

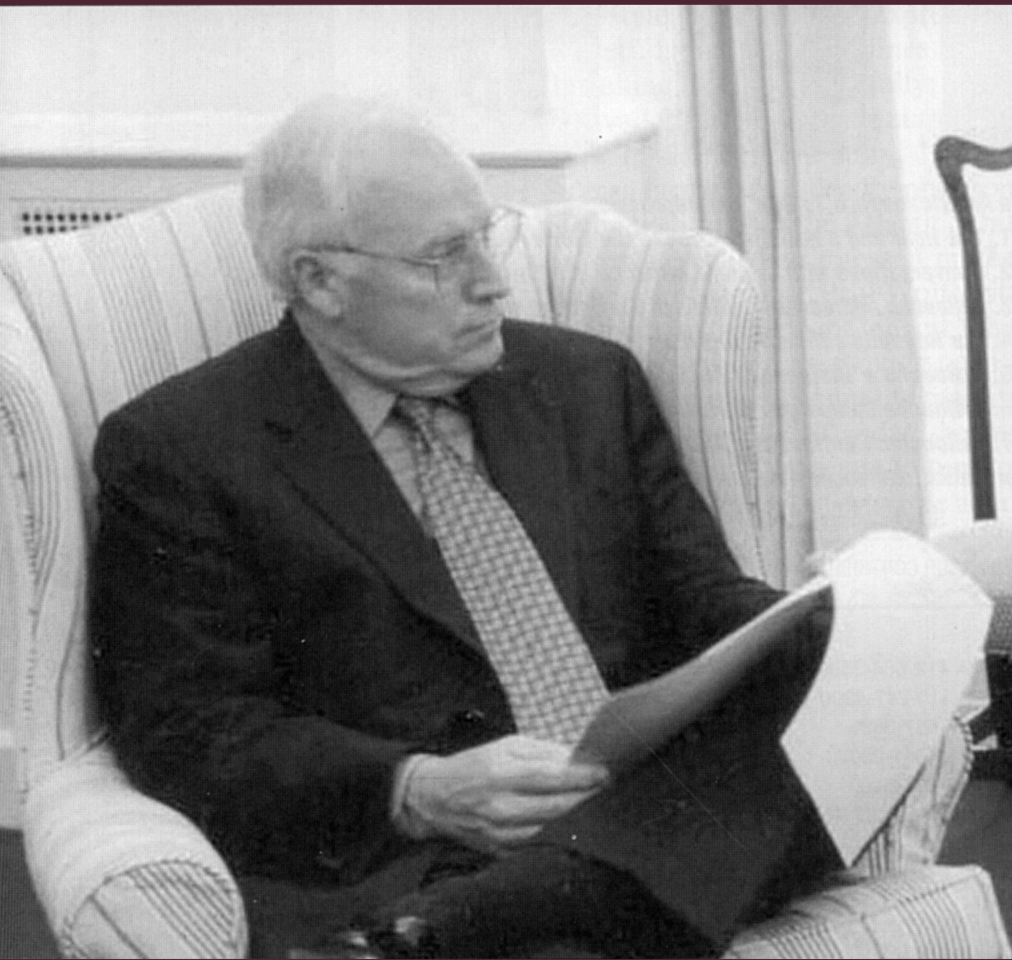
EIR

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Employment, Budget Plunges Show Economy in Collapse
The Drive for War Becomes a Diplomatic Disaster

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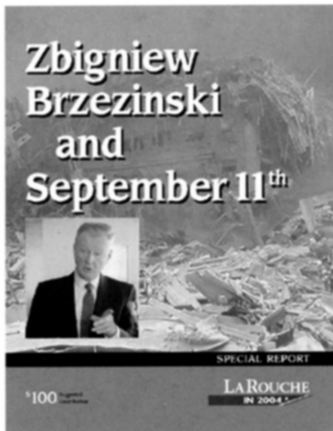
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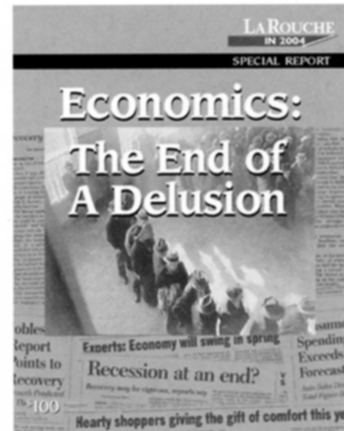
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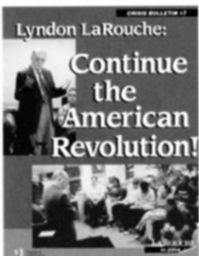
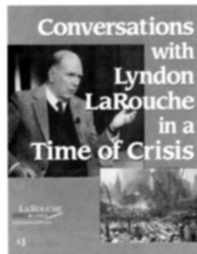
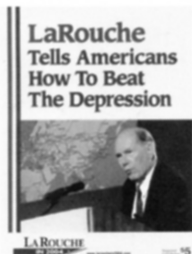
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From the Associate Editor

LLyndon LaRouche this week injects some essential notes of conceptually clarity into the strategic deliberations over the drive for war against Iraq:

- In “How Liberalism Created Fascism,” he corrects the misconceptions of many European analysts, with respect to the origins of the present U.S. eruption of wild-eyed imperialist policies. In fact, he explains, the problem is rooted in the same Anglo-Dutch Liberalism that is admired by most people in Europe itself. “Europe may recognize the homicidal lunacy of Rumsfeld’s and Cheney’s Chickenhawk Hitlers,” he writes; “but to prevent those Hitlers from taking over, the Anglo-Dutch Liberal models must be replaced by reorganization of the presently hopelessly bankrupt world monetary-financial system according to the principles of the American System of political-economy, [Friedrich] List’s system of national economy—at least ‘for the duration.’ ”

- In his mass campaign leaflet, “What Secretary Powell Did Not Say,” LaRouche identifies the roots of the current crisis, as a Classical quality of existential crisis within the institutions of the U.S. government. This involves two converging features: the influence of the followers of the late fascist ideologue, Leo Strauss; and the “barnyard-style unilateralism” expressed by President George W. Bush himself. LaRouche underlines both the economic breakdown crisis propelling the imperialist folly; and the economic policy options that are available to reverse the current descent toward disaster.

- In our *Feature* story, LaRouche further analyzes the “Leo Strauss factor,” as a deadly philosophical virus in Western cultural life on both sides of the Atlantic. This is relevant not only to the neo-conservatives—the professed protégés of Strauss, such as Deputy Secretary of Defense Paul Wolfowitz—but also to the circles of the Democratic Leadership Council, which, as Anton Chaitkin and Scott Thompson report, are moving openly to destroy what they identify as the remaining influence of Franklin D. Roosevelt in the Democratic Party. LaRouche, *the* standard-bearer of the Roosevelt legacy, is the only leader for Democrats to turn to, if they want to maintain their party’s traditional post-war role as advocate of the general welfare.

Susan Welsh

EIR Contents

Cover This Week

*Richard Perle and
Vice President
Richard Cheney:
neo-conservative
“chicken-hawks”
who should go.*



28 The Essential Fraud of Leo Strauss

By Lyndon H. LaRouche, Jr. The late Leo Strauss, godfather of today's neo-conservatives and of the Democratic Leadership Council as well, "is notable for the extremes of his perversity, a trait leaning toward the outright philosophical fascism of Friedrich Nietzsche, Martin Heidegger, Karl Jaspers, Theodor Adorno, Hannah Arendt, and the Savigny-Schmitt school of law in Germany and the Americas."

31 Lieberman Gang Moves To Wreck Dem Party

34 Fascist Godfather of the Neo-Cons

A profile of Leo Strauss.

35 Strauss and the Neo-Cons as Seen From Europe

51 Cheney and Perle To Go Down Like Ollie North?

Economics

4 How Liberalism Created Fascism

By Lyndon H. LaRouche, Jr. "The principal source of the difficulty which most Europeans experience in attempting to understand the present U.S. internal crisis, is that the current eruption of wild-eyed U.S. imperialist practices is rooted in the same Anglo-Dutch Liberal model admired by most popular and official opinion in today's Europe."

5 Revenue Crash, War Fear Hang Over Budget Debate

7 States' Fiscal Crises: A National Security Issue

9 War Drive Pushes U.S. Airlines Into Free Fall

11 War Threats Trigger Japan Financial Meltdown

12 Fannie/Freddie Blowout Debate Reaches the Fed

13 Unemployed Surge Shows Physical Economy Drops

14 Reverse the 35-Year Devastation of America's Industry and Labor Force

From a lecture by economist Richard Freeman to a LaRouche Youth Movement cadre school in Redford, Michigan.

International

36 **The Drive For War Becomes a Diplomatic Disaster**

The imperial war policy of the Bush Administration has functioned as a strategic catalyst for unprecedented cooperation in Eurasia.

38 **'Clean Break' Fuels the 'Other' Mideast War**

40 **Region's Rejection of War Shows in Tehran**

Muriel Mirak-Weissbach reports from Tehran on the 13th International Conference on "The Persian Gulf in the Light of Global Changes and Developments," held at the Institute for Political and International Studies, the think-tank of the foreign ministry. She was an invited speaker, presenting Lyndon LaRouche's analysis of the current war danger.

44 **German Clerics Meet Americans Against War**

45 **Cheney To Visit East Asia—Delivering War?**

46 **Brazil Tries To Evade Imperial Game-Plan**

National

48 **What Secretary Powell Did Not Say**

This mass leaflet by Lyndon H. LaRouche was circulated by his Presidential campaign committee.

51 **Cheney and Perle To Go Down Like Ollie North?**

The exposure of Defense Policy Board Chairman Richard Perle by *New Yorker* journalist Seymour Hersh, and questions raised about Vice President Dick Cheney and Henry A. Kissinger, could provide the "exit strategy" needed for President Bush in Iraq.

53 **Troops Being Set Up for Gulf War Syndrome II?**

54 **One of Schiller's 'Beautiful Souls'**

An appreciation of Marianna Wertz, a leader of the Schiller Institute, who died on Jan. 15.

62 **Congressional Closeup**

Departments

27 **Australia Dossier**

Sting in the Tail of Timor's Independence.

64 **Editorial**

Vindication.

Photo and graphics credits:

Cover, page 52 (Perle), pages 55, 61 EIRNS/Stuart Lewis. Page 6, U.S. Army Photo/Sgt. 1st Class Tom Roberts. Cover, page 52, (Cheney), FEMA News Photo/Jocelyn Augustino. Page 29 (Plato), EIRNS/Philip Ulanowsky. Page 32, EIRNS/Claudio Celani. Page 35, EIRNS/Greg Murphy. Page 37, U.S. Navy Photo/Richard Moore. Pages 41, 43, EIRNS/Muriel Mirak-Weissbach. Page 49, (Bush) White House Photo/Paul Morse. Page 49, EIRNS/Christopher Lewis.

How Liberalism Created Fascism

by Lyndon H. LaRouche, Jr.

This statement was issued on March 14, 2003 by the Presidential pre-candidate's political committee, LaRouche in 2004.

The principal source of the difficulty which most Europeans experience in attempting to understand the present U.S. internal crisis, is that the current eruption of wild-eyed U.S. imperialist practices is rooted in the same Anglo-Dutch Liberal model admired by most popular and official opinion in today's Europe. I describe some of the essential mechanics of that connection.

The Liberal system of government, economy, and social philosophy is chiefly a copy of the financier-oligarchy-ruled maritime power of Venice's former imperial hey-days. Under the influence of Venice's powerful Paolo Sarpi and his successors, the Venetian model of financier-oligarchy-managed liberalism was imposed upon two emerging imperial maritime powers in northern Europe—the England of Francis Bacon, Thomas Hobbes, and John Locke; and the Netherlands of William of Orange and the radical empiricist Bernard Mandeville. The philosophical liberalism reigning within the society was complemented by a thrust toward that relatively global maritime supremacy consistent with the adopted self-interest of the financier-oligarchical class as both merchant and usurer.

The crucial feature of the Anglo-Dutch Liberal model which was thus essentially consolidated in conception over the course of the Eighteenth Century, is the relative independence from elected government, enjoyed by a privately controlled central banking system. In effect, that central banking system is the agent of the collective assembly-in-fact of the society's financier-oligarchical class.

During the interval from approximately 1763 to 1945, the chief challenge to the power of the Liberal model within extended European civilization was first expressed in wide

support, among Europeans, for the struggle for independence of the English colonies in North America. Over the course of the 1763-1789 interval, the shaping of the emerging American constitutional republic produced a Constitution whose Preamble represented the intellectual triumph of the leading U.S. patriots, who reflected the influence of Gottfried Leibniz over that of John Locke. Even today, despite the success of Britain's Edward VII in foisting what became the Federal Reserve System on the U.S.A., the American System of political-economy, as described by Franklin, Hamilton, the Careys, Friedrich List, et al., is based on a principle of the authority of constitutional national banking—over that of any foreign power, or domestic financier-oligarchy—in matters of monetary and financial regulation.

The best way to understand the way in which Chickenhawk captive President Bush's imperial hubris is being expressed today, is to look at the way in which a concert of Anglo-American financier-oligarchical power led by Britain's Montagu Norman, using Norman's asset Hjalmar Schacht, et al., imposed Adolf Hitler's dictatorship on Germany. The "independent central banking" interest, so expressed, put Hitler into power, both to prevent a Franklin Roosevelt-like option in Chancellor von Schleicher's Germany, and to arm Germany for a world war intended to destroy both Germany and Russia.

Shift in the U.S. World Role

The war did not proceed as Montagu Norman et al. intended. Germany decided to strike West first, instead of East. That put London in the position of screaming for help from the Roosevelt they hated; and the U.S. role left post-war Britain to be faced with absolute U.S. economic superiority worldwide—not exactly the original goal of Hitler's London backers. In strategy, always expect the unexpected as the most

likely outcome.

Look at today's bankrupt U.S. system against the lesson of 1933-34 Germany.

Over the course of 1964-2003, the U.S.A. has been transformed from the world's leading producer nation, to an economically parasitical "consumer society" like the ancient Roman Empire, one which lives on the loot garnered by a brew of nuclear weapons and other predatory power over the world at large. In this process, for about two decades now, the leading U.S. political parties concentrate upon a constituency of the upper 20% of family-income brackets (e.g., the so-called "suburban" dogma of the neo-conservative Democratic Leadership Council—DLC), controlling elections, top-down, through vast masses of raw financial power and control of the principal mass media of the nation by those same oligarchically-minded financier interests. Conrad Black, a leading "fallen angel" of the Chicken-hawk flock, like the so-called "Mega Group," is typical of those corrupt connections.

Prior to that 1964-1981 cultural-paradigm shift, during 1933-1963, the U.S. political system was based in relatively large degree on the social and economic forces associated with independent farmers, manufacturing, regulated basic economic infrastructure, and so on. Today, nearly forty years since the assassination of President John F. Kennedy, the true entrepreneur is a vanishing species. The economic-political landscape of power is dominated by predatory forms of financial speculation, such as Enron and Halliburton, rubbing shoulders with the multi-billionaire barons from organized-crime pedigrees. Thus, we have a President, whose family ties are to a facet of that financier interest, but who, although nominally lord of the Federal estate, is being controlled by a pesky pack of wild-eyed "Leporellos," the "Chicken-hawks." This is the pack of lackeys associated with the pro-fascist ideological legacy of Chicago University's Leo Strauss, Carl Schmitt, Nazi philosopher Martin Heidegger, et al. The rascals appear to be running the Presidential chicken-coop, at least for the time being.

Choice Between Roosevelt and Hitler

The role of those Chicken-hawks represents an active and immediate, new Hitler threat.

As I shall explain in a forthcoming sequel to today's brief report, the world has only two significant choices: between today's Franklin Roosevelt and today's Hitlers; between Roosevelt-style recovery programs and Chicken-hawks wielding, and intending to use, nuclear weapons. It should be obvious that an FDR strategy means putting the Anglo-Dutch Liberal system into cold storage, at least for the duration. Thus, Europe may recognize the homicidal lunacy of Rumsfeld's and Cheney's Chicken-hawk Hitlers; but to prevent those Hitlers from taking over, the Anglo-Dutch Liberal models must be replaced by reorganization of the presently hopelessly bankrupt world monetary-financial system according to the principles of the American System of political-economy, List's system of national economy—at least "for the duration."

Revenue Crash, War Fear Hang Over Budget Debate

by Carl Osgood

Unlike past years, this year's Federal budget process began with unanswered questions about the budgetary implications of a possible war with Iraq. More than a month after the Bush Administration submitted its Fiscal Year 2004 budget plan, questions related to the potential costs of war and its aftermath remain unanswered; the pressures for addressing domestic needs remain unabated; and most ominous, Federal tax revenues are continuing to "disappear" as the nation's economic depression deepens. Many members of the Congress from both parties are complaining about the Bush Administration's unwillingness to talk about what the costs of a war against Iraq, and its aftermath, might be. But the costs of the depression collapse of the economy—and of failing to take any action for recovery—is a far larger and darker cloud looming over the entire process, than the costs of war.

That collapse factor was again highlighted by the Congressional Budget Office (CBO) on March 7, when it released its report on the Fiscal Year 2004 budget proposals put forward by the Bush Administration. The report dealt, in particular, with the costs of the Bush Administration's latest tax cut plan; but what grabbed headlines was the CBO's revised projection of the Fiscal Year 2003 budget deficit, even if the tax law is not changed. As recently as January, the CBO projected a deficit of \$199 billion. In its March report, it revised that projection to \$246 billion, an increase of 25% in only two months. And this worsening uncertainty, in "forecasting" a fiscal year which is already half over!

"Almost two-thirds of that change," the report says, "stems from lower projected revenues, reflecting weaknesses in collections to date." That collapse in revenues is a reflection of the overall collapse process, the same collapse process that has hit the budgets of at least 48 out of the 50 states.

Economy Won't Return From a War

Neither does the revised forecast include the costs of a war with Iraq. Since the Bush Administration has, so far, refused to provide estimates for how much that operation might cost, Congress has been left flailing about in the dark. The CBO estimates that the force buildup in the Persian Gulf might cost as much as \$14 billion, with the war starting out at \$10 billion for the first month, and then about \$8 billion a month after that. Returning forces back to their home bases will run about \$9 billion, with any post-war occupation of Iraq costing anywhere from \$1-4 billion per month.

The CBO admits, however, that "multiple unknowns exist



“The United States can send the armed forces to Iraq; soldiers may come back, but the economy won’t come back,” noted Presidential candidate LaRouche. Congressmen grappling with disappearing Federal revenues and an incalculable deficit, are discovering that truth to their chagrin.

about how a conflict with Iraq might actually unfold,” making the estimates no more than provisional at best.

As for the tax-cut package, the CBO estimates that if the White House’s latest package is enacted, the Fiscal 2003 deficit will rise to about \$287 billion, and Fiscal 2004’s deficit will be about \$338 billion.

The deficit figures become much worse, however, when the surpluses of the Social Security and other Federal trust funds are not counted; i.e., if those dedicated surpluses are not *taken* to cover up part of the general deficit. The Fiscal 2003 deficit, without the tax cut, becomes \$408 billion without grabbing Social Security funds; and with the tax cut, becomes \$452 billion.

The speed at which the economic collapse is unfolding, which is indicated by the rapidity of the changes in the CBO forecasts which is making them virtually meaningless, guarantees that the deficit at the end of the year will be much higher than the current forecasts are suggesting.

Against this background, sharp debates are developing over the costs of war with Iraq, the tax-cut package, and numerous domestic needs. One indication of this was a March 6 hearing the House Budget Committee held to take testimony on the Fiscal 2004 budget resolution from interested members of Congress. Rep. Don Young (R-Ak.), chairman of the 75-member Transportation and Infrastructure Committee, told the committee that \$50 billion a year is needed just to maintain the highway and transit system at current levels. This contrasts to the \$36.5 billion requested by the Bush Administration, and the \$218 billion over six years authorized by the 1997 TEA-21 transportation bill. If improvements to the system are to be made, such as reducing congestion and upgrad-

ing safety, up to \$78 billion per year will be required. Young warned that “if we don’t make improvements to the system, we won’t be competitive with other countries.”

Two days earlier, Treasury Secretary John Snow had been grilled by House Ways and Means Committee Democrats on the tax cut proposals. The tone was set by ranking Democrat Charles Rangel (D-N.Y.) who told Snow that the because the Bush Administration can not give any estimates as to the costs of an Iraq war, or post-war activities, or even to support the ongoing troop deployments, “it’s very difficult for us to be able to digest this suggested tax cut.” When Rangel tried to pin Snow down on those costs, Snow replied, “We can afford a war. . . . But we do need to make sure we have an economy that is growing and producing jobs.” Rangel then asked him how many more wars can we afford, to which Snow replied, “If we have a war, the purpose will be to eliminate an enormous threat and risk to the American people.”

Cutting Everything But Taxes?

Both the House and the Senate Budget Committees began marking up their budget resolutions on March 12, and both GOP-controlled committees were expected to adhere, closely, to President Bush’s budget plan, including the tax cuts. Whether or not those resolutions have a chance to make it through a conference committee is anybody’s guess at this point.

House Budget Committee chairman Jim Nussle (R-Iowa) is crafting a resolution which, while maintaining the full tax-cut package (for some in the House, \$760 billion is not a large enough tax cut), is supposed to bring the budget into balance by 2010. In order to accomplish that, it calls for massive spending cuts in all non-defense discretionary programs and in mandatory programs as well.

