

Former Israeli Prime Minister Benjamin “Bibi” Netanyahu, acting as spokesman for his Likud party rival Prime Minister Ariel Sharon, staged a Nuremberg Nazi Party-style rally on Capitol Hill on April 15, capping a week of openly defending a genocide policy. Despite Netanyahu’s willingness to kill the postwar Nuremberg Tribunal statutes against “crimes against humanity” and international law when it comes to liquidating the Palestinian Authority, “Bibi” did not receive quite the red carpet treatment he had expected.

At an April 10 visit to the U.S. Senate, for example, where that day’s *Roll Call* had announced that most of the 100 Senators were expected, only 20 came—and many of them questioned the rabidness of Bibi’s Clash of Civilizations approach to Israel-Palestine. At the National Press Club the same day, Netanyahu had been greeted by a half-empty room and almost no applause, and pelted by hostile questions, including one from *EIR*’s Counterintelligence Editor Michele Steinberg. She demanded a response to the revelation of *EIR* and others, acknowledged by Sharon spokesman Ra’anah Gissen, that the Israeli Defense Forces (IDF) were employing Nazi SS Gen. Jürgen Stroop’s model for destruction of the Warsaw Ghetto, to destroy the Palestinian Authority.

Seeking to threaten President George W. Bush with the combined clout of U.S.-based Zionists and “Christian Zionists” as an election draws near, Bibi’s April 15 rally drew no more than 40,000 people, where “Christian Zionists” from the co-sponsoring National Unity Coalition for Israel had been trumpeting that there would be several hundred thousand, and where Minister Louis Farrakhan’s Nation of Islam brought more than 1 million to the same spot in 1996.

Phase One of Propaganda Blitzkrieg

On April 4, according to the Israeli Press Office, Prime Minister Sharon had met with Netanyahu to discuss the “diplomatic-communications campaign in the United States and Europe.” They apparently agreed to coordinate their wartime propaganda thrust, and Prime Minister Sharon, feeling the knife at his back from the Israeli extreme right wing which has made Bibi their poster boy, told him to become a spokesman for Israel. Netanyahu set off for the mecca of all would-be Israeli prime ministers, New York City. Already, on April 7, Bibi appeared on CBS’s “Face the Nation,” where he described his role to host Bob Schieffer: “I told the Prime Minister, when I met with him a few days ago, that I would gladly

help present Israel’s most basic case, but I’m not a spokesman for [the government’s] day-to-day policies.” The “basic case” is that Palestinian Authority President Yasser Arafat “must be removed,” and the entire Palestinian Authority dismantled as “part of the infrastructure of terror.”

At the National Press Club in Washington, Netanyahu was all aggression, calling for a two-front war that would simultaneously eliminate Iraq’s Saddam Hussein and Yasser Arafat—“Arafatistan must be destroyed like Afghanistan”—and denouncing Europe for “backing murderers” (i.e., the Palestinians) after Europe had remained silent 60 years ago when Jews were being slaughtered. The first two questions were hostile, and already got under Bibi’s skin, especially a quote from columnist William Raspberry that Ariel Sharon “is no different from suicide terrorists.” Then Steinberg’s challenge—“Many people are comparing the attacks on Jenin exactly to that Warsaw Ghetto strategy. What is your comment on this; do you dissociate from this view?”—made Bibi furious.

“This is obscene!” he spat, and warned that Israel “could be using squadrons and squadrons of air power” if it wanted to, but is being restrained, and “protecting civilians.” When Steinberg reminded him that an Israeli daily newspaper had first revealed the IDF’s study of Nazi Warsaw Ghetto methods, Netanyahu denounced that paper, *Ha’aretz*—whose articles are used by the Israeli Government Press Office in their daily report. Finally, when Steinberg asked about United Nations Resolutions 1402 and 1403 demanding IDF withdrawal from the Palestinian Territories, Netanyahu denounced them as well: “Look, if Israel listened to the UN, it wouldn’t exist!! Do you know that the UN condemned Israel for destroying Saddam Hussein’s nuclear bomb in 1981 just in the nick of time?”

At the under-attended Senate event, organized by Sen. John Kyl (R-Ariz.), former Democratic Party Vice Presidential candidate Sen. Joseph Lieberman (D-Conn.) introduced Netanyahu. “The suicide killers in Israel,” pronounced Lieberman, “are cut out of the same cloth as the suicide killers who killed 3,000 Americans on Sept. 11th.” President Yasser Arafat “had hijacked the legitimate Palestinian cause,” he claimed, and added that “no one was better suited to speak at this moment than his friend, Benjamin Netanyahu.” Bibi in turn instructed the Senators, “I think that Israel must now do three things. First, it must dismantle Arafat’s terrorist regime and expel Arafat from the region. . . . Second, Israel must clean out the terrorists, the weapons, the explosives from all the Palestinian-controlled areas. . . . And third, Israel must establish physical barriers separating the main Palestinian population centers from Israel’s towns and its cities.” Those steps were only to be the beginning, Bibi added, noting that the United States must destroy the Iraqi regime of Saddam Hussein, whether or not it has any allies for the task outside of Israel. Again, he praised the late Prime Minister Menachem Begin’s 1981 strike on Iraq’s Isirah nuclear power plant:



American “millenarian Christians” made up a lot of the crowd at Benjamin Netanyahu’s “support Israel’s war” rally at the Capitol on April 15. Note the paradox of “praying for the peace of Jerusalem” while backing Israel’s tanks firing on Manger Square.

“When our pilots returned, we had successfully destroyed Saddam’s atomic bomb factory and crippled his capacity to build nuclear weapons.”

Paraphrasing Hitler

Denouncing European opposition as equivalent to passivity against Hitler 60 years ago, Netanyahu warned that Saddam was developing missiles that very soon “can overshoot Israel and reach into the heart of Europe. . . . And if, in a year or two or three, they are tipped with nuclear warheads, who’s going to be endangered? Europe,” he threatened. As for the Arab allies essential to a confrontation with Iraq, the utopian Bibi said to forget them, because they “have been paying protection money or have been funding Islamic militancy from the Philippines to Los Angeles, that have been supporting Taliban and al-Qaeda terrorism. . . . So the only question that really remains is not whether you should act alone. . . . Certainly the United States, the world’s greatest superpower, can act alone if it must. . . . It is perfectly possible to use the resources, the weapon systems, the logistical power of the United States to achieve this end, with or without European or Arab support.”

Finally, he threatened the United States as well: “If we do not shut down the terror factories that Arafat is hosting—those terror factories that are producing human bombs—it is only a matter of time before suicide bombers will terrorize your cities here in America. *If not destroyed, this madness will strike in your buses, in your supermarkets, in your pizza parlors, in your cafes. Eventually, it is not impossible that*

those human bombs will supplement their murderous force with suitcases equipped with devices of mass death that could make the horrors of Sept. 11 seem pale by comparison” (emphasis added).

Bibi concluded his Senate speech with a close paraphrase of Nazi invective against the Jews: “No part of the terror network can be left intact, for if not fully eradicated, like the most malignant cancer, it will regroup and attack again, with even greater ferocity.”

On April 10, he took this rant to the neo-conservative American Enterprise Institute, where his appearance was being co-hosted by AEI and the Hudson Institute. (AEI is the international headquarters of Lady Margaret Thatcher’s and Sir Henry Kissinger’s New Atlantic Initiative.) In a speech billed as “Winning the War Against Terrorism,” Bibi was introduced by Kenneth Weinstein,

Hudson vice president and director of its Washington office, and by Christopher DeMuth, president of AEI. His speech played upon many of the same anti-Semitic threats to the Palestinians’ existence: President Arafat is committing “a pomicide [against Israel] by suicide” and had run “a con job operation in the West”; Arafat’s regime has to be eliminated, along with those of his supporters, especially Iraq. Nothing less, he said, will stop terrorism, so let’s “just do it.”

Netanyahu had an exchange with AEI fellow Michael Ledeen, whose book, *Universal Fascism*, dealt with the Mussolini-style fascism practiced by Sharon’s 1930s predecessor Vladimir Jabotinsky, whom Israel’s founder, David Ben-Gurion, referred to as “Vlad Hitler.” Ledeen asked: “You came close to talking about radical Islam a couple of times. Could you address the question of how important you think Islam is and the whole war of civilizations issue? I mean, you talk about planting freedom. There are a lot of people who now suspect that it’s not possible to plant seeds of freedom in the Islamic world. . . .” Bibi pointed to Turkey, created by Kemal Ataturk’s secular revolution, as a counter-example. But except for Turkey, he claimed, Islamic nations are governed by “dark dictatorships.”

Phase Two: the Nuremberg Rally

On April 15 at the U.S. Capitol, neo-conservatives, “Christian Zionists,” and New Democratic fascists alike turned out to support Netanyahu. Importantly, Lieberman/Gore Democrats carried the day (though they did not speak), with many Democratic Congressmen and Senators showing

up, as well as right-wing Republicans. Also in attendance mixed among the crowd of 40,000 were the “stormtroopers” of the late Meir Kahane’s organization, which is officially on the State Department’s Foreign Terrorist Organizations list—this would be the equivalent of Hamas and Islamic Jihad demonstrating *en masse* outside of the Capitol. They threatened anyone who questioned the insane fascism of the rally. And, various Armageddonist groups of “Christian Zionists,” who carried huge signs in red and white which said: “Read the Bible! The Land of Israel Belongs to the Jews. www.TruePeace.org.” Hence, any speaker who mentioned peace—such as Nevada Democrat, Sen. Harry Reid, who pointed out, “Shalom and Salaam are the same word”—was booed.

Deputy Secretary of Defense Paul Wolfowitz, of the “Wolfowitz cabal” that includes AEI’s Richard Perle, the head of the Defense Policy Board, and advocates a Clash of Civilizations war against 1 billion Muslims, was sent as President George Bush’s representative, although Secretary of State Colin Powell’s peace mission was a direct target of the rally. Ironically, Wolfowitz too was booed, when he read the part of the White House statement that noted that “thousands of Palestinians are suffering as well.”

The rally was organized by the Conference of Presidents of Major American Jewish Organizations and the “Christian Zionist” National Unity Coalition for Israel; both the American Friends of Likud and the Zionist Organization of America provided free buses. Its host was the Jewish Federation of Washington, D.C., which took out rabble-rousing ads. Among the Senators and Congressmen who spoke were House Minority Leader Dick Gephardt (D-Mo.), flanked by ten or so Congressmen; House Majority Leader Dick Armey; Sen. Harry Reid (D-Nev.); Sen. Barbara Mikulski (D-Md.), who claimed the “homicide bombers” had been “brain-washed” by the Palestinian Authority; and, almost all the Senators and Congressmen from New York City.

Ambassador Ronald Lauder, who is the former President of the Conference of Presidents of Major American Jewish Organizations, introduced Netanyahu. Bibi had saved his most blatant propaganda for this occasion. The former Prime Minister, who made aggressive war on Palestinian territories as head of Israel’s government, incredibly demanded Palestinians emulate the “non-violence” of Mahatma Gandhi and Dr. Martin Luther King; he branded Arafat “a totalitarian.” “From Hitler . . . to Yasser Arafat . . . totalitarianism is always wedded to terrorism,” Bibi blared.

According to Netanyahu’s office in Jerusalem, he will be the keynote speaker at an April 22 banquet at the annual meeting of the American-Israeli Public Affairs Committee (AIPAC). Through interlocking board memberships, AIPAC board members control dozens of multimillion-dollar political action committees, that have helped significantly in buying most of the U.S. Congress, including many who spoke at the Capitol Hill Nuremberg-style rally.

Netanyahu Threatens U.S. With Suicide Terrorism

by Michele Steinberg

If so-called Palestinian terrorism is brought to America in the near future, the role of Benjamin Netanyahu and his intelligence networks in Israel and the United States should be investigated.

On April 10, former Israeli Prime Minister and full-time thug Benjamin Netanyahu spent an entire day in Washington, D.C., threatening the United States with terrorist attacks that would allegedly come from Palestinian groups. At the National Press Club, Netanyahu, rehearsing for his events later in the day before the U.S. Senate, and before an “adoring” crowd at the American Enterprise Institute (AEI), center of the fascist policies of the Conservative Revolution, defended the slaughter of Palestinians by the Israeli Defense Forces going on that very hour in the refugee camps of Jenin, and the streets of Nablus. His message: The United States had better stop trying to “rein in” Israel’s invasion of the West Bank, *or else* the next suicide terrorist attacks will be “*your buses*, and *your malls*,” to be hit again and again. With eerie certainty, Netanyahu was warning that the suicide bombers of Hamas and Islamic Jihad will be coming to the United States.

Then, punctuating his threats with forceful gesticulations, Netanyahu said that he was in Washington to lead the United States in declaring war on “six regimes,” in retaliation for the Sept. 11 attacks in New York and Washington, D.C.

There are two problems with “Bibi” Netanyahu’s spiel. First of all, his so-called “devotion” to President George Bush’s “war on terrorism,” is a total sham. The Israeli intelligence and military services themselves are contaminated with a fascist current going back to the 1923 theories of Vladimir Jabotinsky, and are tied, in an intricate but undeniable way, in the networks that carried out the Sept. 11 attacks.

As *EIR* Founder and 2004 Presidential pre-candidate Lyndon LaRouche wrote in his groundbreaking strategic analysis, “Zbigniew Brzezinski and September 11th” (*EIR*, Jan. 11, 2002), the attacks on the World Trade Center and the Pentagon were “an inside job,” from a domestic network within the U.S. military, which was capable of compromising all security measures, and was operating so as to implement to an imperial plan among certain Anglo-American policymaking circles, to launch a “Clash of Civilizations” war against Islam.

Netanyahu’s justification of the “ethnic cleansing” of Palestinians is therefore based on the Goebbels-style Big Lie that Islamic terrorists working for Osama bin Laden carried out

the Sept. 11 attacks—a charge that is totally discredited in the Special Report on the Sept. 11 irregular warfare attacks, issued by candidate LaRouche’s campaign.

Hamas Is the Israeli Right Wing’s Baby

The second of Netanyahu’s Big Lies, is the genesis of the suicide terrorist campaigns inside Israel. As the following summary details, to stop suicide terrorism in Israel and the occupied territories, one must look into the dirty terrorist operations of the Israeli Likud (the party of Netanyahu and Ariel Sharon), and the security agencies, Shin Beth and Mossad—including controls over Hamas!

These links between Israeli secret service operations and the suicide bombings are becoming more and more exposed, as more of Sharon’s Israel’s Nazi-like operations in the West Bank become known (see article, p. 39).

The Israeli roots of Hamas were already beginning to be questioned back in December 2001, when Sharon and his generals began their “final solution” assault on the Palestinian administrative government, and put Palestinian Authority President Yasser Arafat under house arrest. In fact, the move against Arafat came almost immediately after the Palestinian leader had denounced terrorist attacks in a national radio address to the Palestinian people, and just after U.S. Ambassador Daniel Kurtzer dropped a political bombshell at a Jerusalem forum on Dec. 20.

Speaking at a seminar on religion and politics sponsored by Oz V’ Shalom-Netivot Shalom, a largely Anglo-American organization that promotes peace between Israelis and Palestinians, Kurtzer said that the growth of the Islamist movement in the Palestinian territories in recent decades—“with the tacit support of Israel”—was “not totally unrelated” to the emergence of Hamas and Islamic Jihad and their terrorist attacks against Israel. Kurtzer explained that during the 1980s, when the Islamist movement began to flourish in the West Bank and Gaza, “Israel perceived it to be better to have people turning toward religion rather than toward a nationalistic cause.” It therefore did little to stop the flow of money to mosques and other religious institutions, rather than to schools. Kurtzer thus made the connection between the growth of the Islamic fundamentalist groups Hamas and Islamic Jihad, and Israel’s promotion of the Islamist movement as a counter to Arafat’s Palestine Liberation Organization (PLO).

According to the Dec. 21, 2001 Israeli daily *Ha’aretz*, Kurtzer was joined at the forum by Rabbi Dr. Aharon Lichtenstein, the head of Har Etzion Yeshiva in Alon Shvut, who is an active advocate of a just regional peace. Kurtzer said that as a result of the growth of Islam at the expense of education, there are now Palestinians who are “determined terrorists that use religious beliefs in a perverted way to appeal to the masses.” He added that there is no “inherent component” in Islam that advocates violence. In Islam, the concept of *jihad* (resistance), “in classic religious associations con-



Benjamin Netanyahu toured the United States in order to silence any critics of Israel’s war crimes—especially Jewish critics.

notes religious belief and fervor, not violence.” But extremists have distorted the meaning of *jihad*, so it now has a connotation of violence in the service of a religious purpose.