In the Senate, on the other hand, Sen. John Breaux (D-La.) is saying he has enough Republican votes to cut the tax package in half. Meanwhile, deficit hawk Sen. Kent Conrad (D-N.D.) is threatening to introduce an amendment to the budget resolution, when it goes to the Senate floor, to freeze all tax cuts and spending “until we know the costs of war [in Iraq] and the aftermath.”

The Democrats, however, are still proceeding on the assumption—better put, the collective delusion—that the growth in the 1990s “Clinton years” was real economic growth, rather than the boom-bust financial speculation that most Americans now painfully know it was. “After four straight years of surpluses in the previous administration,” Conrad said on March 7, “this White House has dragged us into a new era of exploding deficits and debt.”

The truth is that the majority of the fall in tax revenues results from economic contraction, and is occurring even more rapidly at the state level, where taxes have not been cut since Bush took office. Only by adopting Lyndon LaRouche’s Super-TVA approach to rebuilding the economy, will the Democrats have a chance of offering an alternative that will mean anything.

States' Fiscal Crises: A National Security Issue

by Mary Jane Freeman

Next year, there's going to be draconian cuts in state services. We can get through this year. But next year we're going to hit the wall.

—Paul Patton, Kentucky Governor and National Governors Association president

These words reflect the dire circumstances U.S. state and local governments are in, as their revenue collections have plummeted by anywhere from 5% to 20% over the last two years. Various national organizations representing states, cities, and governors held meetings in Washington recently, to ring the alarm bell in hopes of getting the President to realize just how close the nation's public economy is, to coming to a halt.

State budgets are imploding everywhere, and deficits are growing by the month. The collective two-year budget deficits for the states, over Fiscal Years 2003 and 2004 are estimated at \$100-plus billion. How quickly these deficit holes are growing, was indicated in a National Conference of State Legislatures (NCSL) fiscal survey released in February. It reported that for Fiscal 2003, aggregate state deficit estimates *doubled* in just two months, from \$17.5 billion in November 2002 to \$26 billion in January 2003. *EIR* warned, when the survey appeared, that the \$26 billion figure was still too low, and that it was on top of \$49 billion *already eliminated through spending cuts* and accounting tricks, so that the current 2003 budgets could be passed. So states, by January, were really juggling a \$75 billion collapse of revenues. Revenues have since declined further, leading to even deeper spending cuts, in an effort to balance the books by fiscal year's end, which in most states is June 30. These cuts are a threat to life as well as to national security.

The NCSL, the National League of Cities (NLC), and the National Governors Association (NGA) held meetings and lobbying days in Washington between mid-February and mid-March. All of them called on President Bush to provide Federal aid to states and localities. Each proposed their own stimulus package, as they found the President's to be less than helpful. But the axiomatic assumptions which underlie their efforts remain fixed in the past 30-years' "post-industrial society" matrix, and therefore operate as mere band-aids on gaping wounds.

To solve the revenue hemorrhaging, it is time for elected

officials to recognize that we are in a systemic meltdown of the world economy, as Democratic Presidential pre-candidate Lyndon LaRouche has identified. Once the problem is recognized, adopting LaRouche's New Bretton Woods policy, to put the bankrupt world financial-monetary system through bankruptcy reorganization and to launch infrastructure building programs, will be easy.

Is Anybody Listening in Washington?

The NGA meeting in late February, where Kentucky's Governor Patton made the remark cited above, was the most contentious. Prior to this annual governors' meeting, NGA committees worked out a Federal aid package to states—in the range of \$30-50 billion—which was to be a focus of their meeting and lobbying efforts. But, informed that such an idea would be met by "deaf ears" at the White House, Republican members quashed the plan, which led to some partisan bickering. In fact, President Bush rejected their aid plan, while sugar-coating his description of Federal grants he is proposing. A source close to GOP conservatives in Texas told *EIR* that even Texas Gov. Rick Perry's (R) appeals to Washington have been met with the message, "Tough it out."

Ultimately, a compromise was issued, seeking funding but with no price tags, for three Federally mandated programs. The three are: special education under the Individuals with Disabilities Education Act (IDEA); elementary and secondary education under the No Child Left Behind Act (NCLB); and some homeland security measures. The compromise package, if fully funded, would be in the range of \$15-20 billion for the states. Whether or not Federal funds are allocated, all three programs have to be implemented, putting extreme pressure on the states.

The NCSL annual "Leader to Leader" conference had half its usual number of attendees, as most states were too broke to send representatives, while some Congressional speakers failed to show up. Ironically, the hot topic was the states' multi-billion budget deficits and the uncertainty of reviving the economy in the midst of the Bush Administration's war drive. Nervous laughter punctuated the budget roundtable, as horror stories were shared and NCSL Fiscal Affairs Director Corina Eckl opened by admitting that the February survey numbers, cited above, were "woefully wrong," as the crisis is "changing daily."

New York State Sen. Stephan Saland proved her point. He said that New York's \$2.5 billion deficit for its Fiscal Year ending March 31 still had not been closed, and that Fiscal Year 2004, beginning April 1, is already projected to be at \$9.3 billion and could get bigger. Independent confirmation of the "daily" revenue demise came in the March 7 *Houston Chronicle*, which reported that Texas Comptroller Carole Strayhorn said the deficit, as of Jan. 30, was \$9.9 billion, *five times bigger than the \$1.8 billion it reported* for the February survey. February's collections, in Texas, fell dramatically, prompting Strayhorn to say, "We're not seeing any light at the end of the tunnel."

Senator Saland, also a former NCSL president, commented that his state's tax revenues have fallen "off the cliff," while Michigan's budget expert said his states's revenues had fallen a "staggering" 17% compared to 2002, leading to cuts in prescription drug aid and education. NCSL's Eckl revealed that 48 states now report budget gaps—only Hawaii and New Mexico report none—instead of 36, when the survey was released.

The NLC mid-March meeting had the largest attendance of the three meetings. There are two key factors contributing to the plight of cities. The first, a long-term problem, has been the transformation from a consumer to a producer economy. Such a change has wiped out the tax revenue base from which schools, police, fire departments, etc. were sustained. The second factor is a direct result of the states' budget crises, as aid to localities has been slashed. San Francisco, as of January, had a \$200 million deficit and was expected to lose \$85 million due to state aid cuts.

Particularly affected by the revenue shortfalls have been police and firefighters, just when there has been increased demand for their services due to homeland security legislation. "The challenges we face as a nation are not going to be solved by duct tape," exclaimed New Haven Mayor John DeStefano, who is also NLC president. His rebuke came when he released an NLC survey of 322 cities and towns, assessing their state of preparedness. The survey found that 16% of cities cut police positions in the past year; another 8% will do so this year. It also found that 9% of cities were forced to make cuts in firefighter positions, while another 7% will do so soon. It will only get worse, as NLC points out that Bush's FY 2004 budget decreases spending on local law enforcement.

Asked to pick the single top priority for the nation, 43% of surveyed city leaders chose "investing in local infrastructure and programs to strengthen the economy." The findings confirm what LaRouche and *EIR* have insisted: Economic security is at the core of national security; and without basic economic infrastructure in place and functioning, the nation is vulnerable.

Adding to this bleak picture was a fiscal survey released by the National Association of Counties (NACO) in late February. Almost 72% of U.S. counties are faced with revenue shortfalls, while 45% of them have raised, or are considering raising, taxes to cover losses. Fifty-three percent reported that their state government was cutting aid to localities in this fiscal year, as compared to 21% in FY 2001 and 36% in FY 2002. To deal with the funding gap, some county governments have already imposed these austerity actions: reduced service-delivery (38%); spent contingency funds (34%); imposed hiring freezes (33%); increased taxes (32%); eliminated services (17%); made layoffs (16%). As the deficits grow, one-quarter of these counties have under consideration plans to cut road construction, public health, family and human services, highway and street maintenance, healthcare

programs, and sheriff departments.

The hypocrisy of the Bush/GOP "no new taxes" and/or "tax cut" proposals is writ large at the county level. NACO president and Dallas County, Texas Commissioner Ken Mayfield put it this way: "Being forced to consider increasing taxes, in order to provide essential services to the American people, counties are in a no-win situation. [The] demand for services continues to rise. The Federal government can provide help and ease the strain on local property taxpayers." Forty-five percent of the responding counties are considering tax hikes as a solution to their revenue shortfall. So much for Bush's tax breaks for Americans.

Deadly Impact and Jeopardizing the Future

Faced with a third year of dwindling cash, state officials choose to cut programs and services. The result is mounting layoffs, school closures, and life-threatening actions. In Oregon, 100,000 people were forced to go cold-turkey in February when state aid was halted for medications for the mentally ill and drug addicts. New Jersey Gov. Jim McGreevey proposed axing 16,000 senior citizens from a prescription drug plan, in order to save \$26 million out of the \$1.3 billion deficit he faces.

Pennsylvania Gov. Ed Rendell's planned \$1 million cut in the Department of Mental Health and Retardation budget will mean ending crisis intervention programs for thousands, while a \$4 million cut at the Department of Human Services will eliminate drug and alcohol treatment programs, among others. Rendell had hoped for debate on his budget, but the GOP-controlled legislature moved to adopt it, putting him in a position where he may have to veto his own budget, if he did not intend such draconian measures. An agency director decried the cuts. People "won't know where to turn," she said. They'll end up "in our jails, homeless shelters," and emergency rooms—all of which are overcrowded.

Education budgets had been spared until now. But the revenue drops are too big. Arkansas plans to slash its number of school districts from 311 to 116, a 63% reduction, to help cover its deficit. Kansas, Pennsylvania, and New York also have plans to merge school districts. Studies have shown that mergers save money, but student achievement scores fall, family involvement lessens, and transportation cost go up.

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War Drive Pushes U.S. Airlines Into Free Fall

by Anita Gallagher

The drive for war on Iraq by the “chicken-hawks” grouped around Vice-President Dick Cheney has put the entire U.S. airline industry, already on the brink of bankruptcy and liquidation, into free fall.

U.S. Democratic Presidential pre-candidate Lyndon LaRouche’s policy must be implemented at once to avoid the colossal economic destruction it would wreak on the U.S. economy: 1) fire the entire “chicken-hawk” crowd; 2) admit that the economy is collapsing; and 3) fix it with Franklin Roosevelt-style measures immediately, while collaborating with other nations for a worldwide economic recovery.

Can It Get Any Worse?

Time is running out to save the airlines and the sinews of economic activity they represent by linking the country together:

- American Airlines, the largest airline in the world, will likely file for bankruptcy “sooner rather than later,” according to a March 10 statement by its Flight Attendants union. American is reported to be seeking \$2 billion in “debtor-in-possession” financing from Wall Street firms, a customary attempt to line up the capital needed to continue operations in bankruptcy. One Wall Street source termed this “a very high, unreasonable request,” noting that American has far less collateral than United Airlines did. The Federal Aviation Agency (FAA) has confirmed that it has stepped up safety oversight at American—a measure that typically follows a carrier’s slide into insolvency—in order to ensure that there is no cost-cutting that affects safety.

- United, the world’s second-largest carrier, which declared bankruptcy on Dec. 9, asked the Bankruptcy Court on March 11 for another six months to file its reorganization plan, otherwise due on April 8. International Association of Machinists District 141 head Randy Canale also announced on March 10 that it will not be possible for United and its unions to renegotiate new labor contracts, with \$2.56 billion in annual givebacks, by the March 17 court deadline. This means that United will ask the court on that date to annul all the current labor contracts—a maneuver allowed under bankruptcy law.

The possibility of United’s liquidation is being discussed. United’s reorganization plan, and negotiations with its unions, have been complicated by its mistaken belief that it

needs a low-budget division, code-named “Starfish,” to compete with budget airlines like Southwest.

- Delta, the third-largest U.S. airline, reversed its projection of a rise in passengers and cash-flow this quarter, to forecast a decline in both. War fears are convincing some travellers not to fly, Delta said. Delta announced that it would implement the Orwellian CAPPS II passenger screening program at three yet-unannounced airports before the end of March, which gives passengers a security rating based on running their credit reports, banking history, and criminal history. Because of this Ashcroft-type program, a boycott of Delta has been launched by privacy activists at www.boycottdelta.org.

- U.S. Airways, the eighth-largest U.S. airline, continues in bankruptcy, with its CEO David Siegel terminating the pilots’ pension plan as part of its bankruptcy reorganization. U.S. Airways’ pilots will lose 75% of their pensions. Commercial airline pilots must retire by age 60. Continental, Northwest, and even budget model leader Southwest, are all pushing for givebacks and/or work rule regressions.

Under the suicidal competition introduced by airline deregulation in 1978, air fares today are lower in absolute, unadjusted dollar figures than they were in 1987, and all the airlines are on the brink of bankruptcy—a process that began well before Sept. 11, 2001. As **Table 1** shows, the airlines are not collapsing because they have failed to cut costs, but because demand has collapsed even faster. As LaRouche has said, it is the role of the Federal government to create demand by issuing credit for productive infrastructure, and create a rational transportation infrastructure through re-regulation, in the interest of the general welfare.

In this escalating financial crisis, the safety of the entire U.S. air network has been called into question by the *USA Today* exposé of Feb. 17, which documented how the faulty

TABLE 1
Self-Imposed Cuts by Six Largest U.S. Airlines
(Year Ended September 2002 vs. 2000)

Category	Reduction	Change
Operating Expenses	\$4.5 billion	-5%
Capital Spending	\$5.6 billion	-47%
Capacity	\$100.1 billion Airline Seat Miles	-13%
Mainline Fleet	240 aircraft	-7%
Headcount	70,112 employees	-16%
Other	Closure of numerous city ticket offices, maintenance facilities, and reservation centers; reduction in inflight services, fuel consumption, commission rates, etc.	

Source: Air Transport Association, March 11, 2003 Report, citing SEC filings of American, United, Delta, Continental, Northwest, and U.S. Airways.

electronics of an in-flight gambling and shopping system installed on Swissair Flight 111 may have caused the plane to crash in September 1998, killing all 229 people on board. Canada's Air Transportation Safety Board found that the wires in the system short-circuited and could have led to a fire.

The scandal is that the FAA is mandated to oversee all modifications on jets; but, lacking the resources, it contracts small private companies to do the checks instead. After the crash, the FAA found problems with the in-flight gambling system and banned it, and revoked the operating authority of the contractor who approved it. The Government Accounting Office announced an investigation of this practice in early March, triggered by the *USA Today* exposé and a letter from Rep. Peter De Fazio (D-Ore.), stating that the *USA Today* story suggested that "the aviation industry was supervising itself without adequate controls and oversight by the FAA." The precarious position of the airline industry makes these charges highly credible.

Iraq War Drive Is 'The Perfect Storm'

On March 11, the Air Transport Association (ATA), representing airlines which carry 95% of the passenger and freight traffic of the United States, issued an emergency report, stating that an Iraq war could immediately lead to "chaotic industry bankruptcies and liquidations," or even "the prospect of a forced nationalization of the industry."

The report, "Airlines in Crisis: The Perfect Economic Storm," offers four scenarios on how much the airlines would lose in an Iraq war. The report concludes that, based on a comparison with the 43-day Gulf War in 1991, the most likely scenario is a loss of \$4 billion more than already expected, which would total \$10.7 billion for 2003, with 2,200 additional daily flights cut, and an additional 70,000 jobs lost on top of the 100,000 which have already been lost. The tourist industry would lose four jobs for every job lost in the airline industry, and the ATA estimates that every job in the airline industry produces 15 jobs in the broader economy.

Going into the 1991 Gulf War, the ATA points out that the airline industry had five profitable years from 1984-89, earning \$3.9 billion in net profits; it had cash reserves, and it could borrow. Following that war, the airlines lost \$13 billion, 25,000 jobs, and seven large and medium-sized airlines went bankrupt, with four liquidated (Table 2). It took the industry four years to become profitable again.

Today, the ATA report states, the airline industry has lost \$18 billion since 9/11; even without a war in Iraq, \$6.7 billion in losses are expected in 2003. Fuel prices, for example, which constitute 15% of an airline's operating expenses, are up 108% from one year ago. Both airline cash reserves and credit lines are exhausted. The industry now faces \$4 billion annually in "unfunded mandates" imposed on the airlines for insurance and security upgrades.

It is clear that neither the self-cannibalization measures

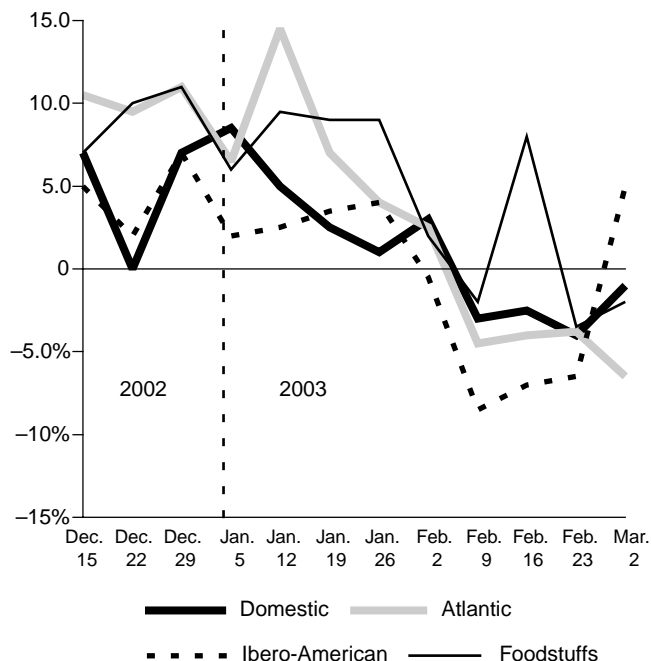
TABLE 2
1991 Gulf War Airline Bankruptcies

Airline	Date	Action	Outcome
Continental	12/3/90	Chapter 11	Emerged 4/27/93
Pan Am	1/8/91	Chapter 11	Liquidation
Eastern	1/18/91	Last Flight	Liquidation
Midway	3/25/91	Chapter 11	Liquidation
America West	6/27/91	Chapter 11	Emerged 8/25/94
TWA	1/31/92	Chapter 11	Emerged 11/3/93
Markair	6/8/92	Chapter 11	Liquidation

Source: Air Transport Association March 11, 2003 Report.

FIGURE 1
Air Traffic Plummets as War Threat Approaches

(Percent Change, Year to Year, in Revenue Passenger Miles)



Source: Air Transport Association March 11 Report, citing American, United, Delta, Continental, Northwest, U.S. Airways and America West.

of the airlines, nor an industry-wide one-year tax break, nor government help with insurance costs sought by the industry, will work. The airlines won't make it unless the war drive is stopped, the airline industry re-regulated, and the whole bankrupt financial system is reorganized along the lines Lyndon LaRouche has proposed as "A New Bretton Woods Agreement."

War Threats Trigger Japan Financial Meltdown

by Kathy Wolfe

Japan's debt-loaded financial system, brought to the melting point by the past three years' sinking of the international free-trade economy into depression, is now burning up under the global threat of "imperial" U.S. wars in the Mideast and on the Korean Peninsula. Ironically, Japanese Prime Minister Junichiro Koizumi has met the crisis by loudly endorsing the American war strategy against Iraq. But Japanese banking authorities have "no options left" within the nation's financial system, to save it, as this year's March 31 end-of-fiscal-year crisis is turning into a bank and markets blowout. Their only hope is that a broader Eurasian move toward new dirigistic credit, trade, and infrastructure-project agreements may be emerging from the alliances of nations opposing the war. And Koizumi has opted not to join those alliances.

Under enormous Washington pressure, Koizumi began stumping for endorsements of a unilateral U.S. war on Iraq on March 10-11, phoning Mexican President Vicente Fox and every other head of state on the Security Council to support the Anglo-American UN resolution. In Tokyo, Koizumi called a meeting of all former prime ministers, including Yasuhiro Nakasone, and Kiichi Miyazawa, and was roasted. Miyazawa and former Liberal Democratic Party (LDP) President Yohei Kono "expressed caution in supporting the use of force to resolve the crisis," Kyodo News reported on March 11. Echoing LaRouche's warning that war with Iraq makes the North Korean situation insoluble, "Yoshiro Mori, also a former prime minister, pointed out that actions taken to deal with Iraq will have an impact on security issues concerning North Korea." Koizumi's ruling coalition partners, the New Komeito party and New Conservative Party, oppose the war.

Demands for a 'Wall of Money'

"The Japanese financial system is not on the brink of crisis as March 31 approaches, as is rumored in financial circles," Chief Cabinet Secretary Yasuo Fukuda announced. But Japan's Cabinet called an emergency meeting on the economy on March 11, as the Nikkei Average plunged below 7,900 for the first time in 20 years, ending at 7,862, the lowest since March 1983, due to the threat of war in Iraq, North Korea, and the world economic crisis. Asked what they will do, both Koizumi and Fukuda said it was too late for any budgetary or other government measures, and that the Bank of Japan (BOJ) will have to bail them out with a wall of money. "Monetary policy will have to take center stage," as Fukuda put it.

On March 31 banks and industrial companies close their books. Such historic low stock prices at that time can trigger a wave of bankruptcies and a crisis in financial institutions with large share holdings. Daiwa Research estimates that unrealized losses on industrial company shares held by major banks alone have doubled in six months, from 3 trillion to 6 trillion yen (almost \$52 billion).