These remarks provoked the wrath of the Likud, whose leading member of the Knesset (parliament) denounced Kurtzer, an observant Jew, as “a little kike”—one of the most disgusting anti-Semitic slurs that can be made.

Despite the attacks on him, Ambassador Kurtzer’s remarks were right on target, and are known to be true by any serious Middle East observer.

The point was also made by Arafat, in an interview on Dec. 11, 2001 to the Italian daily *Corriere della Sera*. “We are doing everything to stop the violence,” he said. “But Hamas is a creature of Israel, which at the time of Prime Minister [Yitzhak] Shamir [in the late 1980s] gave them money and more than 700 institutions, among them schools, universities, and mosques. Even [the late Prime Minister Yitzhak] Rabin ended up admitting it, when I charged him with it, in the presence of [Egyptian President Hosni] Mubarak.”

Israeli toleration, if not initial sponsorship of the Islamist movement, has also been acknowledged and well documented in Israeli sources. In 1997, the Jaffee Center for Strategic Studies at Tel Aviv University published a study, “Hamas: Radical Islam in a National Struggle,” authored by Anat Kurz and Nahman Tal. It stated that the Islamic Association, “the platform of which contained no nationalist clauses, obtained a permit from the Israeli Civil Administration in 1979 to con-

duct its activities. The permit was apparently consistent with the Israeli policy of strengthening Islamic bodies as a counterweight to Palestinian nationalist groups.”

The history of how the Israeli hawkish leaders have used Hamas, and its leader, Sheikh Ahmed Yassin, for more than 20 years, was documented by *EIR* in its Jan. 18, 2002 issue, in an article, entitled “The Israeli Roots of Hamas Are Being Exposed.”

Now, in a series of extraordinary statements that have come out since the beginning of Sharon’s Good Friday invasion of Ramallah and other Palestinian cities, the question of an Israeli hand behind the suicide attacks is being more boldly raised. The pattern is being questioned as well: Why is it that *every time* a serious peace initiative is taken—the most recent being the breakthrough at the Arab League summit on March 27-28, which endorsed Saudi Crown Prince Abdullah’s peace initiative—there is a suicide terrorist attack that allows Sharon to attack Arafat? And there is no question that Sharon’s ultimate aim is to kill the Palestinian leader.

One of the most poignant questions was published by David Langsam, an Australian Jew writing in the Melbourne daily, *The Age*. Langsam asks, “What is a Jew with a moral conscience meant to do in these dark days of ‘Arik’ Sharon’s Palestinian putsch? . . . While Sharon spends much of his nation’s resources fighting the Palestinian Authority, the facts are that most of the terrorist suicide bombings have been by Hamas and/or the smaller Islamic Jihad. And just as George Bush’s Taliban and al-Qaeda were funded by his father, the fledgling Hamas was funded during the first Intifada by the Israeli security services, Shin Beth, under the guidance of Prime Minister Yitzhak Shamir,” for the purpose of “creating an alternative to the PLO.” He adds, “So, every time the religious fundamentalists kill a score of Israelis, Israel responds by attacking Hamas’s secular rivals [Arafat and the Palestinian Authority]. . . . To claim that Arafat is in control when he is holed up in the Ramallah ghetto is ludicrous.”

In Russia, which has extremely close ties to approximately 1 million Russian immigrants who are now Israeli citizens, the Sharon/Hamas connection is also raising alarm bells, particularly since Russian communities have been hard hit with terrorism.

One Russian publication, Pravda.ru, in its English edition on April 4, had an article by Dmitri Litvinovich, stating that “Hamas and Israel Unite Against Arafat.” The author reports that, according to *Itogi*, a Russian magazine, Sharon “follows the concept outlined in 1923 about an ‘iron wall’ by Vladimir Jabotinsky,” the Jewish fascist admirer of Mussolini, who believed that all Palestinians should be crushed and driven out of “Greater Israel.”

Pravda.ru writes, “What is the power that the Israeli Prime Minister stakes on? No matter how strange it may seem, he has chosen Hamas.” The author then reviews the history of Hamas, from its founding by Sheikh Ahmed Yassin on Dec. 14, 1987 on the basis of two Islamic groups, which were

officially registered as cultural and educational movements. “Hamas consists of political and fighting organizations. . . . There are *shahid* groups in Hamas, consisting of young suicide terrorists between the ages of 18-27, mostly from poor families. *Israel believed the terrorists to be a counterbalance to the Palestine Liberation Organization and Yasser Arafat, which is why Israel has been rendering financial support to the terrorist group for a very long period*” (emphasis added).

The author writes that “two bitter enemies”—Sharon and Hamas—“are ready to conclude an armistice against the third one, Yasser Arafat namely. Both of them are working on tactical problems now: Sharon is leveling Arafat’s influence, at the same time getting rid of a peace plan that is unfavorable for Israel. The Hamas leader assumes command over the Palestinian opposition, while Arafat is isolated to his Ramallah residence.”

That this is “not a delirium,” the author says, is shown by the following: “Israel, which has already declared its intention to liquidate centers of terrorism, does not disturb Hamas, which claims responsibility for several recent acts of terrorism. This is rather strange. The previous connection between Israel and Hamas confirms the statement. An Eastern wisdom says that . . . ‘a possibility of a victory is contained in your enemy.’ That is why the union was created to win.”

A week later, on April 11, in the *Moscow Times*, Russian military expert Pavel Felgengauer similarly exposed that the strategic reality of the “Israeli pogroms” in the West Bank, is that “the Sharon regime and Hamas are acting as allies” to destroy the peace process. Israel “has already killed hundreds of Palestinian fighters, policemen, and civilians,” but in its main stronghold in the Gaza Strip, Hamas, which claimed responsibility for the March 27 Passover Seder massacre that allegedly triggered the Israeli offensive, continues to operate, “even gloating at what Israel is doing to the more moderate Palestinian Arab leaders.” Instead of hitting Hamas there, “the Israeli military is ripping apart the West Bank, harassing and isolating Yasser Arafat, the first Palestinian leader who recognized Israel’s right to exist, and signed a peace treaty with the Jewish state.”

Felgengauer charges: “The main target of Israel’s Operation Defensive Shield is clearly not terrorism, but the Oslo Peace Accords of 1993 that formed the Palestinian Authority.”

Bibi and the Killing of Rabin

Netanyahu has been bellowing gleefully at his American appearances that “Oslo is dead!” and therefore Israel does not have to abide by the provisions—particularly those that require ending the Israeli settlements on Palestinian lands. While Netanyahu blames Arafat for “killing” Oslo, there is no question that it was the intention of the right-wing Israeli groupings to kill the peace accord, when their “disposable” agent, religious fanatic Yigal Amir, killed Prime Minister Rabin on Nov. 4, 1995.

The still-incomplete investigation into the networks that protected Amir could shed further light on what underlies Netanyahu's threats that the United States had better "fully support" Israel, or be hit with another assault of Sept. 11-style terrorism.

Netanyahu's inflammatory campaign of verbal terror was implicated time and again in setting up the conditions for Rabin's murder. For example, in his bloodthirsty drive to become Prime Minister of Israel, Netanyahu rushed to scene of a bus bombing in 1994, where TV cameras filmed him denouncing Labor Prime Minister Rabin as responsible for the terrorism, while the maimed victims were being carried out. Bibi said that Rabin preferred "Arafat and the residents of Gaza over the security of the residents of Israel." Just more than a year later, after months of covert cooperation between Bibi's Likud and the Yesha Council of the radical right-wing settlers, one of these pro-settler terrorists, working with the Council, killed Rabin, for "betraying" the Jews. After a few more bus bombings during the subsequent election campaign, Netanyahu became Prime Minister.

On April 15, 2002, Egyptian journalist Ibrahim Nafei, the former editor of the prestigious newspaper *Al Ahram*, warned that Israel may resort to instigating terrorist attacks in the Arab world and elsewhere. Speaking on the "Good Morning Egypt" TV program, a program which has also interviewed Lyndon LaRouche, Nafei said, although he was not a conspiracy-theory bug, there were indications that Israel might deploy terrorists, inside Arab nations, to destabilize their governments, and also in Europe and the United States. He referred back to the 1950s, when similar events occurred, and to the case of the Israeli spy Jonathan Jay Pollard, as an example of the extent of Israeli intelligence penetration in the United States.

An International Challenge

Netanyahu came to the United States in order to impose a "reign of terror" against any critics, especially Jewish critics, who speak out against the war crimes being carried out against Palestinians by the Sharon regime. But his power to terrorize critics is worldwide.

Returning to the courageous article by Australia's David Langsam in *The Age*, the author writes about the threats that he expects: "Is it 'breaking ranks' to be Jewish and to criticize Israel's terrible government now that Israel has unilaterally declared war on the Palestinian Authority? . . . I know that by this paragraph, somewhere a pro-Israel lobbyist will be reaching for his or her keyboard to accuse me of being an anti-Semite, or a self-hating Jew, or a traitor. Some will reach for their telephones to deliver hate messages to my 85-year-old father. . . . Am I to be intimidated by the pro-Israeli extreme right just because Israel is wrong?"

Netanyahu's success depends on silencing critics; but a fresh investigation into his dirty operations could topple him again.

Indian Silence on Israeli Genocide Raises Questions

by Ramtanu Maitra

Once a staunch backer of the Palestinian cause, India's silence on the ongoing Israeli invasion of the West Bank is a painful reminder that opportunism, and not human values, has come to dominate India's foreign policymaking process.

It is also remarkable that India, with about 150 million Muslims, a large number of whom are decidedly pro-Palestine, and a vast array of left liberals, belonging to all religious groups, left over from bygone Soviet days, could maintain the silence of the graveyard at a time like this.

It is not that the Palestinians have failed to seek out India's support. Palestinian Authority President Yasser Arafat recently sent his personal emissary, Hani al-Hasan, to meet with Indian Prime Minister Atal Behari Vajpayee. Afterward, al-Hasan told reporters that Palestine "would like India to play a role in West Asia. . . . Politicians are generally balanced. We want a just equation."

Subsequently, Indian External Affairs Minister Jaswant Singh, who is widely identified as a close ally of Washington, in a telephone conversation with the besieged Arafat on April 2, regretted Arafat's confinement and assured him that India continues to see him as the symbol of the Palestinian Authority. Singh also expressed concern for Arafat's safety and well-being. Singh made the usual noise, telling Arafat that India wants implementation of UN Security Council Resolution 1402, which calls on both parties to implement a meaningful cease-fire and to cease all acts of violence immediately. And, that India also wants both sides to fully cooperate with U.S. special envoy Anthony Zinni.

Singh, careful not to tip the balance in favor of the Palestinians, also spoke to Israeli Deputy Prime Minister Shimon Peres (a frequent visitor to India). He told Peres that by "incarcerating" Arafat, by "virtually imprisoning him," Israel is compounding difficulties. The strongest pro-Palestine statement by India was issued from New York by the Indian Ambassador to the United Nations. But, it was widely noted that no statement of significance has been issued from the Prime Minister's office.

In the Old Days

India became the first non-Arab state to recognize the Palestine Liberation Organization (PLO) as "the sole legiti-

mate representative of the Palestinian people.” India allowed the PLO to open offices in New Delhi in January 1975, and the office was accorded full diplomatic recognition in March 1980.

India recognized the State of Palestine in November 1988, and the PLO office in New Delhi started functioning as the embassy of the State of Palestine. In the wake of the establishment of the Palestinian National Authority (PNA), India opened its Representative Office in Gaza on June 5, 1996, to ensure effective coordination with the PNA.

On paper, India supports the legitimate right of the Palestinian people to a state, and the imperative need for a just, comprehensive, and lasting peace based on UN Security Council Resolutions 242, 338, and 425 and the principle of “Land for Peace.”

India has maintained high-level political contacts with the PLO, and with Arafat in particular. Arafat was in India in August on his way to Beijing. At the time, India had already become an ally of Israel, but nonetheless Arafat met with Prime Minister Vajpayee.

However, long before Arafat’s arrival, India had come to the conclusion that Israel’s friendship is materially more important, that it is materially more beneficial to listen to Tel Aviv and Washington, than to Arafat.

A New Friend

Although India recognized Israel in 1950 and permitted it to open a consular mission in Bombay (now, Mumbai) in 1953, normalization of relations stalled after Indian Prime Minister Jawaharlal Nehru and Egyptian President Gamal Abdel Nasser established political relations in 1956. Despite these ties, India reportedly made small arms purchases from Israel during the Indo-Chinese conflict in 1962 and the Indo-Pak wars of 1965 and 1971. Cooperation was also developed between India’s intelligence agency, Research and Analysis Wing, and Israel’s Mossad, and among senior armed forces officers of the two countries. One factor that promoted this connection on the Indian side was the anti-Pakistan, anti-Muslim fervor, particularly among Indian Army personnel. However, Indian leaders close to the Soviet outlook on the world during the Cold War, prevented the pro-Israeli officers from playing a significant role in India’s foreign policymaking process. This changed in 1992, when India granted Israel full diplomatic relations.

Thereafter, rapid progress was made on the Indo-Israeli military front. Israel’s arms industries launched an aggressive campaign in India, concluding deals for sales, joint projects, and technology transfers worth billions of U.S. dollars. In addition to the \$1 billion Phalcon early warning system deal, which is still in the works, Israel Aircraft Industries last year concluded contracts for naval surface-to-air missiles (\$280 million), unmanned aerial vehicles or drones (\$300 million), and the Green Pine radar system (\$250 million). Projects under discussion include upgrading India’s

aircraft avionics and T-72 Russian-manufactured battle tanks and developing a truck-borne howitzer. India also seems interested in Israel’s Arrow antiballistic-missile defense system. *Al-Ahram Weekly* quoted a high-level Indian source: “None of these deals bolsters Israel’s military power against the Arabs. Israel gets money; India, weapons and technology. All agreements we sign provide for the creation of domestic production.” Israel is now India’s number-two arms supplier, after Russia.

At the governmental level, India and Israel have signed a number of agreements that provide a legal framework for trade and economic cooperation. An agreement now exists which provides for Most-Favored Nation status between the two countries, and it has cleared the way for the import of Indian goods to Israel without import permits (except for goods where such permits are required from all countries under Israeli customs’ regulations).

In January 1996, memorandums of understanding (MOUs) on Standards Cooperation and Cooperation in Industrial Research and Development, and agreements on the Avoidance of Double Taxation, Bilateral Investment Protection, and Customs Cooperation, were signed. Surface transportation links between India and Israel were established, with Shipping Corporation of India vessels stopping over at the port of Haifa, and the Israeli Shipping Line, ZIM, providing direct shipping services between India and Israel. In January 1997, a final agreement on cooperation in the field of industrial research was signed during the visit of Israeli President Ezer Weizman to India.

The financial infrastructure is also being developed to facilitate trade and economic ties. Banks in both countries have approved suitable limits for confirmation of letters of credit and bank guarantees issued for import and export. The State Bank of India, the largest commercial bank in India, has correspondent banking relations with eight major Israeli banks. India has also invited Israeli banks to open branches in India. A joint insurance agreement has been signed between the Export Credit and Guarantee Corporation of India and the Israel Foreign Trade Risk Insurance Company Ltd. In June 2000, the Indian EXIM (Export-Import) Bank signed MOUs with three leading Israeli banks and it is expected that this will lead to the establishment of direct lines of credit for trade between India and Israel.

Pro-Israel Apologists

The growing economic and military interaction with Israel has brought to the fore a large number of powerful members of the Israeli lobby. India’s Home Minister L.K. Advani, and many of the Hindutva-chanting Bharatiya Janata Party (BJP) officials, are unabashed promoters of Israel. They are also, in effect, the most powerful anti-Palestine lobby in India.

There are others as well. They point out that in terms of India-Israel relations, it is payback time now for India. Israel today, they say, is under severe attack by Palestinian terrorist

organizations and other Islamic Jihadi organizations. Suicide bombings have already resulted in the death or wounding of hundreds of innocent Israeli civilians. These attacks are similar to those against Indian security forces engaged in combatting Pakistan-sponsored Islamic Jihadi terrorism in Jammu and Kashmir, the apologists point out. One pro-Israeli observer said recently that there also exists a similarity between Pakistani President Gen. Pervez Musharraf, who condemns terrorism but does little to curb cross-border terrorism, and Palestinian Authority President Arafat, who has “resisted all efforts to condemn the terrorist and suicide bombers operating against Israel.”

This argument has a mesmerizing effect in New Delhi nowadays. Any individual who is equated with the Pakistani President, is unquestionably considered pro-terrorist.

The pro-Israel lobby in India also points out that Israel has done more for India, although India accorded full diplomatic relations to Israel only in 1992, than the Palestinians. Israel, they point out, even when it did not have diplomatic relations with India, has always extended unreserved political, strategic, and military cooperation. In 1999, during the Kargil War, when the Indian Army was battling Pakistani infiltrators and regular Pakistani Army personnel at a very high altitude in the Indian part of Kashmir, Israel had flown in emergency military supplies.

Others point out that India and Israel are natural allies. They say, that India and Israel seek a “civilizational bonding” that can, as Israelis see it, encompass several areas of interaction. Of immediate relevance, the post-Sept. 11 situation has resulted in increasing strategic cooperation, including in defense and related interaction of intensifying manifold even compared to the high levels reached in the post-Kargil days. “We continue to cooperate, collaborate, and enhance relations that already exist,” said Amos Yaron, Director General at the Israeli Ministry of Defense. Israeli enterprise in turning the desert green is one area, and more avenues are opening up. In Israel, the pro-Israel apologists claim, there exists a deep desire for closer relations with India going beyond the issues provoking today’s conflicts in the Middle East.

Smelly Real-Politik?

The pro-Israeli lobby in India draws a parallel to the issue of Kashmir, which is nearly as highly charged on the Indian subcontinent as is the Palestinian problem in the Middle East. But the fact remains, that although there exists just one point of similarity between the two issues, differences are many. To begin with, both of the five-decades-old conflicts were results of the partitioning of a country (India in one case, Palestine on the other) by the British colonialists in 1947.

To summarize the differences: In the case of Palestine, Israel could not have come into being without a massive inflow of Jewish immigrants from Europe. In the case of India, there was no immigration from outside of the subcontinent,

but a movement of the original population after partition, with Muslims migrating to Pakistan and Hindus to India. The ruler of Kashmir, a Hindu king in a state with a Muslim majority, chose to join India. Since then, Kashmir has remained an issue of contention between the two countries.

India is deeply affected by the terrorism organized from Pakistan. During the Cold War, Pakistan was a “natural ally” of the United States. However, following the Cold War, and specifically following Sept. 11, India has been “assured” by the United States that all terrorism in the subcontinent will be fought with an equal zeal. Although the reality points to a somewhat different scenario, those who have committed themselves to the United States and its war against terrorism—some in India at very high levels switch from “terrorists” to “Islamic Jihadis” effortlessly—see benefits emerging at some time or other. They point out that a strategic relationship with the United States, and Israel, will strengthen and modernize India’s military; it will encourage more exports to the West and foreign investments into India; with Washington and Tel Aviv on India’s side, it will provide some control over Islamabad; and it may even help India to become a permanent member of the UN Security Council. They also make it clear that a strategic relationship with the United States is not attainable unless India has a similar relationship with Israel.

A concomitant problem that India faces now, is the politics of religious hatred unleashed recently through the Gujarat riots. Although Gujarat continues to simmer a month and a half after Muslim mobs attacked a train carrying Hindu extremists, the anti-Muslim Hindus are using the train incident to provoke retaliation—a license to kill and bully Muslims into submissiveness.

Some Indian officials, especially the militant BJP members of the Indian Parliament, can barely suppress their sympathy with the vengeful sentiments of those who were involved in the killing of Muslims in Gujarat. India’s hard-liner Home Minister L.K. Advani, whose parliamentary constituency is in Gujarat’s commercial capital, Ahmedabad, stresses the need to track down members of the suspected Islamic groups which carried out the train massacre.

Israeli Prime Minister Ariel Sharon had also put up the pretext of “tracking down” the terrorists when he ordered the Israeli Defense Forces to use tanks to turn into rubble the refugee camps and make them mass graves of Palestinian Muslims. The thinking in certain New Delhi quarters is that “you do what you can get away with.” If India gets the green, or even an amber, signal from the United States, it may carry out an operation similar to the one the Israelis are carrying out in the West Bank, in the Pakistan-occupied part of Jammu and Kashmir. But in order to get such a signal, many powerful people in New Delhi believe that India must not join the chorus against Israel—which has made it evident that use of raw power, ruthlessly and unthinkingly, is part and parcel of its foreign policy.

Germany Is Squeezed, To Back War on Iraq

by Rainer Apel

Germany is being pressured in a mass bombardment by U.S. and Israeli propagandists, enhanced by the German media, to get more active in the second phase of the “war on terrorism”: first the campaign against Iraq, and later on, against Iran. Not only are the more publicly radical spokesmen for this policy, such as Paul Wolfowitz, Richard Perle, and Benjamin Netanyahu, leading the propaganda barrage; U.S. National Security Adviser Condoleezza Rice has also tried to drum up German support for the attack on Iraq, in interviews with the *Frankfurter Allgemeine Zeitung* and *Süddeutsche Zeitung*. Every serious military expert knows that for a full-scale military operation against Iraq, logistics are required that are available only from what America and NATO have jointly assembled in manpower, combat equipment, and ammunition. The buildup for the 1991 Iraq war showed how crucial it was to draw on supplies stored in Germany.

But there is reluctance in Germany to go along with the war on Iraq, as illustrated by the joint statement against a military solution of the Saddam Hussein problem, which the German Chancellor and the Russian President issued at the conclusion of their two-day summit in Weimar on April 10. There are, furthermore, doubts in Germany among leading politicians and anti-terrorism experts, that al-Qaeda is what the Bush Administration has presented it as being.

Something bigger is required, to pull the Germans into active support for a war on Iraq.

Tunisian Terror Incident

The incident at the Tunisian tourist resort of Djerba on April 11, may be that “something bigger.” A tanker truck loaded with liquefied gas exploded at the historic synagogue there, at the moment that a busload of tourists was entering the building. Six Germans and two Frenchmen burned to death on the spot, four Germans died in the days afterward, and numerous others were seriously wounded and may die soon. Although Tunisian officials first tried to play it down as an “unfortunate accident,” there is about a 98% likelihood that it was a terrorist attack. It was clear that the Germans were the target, because if the Jews had been, the terrorist would have struck during the weekend religious services.

This was the biggest terrorist attack on Germans in years. Germany’s chief federal prosecutor, Kay Nehm, has taken over the investigation, and seven specialists of the BKA, the German equivalent of the FBI, have been deployed to Djerba

to investigate.

But the confusion that has been spread by the piecemeal leakage of “information” about the Djerba incident, leaves it still unclear, a week after the explosion, how exactly it occurred and who carried it out. A few hours after the incident, leading German media blamed an “Islamic terrorist group” close to al-Qaeda. But for two days, no group claimed responsibility. On April 13, London-based Arabic media received phone calls from a Tunisian extremist group, al-Nahda, saying that it had carried out the attack to support the Palestinians. But the next day, that group officially declared that it had nothing to do with it. Twenty-four hours later, another group sent faxes to the London and Islamabad offices of Arabic media, containing, first, a statement on “al-Qaeda stationery,” and second, a “last will” of the truck driver, whose name was given as Nizar bin Mohamad Nawar, and who died in the explosion. Then, more confusion ensued:

- On April 16, the BKA made public that it had arrested a German Muslim in Duisburg, who was said to have received a phone call from Djerba, presumably from the truck driver, 30 minutes before the explosion. The driver was said to have lived in Lyon, France. However, French officials instantly declared that no one by that name had ever been registered in Lyon. Later, the Germans released the man, saying that after hours of interrogation, they had found no hard evidence implicating him in either the Djerba incident, or to any Islamic terrorist organization.

- The “phone call” lead began to decompose in short order, as it could not be determined who had tapped the conversation, and why. Was it routine surveillance, as has been done since Sept. 11? Was it done after a tip-off from another agency abroad, such as the CIA or the Israeli Mossad? And, if that was the case, did someone in those agencies have some information beforehand about the terrorist act? Before more questions of this kind could be posed, the authorities announced, after the release of the arrested Duisburg “suspect,” that the phone call contained nothing spectacular at all.

All of this strangely coincides with the opening of the German trial, on April 16, against five Arabs accused of belonging to a “Frankfurt al-Qaeda cell.” They were arrested in December 2000, on charges of having planned a bomb attack on a synagogue in Strasbourg, France. Their case has nothing to do with the atrocities of Sept. 11, nor is it proven yet that they have anything to do with al-Qaeda. But their case points to London, from where they received their instructions and their falsified credit cards; it was when a courier from London arrived in Frankfurt on Dec. 26, 2000, that the entire “cell” was arrested.

As things stand now, only the following points are clear: 1) Certain circles want Germany to become more active in the ongoing war; 2) somebody is desperately, and not very skillfully, concocting a pretext for that; and 3) ten innocent Germans died in Djerba. These are the three main aspects that a serious investigation should focus on.

Plan Afoot To Redraw Map of the Middle East

by Muriel Mirak-Weissbach

No one can say for sure, what the next phase of the war in the Middle East will look like in detail. However, high-ranking diplomatic and intelligence circles in the Arab world have been intensely discussing various scenarios reportedly being pursued by those forces in Israel and the United States that are jointly committed to expanding the conflict. One leading figure in the Israeli peace camp has publicly issued his forecast, which dovetails with that of the Arabs.

The basic idea, is that Israel would strike against Lebanon and/or Syria, justifying its actions by the claim that the two governments have been fuelling Hezbollah hostilities on the Israeli-Lebanese border, and in the contested Shebaa Farms area. As a consequence, Syria and Lebanon would be repartitioned, whereby Syria would receive Muslim parts of Lebanon (in the north and south) as parts of a new confederation, under an alternative regime to that of current President Bashar Assad, while Lebanon would become a Christian state. Syria's gains would be offered in compensation for the Golan Heights, which Israel would keep.

In this context, the recent redeployments of Syrian troops inside Lebanon make a lot of sense. The United States has threatened Syria, and Lebanon, that they will be bombed by Israel, if Syria does not redeploy out of Lebanon. This was the gist of the message delivered by U.S. Secretary of State Colin Powell, on his quick visits to Beirut and Damascus following his talks with Israeli Prime Minister Ariel Sharon in mid-April. The United States also delivered a threat to Iran, via its Swiss liaison, that it would give the green light to Israel to bomb Iran, if Iran did not also move against the Hezbollah in Lebanon. The visit of Iranian Foreign Minister Dr. Kamal Kharrazi to Lebanon, parallel to Powell's tour, should be seen in this light. Kharrazi discussed the need to avoid any provocations which Sharon could use, to ignite the wider conflict which he has publicly stated is on the agenda.

As for the Palestinians, the operational plan Sharon seems to be following, foresees making life impossible for the Palestinians, continuing his reoccupation drive, and expelling them into Jordan. Jordan would become a "republic" of Palestine, and the Hashemite dynasty there would move to Saudi Arabia, reassuming custody over the Holy Places. Saudi Arabia would also be destabilized.

As Sharon's recent statements and actions have made clear, Israel intends to consolidate its control over the occu-

pied territories, to maintain the settlements, and to make no concessions on the Golan Heights or other occupied territory. Thus, Israel seeks to consolidate its position as the regional superpower, extending its influence from Turkey through the Persian Gulf.

Following the attacks against Lebanon/Syria, Iraq would be attacked, according to military plans already discussed in the public domain, and Saddam Hussein would be replaced by a puppet regime. Any attack on Iraq, as we have documented (see "The Coming War on Iraq Will Not Be Desert Storm II," *EIR*, March 29, 2002), would unleash destabilization throughout the region. Egypt would be the hardest hit. According to Arab sources, Egypt could be hit by a military coup, organized by officers and business interests with close U.S. ties. Any such coup, would be based on accusations that the current government is guilty of human rights violations, especially against the minority Copts, and of corruption. The coup plotters, it is believed, would profile themselves as the true defenders of the Palestinian cause. The new regime would promise economic and political reform.

The final component of this war plan, involves Israeli orchestration of terrorism in Europe and the United States, through cells it has established, which operate under Arab cover.

The 'Wolfowitz-Sharon Plan'

This reading was confirmed in its essential points by Max Ghilan, publisher of the peace journal *Israel and Palestine*, in a speech delivered on April 16 at the Center for Policy Analysis on Palestine, which is one of the most prestigious Washington think-tanks on Palestinian issues. Ghilan, whose articles have been published in *EIR* over the years, discussed the breaking strategic situation as a grave danger, and part of a "Wolfowitz-Sharon" design for a larger regional war.

Ghilan, who is Jewish, discussed his long history in the Israeli peace movement, and laid out clearly the intentions of the "neo-fascist" Sharon government. Ghilan said that Sharon is acting on a *premeditated*, completely developed plan to "redraw the map" of the Middle East, which he called the "Wolfowitz-Sharon plan." Sharon's intention is to drive all the Palestinians out of the West Bank, but there is a broader U.S. plan, reflected by the "Clash of Civilizations" types around Deputy Secretary of Defense Paul Wolfowitz, to exert American unilateral domination of the entire oil-producing world, from the Middle East to Central Asia, to areas of the Indian Subcontinent where the energy resources have not even been developed yet.

Ghilan stated that the Wolfowitz-Sharon plan placed the war on Iraq at center stage, in the context of a regional project. He stressed that the intent is to eliminate all Palestinians, and to eliminate the state of Jordan, which, in his view, would be absorbed into a U.S.-controlled "new Iraq" regime. This new Iraq would also incorporate part of Saudi Arabia, which would be broken up into pieces.

Continuing the American Revolution in The Operas of Mozart and His Allies

by David M. Shavin

The Beneficent Dervish (Der wolhtätige Derwisch)

by Mozart's Circle, performed by the Boston Baroque, Director Martin Pearlman
Telarc, 2002
Playing time 66:14, CD, \$17.98

The Impresario (Der Schauspieldirektor)

by Wolfgang Amadeus Mozart
On the same recording as *The Beneficent Dervish*

In the decade after the American Revolution, Wolfgang Amadeus Mozart was probably the most crucial individual in attempting to create a similar transformation in Europe. In the Autumn of 1791, Europe, and in particular, France and Austria, had their last, best chance to wrench historical developments away from what we today know as the rage-driven, oligarchy-controlled French Revolution, a mockery of the American Revolution.¹ Mozart's powerful and beautiful presentation in his opera *The Magic Flute*, of the "republican" proof, that every man or woman whose heart could feel love, also had the capacity to develop the mind, and to self-govern, was capturing and uplifting the general population of Vienna. In this context, one should investigate Mozart's collaborators in this project. Hence, David Buch's researches into Emanuel Schikaneder's theater troupe have some historical importance.

The team of David Buch, the Boston Baroque ensemble, and Director Martin Pearlman has once again done all friends and lovers of Mozart a service. Earlier, in 1999, this team

released their CD of the world premiere of *The Philosopher's Stone*, composed in 1790 by the musical leaders of Schikaneder's troupe, which, as Buch was able to prove, included Mozart. At that time, this reviewer posed two major questions: "Why would Mozart work with a team of five composers? And, what changes occurred in the 'sequel' [*The Magic Flute*], when Mozart assumed full control?"² That CD provided a unique perspective for a richer appreciation of Mozart's singular leadership.

Now, the Boston Baroque team's new CD has the world premiere recording of *The Beneficent Dervish*, created and first performed (March 1791) by Schikaneder's troupe, but with the exclusion of Mozart. Coming half-way between *The Philosopher's Stone* (September 1790), in which Mozart composed in collaboration with the other four, and *The Magic Flute* (September 1791), in which Mozart composed all the music, *The Beneficent Dervish* prompts a new, third question: "How do Mozart's collaborators do without him?"

Simply put, they do amazingly well. It is a delightful experience to hear this work. However, while the earlier comparison of *The Philosopher's Stone* to *The Magic Flute* put into relief the superior, scientific quality of Mozart's so-called "magic," now the comparison of *The Beneficent Dervish* to *The Philosopher's Stone* allows the listener to hear Schikaneder's group play, as it were, while the teacher is out of the room. Without Mozart, they veer more into the world of magic for the story-line, leaving the important transformations of the text, and of the music, for another time. But they are literate, occasionally a little inspired, and they have fun. This is both a happy group, and a group that fully needed Mozart's intervention. Today's listeners, lovers of Mozart's *Magic Flute*, can now hear two "trial runs" of the Mozart-Schikaneder team, setting into relief Mozart's profound transformation of otherwise similar material.