Top officials of the ruling LDP urged the government to temporarily suspend the "mark-to-market" accounting method on corporate securities holdings imposed by the Bank for International Settlements—since so many huge Japanese companies will have to declare massive losses in their stock holding of other Japanese companies on March 31, with the markets at this level.

Koizumi told reporters on March 11, "I hope the BOJ takes bold measures." BOJ Governor Masaru Hayami is scheduled to be replaced by long-term BOJ career diplomat Toshihiko Fukui on March 20, and neither of them is happy with the demands to print even more money.

Thirteen years after Japan's bubble first started to deflate, Nikkei stocks have arrived at one-fifth of their peak value. When on March 11, the Nikkei fell yet another 180 points to 7,862—its lowest close since January 1983—the big banks were at the center of the market panic. They lost 20-30% of their market value during February alone, and will have to present annual figures by March 31 under somewhat stricter rules than before. As the overall stock market meltdown has eroded their capital, some banks and insurance firms may not be able to fulfill capital requirements and stay in business.

On March 11, the Bank of Japan injected an extraordinary \$8.6 billion into the money market, its first such extra operation since October last year. When it repeated a money injection of the same size again on March 12, it was only able to force the Nikkei index back up by a small amount. Even such a "wall of money" attempt is not functioning.

Investors are calling on the government to pump money directly into the stock markets—for example, by using public pension funds, a suicidal measure. The central bank as well is urged by both investors and the government to take extraordinary measures. Toyota Motor chairman Hiroshi Okuda, who also heads the Japan Business Federation, stated "We are in a crisis," and the central bank should buy exchange traded funds, that is, entire portfolios of stocks, in order to stop the stock market's plunge.

Koizumi had unconvincingly assured the press on March 10 that "we will avoid a financial system crisis under any circumstances"; and Financial Services Minister Heizo Takenaka on March 9 had called on the Bank of Japan to take "drastic measures" to inject more cash into the economy. But Takenaka's own "drastic measures" of the past year, his "surgery without anaesthesia" policies—forcing Japanese banks to write off corporate loans, and corporations to liquidate or sell off divisions—have made Japan's intractable debt crisis worse, and helped set up this March financial disaster.

Fannie/Freddie Blowout Debate Reaches the Fed

by Richard Freeman and Lothar Komp

In a surprising speech on March 10, St. Louis Federal Reserve Bank President William Poole intensified the debate over whether the overleveraged American housing debt bubble generated by the Fannie Mae and Freddie Mac mortgage corporations, threatens to set off a systemic meltdown in the U.S. financial system. Poole's remarks came one month after the White House had abruptly "shot the messenger" of such a warning, firing the director of the Office of Federal Housing Enterprise Oversight (OFHEO). The St. Louis Fed chief delivered his remarks at a Washington symposium sponsored by OFHEO, which regulates the large Fannie and Freddie "enterprises." An unexpected financial shock at either Fannie Mae or Freddie Mac, which dominate the speculative housing bubble in North America, could inflict tremendous damage on the U.S. financial system and economy, Poole said.

On Feb. 4, OFHEO Director Armando Falcon had released a strong 115-page report, entitled, "Systemic Risk: Fannie Mae, Freddie Mac and the Role of OFHEO," which convincingly presented a worst-case scenario of Fannie and Freddie defaulting on their debt, whence a chain of shocks would create a systemic crisis. On Feb. 5, reflecting the pressure of the top banks dealing in derivatives and housing financial paper, the Bush Administration fired Falcon, and replaced him with Mark Brickell, for 15 years head of derivatives trading at J.P. Morgan Bank, the largest derivatives-trading bank in the world. In 1993-95 Brickell operated a SWAT team at Morgan which mobilized to attempt to crush the effort of Lyndon LaRouche to surgically puncture the deadly derivatives bubble through a tax on transactions (see "Official Axed, Exposed Threat of Housing Bubble Crash," *EIR*, March 14).

At the symposium on March 10, Poole threw oil onto the fire by beginning his speech, "I especially want to commend OFHEO for its [Feb. 4] report." He came back to the report several times in his presentation. Poole warned about "unquantifiable risks," which cannot be "studied and modeled," but have been all too frequent over the last 30 years. "I want to concentrate on the non-quantifiable risks," Poole said. "It helps to make this issue concrete by listing . . . examples. The failure or near failure of Penn Central [railroad], Continental Illinois [bank], Long Term Capital Management [hedgefund], Enron and WorldCom may not have been complete surprises to knowledgeable insiders, but the shocks were certainly 'news' to market participants, regulators, and the gen-

eral public. No one predicted the timing of the stock market crash of 1987. . . . It is well known that the great Yale economist Irving Fisher was caught completely off guard by the crash of 1929."

These were strong words from within the Fed; and they got stronger when Poole raised the enormous vulnerability of Fannie Mae and Freddie Mac, which are major liquidity-generating "props" integrated into the U.S. financial system. These huge, now-private corporations are known as government-sponsored enterprises (GSEs), and reportedly are the two most highly indebted companies in the world. Poole stated, "Should either firm be rocked by a mistake or an unforecastable shock, in the absence of robust contingency arrangements, the result could be a crisis in U.S. financial markets that would inflict considerable damage on the housing industry and the U.S. economy. In the case of GSEs, the enormous scale of their liabilities could create a massive problem in the credit markets. If the market value of GSE debt were to fall sharply . . . what would happen? I do not know, and neither does anyone else." But Poole was clear that "a market crisis could become acute in a matter of days, or even hours."

What motivated his remarks, as it did the firing of Falcon and the deployment of Morgan banker Brickell, is that such a crisis at Fannie and Freddie is not a future event but can emerge right now—from either their debt obligations, their large derivatives holdings, or their mortgage-backed securities. In early 2003, Fannie announced that it had suffered a \$4.54 billion derivatives loss in 2002, which cut its 2002 profits in half. And after Poole's remarks, the two GSEs' stock prices each fell 6% on March 10; both are at their lowest level since the Fall of 2000. The OFHEO report had shown that more than half the banks operating in the United States, and several large banks in the world, have a gargantuan exposure to Fannie and Freddie debt. Were these two to fail, many banks would also go under.

Europe Also Prepares for 'Emergency'

In an evidently related crisis development on the same day, European Central banks and regulators prepared for financial emergencies. On March 10, the central banks and financial supervisory agencies of Western and Eastern European countries adopted a "Memorandum of Understanding" (MoU) on "high-level principles" of cooperation in "crisis-management situations." The European Central Bank (ECB) stressed that the MoU "is not a public document." It specifies principles and procedures for cross-border cooperation to ensure the "stability of the financial system" during financial emergencies. The ECB said that "the integration of financial markets and market infrastructures in the EU, the growing number of large and complex financial institutions and the diversification of financial activities" have increased "the likelihood of systemic disturbances affecting more than one Member State," and have possibly also increased "the scope for cross-border contagion."

Unemployed Surge Shows Physical Economy Drops

by Richard Freeman

The sharp rise of American unemployment in February starkly highlighted the unwinding of the U.S. physical economy. In goods-production, especially manufacturing, the job firings are relentless, rendering America, month-by-month, less of a producing nation. In February, according to the Department of Labor's Bureau of Labor Statistics (BLS) report released March 7, the official level of unemployment rose to 8.450 million, from 8.302 million in January: 138,000 more unemployed workers. The official unemployment rate was reported as 5.8% in February, an increase of 0.1% from the rate in January. But *EIR* has determined that real unemployment is twice what the BLS has told the public.

Importance of 'Not in the Labor Force'

There was a significant growth in official unemployment starting in November 2000, when it stood at 5.477 million. By December 2001, unemployment had surged to 8.259 million workers, 2.787 million Americans tossed into the ranks of the unemployed in only 13 months. But since December 2001, the number of *official* unemployed has stayed more or less in a band around the 8.3 million range: Each month, it has moved up or down by 100,000 to 200,000 from that level, but has not significantly changed. One might ask, why didn't unemployment continue its explosive surge of 2001? Maybe it did.

The BLS divides the 16-and-over civilian population into two broad categories: "In the Labor Force," and "Not in the Labor Force." The latter category includes youth who are attending school; elderly who have retired from the labor force; housewives; and a special sub-group called "Want a Job Now," who, though they want work, are still counted as "Not in the Labor Force," and accordingly, are not classified as officially unemployed. In December 2001, the number of Americans counted as "Not in the Labor Force" stood at 70.613 million. By February 2003, it had leapt to 74.257 million, a huge increase of 3.644 million people in only 14 months, unprecedented for such a period of time.

One hypothesis is that some laid-off workers were funneled by the BLS into "Not in the Labor Force." This would include workers who were dumped into the sub-group, "Want a Job Now." But this would also include the 70- to 75-year-old worker, who was working part-time, and lost his or her job: he or she would go back to "retired" status, not unemployed. Likewise, a woman who has children under 16, if she were forced out of the job market, might be counted as

"housewife," and therefore not unemployed.

Though precise figures do not exist on this, the abnormally high growth of "Not in the Labor Force" since December 2001, may represent the BLS' attempt to conceal hundreds of thousands, perhaps a million or more, additional unemployed. A large increase in unemployment likely did occur. *EIR* has exposed in other locations, other ways the BLS has hidden unemployment. Whatever fraud the BLS may use, the destruction of manufacturing jobs is one unmistakable process that cannot be concealed. During February, there were 53,000 American manufacturing workers' jobs eliminated; but even more remarkable is the fact that February saw the elimination of the jobs of 58,000 *manufacturing production workers*, those who physically alter nature to improve mankind's existence. The category of manufacturing workers includes manufacturing production workers as a subset, and so it is not clear how the fall in the latter could exceed the fall in the former. But the process is clear: February was the 31st consecutive month in which manufacturing jobs have been axed; 2.157 million in all since July 2000, of which 1.703 million were production manufacturing workers. This represents 11.6% of the U.S. manufacturing workforce and 13.4% of its manufacturing production workforce. The process is destroying what remains of the economy.

Since Sept. 11, 2001 in the aerospace-defense sector, for example, which employs highly skilled manufacturing workers, employment has been cut by 106,000. This was caused by the crisis in civil aviation, due to the collapse of the airline industry; by the decline in commercial space activity due to the decline in telecommunications; and by industry mergers and acquisitions. Aerospace now employs 689,000 workers, half the level of 1989, and the lowest level since 1953.

Other vital sectors besides manufacturing are being devastated. In February, 41,000 transportation and public utilities jobs were lost. Since its peak employment of two years ago, this sector has lost over half a million jobs.

Worse Than a 'Jobless Recovery'

In a fraudulent effort to show growth, one index the news media have harped on is that of non-agricultural payroll jobs (which the BLS compiles from its "establishment survey"). In the past, the BLS has produced manipulated data which the media have trumpeted. But in a very important development, the BLS reported that in February, the level of non-agricultural payroll employment crashed by 308,000 jobs.

During the past two years, the Bush Administration has alternately ignored the upsurge in unemployment, or named it the misfortune of a "jobless recovery." But it is much worse. When since mid-2000, 2.157 million manufacturing jobs, half a million transportation and public utilities jobs, and hundreds of thousands of other jobs have been axed, this shows not a recovering economy failing to create *new* jobs, but rather a collapsing economy destroying *existing* employment in the heart of U.S. production.

Reverse the 35-Year Devastation of America's Industry and Labor Force

by Richard Freeman

The following is the excerpted transcript from a class given to a LaRouche Youth Movement cadre school in Redford, Michigan on Jan. 18, 2003.

On Jan. 7, President Bush announced his “stimulus package,” and in the course of this, he said, “We are the most creative, powerful economy in the world,” talking about the United States. In fact, at this stage of its development, the United States’ economy is not creative, it is not powerful—and I will show you that it’s not even an economy. We’re not functioning any longer as an economy. And what has happened, is that this is the result of a policy that started in the mid-1960s, called the post-industrial society, in which certain policies were imposed on the United States. And as a result of those policies, there has been a degeneration in the process of the U.S. physical economy, where we can no longer even supply our own physical existence.

We are right now, like Imperial Rome, where we import \$440-470 billion more in physical goods than we produce in exports. That’s our trade deficit. And we live off the tribute of others around the world. Only we have credit cards—they didn’t have that in Imperial Rome. But that’s not going to succeed in this process.

And this problem, is that we have a financial speculative bubble, which has grown—it is now sucking the life out of the physical economy, out of labor conditions, out of household income, out of everything that we need. Plant and equipment: They are collapsing. Forget the figures you read about Gross Domestic Product (GDP). They’re worthless. They’re made up. The Nintendo games that 13-year-olds play are more accurate than the projections or statements about GDP. And therefore, this collapse-process, as we will see, is what is leading us to a breakdown, a complete breakdown.

Now this is a very interesting question for all of us. Lyndon LaRouche has put it this way: It is a question of leadership. It is a question of economics—we’re going to discuss economics, but you *cannot* simply put it in terms of economics, or even program. If you do not have leadership, no program will come to fruition. . . .

Now, let’s take a look at a couple of the features of this, and we will return at the end to what this principle is. And I will just say that this principle of leadership was understood by Franklin Roosevelt; it was understood by Lincoln—*abso-*

lutely understood by Abraham Lincoln. It was understood by Alexander Hamilton and George Washington and Benjamin Franklin. And it is very well understood by Lyndon LaRouche, that this is a transmittable principle.

I’m just going to show you this (**Figure 1**): The dollar has been collapsing. First I’ll show you the dollar against the euro, the currency of Europe. This is the value of euros in dollars. On Jan. 2 of last year, the euro was worth 90¢, and now the euro is worth \$1.05. So the euro has gone up in value by 14%. Simultaneously, the dollar has collapsed by 14%. It has also fallen against the Japanese yen; it fell 11.1% last year.

While this was happening, gold has increased against the dollar (**Figure 2**). This is the price of a troy ounce of gold. It went from just under \$280, to, by the end of the year, Dec. 31, 2002, it hit \$347. It rose last year by 24.6%. That is the largest yearly increase, in percentage, of gold in two decades.

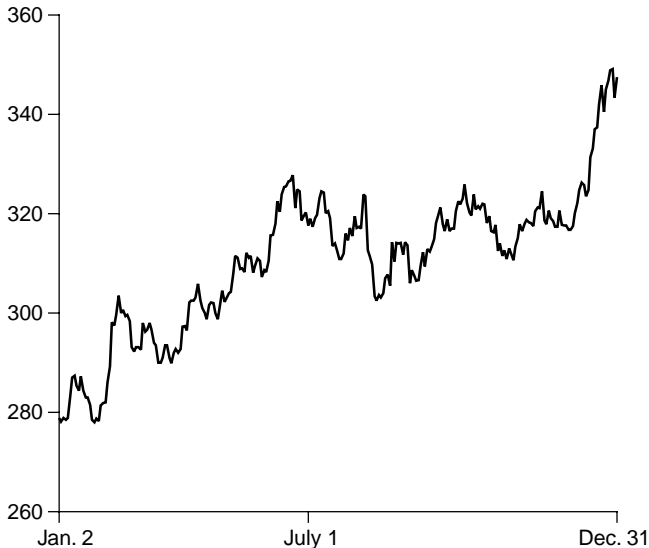
Now, we will see why the collapse of the dollar, both against other currencies and against gold, is a very good indi-

FIGURE 1
U.S. Dollar Collapse Against Euro in 2002
(Dollars Per Euro)



FIGURE 2
Gold Price* Surges in 2002

(Dollars/Oz.)



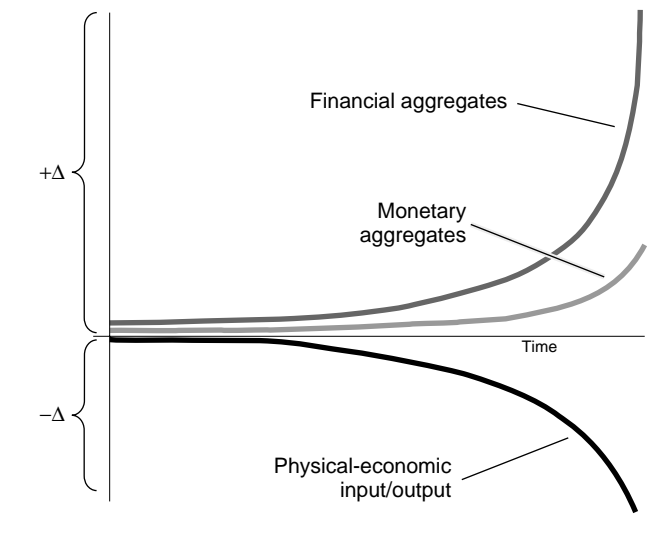
* price of gold on New York Commodity Exchange

cator that the financial system has come apart entirely. And we'll return to that.

What I want to introduce to you is something that LaRouche developed, which is called the "Triple Curve: A Typical Collapse Function" (Figure 3). The collapse function is a simultaneous equation. The upper part of the curve is called the "financial aggregates." Now the financial aggregates are the mass of all financial instruments: stocks, bonds, the value of your home mortgage, derivatives and so forth. The middle curve is called the "monetary aggregates." That's basically the money supply. You can measure the money supply in different ways. You can do checking accounts, plus savings accounts; you can measure it by different measures. And the bottom curve is the physical-economic output. This curve is the real physical economy, the economy by which we exist. This has no time on it, as you'll notice, but it's a representation of a real process. And the principle is, that the upper curve has been growing, at what's called a "hyperbolic" rate. That means it's almost growing straight up. But, it's very unstable.

And to support it, there is an attempt to increase the monetary aggregates to circulate the increasing financial instruments. For example, when the stock market started declining in March of 2000, Federal Reserve Chairman Alan Greenspan started pumping money in—money supply—so it could go into the stock market to support the financial aggregates. So the monetary aggregates would increase the support of the financial aggregates.

FIGURE 3
A Typical Collapse Function



This third curve is the real economy. And what happens is this: As your mass of financial aggregates grows, they each have a rate of return. If it's a stock, a dividend has to be paid out. If it's a bond, it's the yield. They all have rates of return. Those rates of return become so great, that they *suck out* the ability of the physical economy to grow, and therefore, the physical economy contracts. Think of a situation like a leveraged buy-out. Company A takes over Company B. Company A has \$10 billion in debt. Company B has \$5 billion. But Company A borrows another \$10 billion to effect the takeover of Company B. So you have \$10 billion and \$5 billion, and then another \$10 billion to effect the takeover. That's $10 + 10 + 5 = \$25$ billion. What happens if the \$25 billion is more than the company can sustain in its annual and monthly interest and principal repayments?

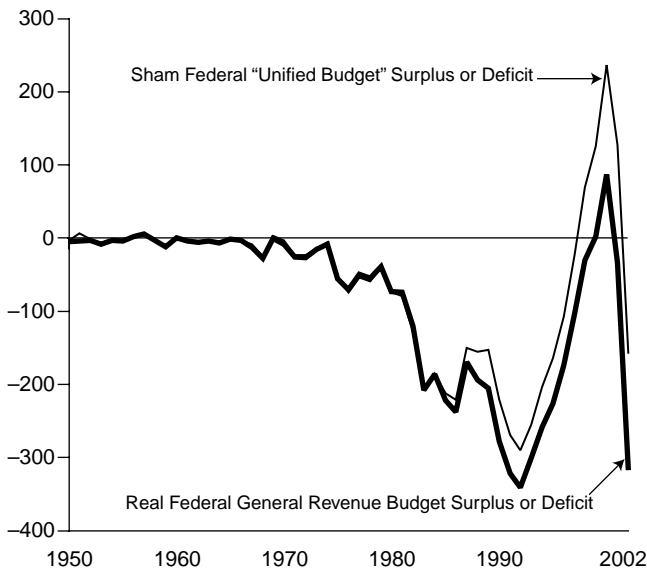
Let's say the debt service requirement is to pay \$250 million a month, and the entirety of the cash-flow that they generate is only \$200 million. You have a problem. So what does the company do? It fires some workers. It cuts back capital spending. It cuts back research and development.

Now think of that being done for an entire economy, where the rate of real-wealth generation is insufficient to meet the debt-service and other types of requirements of your financial instruments. And so it starts sucking out the life of the underlying physical economy. But here's the problem: What supports real existence? Is it the financial paper? No. It's this: You've got cancerous, speculative instruments, with a growing rate of demand on the physical economy, causing the physical economy to shrink. And the more that the upper curve grows, the more the bottom curve shrinks, to the point that the bottom curve cannot support even continued human existence. If that's the case, then the upper curve cannot be

FIGURE 4

Real U.S. General Revenue Deficit Has Swelled

(\$ Billions)



Sources: U.S. Office of Management and Budget; U.S. Treasury Department.

supported either. And not only does the physical economy collapse, but the economic activity to sustain the financial aggregates and monetary aggregates collapses as well.

Think of the cancer, growing, that sucks more and more out of its host, until the host is no longer able to live. Now you've got the relationship between the financial aggregates, on the one side, meaning the cancer, and the physical economy, meaning the host, on the other side. This cannot be sustained. . . .

The Debt Disaster

Now, let's look at a couple of situations in this context, because what I want to show you is what is really happening with the debt situation in the United States and what's happening with the physical economy. But first I want to show you something on the U.S. budget. This is the U.S. budget deficit (**Figure 4**)—the light black line. This thinner line is what the government reports. The thicker black line is the actual deficit. The reason it's different is this: The government has concocted something which they call the "unified budget." There's a real budget in the United States, the general revenue budget, which we spend for defense, education and so forth, on infrastructure. There's also Social Security, which was created by Franklin Roosevelt in 1935, with its own dedicated source of revenue. You pay a separate Social Security deduction every week from your paycheck. It should not be mixed with the general revenue budget. What has been done, since

at least the 1960s, is that they take the Social Security, which, under law has to run a surplus—they take the surplus and use it to cover some of the deficit from the general revenue budget. That means some of your Social Security money is no longer there.