1. Pierre Beaudry, "Why France Did Not Have an American Revolution," *EIR*, Jan. 18, 2002.

2. See David Shavin's review of *The Philosopher's Stone, or The Enchanted Isle*, in "A Mozartian Warm-Up for 'The Magic Flute,'" *Fidelio*, Spring 2000; see also, "'The Philosopher's Stone': Mozart's Newly Discovered Opera," *EIR*, Jan. 28, 2000.

The Importance of Dating the ‘Dervish’

My earlier review (*EIR*, Jan. 28, 2000) provided an extensive history of the collaboration of Mozart and Schikaneder in their republican mission, during and just after the American Revolution, of uplifting the cultural level, and the capacity for sustained joy and optimism, of the general population in Austria and Germany. This included the key role of the German translations of Shakespeare by Christoph Martin Wieland. Increasingly, from the mid-1770s, Schikaneder’s theater troupes performed plays of Shakespeare, Gotthold Ephraim Lessing, Wolfgang Goethe, and Friedrich Schiller. And between 1789 and 1791 in Vienna, Schikaneder had four of Wieland’s fairy tales worked into opera for his Theater an der Wien—the three discussed above, plus *Oberon*. Later, in 1791, Mozart evidently agreed to set Shakespeare’s *The Tempest* to music (though he did not live long enough to begin work on it).

Now, David Buch has discovered that *The Beneficent Dervish* was performed before *The Magic Flute*, and can be usefully listened to with that in mind. Previously, it had been thought (e.g., according to the Schikaneder expert, Kurt Honolka) that *Dervish* was first performed in September 1793. However, as Pearlman’s helpful, accompanying notes summarize, Buch has located evidence for a pre-*Magic Flute* dating. His three most pertinent pieces of evidence are:

- A March 1791 diary entry, by the prolix Karl Zinzendorf, regarding his visit to Schikaneder’s theater to see the opera;
- A 1791 book in the Austrian National Library, including some of the vocal texts; and
- Newspaper ads, offering for sale arrangements from *The Beneficent Dervish*, beginning in April 1791.

So, Buch, having properly resituated this opera, has justified hearing this lighter work, as a special window into the world of the *Magic Flute* troupe, not more than six months removed.

The Beneficent Dervish preserves many of the same character roles as *The Philosopher’s Stone* and *The Magic Flute*. The same members of Schikaneder’s troupe would be portraying somewhat parallel roles in each of the three operas. The Prince Nadir/Sofrano/Tamino role (given in the chronological order of the operas), originally played by Benedikt Schack, always has a comical sidekick, Lubano/Mandolino/Papageno, played by Emanuel Schikaneder, with the sidekick’s sweetheart or wife, Lubanara/Mandolina/Papagena. The Prince, of course, seeks to win his princess, Nadine/Zenomide/Pamina (the part that Mozart most thoroughly transformed). Another of the composers, Franz Xaver Gerl, sang the bass role, Eutifronte/Dervish/Zarastro (another role that underwent serious development).

Paradox of Married Love

Perhaps the most striking connection of *The Beneficent Dervish* with *The Magic Flute* is the aria of the dervish at



Wolfgang Amadeus Mozart’s collaborators in the Schikaneder theater troupe composed “*The Beneficent Dervish*,” experimenting with thematic elements that would later be profoundly enriched and transformed in their teacher’s “*The Magic Flute*.”

the opening of Act III, “*So bald der Mann*” (“Whenever a husband is much too kind”). It is, for this reviewer, the most substantial part of this lightweight opera, and it foreshadows *The Magic Flute*’s Zarastro when he sings to Pamina his warm and calming aria, “*In diesen heiligen Hallen*” (“In these holy halls”). In this opera about the cold calculations of women’s hearts and the consequent dangers to gullible men, the dervish gives loving, fatherly advice to the Prince: “Therefore before you love her, test her! Both the woman and the workings of her heart.” This feature, the investigation of the inner workings of the heart, is seized upon by Mozart in *The Magic Flute*, where it takes on a much fuller life.

The character of *The Beneficent Dervish* opera is established early on, in the hilarious duet of the peasant couple, Mandolino and Mandolina. She has caught him with a straying eye, and proceeds to beat him (“*Pritsch! Pratsch!*”). And when he tries to escape (“Watch out! I’ll jump in the water and drown myself”), she jumps into the water after him—and uses a rudder to keep hitting him. As he promises to reform, she has him repeat after her, “Dearest, only, best of wives!,” though he still needs more of the “*Pritsch! Pratsch!*” Finally, with his repeating, “I’d like to live with you alone!,” forgiveness is effected. Amazingly, within a two-minute period, the brawl, with highly believable percussive effects, suddenly melts into the tender conclusion: “Seldom are man and wife as close as we two, we live like children and are one soul and body!” The games men and women play are succinctly and ludicrously portrayed.

The scene was designed for Schikaneder’s comic specialty. After hearing Kevin Deas’ performances on both CDs, in the roles of Lubano and Mandolino, both originally played by Schikaneder, I’ve been persuaded that his is actually Schikaneder’s voice! He seems both quite comfortable, and con-

vincing, in Schikaneder's role.

The paradoxical plight of male-female relations doesn't get resolved in this opera. The women's chorus sings, "Enslaving men is what we enjoy!" This is followed by a lovely aria by Princess Zenomide, the object of Prince Sofrano's love. She begins: "Sofrano, had you felt my pain since our last bitter parting . . .," and then she questions his commitment, claiming, "If you feel nothing more for me, so be it. I shall gladly die for you." There is seemingly nothing insincere in the words or the musical setting. Any man in the audience would want to believe the maiden. However, when Zenomide and Sofrano next meet, she is singing to him an entrancing ballad-story, only to distract him and steal his wealth!

One would think the Prince might learn a lesson from this. But not this Prince, and not in this comedy. In the opening of the opera, the Prince was certainly good-hearted enough to take in, and care for, the dervish, who had appeared at the Prince's door as an ill beggar. Sofrano explains that it was simply his duty as a human being. But Sofrano, after his duty is done, is mainly excited by more worldly concerns, singing: "Truly I can't contain myself. Money and love smile upon me." To rescue him, it will take the beneficence of a guardian angel, some liberal doses of magic, and, of course, some peasant cleverness, to deal with the evil hearts of women.

The Beneficent Mozart

Mozart might have made his thoughts known to Schikaneder at the time. In March 1791, when this happy farce was playing on stage, Mozart popularized Schikaneder's troupe by composing a set of eight variations upon "Ein Weib ist das herrlichste Ding!" ("A wife is a wonderful thing!"). The original was from an earlier production of the troupe, created by Benedikt Schack and Franz Xaver Gerl. But, instead of simply spinning out eight variations to ornament the sung theme, Mozart fashions something special. He creates variations, separately, upon both the introductory, instrumental music from the opera, and upon the vocal material. Then, in a coda section, he combines material from both parts together, contrapuntally. This is the sort of mind that addresses the higher forces at work, behind the "magical" moments of our lives.

It is also at this time (March 7, 1791) that Schikaneder asks Mozart to compose *The Magic Flute*. Further, the very next day, Mozart enters into his music catalogue a new work, "Per questa bella mano" ("Through this lovely hand"), a concert aria (K. 612) for the bass, Gerl, who also sang the role of the dervish. This aria had a major role for the string bass, written for Friedrich Pischlberger, who played in Schikaneder's theater orchestra.³ Given Mozart's involvement with the theater troupe, both in *The Philosopher's Stone* in Autumn 1790, and during the March 1791 presentation of *The Benefi-*

cent Dervish, I can't but think that the composers benefitted from Mozart's beneficence throughout.

'The Impresario'

During these same Winter months of early 1791, Mozart, the third Court Composer, was being underutilized by the Austrian court. He was being paid to write dance music—minuets. On one receipt for payment for some of these minuets, Mozart wrote: "Too much for what I did, not enough for what I could do." (Emperor Leopold II had not yet decided to give Mozart the major commission to compose the opera, *La Clemenza de Tito*.) Which brings us to the second offering that Pearlman directed on this CD, *The Impresario*.

Mozart's collaboration on *The Impresario* in 1786, hearkened back to an earlier project. He had done revolutionary work for Joseph II's Austria, back in 1781-82, when the composer had first come to Vienna. His *Abduction From the Seraglio* was the singularly successful operatic work for Emperor Joseph II's project for a national theater, using the German language. Joseph II had discussed and planned with the dramatist Gottfried Lessing, to launch such a project, as being vital to uplift his population—uplifting both the language they spoke, and the thoughts capable of being expressed in the language. Outside of this project, the German-language entertainment in Vienna was fairly banal (though surely not quite as insipid as what we've achieved in our own time). In the wake of the victory at Yorktown, where America had turned the world upside-down on the British oligarchy, brawls and controversies in Europe swirled around Mozart's revolutionary transformation of the libretto. Mozart replaced the importance of blood-line descent with the grace of agapic charity, in which the most "Christian" action in the opera was portrayed by the feared Turkish pasha!⁴ But, by 1783, threats, palace intrigues, and arrests put an end to the German-language national theater project of Joseph II.

So, for Joseph II to arrange an elaborate, costly party on Feb. 7, 1786, with a German operetta, *The Impresario*, by Mozart, to be performed directly against an Italian operetta, one might assume that there was, very likely, something on the Emperor's mind. Evidently, Joseph II himself had proposed to the *Abduction's* librettist, Johann Gottlieb Stephanie, that he also compose the story-line for *The Impresario*, taking as his subject, the problem of the egos of soprani in a German-language opera company. Meanwhile, Joseph II also proposed to Mozart's rival, Antonio Salieri, that he compose something in Italian, dealing with the difficulties between the demands of a librettist and of a composer.⁵ Joseph II arranged for the two troupes to present their offerings to his dinner party, using two different stages, set at

3. H.C. Robbins Landon, *1791: Mozart's Last Year* (New York: Schirmer Books, 1988), p. 36.

4. David Shavin, "Mozart and the American Revolutionary Upsurge," *Fidelio*, Winter 1992.

5. Robert W. Gutman, *Mozart* (New York: Harcourt Brace & Co., 1999), p. 652.



A Wolf Trap Opera Company production of Mozart's "The Magic Flute" (1994) shows Papageno (right) and Pamina. During Mozart's time, Emmanuel Schikaneder specialized in the comic role of Papageno, and of his counterparts, Lubano and Mandolino, in the earlier productions of "The Philosopher's Stone" and "The Beneficent Dervish."

different ends of the hall.

The elaborate party was in honor of his sister, the Archduchess Marie Christine, and her consort, Duke Albert, who was Joseph's Governor-General for the Austrian Netherlands. Stephanie brought back his two lead singers from *The Abduction*, Valentin Adamberger and Caterina Cavalieri, and engaged Mozart's sister-in-law, Aloysia Weber, to be the other soprano who duels with Cavalieri. Stephanie set the farce in Salzburg, Austria, probably reflecting Mozart's satiric attitude about his hometown's backwardness and the ruler there, Archbishop Colloredo. In Stephanie's libretto, a non-singing comic actor named Buff tells an impresario, Herr Frank, to hire cheap actors and singers, so he can conserve his money to spend on bribing the critics: "Leave your good taste at home? The world wants to be deceived."

Much fun is had with the dueling soprani, as they have trouble conforming their egos to the larger purpose of a theatrical presentation. Stephanie has the voice of reason trying to calm the soprani, arguing that "Harmony's the greatest virtue I can recommend to us." He brings back Buff, to deliver his joke at the expense of all the singers, upon which joke (not revealed here) Stephanie seems to have hung his whole story.

The 'Impresario' and the 'Figaro' Project

Now, in a polemical work, ridiculing the egos of singers, it is certainly not good form to have the singers simply display their voices in performance! Perhaps, only in such a semi-illiterate age as our own could such a mistake occur, but occur they often do. Fortunately, this is not the case in this performance, as Pearlman's troupe seems happy to get into the spirit of the work.

Further, this CD is said to be the first one on period instru-

ments, and, for what it is worth, it is quite clean. The performance's authenticity, fortunately, seems to come not from the period instruments nor from the unvibrated fingering, but rather from the top, from a conceptual level, which then carries through in the voices and instruments. The singers' voices convey the text and the interplay of the roles, leaving one almost hearing the visual images of actors on a stage. The whole affair is quite good fun. Finally, Mozart seems to have composed the music to be its own character in the operetta, which, more than once, has to bring the egos back to reason. Pearlman's orchestra properly re-creates this role, also.

Nonetheless, the work is unavoidably a curious matter, which somehow seems quite a distance from the issues that Mozart was fighting out with Joseph II at the time. Mozart's music for *The Impresario* is marvelously better than the story deserves, and seems to reflect, more than anything else, the transcendent work he was then engaged in, *The Marriage of Figaro*.

If Joseph II was simply attempting to revive the debate over German vs. Italian opera, then some of the results are known. At the private dinner party, Count Zinzendorf (who was nothing if not snobbish) judged *The Impresario* as very mediocre. When the Stephanie/Mozart *Impresario* and the Salieri work were performed a few days later for the public, two different Vienna papers praised the former. One singled out Mozart's music as "containing some special beauties," while another thought his German work "infinitely superior" to Salieri's Italian one, adding that the superiority "is surely not the result of national pride." However, and most critically, what Emperor Joseph II intended by the affair, and what he thought of the result, is not known. What is known, is that he was in the middle of the most intense brawl of his life.

The 'Figaro' Project

As of February 1786, Joseph II had been the sole ruler of the Austro-Hungarian Empire for just over five years. His reforms, in brief, had attempted to break the Empire from its feudalism, and to develop its manpower. He freed the serfs; extended religious toleration to Protestants and to Jews; encouraged science, mining, metallurgy, and agriculture; allowed freedom for public debate and for publishing; and established public hospitals, public works, and a broader public education. The entrenched Austro-Hungarian nobility resisted the development of their newly freed population, no less than did the embittered Confederate landowners after Lincoln's victories. They would ridicule Joseph II's attempts to enrich the public mind by such means as his German National Theater. After Mozart and Joseph II's close 1781-82 collaboration in producing *The Abduction*, the immensity of the political counterattack kept Joseph II away from his best collaborators during 1783 and 1784. So, in 1785, when Joseph

II agreed to have Mozart compose *Figaro*, it was a major breakthrough, and Mozart focussed his creativity, and his recent musical-scientific discoveries,⁶ upon making operatic and political history.

The conditions under which the Emperor proceeded, were that Beaumarchais' original French play *Les Noces de Figaro*, would only be allowed on Vienna's operatic stage in Italian. (The head of the Secret Police, Count Anton Pergen, had banned the play in German, in February 1785, when Schikaneder had proposed to perform it. Pergen's defenders claim that he did this at the behest of the Emperor; however, the extent of the behind-the-scenes brawl within the court can only be surmised.) Minimally, it is indisputable that the Emperor very much wanted *Figaro*, as an Italian opera, to be aimed against his reactionary nobility.

In the story, Count Almaviva in *Figaro* had agreed on paper to renounce his feudal right to spend the first night with any bride wed within his lands (a practice called the *droit du seigneur*). Despite this, he continues, throughout the opera, trying de facto to re-assert that right. Thus, also, the ridiculousness of the Austrian nobility was put in the limelight, as they had agreed to the Emperor's reforms on paper, while doing everything to de facto re-impose feudal slavery. Their hearts were not reconciled to loving and developing their fellow man.

The Curious 'Impresario'

Mozart composed *The Impresario* between Jan. 18, 1786 and Feb. 3, 1786, in the midst of his work on *Figaro* (begun seriously in the Fall of 1785 and debuted on May 1, 1786). Mozart had an agenda for the Emperor that was greater than the compositional themes which the Emperor had suggested to Stephanie and Salieri for the February contest. Hence, Mozart's *The Impresario* may well be a curious work, as it is clearly the product of a curious situation. While Joseph II, in proposing the themes, had in his mind the republican versus oligarchic themes that were wrapped up in the controversy over German versus Italian music, it yet remains unclear what he intended for this elaborate dinner. It would appear, from Stephanie's libretto, that he did not plan anything so revolutionary as the intervention that Mozart, with his *Figaro*, was planning for that Spring. Finally, it seems that Mozart was content to shower his *Figaro*-like music upon the lesser vehicle, and wait another ten weeks, to make his full operatic intervention on the court.