But, however you look at this, last year, the United States ran a general revenue deficit, in the fiscal year 2002, which ended on Oct. 1. So we're already in FY 2003. The 2002 fiscal year budget deficit was already—the real general revenue deficit was \$316 billion last year. FY 2003, which we're in right now, the budget deficit is projected by us, *Executive Intelligence Review*, to hit \$400-500 billion. That's unprecedented. It will be the largest budget deficit in the history of the United States. And George Bush has no idea what to do about this—doesn't have a clue. He doesn't have a clue what to do about the real economy.

State Budgets: 'Cut to the Bone'

Now, let me give you one other thing on this. And I know some of you are not from the state of Michigan, but whatever I'm saying about the state of Michigan—if you're from Pennsylvania or Maryland, whatever—there's a budget crisis going on, because out of the 50 states in the United States, 46 have severe budget crises, and it's getting worse in most of them.

Before he left office, Michigan Gov. John Engler announced that there would be a budget cut of \$460 million. Then he left office, and he was a Republican, and Governor Granholm comes in, Jennifer Granholm, who is a Democrat. And she then looks at a deficit of potentially \$1.8 billion. So this is what she says at the end of December: "We're going to have to cut into the bone, maybe amputate a limb or two." And then, Granholm set up, what she called "budget SWAT teams." And she said, "Just because a Democrat is in office, doesn't mean that manna will fall from Heaven. We're going to cut, and it may be painful for the first couple of years." She's already thinking two, three years. "They will be lean, but not mean."

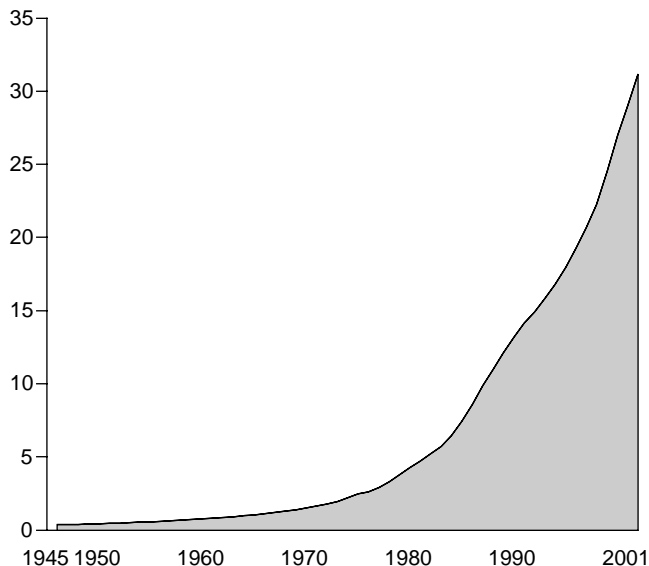
Now, what has she cut? Well, as a result of Engler's cuts (the Republican), and Granholm's cuts (the Democrat), they are going to be cutting community health programs: \$83 million; state police: \$4.3 million; higher education: \$52.3 million; Department of Corrections: \$12.6 million; Family Independent Agency: \$8 million, and so forth. This is going on across the country. In California, the budget deficit is \$34.8 billion. In Texas, the deficit is \$8-12 billion. And cities across the state are facing the same situation as the state is in Michigan, and in every place across the country.

Now, why is this happening? Because the revenue base collapsed. Because as we're now about to see, the economic-activity level dropped; if people are not employed, guess what? They pay smaller income tax, or none. If corporations are shutting down, guess what? They pay less corporate taxes, and so forth. Now, how are you going to solve this by budget

FIGURE 5

Total U.S. Debt

(\$ Trillions)

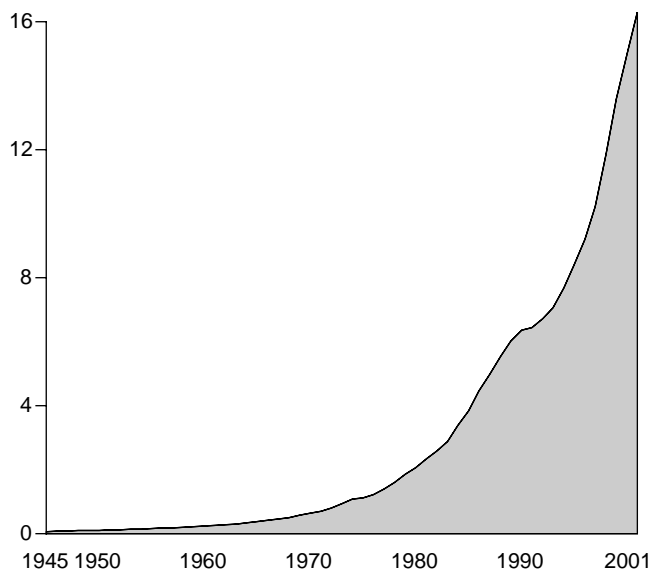


Sources: U.S. Federal Reserve Board of Governors, "Flow of Funds Accounts"; Office of Management and Budget, "Budget of the United States"; *EIR*.

FIGURE 6

**U.S. Business Debt
(Non-Financial and Financial Businesses)**

(\$ Trillions)



Sources: U.S. Federal Reserve Board of Governors, "Flow of Funds Accounts"; Office of Management and Budget, "Budget of the United States"; *EIR*.

cutting? The Economics 101 textbooks tell you: "Cut the budget." They are incompetent. They are genocidally incompetent. Because to the extent that you have a Federal or state or city budget, it keeps economic activity alive, and keeps people alive. If you cut that, the economic activity will drop further! Which means, your revenues, that you get from taxing people from their jobs and businesses, will fall further. So you can't solve it that way.

How do you, in the state of Michigan, however, solve the crisis? What do you do? You can't. You have to generate revenue across the country. You have to regenerate factories, regenerate farms. That cannot just be done on a statewide basis.

Deeper in Debt

So, let's take a look at a few features of the economy. This is total U.S. debt (**Figure 5**), at the end of 2001: It was \$33 trillion. It's now slightly higher. This is all types of debt. This is business debt (**Figure 6**). Business debt in the United States is \$16 trillion. This is all types of government debt: state, local, Federal (**Figure 7**). This is over \$7.5 trillion. And the third part of debt is household debt, and household debt is \$8.4 trillion (**Figure 8**). So American households have \$8.4 trillion of debt. As you can see, a good part of this is mortgage debt—people borrowing to buy homes. And I'm just going to highlight the mortgage debt for you.

This is U.S. mortgage debt—\$6 trillion. Now, this reflects something that's not necessarily healthy. Because what's been happening is, you have a housing bubble. In Northern Virginia, where I'm from, there's a county called Arlington County. And in late 2000, the average price of a house in Arlington County was approximately \$240,000. Today, the average price of a house in Arlington County is \$420,000. Now, the value of the house has really not gone up \$180,000. You're not going to tell me that the beams in the floor have really gotten that much better, or the sink faucet functions that much better that it's worth \$180,000 more in the course of two years.

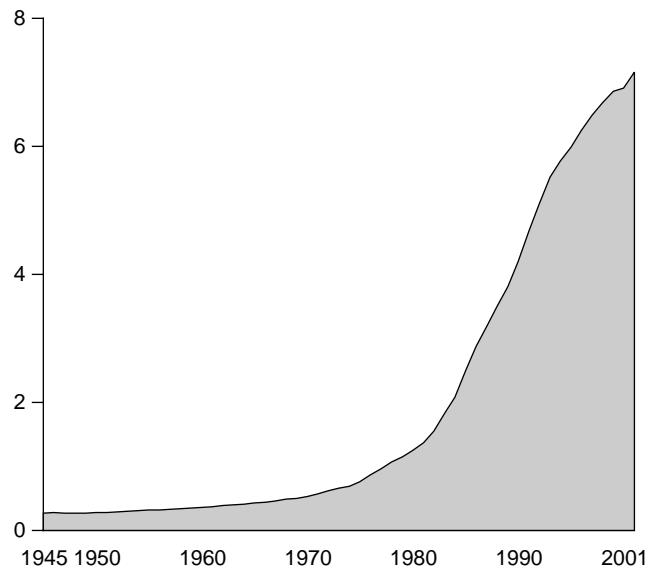
Now, two things: A lot of people can't afford these houses, clearly. If a house payment is supposed to be 27-28% of your income, and you're receiving the average income in America, which is annually about \$35-42,000 per family, that would consume 44% of your income. So you can't move into a \$420,000 house. You'd have nothing left to pay for clothing, for food, and anything else. So, this is priced out of range for most people.

But what's happened is, car sales and housing, are two of the only elements that are moving in the U.S. physical economy. We're about to see that almost everything else is collapsing. And Alan Greenspan is very intent on making sure that the housing market is kept going at all costs, not only to

FIGURE 7

All Government Debt (Federal, State and Local Gov't)

(\$ Trillions)

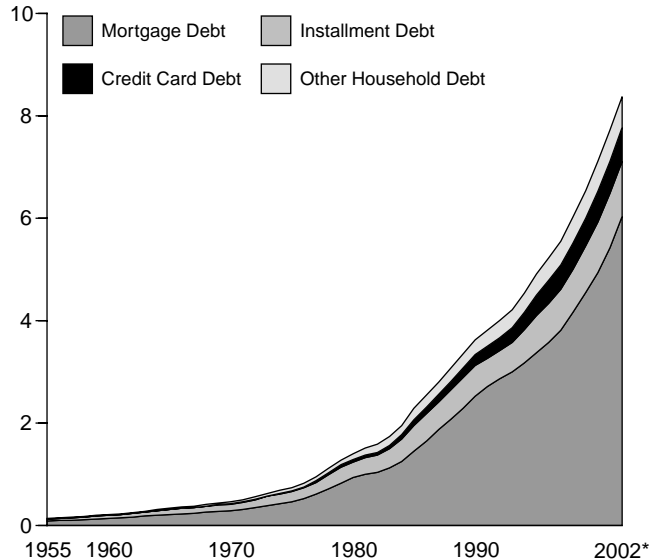


Sources: U.S. Federal Reserve Board of Governors, "Flow of Funds Accounts"; Office of Management and Budget, "Budget of the United States"; *EIR*.

FIGURE 8

U.S. Household Debt Surges to \$8.4 Trillion

(\$Trillions)



*Projection, based on first three quarters

Sources: Federal Reserve Board of Governors *Flow of Funds*; *EIR*.

keep housing going, but as we're going to see in a second, people are borrowing against their houses—what's called "cash-out refinancing"—to get loans, which they use for consumer spending. . . .

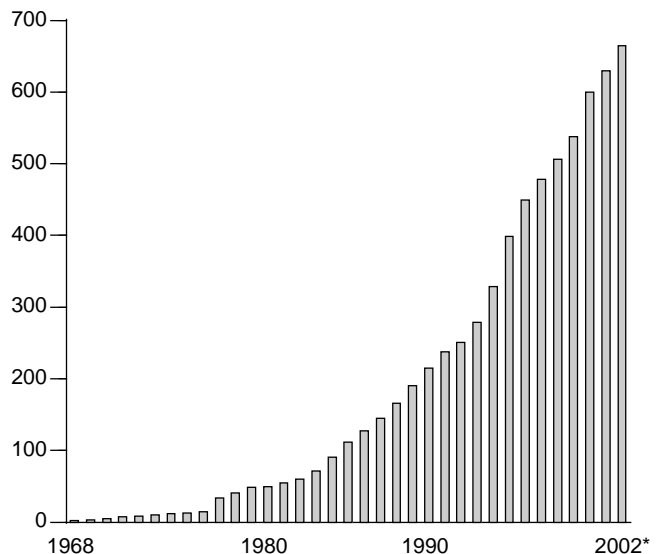
Now, let's just look at credit-card debt (**Figure 9**). Credit-card debt didn't even exist before 1968. And we'll see, in 1990, it was approximately \$234 billion. It is now \$660 billion. It has tripled. Now, there's a myth about credit-card debt. It is true: Some people will buy very expensive things; that is *not* however, what most people use credit cards for. Most people use credit-card debt to survive. There was a study done by Harvard, and they studied bankruptcy filings involving credit-card debt. And they found, that in the year 1999, of the filings, 40% were medically related. Because what tends to happen is, you either don't have medical insurance, or you get hit by an expense that's \$10,000 or \$15,000 above what your health maintenance organization (HMO) is going to cover. You put it on your credit card. You try and survive. . . . For most people, in the 80% lower-income bracket in the United States—they're using credit-card debt to pay, sometimes, their mortgage debt; to pay medical expenses; they bought their car on a credit card; some people buy their food on a credit card, not just because it's a convenience: That's the only way they can buy food.

So, let's look at how much of a balance you have when you

FIGURE 9

U.S. Credit Card Debt Tripled Since 1990

(\$ Billions)



*Projection, based on first three quarters

Sources: Federal Reserve Board of Governors, *Flow of Funds Accounts*; Consumer Federation of America; *EIR*.

TABLE 1

Credit for Consumer Spending Rises Sharply, 1991-2002

(\$ Billions)

Year	Credit Card Debt	Combined Installment Debt and Other Household Debt	Cash from Cash-Out Refinancing	One-Half Value of Home-Equity Loans	Real Consumer Spending Credit Level
1991	\$22.6	\$-34.6	\$10.0	\$10.2	\$8.2
1992	13.2	-8.1	10.0	-0.4	14.7
1993	28.3	28.3	16.1	-3.7	69.0
1994	50.1	71.6	11.7	8.1	141.5
1995	69.8	65.6	11.1	12.5	159.0
1996	50.2	39.0	17.2	24.4	130.8
1997	28.9	29.1	23.1	39.0	120.0
1998	28.3	46.2	41.8	30.3	146.6
1999	31.7	67.1	36.7	28.0	163.5
2000	62.0	82.3	20.6	48.9	213.8
2001	29.9	77.4	83.7	34.4	225.4
2002*	34.9	52.1	115.0	66.8	268.9

*Projection, based on first three quarters of 2002

Sources: Federal Reserve Board "Flow of Funds Accounts"; Federal National Mortgage Association; Federal Home Loan Mortgage Corporation; *EIR*.

have a credit card (**Table 1**). Eighty percent of the population have credit cards, and a certain percent of them always pay it off on time. Well, in 1980, the average outstanding balance was \$1,700 per household. It's now \$11,784. The interest on that is \$1,600 a year, and if you're poor, you usually can't pay it. Which means you borrow on another credit card, fifth or sixth credit card. And you "capitalize" the interest. So if you owed \$11,784, and you had \$1,600 in interest, next year you owe \$11,784 plus \$1,600—that is roughly, \$13,300. It just keeps accruing.

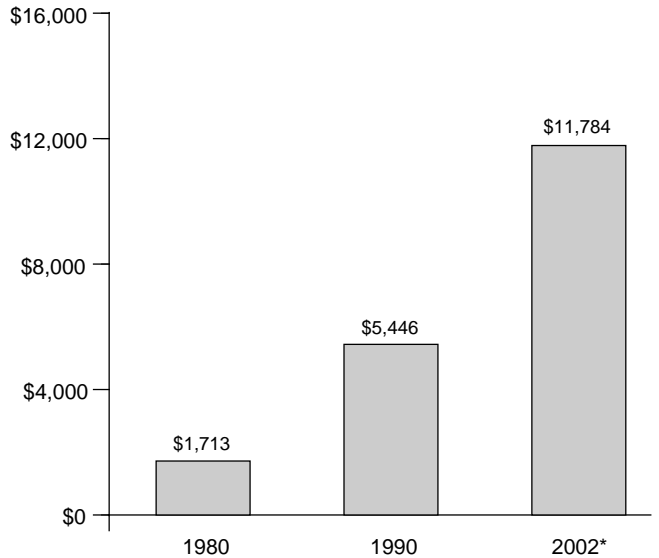
When You Can't Pay

Now, what I want to show you, is that this all has a limit. We'll discuss the post-industrial society in a second, but I want to get you a sense of this debt. Our nation has \$33 trillion in debt. America will say, "Ah, Brazil—they're so irresponsible. They have \$550 billion in debt." We have *\$33 trillion!* We're the grandmother of all debt in the world. And we can't pay it! What happens when individuals can't pay their debt? They file for bankruptcy.

This is the total debt that you borrowed on your credit card (**Figure 10**), and the total debt that you borrowed from installment loans, like when you buy a car, say, for 48 months. This is the debt from cash-out refinancing, and the last column is a home-equity loan, which is not cash-out refinancing, because you're not borrowing new debt, you're borrowing against the equity in your home. You're not refinancing your

FIGURE 10

Credit Card Balances Outstanding, Per Household With a Credit Card Balance



*Projection, based on first three quarters

Sources: Federal Reserve Board of Governors, *Flow of Funds Accounts*; U.S. Department of Commerce; Consumer Federation of America; *EIR*.

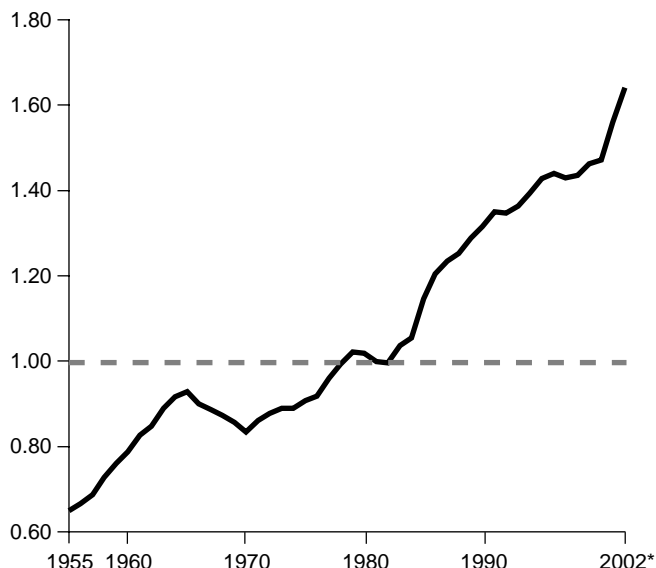
old mortgage. And Greenspan has admitted that half of all the borrowings that people get when they get a home-equity loan—they don't spend for home improvements. And the bank knows that. Households are using it for consumer purposes. It's a cheaper method than going to a credit card. In other words, if your house is worth \$150,000, and \$80,000 is in debt, then \$70,000 is free and clear. That's called equity. So you borrow against the \$70,000, but you don't use a lot of that for your home; you use it for other purposes.

So, working on the assumption that half of all the home-equity loans were for consumer spending, we counted that. These four categories: credit-card debt, installment debt, cash-out refinancing, and half of home-equity loans, total \$8 billion in 1991. Last year, they totalled \$268.9 billion. Just a huge amount of credit going into keep this economy going. People's incomes are falling, so they're borrowing against their homes; they're borrowing any which way. But you have a bubble. It's a huge bubble. The more you borrow, the more you're into debt.

Now, most of these figures I'm showing you, I got from the Federal Reserve—the basic numbers—from the Federal Reserve, the Commerce Department, the Department of Labor, and so forth. All of these are out there. You can get them, and I could show anyone who wants to, where you can get them, where we get them from. That's not a mystery. These things could be done by competent economists, but they don't do it, for the most part, because if they said, "Where are we

FIGURE 11

Ratio of U.S. Household Debt to Total Wages and Salaries

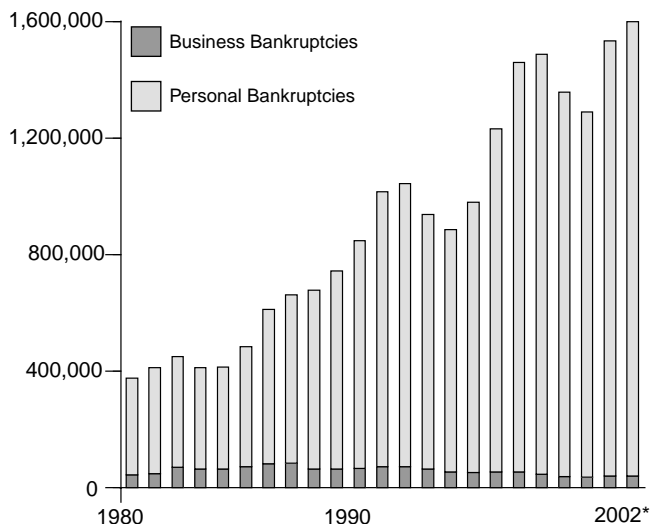


*Projection, based on first three quarters

Sources: U.S. Federal Reserve Board of Governors; U.S. Department of Commerce; *EIR*.

FIGURE 12

Bankruptcies Swell Five-Fold Since 1980



*Projection, based on first three quarters

Source: American Bankruptcy Institute.

in the economy?" they might get very frightened. And then it would require a solution, which is not the simple, standard, stock solutions that they usually resort to.

The point is, you have to face the truth first, so that your mind is freed up, so that you make comparisons like this, because you know they're important. If your mind is not freed up to do it, you won't do it.