However, the events of that Winter and Spring indicate that the feudal oligarchy was getting the upper hand over Joseph II. By the beginning of 1786, the financial situation in Austria was turning ugly, as the court was in over its head to usurers. (Joseph II's brother-in-law, King Louis XVI of France, was in a similar situation. Neither country succeeded

in following the lead of their friends in America—Benjamin Franklin, George Washington, and Alexander Hamilton—who would deal with the 1785-86 crises, by organizing the Federal powers of the Constitutional Convention of 1787.) In Austria, the "Bruderschaften," or the equivalent of the savings and loan associations for the burgeoning middle class, were largely wiped out. Ignaz Born, the Benjamin Franklin of Vienna who was later the model for Zarastro in *The Magic Flute*, was pushed out of control of the masonic lodges in Vienna, which wielded significant political influence, leaving them to lesser minds. Also the Venetian agent Casanova was involved in an attempt to compromise Joseph II in a sexual entrapment, an entrapment that Mozart may well have known about as early as that Spring. And, finally, Count Pergen, who had ordered the ban on *Figaro* as a German drama, was given increased police powers, undermining the republican law efforts of Mozart's friend, Joseph von Sonnenfels.

Between the time that the Emperor heard *The Impresario* in February, and *Figaro* that Spring, one gory event situates the unravelling of the situation: On March 10, 1786, one month after the *Impresario* party, 30,000 spectators turned out in Vienna to witness the execution of a nobleman, Franz Zaglauer von Zahlheim, who had robbed and murdered an older woman whom he had courted. Joseph II had either acceded to, or agreed to, the re-imposition of the death penalty, which he himself had ended back in 1776. The order, with the Emperor's signature, was that "in accordance with the regulations of the 'Nemesis Therresiana,' the death penalty described therein shall be administered without mercy to the delinquent. . . . Glowing hot pincers shall be applied to the left and right sides of his chest. . . . His body shall be broken on the wheel from the feet upward [maximizing the pain] and then displayed on a gibbet."⁷ Vienna was transfixed by the spectacle, and it would appear that nothing was so hotly debated that Spring, as that execution. Joseph II seemed to be increasingly unable to control the "Pergen faction," as they would succeed in getting their colonial war (against the Turks in 1787), and greatly increased police powers.

Joseph II had benefitted immensely from his cooperation with Mozart on *The Abduction* back in 1782, winning several years to push ahead on his reforms. He seems not to have reaped the marvelous benefits of Mozart's ever-so-more-powerful *Figaro* in 1786. Looking back upon that curious February party where Mozart's *Impresario* debuted, one hears a fascinating mix: beautiful, dramatic music for a modestly funny libretto, drawn from a theme chosen by an Emperor, that seems most poignantly, too little, too late. Mozart's 1791 comment—that the court payments for his minuets were "too much for what I did, not enough for what I could do"—has its 1786 corollary: He did more than anyone had ever done, but was paid too little attention, too late.

6. Lyndon H. LaRouche, Jr., "Mozart's 1782-1786 Revolution in Music," *Fidelio*, Winter 1992.

7. Volkmar Braunbehrens, *Mozart in Vienna, 1781-1791* (New York: Grove Weidenfeld, 1990), p. 273.

International Intelligence

Italian Deputies Press For New Bretton Woods

Six Italian members of the Chamber of Deputies presented a motion for a New Bretton Woods to the Parliament on April 16. Siegfried Brugger and five others introduced the same motion that had been submitted to the Senate on Feb. 26 by Sen. Oskar Peterlini and 46 other senators. The six deputies all come from the South Tyrol Popular Party, which is part of the opposition coalition. It is expected that more deputies from other parties will sign the motion.

The resolution calls on the Italian government to take measures in support of Argentina and to promote a New Bretton Woods conference to deal with the global systemic financial crash. The text was prepared with the assistance of Paolo Raimondi, president of the International Civil Rights Movement Solidarity, Lyndon LaRouche's collaborators in Italy; and of Nino Galloni, General Director of the Italian Labor Ministry. If the motion gains majority support after parliamentary debate, it could become a formal bill and mandate the government to act accordingly. For the text, see *EIR*, March 15, 2002.

LaRouche Interviewed In Arabic Press

The weekly English-language edition of *Al-Ahram*, Egypt's semi-official newspaper, ran an interview with Lyndon H. LaRouche, Jr., in its April 18-24 edition, conducted by Washington correspondent Mohamed Hakki, and titled "It's What I Have To Do." The article describes LaRouche as "a lone voice in the desert of American thinking on the Middle East."

"Living in Washington today drives one to feel that America is living on a different planet from the rest of us," Hakki writes.

"The political establishment and the media here are sensitive only to Israeli needs. Even worse, the U.S. bias continues unabated, deaf to the many voices in Israel itself which are enraged at what is being done

by the Sharon government—not only against the Palestinian people, but against Israel's future as a whole. People like Uri Avneri, Gideon Levy, Jeff Halper, Amira Haas, Heve Fordon, Gila Svirsky, Neta Golan, Allegra Pachaco, Rina Rosenberg, and many others, come to mind.

"On the political side, too, there are people like Yossi Beilin, Yossi Sarid, and others. But in America, it is the Mojave Desert when one comes to intelligent debate on the Middle East. Whenever one hears a lonely voice, it becomes a breath of fresh air. One of these voices is Lyndon LaRouche, several-times Presidential candidate, and always ready to speak his mind."

For an idea of the content of the interview, see the excerpts from LaRouche's interview with Egyptian television, elsewhere in this issue.

On April 14, LaRouche was interviewed by Al-Jazeera Satellite Channel from Qatar, in a series on the U.S.-Israeli relationship. Our correspondent who monitored the program reports: "LaRouche's appearance gave Arabs at every level, who have not yet had an encounter with LaRouche, a brief, but unique feeling of an American statesman who represents the intellectual and political opposite and antidote to anything terrible they have experienced with other American statesmen in the recent decades."

China Looks to First Manned Space Mission

China could launch its first manned space mission in 2004, with a crew of two or three, *China Daily* and other news sources report. Upon the occasion of the successful landing of the Shenzhou III Descent Module on April 1, which was broadcast live for the first time on China Central TV, officials from China's space program spoke about their future plans for manned space flight. The official Xinhua News Agency reported on April 1 that the Shenzhou III flight "laid a solid basis for the country's future endeavor to send man to outer space." Officials in charge of the biomedical experiments on board, which used instrumented dummies, pro-

claimed the system "technically suitable for astronauts."

Wang Yongzhi, the chief engineer of China's manned space program, told AFP that manned flights will begin "when our rockets and space capsules are dependable. . . . I don't think that this will take a long time. It will probably be within two years' time."

The designer of the Shenzhou III capsule, Qi Faren, told CCTV: "Our space capsules have the capability of the Russians during the 1980s," when they were able to accommodate three cosmonauts.

Has World War II Already Begun?

Australian Defense Force Chief Adm. Chris Barrie warned in an Australian Senate Inquiry that World War III was a real possibility, as terrorism has not been contained, and the Middle East was soaring "out of control," the Melbourne *Herald Sun* reported on April 13. Admiral Barrie said, "There are some key analysts in the United States, and there are analysts in this country who are forecasting the possibility of a third world war. I just want to tell you, these are serious times. Many of us, I think, are still very concerned about what is going to happen next. And I don't have those answers."

Half a world a way, in Paris on April 16, a former Chief of Staff of the French Armed Forces, Admiral Lanxade, wondered whether "we are not already in World War III." Speaking at a breakfast held by the Institute of Diplomacy and Defense in the French Senate, he said that U.S. policies are increasing tensions worldwide, and that Europe must offer an alternative policy.

The admiral said he was "extremely worried" about present trends, and that the situation facing Europe and France reminded him of 1938. The attacks of Sept. 11 were like a Pearl Harbor to the United States, he said, and then there was the war against Afghanistan, the Palestinian-Israeli conflict, and now the war the U.S. plans against Iraq.

LaRouche Tells Bush: Do Not Repeat Bill Clinton's Mistake!

This statement was issued by Lyndon H. LaRouche, Jr. on April 14, 2002:

President Bush has but one problem which he must face personally, if he is going to escape successfully from the “lame duck” trap being set for him currently by both the Lieberman-Brzezinski cabal, which is doing just that intentionally, and also the manifest majority among his relevant current advisors, who are doing it out of stupidity.

He must dump every consideration but standing before a mirror, to ask himself, “Forget the election-campaign. Do what neither Senator Lieberman or Al Gore would be capable of doing: Think like the kind of President our Constitution implies.” Remember President Eisenhower and the Suez Cri-

sis. It would help the President to see his available pathway more clearly, if he would tell Ari Fleischer to dump the current White House line on Bill Clinton's performance.

Clinton expressed excellent intentions, but he failed on four leading counts, four counts on which he acted more like a sponsor and lawyer for Ehud Barak's career, than as the President of the U.S.A. First, he entangled himself in Barak's career publicly. Second, when Barak set the President up as a patsy, Clinton swallowed it. To this he added two fatal mistakes which helped to make Ariel Sharon's currently ongoing, Nazi-Warsaw-Ghetto-like operations against the Palestinians possible. First, he evaded the fact that no peace between Israel and Palestine would ever become possible, without a major economic-development program based upon



“Clinton expressed excellent intentions, but he failed on four leading counts, . . . on which he acted more like a sponsor and lawyer for [Israeli Prime Minister] Ehud Barak's career, than as the President of the U.S.A.”

massive desalination and related water development programs. Second, when Chairman Arafat had been ready to sign on the dotted line, so to speak, the President publicly blamed Arafat, rather than Barak, for blowing up the Camp David negotiations, by bringing the issue of redistributing Middle East religious sites, such as Holy Mountain, thus creating the circumstances under which Sharon unleashed the present campaign of religious warfare and radical-right-wing Likud ethnic cleansing policies, into the situation.

Clinton's biggest blunder of all, was his fatal error of allowing himself to be put in the position of presiding over a negotiation over Middle East religious sites, thus helping Sharon set the stage for unleashing a form of religious warfare in the Middle East which threatens to enflame most of the world.

No inaugurated President of the U.S.A. should ever permit any political or personal pressures to cause him to forget the unique meaning of the words "President of the U.S.A." among the governments of the world. President Eisenhower typifies the quality of President who made a decision of that quality in the matter of the Suez Crisis. A President must put his political career at total risk, if need be, if he must take that risk by making a Presidential, rather than a partisan political or career decision, in any moment in which the nature of the constitutional office of President is at stake. Such a moment, such a decision, hovers before President Bush right now.

Our Federal constitutional government is historically unique among the nations of the world. In spite of the several existential crises which our system of self-government has suffered, such as that of 1932-1933, it has never been necessary to disturb the principles of our Constitution, especially as this pertains to our Executive Branch, with its implicit constitutional personal powers and responsibilities of the President. The assurance that this will continue to be the case, depends upon the degree to which the incumbent President, as a person, is able to recognize that it is to that Constitution and its implications, that he must be faithful, above all other possibly conflicting considerations.

The President who can say, "No. Do not push me to cross this line," even when virtually all his advisors and constituents are pushing him, is a true President, whenever that decision is based on Constitutional considerations inherent in that office.

The present Middle East crisis is such a point of decision, one of several most crucial such tests which are now piling



"The President who can say, 'No. Do not push me to cross this line,' even when virtually all his advisors and constituents are pushing him. . . ." President Eisenhower made the 1956 decision to defend the Middle East, against such pressure, in a Presidential election year.

up to confront the recently inaugurated President. The United States' most vital strategic and related interests, including the interests of our European partners, require an immediate historic intervention establishing a just peace in the Middle East, meaning an immediate establishment of the Palestinian State under its currently elected head of government, Arafat. If President Bush makes that decision right now, it will happen, since the President's decision as President will set into motion the other forces, around the world, which would produce that result. Indeed, all things considered, the fate of the planet as a whole could depend upon just such a decision.

Admittedly, it has been a long time, perhaps since President Johnson on civil rights, that a U.S. President has acted in a crisis as a true President in the sense of our Constitution. It is time for President Bush to close and bar the doors, while he takes on one or two crucial decisions, working with a handful of the coolest heads from among those around him who are capable of thinking about Presidential crises in a Presidential, rather than partisan way.

I think that most Americans would rejoice to think that that is what is about to happen at the White House about now.

As for the rest of you, remember this. The office of President of the U.S.A. is the most crucial among our Constitutional institutions. You, as a citizen, must never lose sight of that fact. Whoever happens to be President, the Presidency as an institution must be protected, even against its own tendency for folly.

Any questions? That is what I am here for.

'Master Plan' Submitted For D.C. General Campus; Land-Grab Accelerates

by Edward Spannaus

A year ago, during the monumental battle to prevent the shutdown of the only public hospital in the nation's capital—D.C. General Hospital—opponents of the shutdown, led by the LaRouche movement, warned that the shutdown was a prelude to a gigantic land grab, which had as its purpose the further reduction of the District's black and poor population, in favor of "gentrification" and other speculative real estate schemes. Now, those very schemes, under the guise of "redevelopment" of the Anacostia Waterfront and the southeast quadrant of the city, are moving full steam ahead on at least four fronts:

1. The submission of the "Draft Master Plan" for the redevelopment of "Public Reservation 13"—the site of D.C. General Hospital;
2. Revamping of the District's bid for the 2012 Summer Olympic games, which envisions a gigantic sports complex just north of the D.C. General site;
3. Federal government moves to accelerate the redevelopment of the Southeast Federal Center, located about one mile west of the D.C. General campus along the Anacostia waterfront; and
4. A proposal to have the Federal Emergency Management Agency (FEMA) relocate its headquarters to the St. Elizabeth's Hospital campus, on the other side of the river in the Anacostia section of Southeast Washington.

All of these developments were forecast and described in detail in *EIR* last year—while D.C. Mayor Anthony Williams and other District officials were denying that the shutdown of D.C. General had anything to do with these real estate boondoggles.

On March 31, 2002, the D.C. Office of Planning submitted its Draft Master Plan for the land on which the now-closed D.C. General Hospital sits. The plan is the product of professional city planners, who conducted a "community-based planning process" with several public meetings intended to be brainwashing sessions for the community. However, these meetings were in large part dominated by protests over the shutdown of D.C. General, and by demands that a full-service public hospital be located on the site.

The professional planners—along with many of the middle-class residents of the Capitol Hill neighborhood to the east of the site—insist that all the existing hospital buildings

be demolished, that the street grid be extended into the site, and that a mixture of housing, parks, stores, and public uses (permitting health care clinics, but no hospital) be located there. This would abolish Public Reservation 13 as a distinct site—which dates back to the original L'Enfant Plan of 1791. Since the Administration of George Washington, this site has been designated for hospital and public health use.

The summaries of the community meetings incorporated in the plan, are compelled to report that a provision for "a full-service, state-of-the-art public hospital" was one of the primary concerns of participants. They note that participants stated that "the site had a long history of providing for the public health and welfare and that this tradition should continue." The documents also report that some participants proposed a full-health campus, similar to the National Institutes of Health (NIH), including educational facilities for medical training.

However, the District government appears poised to ignore these demands, and to override 200 years of history—and the public health and general welfare needs of the Nation's capital—in favor of pumping up real estate values in the areas adjacent to the Anacostia waterfront.

But, as an article in the March 29, 2002 *EIR* demonstrated, the land on which D.C. General sits, was always intended for hospital use, going back to the original design of the City of Washington drawn up under President George Washington's supervision. Under the National Historical Preservation Act, passed by Congress in 1966, Federal (and District) officials are required to consider the historical uses and significance of any Federal property, before transferring it or changing its use.

Other 'Redevelopment' Schemes Move Ahead

At the same time, rapid-fire developments are taking place with respect to other components of the overall plans to "redevelop" and gentrify the Anacostia waterfront and the Southeast/Anacostia section of the city. (These developments were all described by *EIR* and the LaRouche campaign last year, as part of the overall "Negro removal" land grab of which the closing of D.C. General Hospital was a crucial component.)

On April 8, the Washington Olympics Committee submitted a supplement to its bid to the U.S. Olympic Committee,

to host the 2012 Summer games. The modified plan would create what is called “a multi-faceted Olympic Sports Complex” on the RFK Stadium site, which sits on the Anacostia waterfront adjacent to the D.C. General Hospital site. While the graphic published in the *Washington Post* does not appear to show the Olympic complex extending into the hospital campus, in January, Mayor Williams declared that the new plan for the D.C. General site would “complement” the Olympic bid, and that the parcel would be “a component of our Olympic bid.”

Also on April 8, D.C. and Federal officials took what the *Washington Business Journal* called a “landmark step toward dramatically transforming a 44-acre swath of desolate land along the Anacostia River,” by issuing a “request for qualification” for a development team for the Southeast Federal Center. Two years ago, Delegate Eleanor Holmes Norton pushed through legislation allowing private developers to build on the Federally-owned land; last year, the Navy moved 5,000 jobs into the area, and the U.S. Department of Transportation plans to relocate its headquarters, with more than 7,000 employees, to the Southeast Federal Center site.

On April 13, the *Washington Post* reported that D.C. officials are asking the Federal government to move FEMA’s headquarters to the St. Elizabeth’s Hospital site in the Anacostia area, and it is also asking the Federal government to join in establishing a \$100 million, 24-hour communications and emergency management center on the site. The *Post* cited D.C. officials as saying that these installations could “jump-start private development” at the large, and largely vacant, St. Elizabeth’s site. “Once it brings infrastructure to the site, that becomes an incentive for the other private development,” said D.C. Planning Director Andrew Altman.

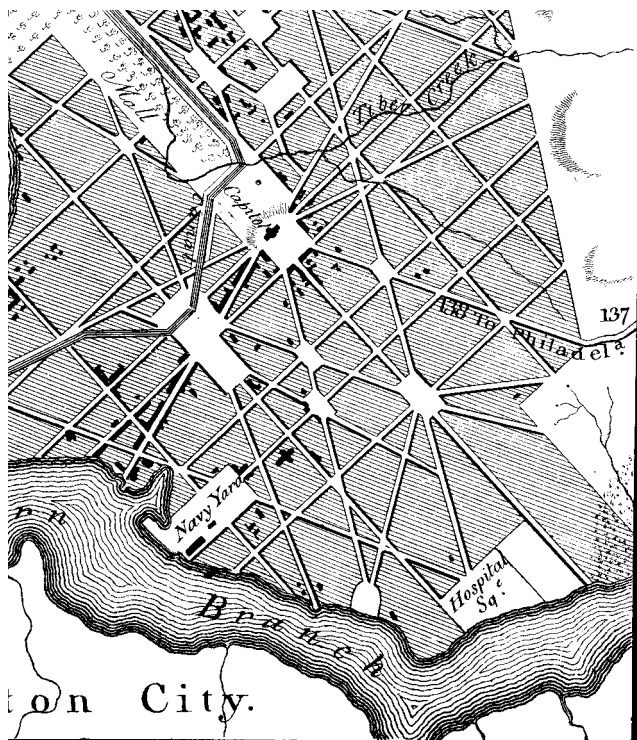
Last year, *EIR* reported that AOL’s James Kimsey was eyeing the St. Elizabeth’s site for development of a vast new AOL campus, but he was privately insisting that the area be cleaned up first. That is what the proposed FEMA relocation appears to be intended to accomplish.

Mayor Under Fire for Fundraising Violations

Meanwhile, Mayor Williams, who portrays an image of “Mr. Squeaky Clean,” has come under fire following the release of a report by the D.C. Inspector General (IG) on fundraising activities by the Mayor’s office. The report shows numerous violations of D.C. laws, regulations, and ethical standards regarding fundraising for private, non-profit organizations which were created and operated largely by the Mayor’s staff. In at least one instance, Federal law may have been violated, and the matter referred to the U.S. Attorney for possible criminal prosecution.

A total of \$1.5 million is at issue, \$1.2 million of which was raised for Millennium and Capital Bicentennial events held around Jan. 1, 2000.

The corporations and individuals who made major contri-



The area set by President George Washington for the public hospital was designated “Hospital Square” (see lower right of map) as early as this 1802 map. Generations of citizens and public officials reiterated President Washington’s pledge, for its use for the public’s good and health.

butions to these events, constitute many of the leading members of the Federal City Council—the *Washington Post*-run supreme council of the area’s banking and real-estate interests. To run the Millennium Commission, Williams tapped AOL’s Kimsey. Among the major contributors was the *Washington Post*’s Donald Graham.

The receptions at the Democratic and Republican National Conventions were funded by private donors led by Lockheed’s information-management division (which runs much of D.C.’s traffic- and parking-ticket enforcement and collection), and the D.C. Sports Commission (which is intensively involved in efforts to get both a Major League baseball club, and the 2012 Olympics, for D.C.).

Even the Mayor’s Christmas parties in December 1999 and 2000 have come under scrutiny, since funds that were raised for a children’s charity, “For the Kids,” were used for the adults-only party. Among the contributors for these events, the report singles out for special attention Jeffrey Thompson, the owner of D.C. Chartered Health Plan—which contracts with the District’s Medicaid program, and which is a major subcontractor for the privatization of health-care services which accompanied the shutdown of D.C. General Hospital. Thompson is also a major campaign contributor to

Mayor Williams and Congressional Delegate Holmes Norton.

Some members of the D.C. Council want to take the process further: They blasted the IG's report as inadequate and incomplete (among other things, 29 witnesses refused to be interviewed), and are calling for a special prosecutor. "Clearly, the Mayor's office was out of control," says Council member Vincent Orange, who, along with David Catania, originally requested the IG investigation.

"It was a scheme to launder money through a slush fund controlled by the Mayor," says Council member Kevin Chavous. "It ain't Marion Barry. It's Tony Williams."

Washington Times columnist Adrienne Washington writes: "If we were talking about Marion Barry raising money for his self-promotion under the ruse of helping foster children, the same people who staunchly support 'Triple Teflon Tony' would be calling for Mr. Barry to be placed in a pillory in Freedom Plaza.

"At least, Mr. Barry actually spread some of his wealth to the neediest. Mr. Williams only caters and kowtows those those who least need city services," said Washington, added that Williams "has been propped up and protected by the Powers That Be and the press for too long."

All of this takes place in the context of the upcoming November Mayoral elections, in which the Mayor's callous shutdown of D.C. General is expected to be a major issue. Almost 20% of contributions to Williams' re-election campaign fund in the second half of last year, came from persons connected to the Arizona-based Doctors Community Healthcare Corp.—the gangster-like outfit which took over the D.C. public health system last year, and which has been under investigation in numerous jurisdictions around the nation for fraud and racketeering.

D.C. General Closing Still an Issue

As of this writing, Williams is unopposed in his re-election bid, although there has been speculation that Council member Chavous, who represents the 7th Ward across the Anacostia River, might challenge him. At an April 18 D.C. Council hearing on the District's health care budget, Chavous stated that he and other Council members oppose any "redevelopment" plans for the D.C. General site in which health care is not the central focus. "There's a lot of talk about what to do with the D.C. General campus," said Chavous, "and I believe that the Council has major problems with some of these development proposals, inasmuch as they undercut our commitment to have a health care campus on that site."

Chavous said that the proposal he has seen, for townhouses, condos, and related projects, "is not part of the vision that we have," and he promised that there will be "some real contentious dialogue" on this subject. The Council wants to ensure that the D.C. General campus continues to be a central site for health care delivery, he said, and urged D.C. Health Department officials, who were testifying at a hearing on the

Health Department budget, that they should explore the possibility of partnerships with NIH, Johns Hopkins, and Howard University for a health-care campus. "I just wanted to put that on the record, so there's no mistaking about where I believe the Council is, and most of my colleagues are" on this question, Chavous said.

Council member David Catania, who has pledged to block any redevelopment plan for the D.C. General site which does not include a hospital, said during the April 18 hearing that he hopes the Council will "revisit" the issue of putting a new hospital on the D.C. General site. Catania presented statistics showing what he called "the continued rolling blackouts of our Emergency Rooms," which, he charged, are "a direct result of the closure of the second-busiest emergency room" in the District, that of D.C. General Hospital, last year.

Catania said that with the shutdown of D.C. General Hospital, and because its so-called replacement, Greater Southeast Community Hospital, is unable to pick up the overload, more and more patients in the eastern part of the District have to be taken to Prince George's County. Catania emphasized that everyone in Washington, no matter how wealthy or where they live, is at risk because of the loss of D.C. General.

'Traditionalist' Cult Is Roman, Not Catholic

by Stanley Ezrol

EIR's April 19 *Feature* reported on a fascist "God of Thunder" cult, tied to American and Russian intelligence agencies, operating within the Catholic Church's Arlington, Virginia Diocese.¹ This cult had exposed itself to our view with a blatant attempt to take over Catholics in the leadership of Lyndon LaRouche's movement during his 1989-1994 stay in prison. Beyond that, many professing Catholics throughout the United States, Britain, and elsewhere, who oppose the New Age collapse in morality—the drug, rock, sex counter-culture—have been lured into aiding these Hitlerites to end the 150-year reign of the Popes of the social encyclicals, and restore the Church of the forged Donation of Constantine: part of the cult of the Roman Empire upon which the Fascist movements of the 1930s and of today model themselves.

This cult is organized in support of the ideas of G.K. Chesterton (1874-1936) and Hilaire Belloc (1870-1953), the leading figures of the British "Distributist" movement. Enormous quantities of their work have been published, despite its near unintelligibility, in part due to the backing of Baring

1. "'Catholic' Schools Plot Exposed: Who Is Snuffing Your Neighbor's Kittens?" *EIR*, April 19, 2001.

Bank's Maurice Baring.

The cult centers on two independent Catholic colleges, the University of Dallas, in Texas, and Christendom College in Front Royal, Virginia, which promote the study of Carlism and Distributism. Christendom named its student lounge ChesterBelloc. Susan Hanssen, the daughter of the Christendom-connected confessed spy Robert Hanssen, spent a year in Britain studying Chesterton before joining the Dallas faculty. Thousands of Americans participate in Chesterton Clubs organized by the international Chesterton Society.

The Oxford Movement

Distributism had its roots in Britain's 19th-Century counterattack against the founding of the United States. This was typified by John Ruskin's pre-Raphaelites and the Oxford Movement of leading Anglicans who joined the Catholic Church on the basis of their agreement with the Council of Trent, which declared anathema the work of Renaissance leaders including Nicholas of Cusa, Erasmus, François Rabelais, and Pius II.

Hilaire Belloc's mentor was Cardinal Henry Manning, a potential head of the Church of England as Archbishop of Canterbury, who instead converted to Catholicism and became a Cardinal. This is how Manning described the Italian Golden Renaissance:

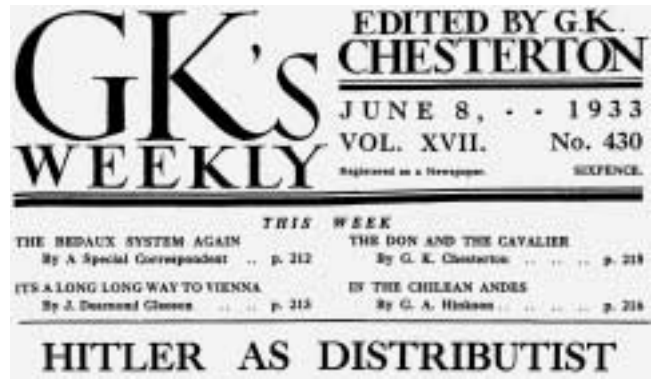
For three hundred years an intellectual movement not only anti-Catholic, but essentially anti-Christian had been rising and spreading in Central Italy. It was the conscious and deliberate exhumation of Paganism. The languages and the literature, the intellectual ideas and the moral aberrations, the scepticism and the sensuality of the Greek and the Roman world were revived. . . . The intellectual taste and tone and fashions of the courts in Italy . . . were explicitly Pagan."

Manning praised his personal hero, Charles Borromeo, and his Council of Trent allies Ignatius Loyola and Philip Neri, for "recalling Rome from the fascinations of the *renascimento* [the Renaissance] to the life of Christian perfection in the world."²

'The New Age'

Unlikely as it may seem to those who idolize Chesterton and Belloc as traditionalists, their views were first widely circulated through the 1907-1922 journal, *The New Age*. Under editor Alfred Richard Orage, this was a leading outlet for kooky political and spiritualist currents. Orage was variously a follower of the Nazis' favorite "God is dead" philosopher, Friedrich Nietzsche; a Theosophist; a disciple of Russian

2. Cardinal Henry Edward Manning, preface to Giovanni Pietro Giussano, *The Life of St. Charles Borromeo* (London and New York: Burns and Oates, 1884).



G.K. Chesterton's Distributist publication, in June 1933, makes clear what kind of "traditionalism" the Chesterton Clubs and other kindred movements are selling to American Catholics.

mystic Georg Iwanowitsch Gurdjieff; and an adherent of the Distributist-allied "Social Credit" movement, which also included Fascist propagandist Ezra Pound and Major Clifford Douglas.

The works of Chesterton and Belloc appeared in *New Age* among advertisements for translations of Nietzsche, works of Fabian Socialists Sidney Webb, George Bernard Shaw, and H.G. Wells, as well as the 20th Century's leading Satanist, the self-proclaimed "Great Beast," Aleister Crowley, and assorted other pornographers and mystics such as William Butler Yeats, Ezra Pound, later Distributist T.S. Eliot, D.H. Lawrence, and Ananda K. Coomaraswamy.

A leading feature was a running "debate" between the future Distributist leaders, on the one hand, and Fabians Shaw and Wells, on the other. Their "differences": ChesterBelloc, as Shaw called the two, favored private ownership of the means of production by peasants and guild-type craftsmen, except for those properties which should be under state control, while ShawWells favored national ownership of the means of production, other than those which should be privately held.

During the First World War, Chesterton, Wells, and others of the *New Age* crowd worked for Wellington House, Britain's propaganda unit.

The Distributist League

In 1926, Chesterton founded the Distributist League, with *GK's Weekly* as its organ. For publicity, the League staged a debate before an audience of thousands between Chesterton and Shaw, moderated by Belloc, which was broadcast by the BBC.

Beyond vague calls for distributing property, Distributism consisted of:

- Condemnation of both the Renaissance, and the Constitution of the United States, which they denounced as "The American Heresy."
- Support for the revival of the Roman Empire, with the

Roman Church as the chief cult.

- Support for Spanish Carlism, including adoration of the Crusades, the Spanish Inquisition, and the allegedly glorious 1571 Battle of Lepanto.

- Support, in diminishing order of enthusiasm, for Franco, Mussolini, and Hitler, including full support for Hitler's race laws against the Jews, and the military conquests of Hitler and Mussolini. Douglas Jerrold, the leading publicist for Franco in the English-speaking world, was a Distributist. In 1937, Belloc toured the United States to rally support for Franco in the Spanish Civil War.

The League's influence in the United States has been, from roughly 1933 until today, largely the result of its alliance with the Nashville Agrarian heirs of the Ku Klux Klan, which continues today as the Buckleyite Conservative Revolution movement.³

A Distributist Primer

Here is a sample of Distributist thinking.

Against America: In 1930, Distributist Christopher Hollis published *The American Heresy*, which asserted that America was supposed to have been a feudal peasant society, but that Alexander Hamilton, Henry Clay, and, worst of all, Abraham Lincoln, committed heresy by building an industrial nation committed to the General Welfare of its citizens. It is this same "heresy"—man building a society according to reason—for which Nashville Agrarian William Yandell Eliott leveled a charge against Communism.

To understand what FBI agent Robert Hanssen had to do with the KGB, investigate the enemies of this "heresy" in both countries.

In *The Great Heresies* (1938), Belloc wrote, "It is the same sort of error which contrasts America as a 'republic' with England as a 'monarchy,' whereas, of course, the Government of the United States is essentially monarchic and the Government of England is essentially republican and aristocratic."

On Hitler, Fascism, and Nazism: Despite Nazism's roots in Austrian/Bavarian medievalist "Catholic" traditions,⁴ Distributists insisted the problem with Nazism was "Protestant Prussianism" and industrialism, and identified it with Americanism.

In 1922, Belloc published *The Jews*, in which he claimed that no Jew could be trusted as a citizen of a non-Jewish state, since they all were loyal only to their own nation. In *The Cruise of the Nona* (1924), Belloc wrote, "I made a sort of pilgrimage to see Mussolini. . . . What a sense of decision, of sincerity, of serving the nation, and of serving it towards a

known end with a definite will!!!"

In his introduction to the 1937 edition of *The Jews*, Belloc wrote, "There is no doubt that the Nazi attack [on the Jews] was sincere."