This is a ratio of household debt to wages and salaries (**Figure 11**). In 1995, we had 65¢ of debt for every dollar in household income, wages and salaries. Now we have \$1.67 in debt for every dollar in wages, meaning the debt is larger than your wages. The total debt balance is now bigger than the wages that you have. And what's the result of that? Well, here's the result: bankruptcy (**Figure 12**). These are business bankruptcies, and they're not unimportant—this is a number, so it doesn't give you the dollar amount. Some of these bankruptcies like WorldCom, Enron, Adelphia, Kmart—they'll only count as one—so this is a number; it's not dollar value. But you can see, this year we only had the first three quarters of 2002—I project we're going to have 1.5 million people file for bankruptcy in 2002. In the last 12 years, one out of every ten American households filed for bankruptcy.

Now, I want to show you that for the whole economy. I showed you the total debt: \$33 trillion of debt; \$8.4 trillion household debt; and I gave you the breakdown of household

debt—credit-card debt, and so forth, mortgage debt—\$8.4 trillion of that \$33 trillion in total debt is household debt. Seventeen trillion dollars is business debt; \$7.5 trillion is government debt. Those three levels of debt each have payments. When the U.S. government goes into debt, it issues a Treasury Bond, which will have a yield of maybe 4%, maybe 5%. The government has to pay interest, on top of the principal. That's what it needs. You have a mortgage. Your mortgage has a certain level of interest payment that has to be paid. In fact, it has a very considerable level of interest payment that has to be paid.

How much is the debt service? Now, debt service is the interest you have to pay every year, plus a portion of your principal. The way to think of it is this: Let's say you have a 15-year mortgage on your house. On average, you have to pay 1/15th of the principal back every year, so that at the end of 15 years, you've paid it all back. It's not scheduled that way. You pay more of the principal at the end, more interest in the beginning. But effectively that's how it works.

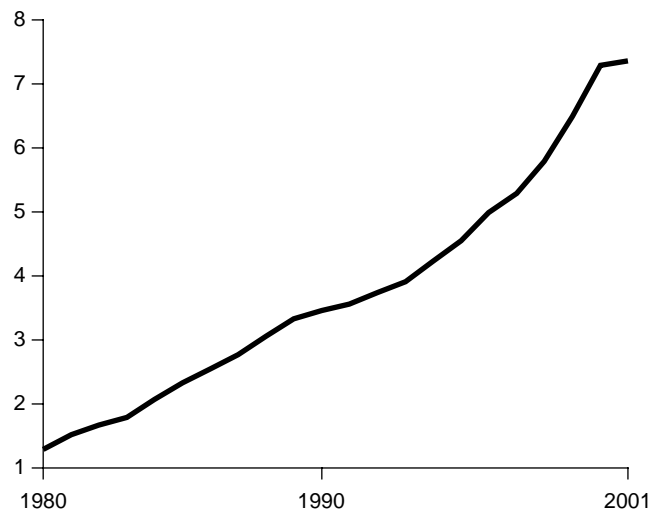
So, I showed you the \$33 trillion of debt the U.S. economy has. This is the debt service that it has (**Figure 13**). Principal and interest have risen from slightly over a trillion in 1980; last year, it was \$7.36 trillion. Now, \$7.36 trillion in interest and principal. *That's 72% of GDP.*

This is debt service as a percent of GDP (**Figure 14**). In other words, the interest and principal has to be paid each year by households, by business, and by government, expressed as a percent of GDP. Seventy-two percent. That means, that

FIGURE 13

U.S. Debt Service, Per Year (Principal Repayment, plus Interest)

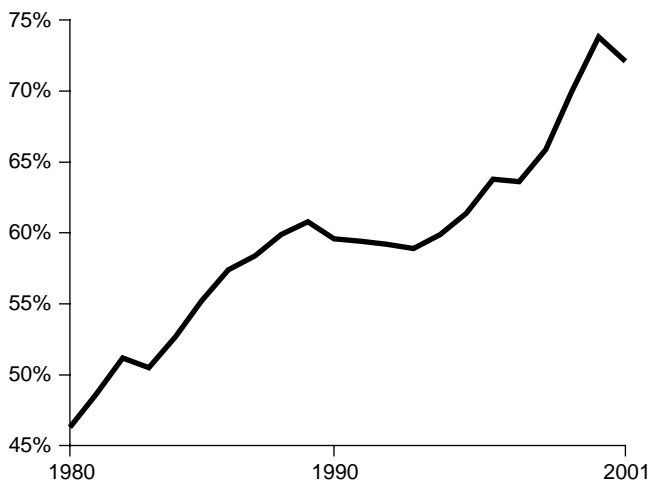
(\$ Trillions)



Sources: U.S. Federal Reserve Board of Governors, "Flow of Funds Accounts"; Office of Management and Budget, "Budget of the United States"; Mortgage Bankers Association; Thomson Financial Services; *EIR*.

FIGURE 14

U.S. Debt Service as a Percent of U.S. GDP



Sources: U.S. Federal Reserve Board of Governors, "Flow of Funds Accounts"; Office of Management and Budget, "Budget of the United States"; Mortgage Bankers Association; Thomson Financial Services; *EIR*.

if this debt were actually to be paid back, you would have to take three-quarters of all the shoes, the clothing, the cars—everything produced in America—and take it, and simply transfer it for debt payment. There would be very little left for human existence. This debt cannot be paid, and human existence continue. Remember that Triple Curve I showed you in the beginning, where I told you that the financial aggregates was growing, and sucking out the life of the underlying physical economy? That's what's happening. It's a cancer.

Post-Industrial Society

Now, how did we come to this? And then I want to show you the physical effects.

This is what's called the "post-industrial society." This was a policy by the same utopians who are pushing for war, not just war against Iraq, but war against Iraq, against Syria, against Lebanon, against Iran—same group. And in fact, this breakdown crisis which we are looking at here is the driving force behind that war. . . .

Now, the people behind that utopian strategy, which launched this, are the same people who launched the post-industrial society. This was done out of the Ford Foundation and other groups of people. . . . The Ford Foundation came out with a document in the '60s. And they called it the "Triple Revolution." Here's what it said: America is so developed economically, so developed industrially, and so developed agriculturally, we don't need an agricultural or manufacturing

economy any more. We'll become a post-industrial society. We're past the phase of industry. And we will then use financial services and other services—we'll become a service economy, principally financial services.

This was a blueprint, and they instituted it. And they instituted it through a series of measures. One of those measures was, when President Richard Nixon, on Aug. 15, 1971, took the dollar off the gold-reserve system. Which meant that now the dollar was no longer a currency that was tied to something. Gold is not a magical anything, but it gave a certain discipline to the dollar. You couldn't issue unlimited amounts of dollars before then. After Aug. 15, 1971, you could. And the dollar started flowing around the world into various speculative instruments. It also meant that Nixon was putting an end to the Bretton Woods system which Roosevelt had put together in 1944 for the development of the world. That's Aug. 15, 1971.

October of 1979: There is a policy group called the Council on Foreign Relations. It's a group of East Coast bluebloods. It's supposed to be a liberal establishment. And they come up with policy formulations. In the 1970s, they did a study called *Project 1980s*—they put out a volume called *Alternatives to Monetary Disorder*. And in the volume, which was written by a guy named Fred Hirsch, former editor of the London *Economist*, they used the phrase "controlled disintegration." And what it says, is that the economy will disintegrate, and there will be price-shocks; there will be interest-rate shocks; and it will disintegrate to zero growth, and ultimately, negative growth. But from the standpoint of the oligarchy, it will be controlled. . . .

Now, this *Project 1980s* was like a crystal-ball gaze: What

will the 1970s and 1980s look like? However, this was a very powerful group. They weren't just crystal-ball gazing. They had the power to institute what their blueprints said. Who were some of the people in the *Project 1980s*? Cyrus Vance, Zbigniew Brzezinski, Michael Blumenthal, Paul Volcker. In 1977, perhaps the worst President of the 20th Century—or certainly up there—Jimmy “Cah-tah,” peanut farmer, was just picked up. You’ve got to remember, in 1976, Gerald Ford was tarred and feathered with the Nixon Watergate scandal.

So, what do you remember about Jimmy “Cah-tah”? He smiled, he walked around smiling. He didn't say much. He just smiled. He was not Nixon. That was the way he ran his campaign. But he was picked up by David Rockefeller, put in by David Rockefeller. Who was Carter's cabinet? Cyrus Vance: Secretary of State, *Project 1980s*. Zbigniew Brzezinski: National Security Advisor, *Project 1980s*. Michael Blumenthal: Treasury Secretary, *Project 1980s*. And then, in 1978, one year into office, he appointed Paul Volcker, *Project 1980s*, as Federal Reserve Board chairman. Now, in England, in November of '78, Paul Volcker began his speech quoting Hirsch's statement: “I believe controlled disintegration in the world economy is a legitimate objective for the 1980s.”

The Final Phase

And then, in October of '79, Volcker begins raising interest rates through the stratosphere—which the Federal Reserve can do. Greenspan's lowering them—they can lower or raise them, as they see fit. So that by December of 1980, the prime lending rate was 21.5%. Now, he said he was fighting inflation. But, what happens with a 21.5% interest rate? Industry buckles. You can't run a steel industry borrowing at 21.5%. You're not going to get a profit rate of 23% so you can borrow at 21.5% and pay back the money. You can't run a machine-tool shop, borrowing money at 21.5%.

The Third World just completely buckled, because their debt is pegged to the U.S. prime rate. And they don't even get prime. They pay above prime. They were paying 23-24%! Do a simple calculation: At 24% interest rates, in three and a half years, your entire debt doubles! That's why the Third World debt doubled in the 1980s. The bankers say, “Oh, these Third World countries—they're all so lazy. These non-whites—they're all so lazy.” This was because of Paul Volcker!

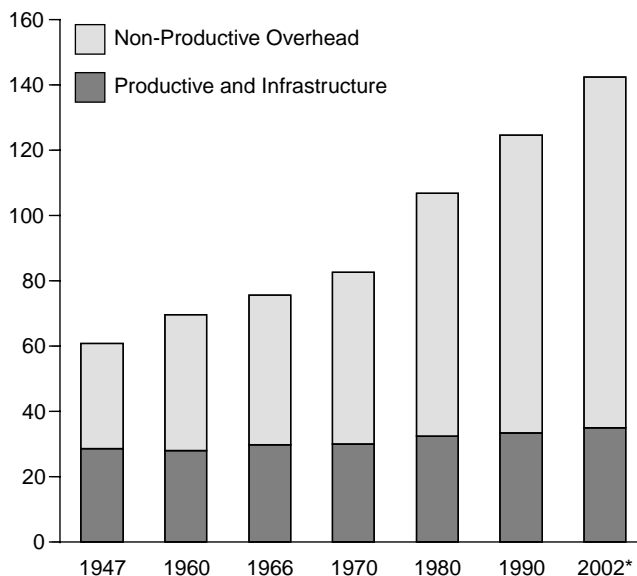
But what happened in America is crucial. The U.S. industrial belt just collapsed. The machine-tool concentration in the United States is in New England—Vermont, Massachusetts, Connecticut, and the Midwest—Michigan, Indiana, Ohio, Pennsylvania, Illinois. That's where we produce machine tools, and they are the most critical section of your economy. Between 1979 and 1985, some 53% of all machine-tool shops in the Midwest closed their doors, *and never reopened*. You would see pictures of steel plants being blown up. They would just blow up the blast furnaces. This was controlled disintegration, by Paul Volcker, the Federal Reserve Board chairman, under President Jimmy “Cah-tah.”

Then, the last phase of this is Reagan, who reminded peo-

FIGURE 15

U.S. Labor Force: Non-Productive Overhead Grows

(Millions of Workers)



* Estimated

Sources: U.S. Department of Labor, Bureau of Labor Statistics; EIR.

ple of their grandfather. He's going to be very decent with the Strategic Defense Initiative in 1983, to render nuclear weapons impotent, but he knew nothing about economics. He was an ideologue. If you just simply said, “free enterprise,” his eyes would glaze over and he would sign anything. So, they passed the Kemp-Roth tax bill in 1981, which creates all these speculative bubbles for real-estate partnerships. In 1982, you have the Garn-St Germain bill, which deregulates the banking system, which means anything goes in our banking system. That produced the savings-and-loan crisis of the 1980s.

Carter had also deregulated, between 1977 and 1980, the rail industry, the airline industry, and the trucking industry, industries which are now all undergoing disintegration from deregulation.

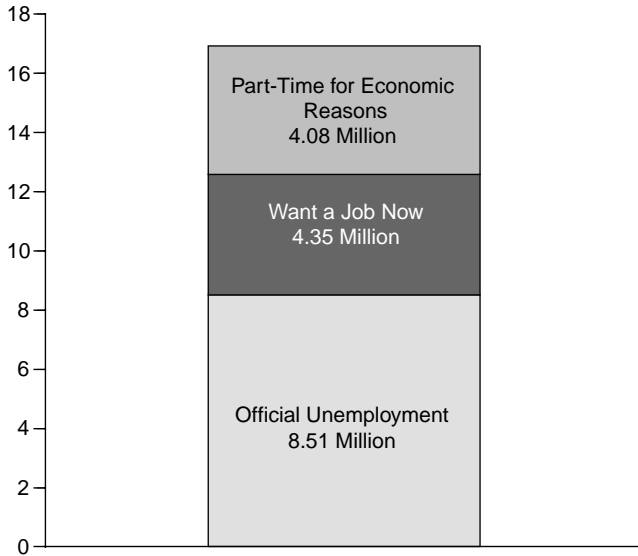
So, what you have is a policy, a post-industrial society. But then you take the dollar off the gold-reserve standard in 1971; '79: raise interest rates through the ceiling; banking deregulation in '82, and so forth; and you've instituted it.

Just take a look at what really happened to the U.S. economy. Here's the U.S. labor force (**Figure 15**). Now the thing you have to understand about a labor force is this: This is your productive and non-productive. What's crucial in economics? Prices? Demand? Supply? Okay. What's crucial in economics is the human mind. That's the starting point of all economics, because it's the human mind which creates, that cognitive

FIGURE 16

Real Unemployment Was at Least 16.94 Million, November 2002

(Millions of Workers)



Sources: U.S. Department of Labor, Bureau of Labor Statistics; *EIR*.

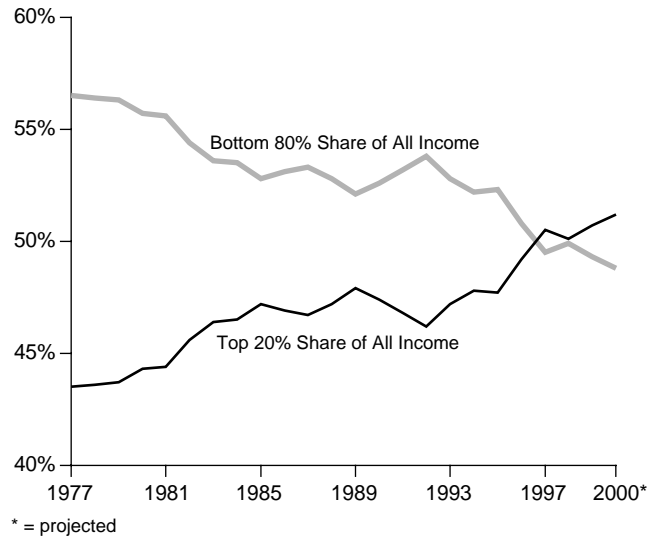
ability which is educated, and educated properly, to develop new conceptions which did not exist before. New conceptions about science, new discoveries of scientific principle, new conceptions in art, in music. Look at the work of Beethoven: one discovery after another. In poetry: Shelley, Keats, Schiller. And so forth. It is man in the image of God in the best sense. And there was a void. And out of nothing, God *created* the world. He is the Creator, the Composer. And the part of man which is like God is not the fact that we have a beard or something. What makes us in His image then? That ability to *create*, as in the beginning, God created the universe. You create a conception which did not exist, which has importance to the contribution of the human race. And you create entire technologies where none existed before. . . .

Real Unemployment

This is the unemployment rate; this is official unemployment (Figure 16), 8.5 million, as of November. But you have two other categories. There's a group at the Department of Labor—the Bureau of Labor Statistics—and that's who puts out the unemployment rate figures. And they have a category that they call "Want a job now." Here's how that works: Let us say you worked at GM, assembly work. You earn \$23-25 an hour, plus health benefits and so forth—your total package came out to about \$35-38 an hour. You get laid off. A BLS surveyor comes to your house, and says, "Have you looked for work?" You say, "Well I did, the previous eight weeks,

FIGURE 17

Top 20% of Population Have More Than Half of All After-Tax Income



Sources: Congressional Budget Office; *EIR*

but the only thing I found was McDonald's and Wal-Mart, and I'm really not interested in doing that. I have a certain skill, and I also have a certain income level I need."

"So, you looked for eight weeks, but the last three weeks you haven't been looking." What's the secret of "Want a job now"? It's in a category called "Not in the labor force." To be "unemployed," you have to be in the labor force. So they take you, and they say, well, if the person's not actively looking, that person is "not in the labor force." The Catch-22 is, you have to be in the labor force to be counted as unemployed. So they don't count you as unemployed. It's like they put you on a chute to oblivion. You're out of the labor force.

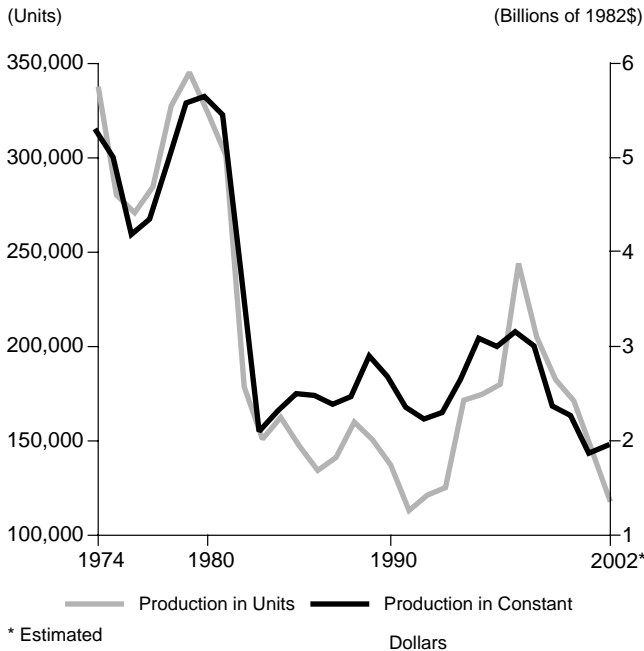
There are 4.35 million people in November who "want a job now," of the type I described in "others," who are not counted. There's another 4.08 million who are part-time for economic reasons: That means, if you want a job, but you cannot work 35 hours, you may be working two or three hours, or five hours a week—they call you part-time for economic reasons—meaning your job's not there. If you got a job for five hours a week, they count you as employed. If you work one hour a week, you're counted as employed. Well you're really not employed if you're working five hours a week. You're not going to pay the mortgage on the \$430,000 home in Arlington, Virginia. . . .

Now, on income: This shows you that the top 20% of the population, after taxes, earns more income than the bottom 80% (Figure 17). That's how income actually works in America.

Now, let's get at this question, which I think is essential.

FIGURE 18

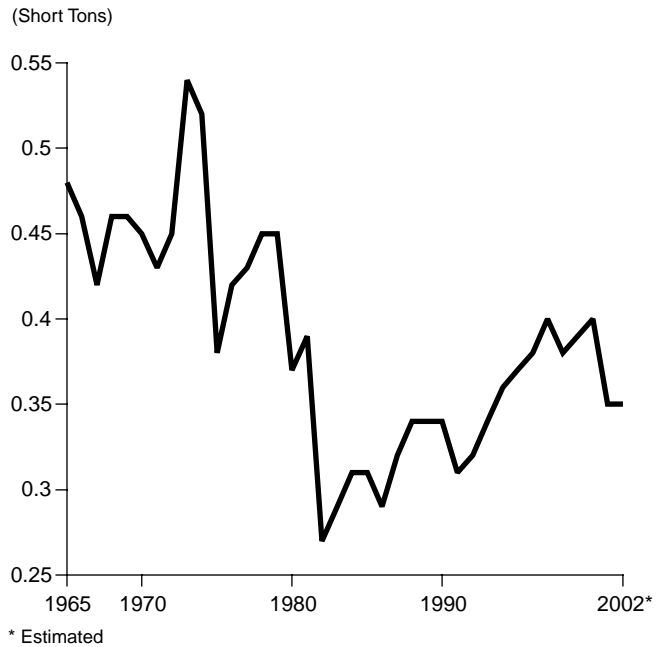
U.S. Machine-Tool Production



Sources: Association for Manufacturing Technology; EIR.

FIGURE 19

U.S. Finished Steel Production, Per Capita



Sources: U.S. Iron and Steel Institute; U.S. Department of Commerce; EIR.

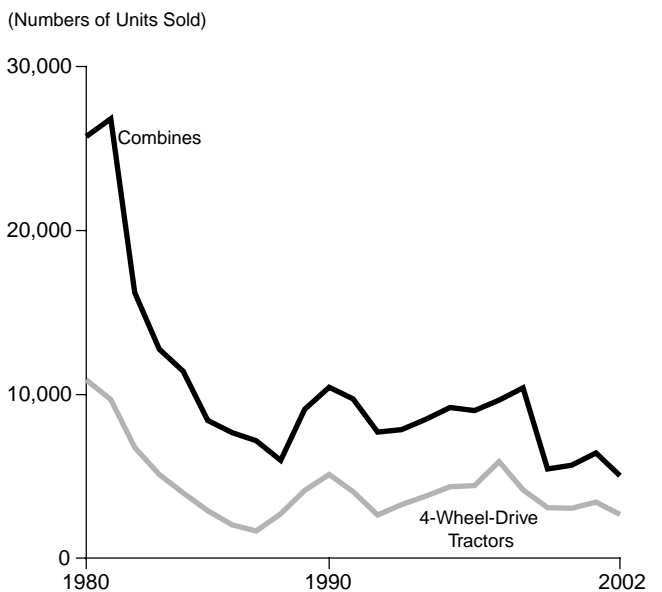
Let's look at U.S. machine-tool production (**Figure 18**). This follows a very interesting pattern. In 1979, with a delay of 18 months, look what happens: This is machine-tool production in units; this is machine-tool production in dollars, constant dollars. I did both, because someone could say, well, you know, we're producing fewer machine tools, but they're of a more high-technology quality, which means that they're more expensive. And that should show up in dollars. The fact that both dropped tells you what's going on. We were producing 350,000 units. Here's the Volcker action, October of 1979 through '80 and so forth. We are now producing 140,000 units. Our production has fallen over 60%, almost two-thirds.

Machine-tool production is one of the best barometers of an advanced economy. What is a machine tool? A machine tool is a machine that makes other machines. Like a stamping machine, a boring machine, a drilling machine. But what is it really? When Roosevelt wanted to build up the war economy in '39-40, he couldn't do it immediately. Or, when he knew we were going to enter the war, because we didn't have enough other machines. But you have to make those other machines first, and for that you need a machine tool. At the highest level, a machine tool is a conception. It's a means by which you can take the most advanced scientific conception, incorporate it into a machine, and transmit that conception to the rest of the economy.

In other words, let's say you're a scientist, or an engineer,

FIGURE 20

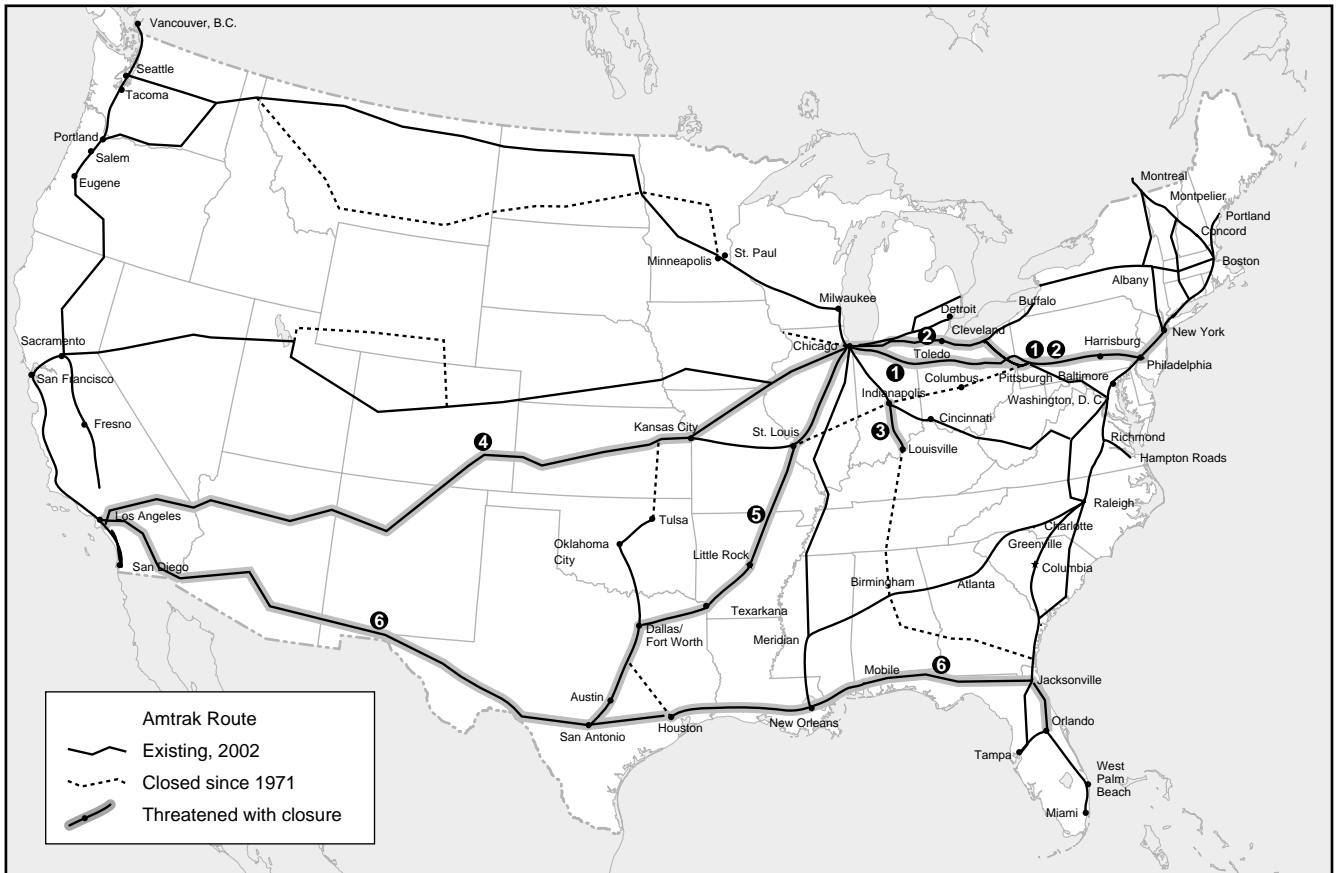
Sales of 4-Wheel-Drive Tractors and Combines



Source: Association of Equipment Manufacturers.

FIGURE 21

Major Amtrak Routes—Close and Threatened with Closure



Source: Amtrak (1971, 2002); EIR

and you have a very advanced idea. How do you get it into the physical economy? Through the machine-tool-design sector. It's the most critical sector of the economy. Because you literally design the machine tool, which has this sort of capability, and then it physically impresses into other machines this advanced scientific conception. And for America to have its machine-tool design sector fall by *two-thirds* tells you what I started to say in the beginning.

Now, this is finished steel, per capita (**Figure 19**). You can see that it's fallen by over 40%. Let's take the production of something that's crucial for farming: combines and four-wheel-drive tractors (**Figure 20**). The number of combines has gone from about 27,000 down to about 8,000. Completely collapsed.

So, what you have, is that the U.S. physical economy has completely collapsed. GDP is a total fraud. What GDP measures is revenues. But if you increase the speculative side of the economy, your finance, your insurance, your real estate, that's what grows. So, as the cancer grows, GDP grows. But

your *physical economy*—the economy on which human existence depends, is collapsing. That's the reality of the United States.

The Infrastructure Gap

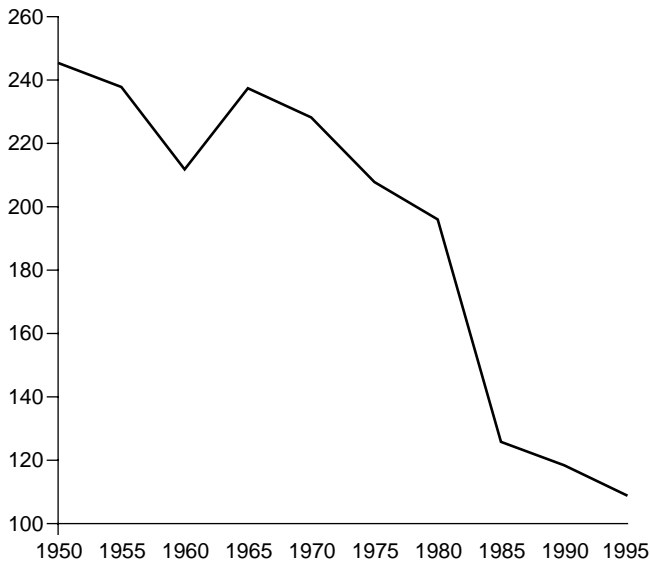
Now, what about our infrastructure? Let's look at rail. In the United States, our rail network has simply been ripped apart. And that's something you can't import. In 1980, after the deregulation of the railroads, and after the Volcker actions, in 1980, we had 458,000 rail workers. Today, we have 168,000, a drop of 63%. In 1980, there were 164,000 miles of rail trackage in the United States. Today, there's less than 99,000. That is, the railroads had literally been ripped up, so that we have lost more than 40% of our rail trackage. In 1980, there were 1.1 million freight cars; today, 560,000. A fall of 50% . . .

Our passenger rail: This is Amtrak (**Figure 21**). They're now proposing to cut this (marked routes). Those routes may be eliminated.

FIGURE 22

U.S. Per-Capita Industrial Water Use, 1990-1995

(Gallons per Day)

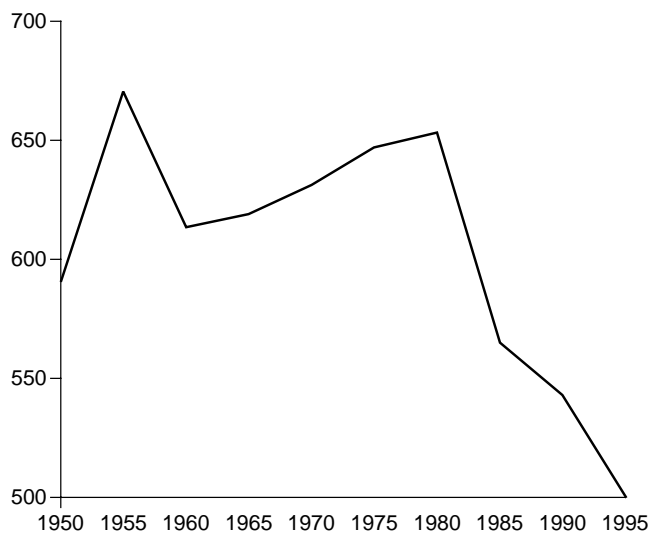


Source: U.S. Geologic Survey.

FIGURE 23

U.S. Per-Capita Irrigation Water Use, 1950-1995

(Gallons per Day)



Source: U.S. Geologic Survey.

Look at our ports, locks, and dams. Forty-five percent of our dams are over 50 years old. They do not function. You cannot move certain goods through our lock-and-dam system in the United States.

Water use: This is the per-capita use of water for industrial purposes (**Figure 22**). This has just completely collapsed. This is the water used for irrigation (**Figure 23**). Completely collapsed.

Hospitals: This is the number of beds per person (**Figure 24**). During the period of the Hill-Burton law, which was passed in 1946, as part of the Roosevelt thrust, which started building up the number of hospital beds—since this time, and the post-industrial society, hospital beds per capita are below where they were in 1950s.

Schools: According to the National Education Association, three-quarters of the school buildings in the United States are inadequate, physically.

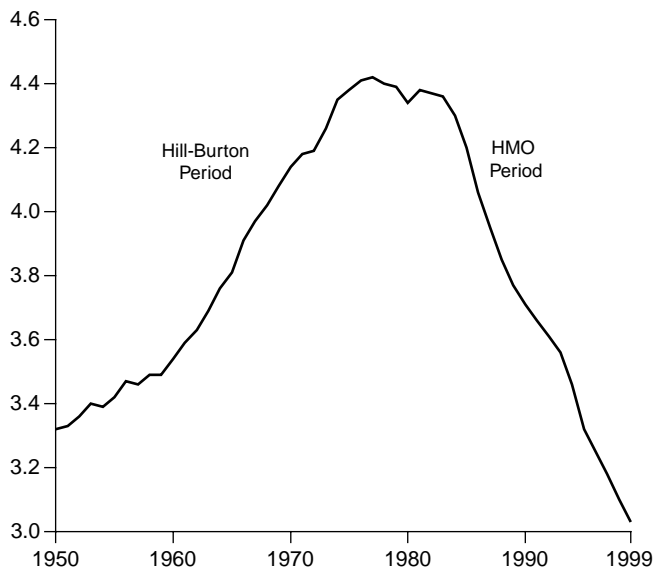
So, schools, hospitals, our airline system—United went under, second-largest airline in America; US Airways went under last year, seventh-largest airline. . . . The entire grid of infrastructure is collapsing. . . .

At this point, in this crisis, everything is coming down. LaRouche’s solution is not one of five or six solutions that may sound great. LaRouche’s solution is the *only* solution. And therefore, if you see it that way, then you will see what’s so important about his candidacy for President of the United States.

FIGURE 24

U.S. Community Hospital Beds, 1950-1999

(Per Thousand Persons)



Source: U.S. Statistical Abstract.

Sting in the Tail of Timor's Independence

Australia has bullied tiny East Timor into giving up its resources—to Royal Dutch Shell.

Australian Prime Minister John Howard famously described Australia's role in securing East Timor's independence in 1999 as its most "positive and noble act in 20 years." On March 6, Australia collected on that "noble act," when it bullied its tiny, destitute neighbor into signing away its claims over tens of billions of dollars worth of oil and natural gas.

In 1999, during the East Timor crisis, Lyndon LaRouche's Australian associates, the Citizens Electoral Council (CEC), were a lone voice insisting that the push for East Timor's independence was an unbridled raw materials grab. In its September 1999 pamphlet, *Global Financial Crash Drives East Timor Crisis*, the CEC wrote: "The Australian government has continually proclaimed its intent to 'save lives,' 'protect human rights,' and 'secure justice' for the East Timorese. In fact, it seems much more interested in 'securing justice' for British and affiliated multinational oil companies, which plan to grab the vast hydrocarbon deposits in the waters off East Timor." The CEC quoted a senior City of London source, who said, "As long as East Timor remains in firm Indonesian hands, the oil will be controlled by the Indonesian state oil company, Pertamina. If East Timor becomes independent, BP and Royal Dutch Shell will be able to come in. The British are using Australia as a stalking horse for this."

After nearly three years of United Nations interim rule, East Timor achieved official independence on May 20, 2002. Within hours, Australia pushed East Timor to sign the Timor

Sea Treaty (TST), a new agreement to replace the old Timor Gap Treaty Australia had entered into with Indonesia, to govern the division of the oil and natural gas resources in the Timor Sea. The Timor Gap Treaty had divided the resources 50-50; the new TST divides the resources in East Timor's favor, 90-10. It covers the Bayu-Undan gas field, which has been estimated to contain 3.4 trillion cubic feet of natural gas, and has an estimated worth of \$15 billion.

The resource companies that have developed Bayu-Undan—Phillips Petroleum and Santos—have contracted to supply 3 million metric tons of liquefied natural gas (LNG) a year from this field to Tokyo Electric Power Company and Tokyo Gas for 17 years, commencing January 2006. East Timor is expected to receive tax revenues of \$5 billion over the life of this project. This represents many times its current annual budget of \$77 million—\$30 million of which comes from foreign aid—and is crucial to the survival of the world's newest nation, which suffers 80% unemployment, a 40% literacy rate, a per-capita GNP of less than \$340, life expectancy of 48 years, and an infant mortality rate of 135 per thousand live births, according to the Uniting Church of Australia.

Despite the generous terms of the treaty, there was a catch. Before East Timor would receive any revenue, Phillips' contract required ratification of the TST by Australia, by March 11, 2003. And Australia refused to ratify until East Timor consented to a separate agreement, giving Australia 80% of a neighboring gas field called

Greater Sunrise. With 8.35 trillion cubic feet of natural gas, Greater Sunrise is a far larger field than Bayu-Undan, and is estimated to be worth \$30-40 billion.

Without telling East Timor, which could have protested, Australia also secretly withdrew from both the International Court of Justice (ICJ) and the UN Convention on the Law of the Sea (UNCLOS), under which East Timor had an arguable claim to 100% of Bayu-Undan and Greater Sunrise. Because Australia no longer recognized the ICJ and UNCLOS, East Timor had no recourse to a court of arbitration, and was at the mercy of Australia's ultimatum: Either give away its future rights to Greater Sunrise, or immediately lose its revenue from Bayu-Undan.

In February, as the March 11 deadline loomed, an increasingly desperate East Timor Prime Minister Mari Alkatiri protested: "Australia knows these revenues are vital for us. . . . I am very surprised by their attitude. I never thought a democratic country like Australia would play this kind of role with a poor neighbor."

On March 6, East Timor caved in, and signed the Greater Sunrise agreement. That same day, after holding it back for ten months, Howard pushed a bill to ratify the TST through Parliament in just a few hours. Australian Sen. Bob Brown was ejected from the Senate for protesting that Howard had "blackmailed" East Timor.

Most revealing was Sen. Kerry O'Brien's report that the government's insistence that ratification of the TST be linked to the Greater Sunrise deal, was on behalf of Royal Dutch Shell. "The Sunrise venture partners [principally Shell] were insistent that the treaty not be ratified prior to [the Greater Sunrise deal] because *negotiating leverage would have been lost*," he said.

The Essential Fraud Of Leo Strauss

by Lyndon H. LaRouche, Jr.

March 5, 2003

The treatment of Plato in today's U.S. academic and related gossip-circles, is premised chiefly on two competing, Plato-hating schools of interpretation. The first, the pro-Aristotelean hoaxes of Britain's Benjamin Jowett et al.; and, the second, those such as one-time Chicago University figures Leo Strauss and his Allan Bloom, who are reputed to have derived their ill-deserved authority from the Marburg School of Ernst Cassirer et al. Strauss is notable for the extremes of his perversity, a trait leaning toward the outright philosophical fascism of Friedrich Nietzsche, Martin Heidegger, Karl Jaspers, Theodor Adorno, Hannah Arendt, and the Savigny-Schmitt school of law in Germany and the Americas.

This subject is of direct and implicit relevance to the case of the gangster-linked Democratic Leadership Council (DLC), a body which, ironically, used what are fairly described as "Brown Shirt" methods in its most recent attempts to suppress democratic political deliberation within the precincts of the Democratic National Committee.

The argument respecting Plato's work and the connection to the relevant DNC events, is explained here below. The first question to be answered is: How, in contrast to Jowett, Strauss, and their sundry dupes, are we able to determine the intention and meaning of Plato's dialogues? How can this be done as accurately, and also as efficiently, in literate German or English, as might be achieved from the Classical Greek? The answer to that question is demonstrated by use of the method which I prescribed as the starting-point for university-grade education of students in my youth movement today. The exemplary exercise is the student's original proof of the validity of Carl Gauss's 1799 exposure—in his original presentation of The Fundamental Theorem of Algebra—of the

fraud on the subject of the complex domain, perpetrated, most notably, by Leonhard Euler and Euler's protégé Joseph Louis Lagrange.

Gauss's 1799 demonstration, which defined the notion of the complex domain and laid the basis for the purely physical, anti-Euclidean geometry of Gauss's and Dirichlet's student Bernhard Riemann, exemplifies the essence of the method of Plato and his Academy, from the time of the collaboration between Archytas and Plato through the deaths of Eratosthenes and Archimedes. The Socratic dialectic, as illustrated by Archytas's construction of the solution for the Delian cube paradox, and by Plato generally, expresses a principle of knowable certainty of truthfulness, a method of truth which applies to all of the principal subject-matters of Plato's Socratic dialectical method.

The proposal that the university-level education of the members of my international youth movement should proceed from the Platonic implications of Gauss's 1799 exposure of the willful hoax by Euler and Lagrange, was based on the presumption, that the first condition to be met on the entry to higher education, is a sense of certainty respecting the axiomatic difference between mere learning and actual knowledge. "Mere learning" is often assumed to be merely identifying terms, or demonstrating the ability to make a plausible deductive exposition of a learned statement or series of statements. (Or, to pass a computer-scored test based on pre-rehearsed answers to the elements included in a multiple-choice questionnaire.) The use of the term "knowledge" should be restricted to the implications of the proposition: "Can you construct a physical proof of the existence of the process you purport to describe?" Archytas's construction of the solution for the doubling of the cube illustrates the essential point of that distinction between mere learning and actual knowledge.



As always in periods of crisis, the understanding of Plato is critical to the most important political battles. The fraud about Plato originating with the late Leo Strauss (right)—intellectual godfather of all the neo-conservative “chicken-hawks” of the Bush Administration—“is of direct relevance to the case of the gangster-linked Democratic Leadership Council” as well, the faction which is trying to split the Democratic Party in support of the neo-conservatives’ imperial war strategy.

The absolute coherence of Plato’s method for addressing matters of social relations, with the same dialectical method applied to matters of principles of physical geometry, constitutes a universal method of attaining truthful knowledge. In all relevant cases, the “meaning” of Plato’s dialogues is shown by applying this understanding of his dialectical method, whatever the subject-matter immediately at hand. The contrary views of Jowett, Strauss, Bloom, et al., are simply the kind of rubbish which gains currency among dupes through the substitution of some doctrine of mere “learning” (e.g., “the academic interpretation of academic interpretations”) for a truthful standard of constructable knowledge.

The Science of the Mind

The geobiochemist Vladimir I. Vernadsky employed experimental methods to demonstrate that, in effect, the known universe is composed of three distinct, but multiply-connected phase-spaces. So, he defined the universe as such a multiply-connected manifold of the respectively abiotic, living, and spiritual domains. Each of these domains is defined as distinct from the other by applying the standards of experimental physical chemistry (geobiochemistry) to show that living processes produce physical products not generated by abiotic processes, and that the creative mental activity of the individual human mind generates physical effects not produced by either abiotic processes or other expressions of living processes.