In *GK's Weekly* on May 8, 1933, five weeks after Hitler's April 1 order expelling Jews from the government and certain professions, Belloc wrote of "Protestant Germany": "They have brought the Jewish question out into the open. . . . In so far as they have done that, good will come out of evil." In the same issue, Chesterton expressed the hope that the "Catholic and humane Hitler" would win out over "German Prussianism," and applauded Hitler's "very excellent later experiments in which he has shown the increasing influence of the Distributist State." "I can quite believe that Hitler has his good points. I know that he has his good policies," he wrote. "I want to know whether the old Prussia is still leading the Germanies. If she is, I know that she will lead them into war."

GK's Weekly on June 8, 1933 ran a page-one editorial under the banner headline, "Hitler As Distributist" in which Chesterton proclaimed: "Press rigidly controlled bids a people rigidly controlled by the Nazi organization to rejoice. . . . Strict measures have been taken to see that no opposition can be engendered by the local patriotism of the German states. A body of bureaucrats is at command to execute its provisions. A special branch of the political police has been formed to watch. . . . Never were Distributist measures passed under happier auguries in a centralized modern state."

In 1936, the Distributists published *Who Owns America: A New Declaration of Independence*, in collaboration with the Nashville Agrarians. In it, Douglas Jerrold wrote that Hitler and Mussolini's military conquests of territory must not be opposed.

On the Roman Empire, Pagan and "Holy": In the opening of "What Was the Roman Empire?" in the 1920 book *Europe and the Faith*, Belloc wrote, "We call it today 'The Roman Empire.' The religion which informed and saved it was then called, still is called, and will always be called 'The Catholic Church.'" He claimed that only "religions hatred . . . of civilization, that is of Roman tradition and the Church," motivated the criticism of "the Reconquest of Spain by our race . . . its final triumphant instrument, the Inquisition."

In *Orthodoxy* (1909), Chesterton wrote, "Christianity . . . arose in the Mediterranean civilization in the full summer of the Roman Empire . . . when Constantine nailed the cross to the mast."

In *Survivals and New Arrivals*, Belloc implicitly denounced Cardinal Nicholas of Cusa and his circle: They had both exposed the Donation of Constantine as a fraud, and said that even were it not, it was an abomination for the Church to draw its authority from the mass-murdering Emperor. Belloc wrote, "Every time you disproved a myth connected with religion, you introduced in the public mind a doubt upon the value of the whole religious edifice. For instance, if you exposed the Donation of Constantine, you shook the authority

3. Stanley Ezrol, "Seduced From Victory: How the Lost Corpse Subverts the American Intellectual Tradition," *EIR*, Aug. 3, 2001, p. 28-81.

4. Helga Zepp-LaRouche, editor, *The Hitler Book* (New York: New Benjamin Franklin House, 1984).

of the Papacy.”

On Man's relation to the Creator: Hilaire Belloc, in “Thoughts About Modern Thought” in *The New Age* for Dec. 7, 1907, wrote, “I differ with [Mr. Orage] when he says that mankind is still unfolding. . . . It has a fixed nature.”

G.K. Chesterton, in his essay, “Sex and Property,” wrote, “Two great powers that make the poetry of life” are “the Love of Woman and the Love of the Land.” “The stink of decaying heathenism” which served “the cult of Fruitfulness,” he said, “has not been so bad as the stink of decaying Christianity,” because Christians “invent a new kind of worship of Sex, which is not even a worship of Life . . . an erotic religion which at once exalts lust and forbids fertility.”

In *Orthodoxy*, Chesterton claimed that Jesus Christ was what Agrarian John Crowe Ransom would later call a “God of Thunder.” He said Christ was, “an extraordinary being with lips of thunder and acts of lurid decision, flinging down tables, casting out devils, passing with the wild secrecy of the wind from mountain isolation to a sort of dreadful demagoguery: a being who often acted like an angry god. . . . Morally [He] is equally terrific; he called himself a sword of slaughter. . . . We cannot even explain it by calling such a being insane.”

—This article was based in part on research by Irene Beaudry, Nina Ogden, and Donald Phau.

McKinney: Probe Sept. 11 Intelligence Failure

by Suzanne Rose

On March 25, Rep. Cynthia McKinney (D-Ga.) raised questions about the failure to prevent the Sept. 11 attacks on the Pentagon and New York World Trade Center towers, in an interview with Dennis Bernstein on the Berkeley, California radio station KPFA. She referenced coverage in the media of prior warnings to the United States, and said that what has to be explained is why people who had prior warnings did not act. She is demanding a full Congressional investigation of the events surrounding Sept. 11.

Given that no credible evidence has been presented that the deeds were carried out by Osama bin Laden, and, more important, given the utter ludicrousness of the contention that such an attack could have been planned and carried out by al-Qaeda networks operating from caves outside of the United States, members of Congress would be derelict if they did not demand a full investigation of a massive intelligence failure. They must also consider the possibility that rogue elements from the U.S. military and intelligence community acted to shut down the security and intelligence screens, as Presidential pre-candidate Lyndon LaRouche was pointing out, as the attacks were ongoing.

McKinney rightly demands that an intelligence failure of this magnitude must be investigated. Why is it not being investigated? She implies that members of the Bush family and other members of the administration would have a political and/or mercenary motive for supporting a defense buildup and war in response to Sept. 11. She mentions the Bush family's ties to the “Carlyle Group,” which is tied to the defense industry, which would profit from the \$48 billion in additional defense spending requested by the administration. She points to the phone call President George Bush made to Senate Majority Leader Tom Daschle (D-S.D.), asking him not to have Congress investigate the events of Sept. 11.

While the events of Sept. 11, and the President's initial response to the attacks, undermines the idea that the President himself had foreknowledge or a vested interest in covering it up, the fact remains that a full investigation is appropriate. While some of the issues McKinney is raising are not relevant and reflect input from ideologically anti-Bush elements, an open and frank investigation getting to the unanswered questions would only improve U.S. national security.

In a statement released on March 28, entitled “Thoughts on Our War Against Terrorism,” McKinney demands that the hard questions be asked, and that the media be held accountable. “What did this administration know, and when did it

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know it about the events of Sept. 11? Who else knew and why did they not warn the innocent people of New York who were needlessly murdered?" she asked. "There were numerous warnings of the events to come on Sept. 11. Vladimir Putin, President of Russia, delivered one such warning. Those engaged in unusual stock trades immediately before Sept. 11 knew enough to make millions of dollars from United and American Airlines, certain insurance and brokerage firms' stocks."

Global Military Presence

In a follow-up statement on April 12, she said, "News reports from [the German weekly] *Der Spiegel* to the London *Observer*, from the *Los Angeles Times* to MSNBC to CNN indicate that many different warnings were received by the administration." She pointed to one of the administration's avowed military objectives—the occupation of foreign capital cities and the overthrow of regimes—as a matter of great concern. "We've been told that there are as many as 60 countries around the world that host terror cells that we need to go in and flush out—then basically what we're talking about is expanding U.S. military presence all over the planet."

The *New York Times* and the *Washington Post* lost no time in ridiculing McKinney's statements. The *Post* on April 12 imputed that she was accusing President Bush of complicity in the attacks. "With her comments concerning Sept. 11, McKinney, 47, seems to have tapped into a web of conspiracy theories circulating during the past six months among people who believe that the government is partially—or entirely—to blame for last year's attacks which killed more than 3,000 people." As evidence of her supposed lack of credibility, they cite her opposition to the Iraq sanctions which have brutalized

innocent Iraqis.

Speaking on McKinney's behalf was investigative reporter Wayne Madsen, who was interviewed on Fox News' Hannity and Colmes show on April 12. Holmes demanded that Madsen say McKinney's suggestion of government foreknowledge was preposterous. Madsen replied, "I think that what the Congresswoman is asking is that, with the worst intelligence failure in the history of the United States, why cannot we have in this country a full independent Congressional investigation of who knew what, when?"

Rep. Mark Foley (R-Fla.), also on the show, said that the only legitimate inquiry would be whether the CIA had advanced warning, and accused McKinney of slander and libel against the President. Hannity demanded, "What evidence do you have that our President had any knowledge of these attacks: Do you have any evidence at all? Yes or no?" Madsen cited press accounts of warnings from French and Israeli intelligence to the U.S. FBI and CIA. "And I find it strange," he added, that "here we suffered the worst intelligence failure in the country's history and George Tenet is still the director of the CIA. Can you imagine if they were airliners that crashed into buildings in downtown Tokyo?"

Hannity denounced the call for an investigation as "an irresponsible, irrational political assault on the President while we're at war." Madden countered, "Why is the Bush Administration against an investigation? I've read the work of many journalists: The *Times* of London, the BBC, *Der Spiegel* in Germany. They have all been reporting the same thing about advance knowledge. Is everybody crazy? Are all these journalists not allowed to express their opinion?" He concluded, "I think Congress has the responsibility to investigate."

Rabbani: It Wasn't Bin Laden

Former Afghan President Burhanuddin Rabbani told the Russian daily *Izvestia* on April 15, "I don't believe bin Laden was behind Sept. 11." In a rare interview, the leader of the anti-Taliban Northern Alliance dismissed Osama bin Laden as a "small fish," who could not possibly have organized the attack, and called for a major investigation of the events of Sept. 11. Rabbani's statements are notable against the background of the latest media hype around bin Laden. Here are relevant excerpts:

Izvestia: Are Osama bin Laden and [Taliban leader] Mullah Omar still alive? If so, where are they now?

Rabbani: Their fate doesn't interest me. They are very small fish.

Izvestia: But they destroyed the peace of the whole world.

Rabbani: It interests me very much, to know, how such a complex, multi-layered, painstakingly planned, and technically, masterfully organized terrorist operation, as the attack on the U.S.A. on Sept. 11, could have been organized and carried out by a small group of bandits, sitting in uninhabited Afghan mountains. Personally this is incomprehensible to me.

Izvestia: You mean, you doubt that the guilty party in the American tragedy of the 21st Century was bin Laden?

Rabbani: And don't you doubt it, too? A big investigation is absolutely necessary. Of course, anything is possible. I never met bin Laden, but people have come to me, who sat at the same table with him, and observed him in various situations. Not a single one of these told me that bin Laden is a great personality. On the contrary, all who knew him spoke of him as a simple field commander. Bin Laden sat for a long time in the caves. One does not control the world from such a place.

Congress Fails Mandate To Prevent More Enrons

by Suzanne Rose

After all the hubbub in Congress about Enron—with hundreds of hours of hearings (still ongoing), involving 20 committees and subcommittees probing the malfeasance of Enron's executives and accountants—only one tiny amendment, introduced by Sen. Dianne Feinstein (D-Calif.), was offered to Senate Energy Bill S. 517 which focussed on the core problem with Enron: speculation. And, it was defeated by a vote of 50-48 on April 10. Responsible for that defeat is the Democratic leadership, which refuses to challenge the derivatives bubble and speculation which are looting the economy.

The Feinstein Amendment would have ended unregulated trading in energy and metals, putting it under the authority of the Commodity Futures Trading Commission (CFTC), and making it subject to investigation for price manipulation and fraud. Feinstein and other Western states senators were addressing the fact that because utilities had abandoned the practice of entering into long-term contracts with suppliers to deliver energy to their customers at reasonable rates, companies such as Enron could manipulate the price of energy sold on “spot markets” on a daily basis. In California's case, this was on the Power Exchange, through buying and selling derivatives, or contracts betting on price movements. Through price manipulations over two years, the annual cost of electricity for California went from \$7 billion to \$70 billion.

Energy trading was exempted from CFTC oversight when the Commodity Exchange Modernization Act was reauthorized in 2000. This made legal an exemption granted by Wendy Gramm, when she was a CFTC commissioner in 1974.

Gramm's husband, Sen. Phil Gramm (R-Tex.), the ranking member of the Banking Committee, placed a “hold” on the Feinstein amendment, which meant that 60 votes were required to add it to the energy bill. Massive lobbying was conducted by the so-called “financial industry” to kill the amendment. Gramm and his allies, who reflect the views of financier oligarchy spokesmen such as Federal Reserve Chairman Alan Greenspan and his predecessor Paul Volcker, claim that any regulation of the markets would threaten attempts to “save the system.” This means that government should keep its nose out, no matter what the homicidal consequences.

According to the financial oligarchy, nothing must be allowed to impede their sucking of an income stream from vital infrastructure, which deregulation has made possible. Enron itself played a major role in transforming the provision of

electricity into a speculative activity. It conducted major lobbying efforts to sucker the states into supporting deregulation. Stable pricing was disrupted. Provided with liquidity by its Wall Street patrons, by the time of its collapse, it held derivatives trading contracts totalling \$858 billion.

Feinstein's attempt to offer a tiny bit of regulation met with implacable opposition. She sought to accommodate Gramm by making sure her amendment didn't touch the so-called financial derivatives, the \$65-85 trillion over-the-counter contracts (also non-exchange traded) which dominate the U.S. financial sector. Instead, Gramm (whose wife became an Enron director after leaving the CFTC) prevailed.

Re-regulation of the financial system (including writing off the huge derivatives bubble), and energy and other vital areas of the economy, as recommended by 2004 Presidential pre-candidate Lyndon LaRouche, in the midst of the worst financial crisis in history, should be the centerpiece of any Democratic campaign to retake Congress. Instead, Democrats propose to run on the narrowest of issues, such as prescription drug benefits for seniors, without touching re-regulation of the financial system, which alone will prevent future Enrons, end the collapse of health-care, and save the people.

The view of Enron executives as wolves amid sheep has predominated at the hearings. Legislative remedies have been choreographed, and even the most insignificant interference with the “New Economy” methods of accounting for profits are being smothered, in some cases with Democrats leading the charge. Sen. Joe Lieberman (D-Conn.) has led efforts to prevent any changes in the practice of companies paying their executives in stock options, while not reporting this as an expense. The House Financial Services Committee reported out legislation on April 17 to establish a new oversight board for the accounting industry. The real changes have to be made in areas Congress fears to tread, having ceded power over economic policy to Greenspan and the financial community.

‘Enough Is Enough’

A different view was taken by California Public Utilities Commission President Loretta Lynch, who is also a Democratic Party activist. She told a Senate Commerce Committee on April 11: “The structures that enabled Enron to plunder must be dismantled. . . . Enron has become emblematic of a pervasive regulatory failure . . . [and] the forces that caused the Enron debacle are still at work and must be effectively curbed at the state and Federal level if we are not to see many more failures. . . . It is crucial that we not view Enron as an outlier or outlaw in an otherwise working market. The economic and financial structures that enabled Enron to plunder investors and consumers and ultimately its own employees, need to be dismantled, much as similar structures were dismantled by the Public Utilities Act of 1935.” Lynch said that “the utility scandals of the 1920s and early 1930s involving watered stock, out-of-control prices, shady accounting, and financial and consumer abuse are being reprised today. It is time to say, ‘Enough is enough.’ ”

Homeland Defense Gets Senate Hearing

On April 11, the Senate Government Affairs Committee, chaired by Joe Lieberman (D-Conn.), held a hearing on reorganizing homeland defense functions. Lieberman and Arlen Specter (R-Pa.) are sponsoring a bill to establish a Department of National Homeland Security.

The department would combine the Coast Guard, Border Patrol, Customs Service, Federal Emergency Management Agency, and two smaller infrastructure protection offices under one secretary, who would coordinate with other Federal, state, and local agencies to provide planning guidance and training programs. "In creating the new department," Lieberman said, "we will be bringing together under one roof, and therefore concentrating our focus, on the agencies critical to securing our borders, protecting our critical infrastructure, and ensuring that we are effectively prepared to respond to an attack at the Federal, state, and local levels."

Judd Gregg (R-N.H.), who was among six members of Congress who testified, is sponsoring a smaller-scale proposal to establish a Department of Border Security that would combine the Customs Service, Coast Guard, Border Patrol, parts of the Immigration and Naturalization Service and the Drug Enforcement Administration that are border related, as well as the Agricultural Quarantine Inspection Program. Gregg said that there probably is a role for such a person as proposed in Lieberman's bill, but "no operation we do has less effective coordination than the protection of our own borders."

The Gregg and Lieberman bills seem to be motivated in large part by the refusal of Homeland Security Director Tom Ridge to testify before

Congress. The White House argues that Ridge is a Presidential adviser, and that it would violate the separation of powers for Ridge to testify. Members of Congress, especially Senate Appropriations Committee Chairman Robert Byrd (D-W.V.), say that Ridge is being given broad authority over \$38 billion in spending and that he ought to be the one defending that spending before Congress. Bills such as Lieberman's are intended to give Ridge the statutory authority he now lacks over that spending, along with the legal accountability to Congress.