By spiritual activity—the quality of creative mental activity which discovers a pre-existing universal physical principle—mankind is able to wield such discovered, pre-existing universal principles to change the universe in ways which would not occur otherwise in that universe. The principle so applied is not new; but its willful application to the universe under the willful direction of the human mind creates a new

condition within the universe on which man acts so.

Such discoveries occur originally through the kind of mental processes expressed by the Socratic dialectic of Plato’s dialogues. Only those types of mental processes are treated as “spiritual” powers existing outside the control of either the abiotic or biotic universe otherwise.

Accordingly, in a competent, anti-Euclidean physical geometry, such as that typified by the discoveries of Bernhard Riemann, no *a priori* (e.g., arbitrary) definitions, axioms, and postulates, such as those of either Euclidean, Cartesian, or non-Euclidean geometries, are permitted. Only what are experimentally proven to be universal physical principles, are allowed as defining the geometry of physical space-time.

Thus, from the standpoint of he who professes such an anti-Euclidean geometry, there are three types of “axiom-like” universal physical principles: truly known; false; and, efficient notions of principle which are either wrongly denied or simply yet-unknown. Human individual behavior, and, most emphatically, mass behavior, are regulated accordingly. The discrepancies among these sets of “axiom-like” mental assumptions, account for all of the most scientifically interesting phenomena of mass social behavior, including history of entire cultures.

The individual, or society, whose patterns of action are to be considered, is to be studied as acting in ways which correspond, simultaneously, to a map-reading of the real uni-

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verse, and a contrasting map-reading of a false, imagined universe. In most cases, the individual, even the entire society, is reading the wrong map, the map of the falsely imagined universe. Such cultures, reading the wrong map, are like the mythical goldfish, swimming in habituated tight circles in a large pond. As a result, by choosing to travel the road which is not there, or attempting to cross the bridge which does not exist across that abyss, the individual, or the society, crashes sooner or later.

In such cases, the survival of the individual, or society, depends upon awakening to the existence of relevant features of the real map in a timely fashion. A society which clings to faith in a false map—as the current Bush Administration and DNC seem, respectively, presently wont to do, clinging long enough to fall into an abyss, or smash against a mountain-side—is rightly to be recognized as a case of a truly Classical tragedy.

Our willful behavior as human beings is chiefly controlled, most of the time, by the way we read the map in our imagination. Consider four types of maps, accordingly.

Mapping the Mind

Map A: (a hypothetical case) All assumed universal physical principles known are true, but the map is incomplete, omitting many yet-to-be-discovered principles.

Map B: Although the members of the society may be totally ignorant of actual universal physical principles, it has ideas which, in one class of cases, serve as approximations of reality, and in another, are absurd, usually dangerously so.

Map C: The society combines some fair approximations of universal principles, much ignorance of existing other principles, and a generous sprinkling of axiomatic assumptions which are false (such as the argument of Euler and Lagrange which Gauss exposed in 1799).

Map D: The implicitly doomed individual or culture which excludes, axiomatically, the possible existence of assumptions contrary to the mixture of true and false principles which that individual or culture currently assumes, implicitly, to be true.

Thus, modern science became possible through the work of Johannes Kepler—he, explicitly a Classical follower of Plato, Nicholas of Cusa, and Leonardo da Vinci—who overthrew the absolute block against science represented by the influence of Aristotle on the work of Claudius Ptolemy, Copernicus, and Tycho Brahe. The launching of empiricism, by Paolo Sarpi and his house-lackey Galileo Galilei, has thus served as a parody of the use of Aristotle’s teachings to attempt to block scientific progress in the way Claudius Ptolemy’s teaching tended to block science from that point during Roman Empire times until Europe’s Fifteenth-Century Renaissance.

“Map D” and related cases have the characteristic underlying feature of denying the existence of knowledge, as I have distinguished mere learning from knowledge here. These pa-

thologies seek to halt, or even reverse the accumulation of knowledge, by limiting what is called “knowledge” to mere learning of an individual floating, so to speak, in an infinite soup of sense-perception.

“Map D” and related cases are well studied from the standpoint of Aeschylus’ *Prometheus Bound*. The “Gods of Olympus” hate the immortal Prometheus because Prometheus has brought man to recognize mankind’s power to master the universe through the development and application of knowledge of universal principles. The Olympian gods (excepting the remarkable special case of Athena) reflect the characteristic features of barbaric society, in which a relatively few men either hunt down other men as they hunt wild beasts, or breed, exploit, and cull herds of captive human cattle, as slave society does. The “dumbing down” of the human cattle thus expresses the special interest of the oligarchical class of rulers.

Hence, all truly Classical tragedy, whether composed for the stage, or as real-life society, is the product of the persistence of those ideologies by which, on the one side, the oligarchy enslaves itself to dependency of hunting down or herding human cattle, and, on the other side, in which the mass of the population is conditioned to live and think as virtual human cattle. Unless there is at least an approximation of a Promethean epiphany within that imperilled culture, it will crash tragically. This rescue can occur solely through the influence of social-mental processes of the type associated with the Platonic dialogues.

Rescue comes, when the people are led to discover a truer map, and, hopefully, to become open to a process of purging the popular mind from absurd kinds of axiomatic principles, and to devote themselves to search for and use of true principles yet to be discovered and applied.

The function of a depraved, anti-Promethean creature such as the late Leo Strauss, is to muddle the popular mind to such a degree that no escape from a “Map D” trap were likely. Thus, the Satanic Strauss typifies the Satanic impulse of a Nietzsche, Schmitt, Heidegger, Jaspers, Adorno, and Arendt. Strauss typifies that learning of a ruling layer of society which must tend to ensure that that culture will destroy itself, as the United States under the present government, and present DLC influence, is diving compulsively to the common destruction of our nation, and of all within it.

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Lieberman Gang Moves To Wreck Dem Party

by Anton Chaitkin and Scott Thompson

Behind the recent boasting by Sen. Joseph Lieberman (D-Conn.)—crediting himself with the sabotage of Democratic Party opposition to the disastrous Iraq war adventure—is an explicit, long-standing project by Lieberman’s sponsors in the Democratic Leadership Council to wreck the Democratic Party, by organizing a “Bull Moose” ticket splinter operation. This longstanding “Trojan Horse” operation involves Lieberman, his Senate bobbsey-twin, John McCain—the mobbed-up Arizona Republican—and a group of Anglo-American financiers and wealthy criminals, who are among the leading elements within the trans-Atlantic “war party” promoting a new American Imperium.

Along with Meyer Lansky Syndicate offspring Michael Steinhardt, the bankrollers and controllers of this effort include the British “Liberal Imperialist” Tory publishing magnate and Richard Perle patron, Conrad Black, who has taken control of the Washington office of the Hudson Institute as the headquarters of both the Iraq war drive and the “Bull Moose” project; Australian media mogul Rupert Murdoch, whose Fox TV, *New York Post*, and *Weekly Standard* are the yellow press of record in America; *The New Republic* co-owner and Al Gore booster Martin Peretz; and obscure financier Roger Hertog, co-owner of *The New Republic* and Steinhardt and Black’s *New York Sun*.

LaRouche Nails Lieberman Treachery

Lieberman told the Feb. 8-9 Wehrkunde military policy conference in Munich, “when it comes to Iraq, President Bush is just enforcing the McCain-Lieberman policy.” In his Feb. 25 “Lieberman Letter,” he boasted that he, himself, was “the lead sponsor of the legislation authorizing force against Iraq.”

Leading Democratic Party figures have confirmed to *EIR*, that in recent public appearances, Lieberman demanded that any Democrat seeking public office in 2004 must *not* discuss the economy; that the only issue to campaign on is U.S. “strategic interests,” centering on the need for preventive war; and that for the 2004 elections, it is vital to wipe out all remnants of the Franklin D. Roosevelt tradition in the Democratic Party.

Upon being informed of this latest treachery by Lieberman, Democratic Presidential pre-candidate Lyndon LaRouche issued the following statement on March 12, through his campaign organization:

“With his recent speech denouncing President Franklin

Roosevelt, Senator Joseph Lieberman has come out of the closet. Lieberman’s motive and connections are already well known. He is leading a charge for a long-standing intention of the Democratic Leadership Council, to split the Democratic Party, thus clearing the way for the 2004 McCain-Lieberman ‘Bull Moose’ ticket being organized by Conrad Black’s Hudson Institute.”

This Bull Moose project, to splinter and wreck the Democratic Party and replace it with a party of war and empire, to the far right of the GOP, has always been the open goal of Lieberman and the Democratic Leadership Council (DLC), which he long chaired.

Assault on FDR Legacy

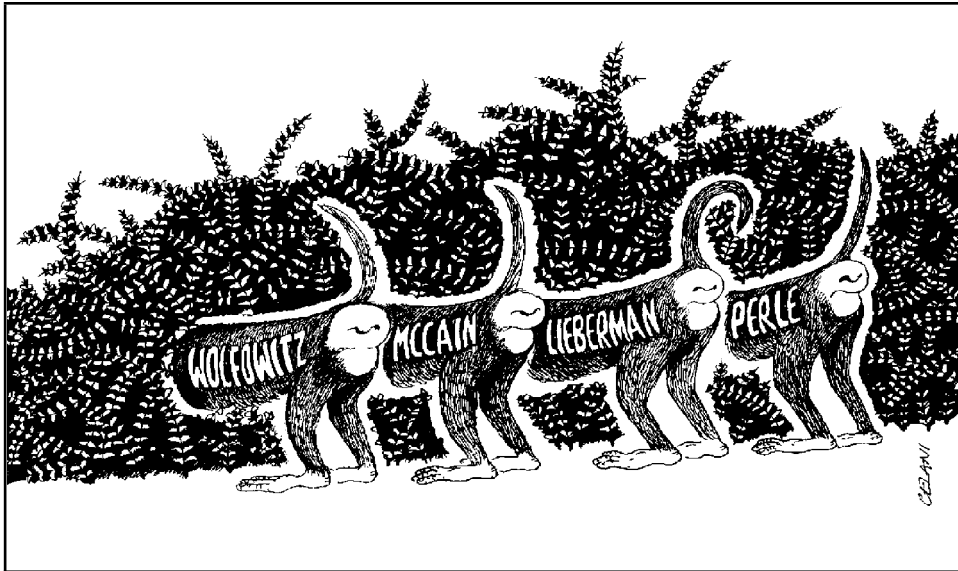
Just after George W. Bush’s inauguration, DLC founder Al From declared war on the FDR legacy, writing in the DLC’s *Blueprint* magazine, January 2001: “The New Deal political philosophy that defined our politics for most of the 20th century has run its course; the political coalition it spawned has been split. Like Humpty Dumpty, the New Deal coalition cannot be put back together again. The new electorate is affluent, educated, diverse, suburban.”

Reverting to the “third wave” rubbish of Newt Gingrich’s ideological mentors Alvin and Heidi Toffler, From babbled, “In the Industrial Age, the working class dominated the electorate. The new electorate of the Information Age is increasingly dominated by middle- and upper-middle class voters who live in the suburbs, [and] work in the New Economy. . . .” As to African-American and Hispanic voters: “We cannot afford to get clobbered among white voters for the simple reason that there are eight times as many white voters as there are black voters, and four times as many white voters as all minorities combined.”

Earlier, in the Fall 1998 inaugural issue of *Blueprint*, DLC authors William A. Galston (a student of Leo Strauss) and Elaine C. Kamarck had asserted that “the shrinkage of the middle class and widening gap between the wealthy and the poor” must *not* be seen “as grounds for returning to a New Deal-style politics”; nor be the grounds “to mobilize lower-income groups for a new rounds [sic] of interventionist, centralized government that protects Americans against all forms of economic insecurity.”

Why not? The astonishing claim is made, that “the assumption of rising poverty and near-poverty is false. . . . The . . . middle class is shrinking . . . not because poverty is on the march, but because millions of Americans are surging into the ranks of the upper middle class and wealthy.” As the poor are to sink from sight, labor unions must go with them: “As labor’s share of the Democratic vote declines, the share provided by better-educated upscale voters will increase further [and] . . . unions will be less and less likely to provide working majorities. . . .”

Sen. Edward Kennedy (D-Mass.) was right, in January 1995, when he protested to an audience at the National Press



A February 2002 EIR cartoon, skewered the McCain-Lieberman “Bull Moose” convergence moving to split the Democratic Party with a third-party splinter ticket well to the right of the Republicans. When artist Celani drew “The Four Baboons,” Lieberman and McCain were working with Administration necons to push George Bush’s Presidency toward an imperial war policy.

Club in Washington that the United States did not need “two Republican parties.”

Out To Stop LaRouche’s Agenda

Three years ago, the DLC supervised the publication of an authorized book-length group history by Kenneth S. Baer, *Reinventing Democrats* (University Press of Kansas). The book boasts that the DLC has never been a Democratic Party faction or a grass-roots organization, but has always operated as a pressure group, financed by wealthy speculators and Republicans, and inserted into the Party’s leadership, targeting Democratic elected officials for brainwashing and capture.

One well-known senior Democratic Party figure was more blunt: The DLC was created, he said, to stop Lyndon LaRouche from reviving the FDR tradition and taking over the Democratic Party. Given the heavy involvement of such DLC figures as former Sen. Daniel Patrick Moynihan (D-N.Y.), and allied Mega Group financiers such as Edgar Bronfman, in the mid-1980s “Get LaRouche” operation, there is much merit in this observation.

The DLC’s book admits that the so-called “New Democrats” movement was launched in the mid-1980s largely out of the political milieu of the neo-conservatives, typified by Senators Moynihan and Henry “Scoop” Jackson (D-Wa.). Moynihan’s Senate career as a Democrat-in-name-only was launched in 1976 under the guidance of Leonard Garment (a stooge of Detroit gangster Max Fisher and later, with Garment’s partner Lewis Libby, the permanent attorney for Marc Rich and his Russian “Mafiya”). Other neo-cons such as Irving Kristol and Norman Podhoretz—both longtime allies of fascist existentialist philosopher Leo Strauss—helped shape Moynihan’s career; this crew and their offsprings compose the “chicken-hawk” faction currently guiding the United States into hell.

The DLC’s authorized history blithely relates some of its

formative institutional relationships: “The DLC especially admired the [right-wing Republican] Heritage Foundation . . . for its influence in shaping public debate. [DLC founder Al] From recalled that the DLC respected Heritage’s ability to accomplish ‘effective political work [and] message work’ and not only inject its ideas into public debate but reshape it as well.’ In fact, Ed Feulner, the president of Heritage, met with From and [Will] Marshall to offer some advice on raising money and disseminating ideas.” (*Reinventing Democrats*, pp. 135-136.)

The book skirts the role of hedge-fund gangster Michael Steinhardt in controlling the DLC, for reasons obvious to anyone familiar with Steinhardt’s career as a Wall Street conduit for the Meyer Lansky National Crime Syndicate’s dirty money. Later a partner of fugitive financial fraudster Marc Rich, Steinhardt created, with the Bronfmans and others, the Mega Group—a successor to Lansky’s “Billionaires Club” of leading Zionist gangsters, who spread their cash around to control the Democratic and Republican National Committees, and simultaneously financed the Jabotinskyite fascist takeover of Israel by hooligans like Ariel Sharon.

While downplaying Steinhardt’s role in launching the DLC, the “official” history of the group did credit Steinhardt with orchestrating the vicious “Get Clinton” operations, that produced the impeachment drive and the near hostile takeover of the White House by Al Gore in 1998.

Baer wrote: “Joel Kotkin, a PPI [Progressive Policy Institute, DLC’s think-tank] senior fellow, made the first public call for a break with [then-President Bill] Clinton. In a *Wall Street Journal* column [Dec. 7, 1994], Kotkin argued that the New Democrats should sever ties with Clinton, back a primary challenge in 1996, and even consider leaving the Democratic Party altogether. . . .

“The largest . . . sign [of this as DLC policy] was its ‘Third Way Project’ . . . Although never overtly claimed by the DLC

leadership, there is some evidence that this project was to be the beginning of a third-party movement. According to Michael Steinhardt, chairman of PPI's Board of Trustees until he resigned at the end of 1995, the Third Way Project was to be 'a new approach to separate ourselves from the Democratic Party.' He explained [to author Baer] that the DLC began to take on a more bipartisan focus, which appealed to a number of contributors, including Steinhardt himself, who advocated the formation of a third party and went so far as to meet with Bill Bradley to try to persuade him to run for President in 1996."

Along the road to the third-party sabotage game, was a trans-Atlantic connection, which has recently formed the axis for imperial fascist politics: "Beginning in earnest with the election of Tony Blair and his 'New Labour' government in Great Britain in May 1997, the DLC viewed its public philosophy as part of a world-wide revolution in center-left politics. This 'Third Way,' wrote From, is 'the worldwide brand name for progressive politics for the Information Age. . . . Interaction between the New Democrats and New Labour had gone on before Blair's election. . . . Once Blair was elected, however, the notion and promotion of the Third Way became a DLC . . . priority."

Although Bill Clinton was only a half-hearted affiliate of theirs, the DLC backed Clinton's 1992 Presidential race for the simple reason that he was the only Democratic Party candidate with the charisma to beat George H.W. Bush. Very soon into Clinton's first term, Steinhardt and his Mega Group cronies turned savagely against Clinton. Conrad Black, right-wing publishing mogul in Canada, Britain, and Israel, and partner to the Bronfmans, started up a get-Clinton operation based initially in Black's London *Telegraph*, with backup financing from ultra-right-wing fanatic Richard Mellon Scaife.

Michael Steinhardt quit the DLC chairmanship in 1995, turning it directly over to Joe Lieberman, who was widely known as "the Senator from Mega" for his slavish loyalty to the Steinhardt-Bronfman mob. With Steinhardt and Rich in the background through the late 1990s, Lieberman publicly repudiated Clinton in a Mega-orchestrated campaign to pressure Clinton to resign, and turn the Presidency over to another Mega loyalist, Al Gore. The Peretz-Steinhardt-Hertog *New Republic* demanded Clinton's scalp, in a September 1998 editorial, which signalled the full-scale DLC drive to bust up the Democratic Party.

These same players ultimately conducted their overt campaign for an anti-Democrat third party Presidential initiative through the neo-conservative Hudson Institute, financed by Conrad Black and staffed by U.S. and Israeli war-crazies in and around the Bush Administration.

Lieberman naturally tries to avoid public identification with billionaire Steinhardt, who has backed only Republicans and right-wingers. But publicly acknowledged is a personal, "religious" connection. Steinhardt, a professed atheist, hired Rabbi Irving "Yitz" Greenberg as a spiritual counsel-

lor. The latter became, simultaneously and conveniently, personal spiritual advisor to Senator Lieberman. When Steinhardt organized the international campaign to con President Clinton into pardoning his partner Marc Rich, he got Rabbi Greenberg to write to Clinton on Rich's behalf, on the stationery of the Holocaust Museum where Greenberg was chief executive. Recently Steinhardt and Rich were in Israel together, helping Lieberman's hero Ariel Sharon win the Jan. 28 elections by influencing Israeli Labor Party leaders to sabotage their own Labor Party chairman, Amram Mitzna, Sharon's opponent.

Lieberman, War, and the Assault on Democrats

The Lieberman for President website, in a Feb. 8, 2003, press release about the Munich Conference on Security Policy, says, "As they have in last few years, Lieberman and Senator John McCain (R-AZ) are leading a delegation of Senators and House members to the . . . Wehrkunde conference." In Munich, Lieberman said, "Five years ago, after Saddam ejected the UN inspectors, John McCain and I gave up on containment and introduced the Iraqi Liberation Act, which, when it became law, made a change of regime in Baghdad official U.S. policy. You might therefore say that, when it comes to Iraq, President Bush is just enforcing the McCain-Lieberman policy."

Lieberman partner McCain is the ostensibly leader of the "Bull Moose" third party revolt, modeled on the 1912 Theodore Roosevelt operation, which installed the Fabian racist Woodrow Wilson into the Presidency. But McCain's chief organizer, Marshall Whittman, of the Hudson Institute, and formerly Congressional Liaison for Pat Robertson's Christian Coalition, has been given access to the DLC's propaganda magazine, *Blueprint*, to peddle the wrecking operation.

In a July-August 2001 *Blueprint* guest column, Whittman wrote: "Bull Moose progressivism—the reform politics of Teddy Roosevelt in the 1912 election . . . has been sighted recently. . . . [It is] a new force, a synthesis of the best of progressivism and conservatism. . . . John McCain's . . . message of political reform, patriotism, and an economics of the middle class [has] struck a chord. It [has] resonated with the most dynamic force on the political scene, the rise of the independents."

The following year, Whittman was again given space in the DLC's *Blueprint* to further his call for a third-party revolt behind the McCain-Lieberman war party.

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Fascist Godfather Of the Neo-Cons

by Jeffrey Steinberg

In a June 17, 1996 article by Richard Lacayo, *Time* magazine named the late University of Chicago philosopher Leo Strauss (1899-1973) as one of the most influential and powerful figures in Washington, D.C.—the man most responsible for the Newt Gingrich “Conservative Revolution” on Capitol Hill, and the intellectual godfather of Newtzi’s “Contract on America” blueprint for vicious fascist austerity.