Welfare Reform Bill Offered by Republicans

On April 10, Wally Herger (R-Calif.), chairman of the House Ways and Means Subcommittee on Human Resources, House Speaker Dennis Hastert (R-Ill.), and Republican Conference Chairman J.C. Watts (R-Okla.) presented the GOP's plan for re-authorizing the 1996 welfare reform bill. The proposal is largely in line with that proposed by President George Bush earlier this year, and it features tougher work requirements for welfare recipients and \$300 million for marriage promotion schemes. It also includes provisions for education, job training, and drug treatment services.

The bill, however, appears to be in for a rough ride, at least in the Senate, but not because there is opposition to the underlying assumptions of welfare reform itself. Dennis Kucinich (D-Ohio) told the Ways and Means Committee on April 11, that the bill, while increasing the number of hours per week that recipients are required to be involved in work activities, reduces the number of activities that count as

work from twelve to five, "eliminating many programs that help get recipients ready for work, like education, training, and rehabilitation. . . . Not only do I think that these proposals will not help recipients, but I think they will be difficult if not impossible for states to implement and could be largely counterproductive."

Mounting opposition to the form of the proposals is also coming from state governors. Vermont Gov. Howard Dean (D) told the Senate Finance Committee on April 10 that the Bush Administration's work requirements "will significantly erode the primary TANF [Temporary Assistance to Needy Families] purpose of increasing states' flexibility" to meet TANF requirements. He added that the proposed work requirements "are unsupported by research findings of effective welfare-to-work strategies and do not align with community-based services." Other concerns include the need to provide more money for child care, and giving legal immigrants access to benefits.

Campaign Finance Reform Debate Is Not Over Yet

Despite the signing into law of the McCain-Feingold-Shays-Meehan legislation by President George Bush on March 27, the campaign finance reform debate is not over. On April 9, Sens. Joe Lieberman (D-Conn.), John McCain (R-Ariz.), and Russ Feingold (D-Wisc.), and Rep. Lloyd Doggett (D-Tex.) appeared with Joan Claybrook, the head of Public Citizen, to warn that large political contributors are looking toward so-called "527" tax-exempt organizations to put their money in, once the ban on soft money contributions takes effect.

Two years ago, Lieberman and McCain successfully forced 527s to report their contributors, because they influence Federal elections. Later, Lieberman and Sen. Kay Bailey Hutchison (R-Tex.) introduced a bill to eliminate duplicative reporting requirements for 527 organizations that resulted from the 2000 law.

Later that same day, the House considered tax legislation that also included a provision on 527s, ostensibly to do what the Lieberman-Hutchison bill would do. However, opponents warned that the provision also opens up a loophole that re-introduces soft money into politics via the 527 organizations. Doggett charged that the provision “terminates all Federal disclosure, even when Federal candidates and officeholders are actively involved in raising funds.” The fact that the GOP attached the provision to an otherwise uncontroversial tax bill and brought it to the floor under suspension of the rules further aggravated reform supporters. The next day, the vote was 205 to 219 against suspending the rules. Doggett said afterwards that “this represents an impressive bipartisan vote against those who would undermine reform.”

Finger-Pointing Marks Senate Gridlock

Dueling press conferences on April 12 magnified the partisan tensions that have been building in the Senate. Each side blames the other for the gridlock in recent weeks. Among the issues that are stalled are the energy bill, on which the Senate is facing over 130 amendments, and judicial nominations, on which Republicans are making the same complaints that Democrats lodged when Bill Clinton was President and Republicans controlled the

Judiciary Committee.

At the Democrats’ press conference, Byron Dorgan (D-N.D.) said, “The very people who are complaining about the lack of progress are the same people who are blocking progress.” He pointed to the GOP failure to bring up their amendment to the energy bill, to allow oil drilling in the Alaska National Wildlife Refuge. The two sides finally reached agreement on the amendment later that day, but only after weeks of begging by the Democrats. Dorgan compared the Senate to a “bicycle built for two,” and “we’re up front pedaling uphill, and they’re in the back seat with the brakes on.”

Jim Jeffords (I-Vt.), whose departure from the GOP last year gave Democrats control of the Senate, said, “Before my switch . . . I saw first-hand how Republicans wouldn’t compromise when they were in the majority. They won’t even compromise now, when they are in the minority.”

Republicans voiced similar complaints. Minority Leader Trent Lott (R-Miss.) said that the House has sent 51 bills to the Senate, and the Senate has failed to act on even one of them. There are 53 judicial nominations pending in the Judiciary Committee, including some from President George Bush’s first group of nominees from May 2001. On top of that “we may not have a budget resolution.” Lott fretted that it is “very dangerous” to have the Appropriations Committee writing spending bills without the guidance provided by the resolution.

Pension Reform Bill Passed by the House

On April 11, the House passed, by a vote of 255 to 163, a bill labeled by the GOP leadership as the “Pension Secu-

riety Act of 2002.” The bill requires individual account plan administrators to notify plan participants before blocking their ability to divest or diversify their account holdings. It also allows employees to diversify their accounts out of their employers’ stock after three years of service with their employers. The bill is one of dozens of pieces of legislation introduced in the wake of the Enron collapse, and is supposed to curb some of the practices that led to the disappearance of the retirement savings of many of its employees. However, Democrats opposed to the bill claimed that it did little to address those abuses.

The bill, by its sponsors’ own admission, is designed to protect the free-market system, rather than the general welfare of employees. Ways and Means Committee Chairman Bill Thomas (R-Calif.) said, “We are here, today, to make modest adjustments to a system that needs to continue to evolve largely in the private sector, not controlled or dictated by government.” Furthermore, “government ought to watch very carefully what is occurring in this area,” because the private sector retirement system might provide a model for how to reform Social Security, he said.

Democrat complaints about the bill were closely tied to the procedure by which it was brought to the floor. Alcee Hastings (D-Fla.) said that, despite GOP claims, there was no bipartisanship behind the bill. He pointed to the Rules Committee’s rejection of 12 amendments by both Democrats and Republicans that “would have aided” a compromise. In the post-Enron world, he said, “Congress must address the issues of diversification, auditor independence, honest and accurate information, tougher criminal enforcement and . . . equal treatment of employer and employee retirement plans.”

Lame Ducks and LaRouche

Once again the American electorate is being forcefully and pungently reminded how stupid they were in the year 2000 Presidential campaign, and how they are paying for it. With Lyndon LaRouche's international webcast from Washington, D.C., upcoming on May 1, they will be reminded as well, that they had an alternative leadership, which they were fools not to take.

On one hand is the President, blundering "like a Cyclops" among the conflicting interests of his administration, which share only the fact that they have no notion of the General Welfare principle for the United States or any other nation, and no strategic assessment of events in the world based on reality. The Mideast crisis has spun out of President Bush's control; he sent his Secretary of State on a hopeless mission with no backing, while all Americans had painfully to witness that Bush has no idea what he is doing in this crisis. As LaRouche observed, Bush, in his pronouncements on the Mideast, has been palpably "the victim of tortures executed by an evil teleprompter," the mere manipulated observer of the escalating war crimes carried out by the forces of his "man of peace," Ariel Sharon, and the Clash of Civilizations gang that backs him; equally the victim of the obsession to re-elect his brother as Florida governor.

The President doesn't realize that the majority of Americans would back him, as they backed President Eisenhower in the election year 1956, if he acted firmly to stay Sharon's murderous arm. The behavior of Bush's government toward Venezuela and Colombia has shown the same complete confusion; nor has he any idea what to do about the next looming stages of economic decline.

The question that must be asked is, "Is Bush already a lame-duck President." If you don't ask that question, LaRouche says, every answer you come up with will be wrong.

On the other hand, we suffered the spectacle of Al Gore, the Born-again Loser, re-emerging in Florida doing a disjointed war-dance against the Bush family, but

actually contriving only to make the smarter and more bloodthirsty Joseph Lieberman look Presidential by comparison. The game of the Brzezinski global war faction is now to dupe Americans into proceeding from the awful non-choices of the 2000 Presidential nominations—including the President—into giving early backing to the worse-than-nothings of a Lieberman-McCain, utopian war candidacy. Gore is simply the clown-act, the empty-headed, babbling fat fool, being used to herd the lunatic masses into "preferring" a Lieberman-McCain who want a state of permanent war against a billion Muslims.

Once again, Americans are reminded that they agreed to choose, and even to enthuse, between two manifestly unqualified candidates for President in 2000, while LaRouche, who told the truth about the economy and the two front-running losers, was barred from debates and TV coverage; they even agreed to shut up while Gore-Lieberman stole LaRouche's delegates in Arkansas, Michigan, and elsewhere, and tore up the Voting Rights Act in doing it.

With the complicity of President Clinton in agreeing, during 1994-96, to the free-trade and globalization corruption of the Democratic Party, the stage was set for the pre-rigged nomination of two unqualified candidates sent to the polls in November 2000. Either way, the United States would have no real President come 2001. That is the way the Establishment wished it, and that is the way things are today.

As in previous times in American history when the leadership of both parties had become corrupted by more powerful, dangerous forces, an extraordinary leader has to bridge the best remaining in both parties, together with independent forces, and bring them together around real leadership for the Common Good. LaRouche is seen as that leader in many nations today, as for example in the virtual non-stop, major coverage being given to his views and efforts, throughout the Arab world and elsewhere. His May 1 webcast will be the next crucial step in rallying those leaders.

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 Fridays—8 am
 • ST.LOUIS PARK
 Paragon Ch. 15
 Wed., Thu., Fri.
 12 am, 8 am, 4 pm
 • ST.PAUL (city)
 SPNN Ch. 15
 Saturdays—10 pm
 • ST.PAUL (N Burbs)
 AT&T Ch. 14
 Thu—6 pm & Midnite
 Fri—6 am & Noon
 • ST.PAUL (NE burbs)*
 Suburban Ch.15
 • ST.PAUL (S&W burbs)
 AT&T-Comcast Ch.15
 Tue & Fri—8 pm
 Wednesdays—10:30 pm
 SOUTH WASHINGTON
 ATT Ch.14—1:30 pm
 Mon, Tue, Wed, Thu

MISSISSIPPI
 • MARSHALL COUNTY
 Galaxy Ch. 2
 Mondays—7 pm

MISSOURI
 • ST.LOUIS
 AT&T Ch.22
 Wednesdays—5 pm
 Thursdays—12 Noon

NEBRASKA
 • LINCOLN
 T/W Ch. 80
Citizen Watchdog
 Tuesdays—7 pm
 Wednesdays—10 pm

NEVADA
 • CARSON—Ch.10
 Wednesdays—7 pm
 Saturdays—3 pm

NEW JERSEY
 • HADDON TOWNSHIP
 Comcast Ch. 19
 Sundays 11 am
 • MERGER COUNTY
 Comcast*
 TRENTON Ch. 81
 WINDSOR'S Ch. 27
 • 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
 Comcast Ch. 27
 Thursdays—10 pm
 ANTHONY/SUNLAND
 T/W Ch. 15
 Wednesdays 5:05 pm
 • GRANT COUNTY
 Comcast Ch. 17
 Fri. & Sat.
 7 pm or 8 pm
 • LOS ALAMOS
 Comcast Ch. 8
 Mondays—10 pm
 • SANTA FE
 Comcast—Ch.6
 Saturdays—6:30 pm
 • TAOS—Ch.2
 Thursdays—7 pm

NEW YORK
 • AMSTERDAM
 Time Warner Ch.16
 Thursdays—4:30 pm
 • BUFFALO
 Adelphia Ch.18
 Wed.—12:30 pm
 • BROOKLYN—BCAT
 Time Warner Ch. 35
 Cablevision Ch. 68
 Sundays—9 am
 • CHEMUNG/STUBEN
 Time Warner-Ch.1
 Mon., Fri.—4:30 pm
 • ERIE COUNTY
 Adelphia Intl. Ch.20
 Thursdays—10:35 pm
 • ILION—Ch. 10
 Mon. & Wed.—11 am
 Saturdays—11:30 pm
 • IRONDEQUOIT Ch.15
 Mondays—7:30 pm
 Thursdays—7 pm
 • JEFFERSON/LEWIS
 Time Warner-Ch.2
 Unscheduled pop-ins
 • JOHNSTOWN—Ch.16
 Tuesdays—5 pm
 • MANHATTAN—MNN
 T/W Ch.34; RCN Ch.109
 Alt. Sundays—9 am
 • NIAGARA COUNTY
 Adelphia Ch. 20
 Thursdays—10:35 pm
 • ONEIDA—Ch.10
 Thu—8 or 9 pm
 • PENFIELD—Ch.15
 Penfield Comm. TV*
 • QUEENSBURY Ch.71
 Thursdays—7 pm
 • RIVERHEAD Ch.70
 Thurs.—12 Midnight

• ROCHESTER—Ch.15
 Sundays—3 pm
 Mondays—10 pm
 • ROCKLAND—Ch. 71
 Mondays—6 pm
 • SCHENECTADY Ch.16
 Mondays—3 pm
 Wednesdays—8 am
 • STATES ISL.
 Time Warner Cable
 Thu.—11 pm (Ch.35)
 Sat.—8 am (Ch.34)
 • 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
 • WEBSTER—Ch.12
 Wednesdays—9 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
 Adelphia Ch.30
 Daily: 10 am; or
 12 Noon; or 2 pm;
 or 12 Midnight
 • OBERLIN—Ch.9
 Thursdays—7 pm
 • REYNOLDSBURG
 Ch.6: Sun.—6 pm

OREGON
 • LINN/BENTON
 AT&T Ch. 99
 Tuesdays—1 pm
 • PORTLAND
 AT&T
 Tue—6 pm (Ch.22)
 Thu—3 pm (Ch.23)
 • SALEM—Ch.23
 Tuesdays—12 Noon
 Thursdays 8 pm
 Saturdays 10 am
 • SILVERTON
 Charter Ch. 10
 Mon,Tue,Thu,Fri
 Betw. 5 pm - 9 am
 • WASHINGTON ATT
 Ch.9: Tualatin Valley
 Ch.23: Regional Area
 Ch.33: Unincorp. Towns
 Wednesdays—8 pm
 Sundays—9 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 COUNTY
 Adelphia Ch.4
 Tuesdays—8 pm
 Wednesdays—11 am
 • HOUSTON
 Houston Media Source
 Mon, 4/29: 7:30 pm

• RICHARDSON
 AT&T Ch. 10-A
 Thursdays—6 pm

UTAH
 • REDMOND
 Peak Cable Ch.38
 Sun, Mon, Thu
 6 pm & 10 pm
 • SEVIER
 Mallard-Suntel
 Richfield Ch.45
 Peak Cable
 Anabella Ch.29
 Central Ch.29
 Elsinor Ch.29
 Glenwood Ch.32
 Monroe Ch.29
 Sun—1 pm & 8 pm
 Mon—1 am & 8 am

VERMONT
 • GREATER FALLS
 Adelphia Ch.8
 Tuesdays—1 pm

VIRGINIA
 • ALEXANDRIA
 Comcast Ch. 10
 Tuesdays—5:30 pm
 • ARLINGTON
 ACT Ch. 33
 Mondays—4 pm
 Tuesdays—9 am
 • CHESTERFIELD
 Comcast Ch. 6
 Tuesdays—5 pm
 • FAIRFAX—Ch.10
 Tuesdays—12 Noon
 Thursdays—7 pm
 • LOUDOUN
 Adelphia Ch. 23/24
 Thursdays—7 am
 • ROANOKE—Ch.9
 Thursdays—2 pm

WASHINGTON
 • KING COUNTY
 AT&T Ch. 29/77*
 AT&T
 Charter Ch. 12
 Mondays—12 Noon
 Thursdays—8:30 pm
 • PASCO
 Charter Ch. 12
 Mondays—8:30 pm
 • RICHLAND
 Charter Ch. 12
 Mondays—12 Noon
 Thursdays—8:30 pm
 • SPOKANE—Ch.14
 Wednesdays—6 pm
 • WENATCHEE
 Charter Ch.12
 Thu—10 am & 5 pm
 • YAKIMA—Ch. 9
 Sundays—4 pm

WISCONSIN
 • MADISON—Ch.4
 Tuesdays—3 PM
 Wednesdays—12 Noon
 • MARATHON COUNTY
 Charter Ch. 10
 Thursdays—9:30 pm
 Fridays—12 Noon
 • SUPERIOR
 Charter Ch.20
 Mondays—7:30 pm
 Wednesdays—11 pm
 Fridays 1 pm

WYOMING
 • GILLETTE—Ch.36
 Thursdays—5 pm

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