If Strauss’ influence on politics in the capital of the most powerful nation on Earth was awesome in 1996, it is even more so today. The leading “Straussian” in the Bush Administration is Deputy Defense Secretary Paul Wolfowitz, who was trained by Strauss’ alter-ego and fellow University of Chicago professor Allan Bloom. Wolfowitz leads the “war party” within the civilian bureaucracy at the Pentagon, and his own protégé, I. Lewis “Scooter” Libby, is Vice President Dick Cheney’s chief of staff and chief national security aide, directing a super-hawkish “shadow national security council” out of the Old Executive Office Building, adjacent to the White House. According to Bloom biographer Saul Bellow, the day that President George H.W. Bush rejected Wolfowitz and Cheney’s demand that U.S. troops continue on to Baghdad, during Operation Desert Storm in 1991, Wolfowitz called Bloom on his private phone line to bitterly complain. It seems that “Bush 41” was not enough of a Nietzschean “superman” for Wolfowitz’s taste.

However, Strauss’ name may also prove to be a liability, particularly for those neo-conservative ideologues who are now attempting to steer President Bush into a no-win war in the Persian Gulf, in pursuit of an illusory world empire, and who are finding themselves under growing public attack.

On March 3, in a widely circulated radio interview on the Jack Stockwell Show in Salt Lake City (see *EIR*, March 14), Lyndon LaRouche had singled out Strauss as one of the leading intellectual figures, along with Bertrand Russell and H.G. Wells, steering the United States into a disastrous replay of the Peloponnesian War, which led to the collapse of Athens and the ascent of the Roman Empire. Within days of the LaRouche interview, Leo Strauss was the subject of a series of public attacks, in the German, French and American media (see *Documentation*), for his role in producing the current generation of neo-conservatives.

Indeed, author Shadia B. Drury, in her 1997 book, *Leo*

Strauss and the American Right, named the following prominent Washington players as among Strauss’ protégés: Paul Wolfowitz; Supreme Court Justice Clarence Thomas; Judge Robert Bork; neo-con propagandist and former Dan Quayle chief of staff, William Kristol; former Secretary of Education William Bennett; the *National Review* publisher William F. Buckley; former Reagan Administration official Alan Keyes; current White House bio-ethics advisor Francis Fukuyama; Attorney General John Ashcroft; and William Galston, former Clinton Administration domestic policy advisor, and co-author, with Elaine Kamark, of the Joe Lieberman-led Democratic Leadership Council’s policy blueprint.

Earlier Strauss allies and protégés in launching the post-World War II neo-conservative movement were Irving Kristol, Norman Podhoretz, Samuel Huntington, Seymour Martin Lipset, Daniel Bell, Jeane Kirkpatrick, and James Q. Wilson.

Nobody Here But Us Fascists

A review of Leo Strauss’ career reveals why the label “Straussian” carries some very filthy implications. Although a Jewish refugee from Nazi Germany, Strauss was an unabashed proponent of the three most notorious shapers of the Nazi philosophy: Friedrich Nietzsche, Martin Heidegger, and jurist Carl Schmitt. Recent biographies have revealed the depth of Heidegger’s enthusiasm for Hitler and Nazism, while he served as the Chancellor of Freiburg University, throughout the epoch of National Socialism, and was the leader of a Nietzschean revival. Carl Schmitt, the leading Nazi philosopher of law, was personally responsible, in 1934, for arranging a Rockefeller Foundation scholarship for Strauss, which enabled him to leave Germany, to study in England and France, before coming to the United States to teach at the New School for Social Research, and then, the University of Chicago. Strauss, in his long academic career, never abandoned his fealty to Nietzsche, Heidegger, and Schmitt.

The hallmark of Strauss’ approach to philosophy was his hatred of the modern world, his belief in a totalitarian system, run by “philosophers,” who rejected all universal principles of natural law, but saw their mission as absolute rulers, who lied and deceived a foolish “populist” mass, and used both religion and politics as a means of disseminating myths that kept the general population in clueless servitude. For Strauss and all of his protégés (Strauss personally had 100 PhD students, and the “Straussians” now dominate most university political science and philosophy departments), the greatest object of hatred was the United States itself, which they viewed as nothing better than a weak, pathetic replay of “liberal democratic” Weimar Germany.

Among the current lot of neo-cons, Michael Ledeen stands out as the one person who openly flaunts his “universal fascism.” For Wolfowitz, Kristol, and the rest, their association with Strauss could be a large contributing factor in their looming downfall—and none too soon.

Strauss and the Neo-Cons As Seen From Europe

Tim B. Mueller, “Party of Zeus/The Gang: The Influence of the Straussians on U.S. Politics,” *Süddeutsche Zeitung*, Germany, March 5.

Mueller writes that one of the “ironies of history,” is that the strongest opponents, in the United States now, of the German anti-war position toward Iraq, are followers of a German-Jewish emigré to the United States, Leo Strauss. “The *New York Times* called him the ‘Godfather’ of the Republican Party’s 1994 ‘Contract with America.’ For *Time*, he is ‘one of the most influential men in American politics.’ And the *New Republic* calls his followers in the political and academic world, ‘one of the Top Ten gangs of the millennium.’”

Strauss received his doctorate under Ernst Cassirer, then came under the influence of Martin Heidegger, and was then promoted by Carl Schmitt. He then went to the University of Chicago, where he taught political philosophy for around 20 years, and built a “community” around himself, which is now very influential in the George W. Bush Administration and in the political science departments of American universities. “Most neo-conservatives are pupils, or pupils of pupils, of Leo Strauss. Several have studied with prominent Straussians, such as Harvey Mansfield or Allan Bloom.”

Mueller reports the importance of the Podhoretz (father Norman and son John) and Kristol (Irving and William) families, in the neo-conservative movements, and in the American Enterprise Institute, “before which Bush gave his Iraq speech the other day.” William Kristol, whose *Weekly Standard* is the mouthpiece of the neo-cons, was a student of Harvey Mansfield. Straussians also dominate the *Wall Street Journal*, several neo-con think tanks, and the Olin Foundation.

Certainly, with George W. Bush personally, says Mueller, there are other influences. But “the most important Straussian political figure is Paul Wolfowitz, Deputy Secretary of Defense, whom several commentators call the ‘super-brain’ of the government. He didn’t only study with nuclear warfare strategist Albert Wohlstetter, but also with Allan Bloom—as did Francis Fukuyama, the most well-known Straussian in the Administration.”

According to Mueller, “one cannot understand present American politics, without knowing about the Straussian background of its leading neo-conservative thinkers.” He explains that Straussianism is a mixture of “elitist” ideas, with a religion built around “patriotism,” together with a return to the “democratic interventionism of Teddy Roose-



Organizing in Washington, D.C. on March 12, against the war drive of Leo Strauss’ chicken-hawks.

velt.” On “elitism,” Strauss insisted, that truth is reserved only for the few, “the philosophers.”

“Those ‘Straussian’ Intellectuals Who Make Up the Ranks of the American Hawks,” *Libération*, France, March 10.

“In the United States it is not the military who want the war. It is the intellectuals. The main ‘hawk’ of the Bush Administration, Paul Wolfowitz, Deputy Secretary of Defense, is the most famous among them. . . . He studied at the University of Chicago, under the dual influence of philosopher Allan Bloom . . . and of mathematician Albert Wohlstetter, father of the American nuclear doctrine.

“It is not rare to see that the most bellicose are also the finest literati. One is Victor David Hanson, professor at the University of California, specialist in ancient Greece, who has constructed a theory according to which the military superiority of the West is the reflection of its cultural superiority. And Donald Kagan, Yale professor and another eminent historian of antiquity, and father of one of the most prolific neo-conservative ideologues, Robert Kagan. Wolfowitz and his friends are often characterized as ‘Straussians.’

“Leo Strauss (1899-1973) a Jewish intellectual having fled the Hitlerian regime, was in rebellion against modernity, the cause, according to him, of the emergence of Stalinism and of Nazism.” The neo-conservatives today have “the conviction that democracy and freedom must be implanted everywhere in the world, because each country is capable of receiving it,” states one of them, essayist David Brooks. “Several of the neo-conservatives of today attended [Strauss’] classes: not only Wolfowitz, but also Francis Fukuyama (author of *The End of History*), or John Podhoretz (editorial page editor of the *New York Post* and son of neo-conservative Norman Podhoretz). Another hawk, Bill Kristol, director of the *Weekly Standard* (and son of one of the founders of neo-conservatism, Irving Kristol) had Mansfield as a teacher.”

The Drive For War Becomes A Diplomatic Disaster

by Michael Liebig

If one were to summarize the diplomatic developments of the second week of March, around U.S. and British demands for UN Security Council endorsement of an invasion of Iraq, one could say that the imperial war policy of the Bush Administration—currently focussed on Iraq—has functioned as a strategic catalyst for unprecedented cooperation in Eurasia, precisely as Lyndon LaRouche had forecast.

“The Americans have engaged in such spectacularly incompetent diplomacy . . . that they have guaranteed a groundswell of popular opprobrium around the world, if they go ahead and launch this war,” one leading British foreign policy expert told *EIR* on March 13. Those who have been so eager to blame German Chancellor Gerhard Schröder in the last weeks, for having “cast Germany into international isolation,” have suddenly become very quiet. It is the governments of U.S. President George Bush and British Prime Minister Tony Blair that are isolated, not to mention Spanish Prime Minister José María Aznar, who had been so eager to help out. And the other European supporters of the “Letter of the Eight,” who endorsed Bush’s Iraq policy, have gone into hiding.

The UN Security Council’s session on March 7, made clear that there is no majority for an ultimatum resolution against Iraq. When 28 states spoke on March 11 at a special session of the UN Security Council, 26 spoke out against the American Iraq policy, and only Kuwait and Australia supported the war push.

The Anglo-American resolution, as well as the variation presented by the British on March 12, said the following: If, by March 17—or a few days later—the UN Security Council does not establish, with a majority and no veto, that Iraq, in a “full, unconditional, immediate and pro-active” manner, has eliminated its alleged weapons of mass destruction, then the

United States and Britain are authorized to go to war. It is no wonder that the so-called “undecided 6” in the Security Council did not want to have any part of this. And if the United States and U.K. were to succeed, with carrot and stick, to “turn” the three African members, as well as Pakistan, Chile, and Mexico, there would still be the French and/or Russian veto. In a televised speech on March 10, French President Jacques Chirac reconfirmed that France demands adequate time be given the inspectors for their work, and would not vote up any resolution which would merely endorse a war. Russian Foreign Minister Igor Ivanov said almost the same thing that day.

As the “undecided” Council members made their compromise proposal on March 11—to postpone the ultimatum to April 17—White House Press Secretary Ari Fleischer immediately declared it unacceptable. It appeared by March 13 that circles in Washington were no longer expecting they will get the UN’s blessing for a war. “The American people are losing patience with the United Nations,” Fleischer had pronounced on March 12. And a day earlier, he had said that if the UN were incapable of disarming Saddam Hussein, then the United States together with “another international body” would do so. One wonders who or what this other body might be, Maureen Dowd wrote sarcastically in the *New York Times*. The U.S. Deputy Secretary of Defense Paul Wolfowitz spoke even of a “formidable coalition,” whose numbers would be “in the substantial double digits,” who would move to war alongside the United States. When asked who these states might be, he demurred, most of them “prefer not to be named.”

Blair at the End of His Rope

The only reason work was continuing on a second resolution, it was being said in Washington, was for the benefit of



“A very powerful army, preparing to charge into a swamp”—so Lyndon LaRouche had characterized the Bush Administration’s policy proclivities even as it took office two years ago. That powerful army’s full deployment has now isolated the United States.

British Prime Minister Tony Blair’s political survival, with the older stalwarts in his Labour Party lining up against him. But even this seems not to be controversial in Washington. On March 11, Defense Secretary Donald Rumsfeld said it was “unclear” whether Britain would even participate in an Iraq war. Rumsfeld apparently wanted to express his frustration over Blair’s continuing attempts to use time-wasting, diplomatic twists to get a second resolution through the Security Council at any cost, and wanted to get Blair to say that he were ready to go along with a war, even without a second resolution.

For Blair to do this is exactly what could lead to the elimination of Britain as an ally. On March 10, British Minister for Overseas Development Clare Short stated that she would resign if Blair took that course. Robin Cook, the former foreign secretary, who is currently responsible in the cabinet for relations with the Parliament, joined her threat. The longest-serving member of the House of Commons, Tam Dalyell, called in several interviews for Blair to resign, and by March 12, some 40 Labour MPs had joined in such a call. Should Blair do what Rumsfeld implicitly demanded, a majority of the Labour Party would call for a special party congress, and the Prime Minister would have to reckon with being voted out.

Blair seemed aware of this danger, and intensified his consultations with the opposition Conservatives. The question is whether Blair is thinking about a split in the Labour Party, in order to bring into being a “national unity government” with the Conservatives, along the lines of what Ramsay MacDonald did in 1931 (see *EIR*, March 14; LaRouche has long forecast such a Blair move). But a national unity government for the war would enjoy no majority in the population or in the state institutions. In the British royal family, it ap-

pears that the tendency is against a war. In broad layers of the political establishment, the permanent government apparatus, the British military and intelligence agencies, Blair’s war policy is meeting with rejection.

A letter to the editor by Vice Adm. Sir Nicholas Hill-Norton, published in the March 13 London *Times* is indicative. Hill-Norton, who was Deputy Chief of Defense Staff from 1992-95, wrote: “It should be no surprise that our Prime Minister and Foreign Secretary are unable to persuade their Russian, Chinese, French, German and other colleagues of the merits of U.K.’s arguments about how to proceed over Iraq when they have so significantly failed to persuade their own electorate of the threats posed by that evil regime to U.K. citizens, and the necessity for war. . . . Our brave and loyal men and women in the front line deserve more objective and persuasive evidence and analysis before they are committed to battle for this cause. So do the rest of us.”

Rush To War Catalyzes Eurasian Reaction

On this theme, a remarkable, hours-long program on the Iraq crisis was broadcast on the German-French Arte-TV channel on March 11. In it, the French political scientist Emmanuel Todd was interviewed, and said that the aggressive, imperial behavior of the Bush Administration in the Iraq question actually was to conceal the internal weakness of the United States. The real problem in America, he said, was its advanced economic and financial crisis, which is expressed in trade and current accounts deficits. The United States, as a result, requires more than \$1 billion investments a day to flow from the rest of the world. These capital flows have been thinning out, however, and the dollar’s weakness has become unpredictable. Whereas Europe produces more than it can consume, the United States consumes more than it can produce, covering this up by its superior military capabilities. The whole world sees through this now, and as a result the United States is increasingly isolated. Were America to boycott the UN, Todd pointed out, the UN would not be marginalized; on the contrary, its importance would be enhanced, even if its headquarters had to be moved from New York to Geneva.

Regarding American international isolation, dramatically evident over the past week, Lyndon LaRouche has repeatedly stressed that it is never too late to shift away from a foreign policy which is recognized as wrong. In the Iraq question, it is now a matter of finding an acceptable way out, but this is possible. The precondition is that the “hard core of the war party”—Cheney, Rumsfeld, Wolfowitz, Libby—be removed from the Administration. As for the “war party inside the Democratic Party,” LaRouche himself is already moving against them: beginning March 9, his statement “What Secretary Powell Did Not Say” hit the United States with massive circulation. Then, the administration must concentrate fully on the devastating economic and financial crisis.

'Clean Break' Fuels The 'Other' Mideast War

by Dean Andromidas

Despite global focus on an invasion of Iraq, the “other Middle East war”—between Israel and the Palestinians—continues to rage, bringing catastrophic results on both people, and fuelling the global Clash of Civilizations war sought by the “get Iraq” warhawks. More than 200 people have been killed in February and March. Following a Palestinian suicide bombing on March 5, that killed 16 Israelis on a bus in Haifa, Palestinian Minister Saeb Erekat declared, “We urge President George W. Bush to reshift his focus from war on Iraq, to helping the Palestinians and Israelis break this vicious cycle.”

Also on March 5, Germany, Russia, and France concluded their powerful joint statement against an Iraq war with the demand for “publishing and implementing the roadmap” on a Palestinian state. The roadmap, drawn up by Russia, the European Union, the United States, and the UN, includes a timetable for critical measures, such as the closing down of Israeli settlements in Palestinian territories, and pulling back the Israeli Defense Forces to the September 2000 lines. Its publication is again being held up by the Bush Administration. The same “chicken-hawks” now in the forefront of the administration’s drive for an Iraq war, are the supporters of Israeli Prime Minister Ariel Sharon’s and his generals’ brutal policies against Palestinians; in fact, these chicken-hawks helped to draft those policies.

The international press, including in Israel, is just now coming out with the story first exposed in *EIR* six months ago, that the Bush Administration’s hard line parallels what has become notorious as the “Clean Break” policy, crafted in 1996 by men who are now in the White House, but were writing it then for newly elected Israeli Prime Minister Benjamin Netanyahu. (See “The Pollard Affair Never Ended!” *EIR*, Sept. 20, 2002.) Entitled “A Clean Break: A New Strategy for Securing the Realm,” the policy paper was authored by Richard Perle (now chairman of the Defense Policy Board advising U.S. Defense Secretary Donald Rumsfeld), Douglas Feith (now Undersecretary of Defense for Policy), and David Wurmser (now special assistant to Undersecretary of State John Bolton).

In 1996, from the safety of the Washington offices of the Institute for Advanced Strategic and Political Studies (IASPS), Perle, Feith, and Wurmser called for “removing

Saddam Hussein from power in Iraq—an important Israeli strategic objective in its own right,” as well as for regime change in Syria and Iran. Further, they wrote: “Israel has no obligations under the Oslo Agreements if the PLO [Palestine Liberation Organization] does not fulfill its obligations. If the PLO cannot comply with these minimal standards [to be determined by Israel and the United States], then it can be neither a hope for the future nor a proper interlocutor for the present. To be prepared for this, Israel may want to cultivate alternatives to Arafat’s base of power.”

First by setting up Hamas as an alternative to the PLO, and then by holding Palestinian Authority President Yasser Arafat—while under Israeli siege—responsible for Hamas operations, Sharon staged Israel’s “clean break” with Oslo, and blame it on the PLO. The Likud agents in Washington ensured support from George W. Bush.

While regime change in Iraq has yet to be implemented, the Clean Breakers’ proposal for a change in Israel’s relations with the Palestinians has been fully embraced with highest enthusiasm by Sharon and his generals. Those who think a war on Iraq will transform the Middle East, should take a close look at the results of the Clean Break policy in Israel and the Palestinian territories. It has not only failed in “Securing the Realm,” but is leading to the highest death rates since the 1948 Israeli-Arab war. Moreover, what Clean Break is achieving—which its authors intended all along—is to turn Israel into the hand grenade that will bring a explode a Clash of Civilizations war throughout the Middle East.

Sharon Escalates Military Operations

Since November, Sharon’s generals have taken full advantage of the world’s distraction with Iraq, to expand Israeli military operations against the West Bank cities of Nablus and Hebron, and the Gaza Strip. Since November, more than 350 Palestinians—children, women, old men—have been killed; nearly 200 Palestinians have been killed in the last two months, as the Israeli Defense Forces (IDF) has relaxed its rules of engagement to allow tanks to fire exploding shells in order to disperse groups of youngsters armed with nothing more than stones. Whereas in the first year of the conflict, Israel refrained from demolishing the homes of militants’ families, now, no day passes without a Palestinian home being destroyed. In early March, the Israeli military crushed to death a pregnant mother of 11, and a deaf grandmother, who were not warned of the demolition orders.

Since November, the IDF has targetted the Gaza Strip, to wipe out the “terrorist infrastructure.” The Gaza Strip is the home of Hamas, officially Israel’s military operations target. Yet, not one terrorist attack inside Israel has been staged from Gaza, for the simple reason that a fence surrounds the entire area. The only Palestinian attacks have been against the settlements, which house fewer than 6,000 Israelis, yet occupy over

one-third of the Gaza Strip. Most of these terrorist attacks are with home-made rockets, which have yet to take one Israeli victim.

Several times a week, the IDF makes raids involving as many as 100 tanks, backed by helicopter gunships, that strike deep into the center of impoverished refugee camps. Each raid, lasting up to 48 hours, leaves dozens of Palestinians dead.

Nablus, home to more than 100,000 Palestinians, has been the target of one continuous military operation since April 2002, because the Israel military defined it as the “capital of terrorism.” For nearly a year now, the city has been under siege, and put under 190 days of curfew, 110 of them consecutive. These are lockdown curfews, in which residents can be shot on sight if they leave their homes. For nearly a year now, 300 houses in Nablus have been destroyed, 350 people have been killed, and 1,000 seriously injured, according to the Israeli daily, *Ha’aretz*.

In November, the Israeli military opened an operation against Hebron, the largest city in the West Bank, letting it have “its turn”—since every other major West Bank city had already been attacked. Until then, nearly every terrorist attack in Hebron—the burial site of Abraham, the father of the three “Abrahamic” religions—were carried out by the fascist Jewish settlers living in the tiny settlement in the middle of the city, who are constantly attacking Palestinians.

Sharon’s attack on Hebron is another perfect example of how he and his generals create terrorism. According to a recent issue of *Ha’aretz*, Sharon’s operation has radicalized all residents in and around the city. In the last four months, “The statistics speak for themselves: seven fatal attacks and 25 dead Israelis, including seven civilians (and the commander of the Israeli Hebron brigade), since Nov. 15. Moreover, a suicide bomber from Hebron killed 17 Israelis in Haifa last week.”

Poverty as a Weapon of Mass Destruction

On March 5, the World Bank issued a report, detailing the horrendous collapse of the Palestinian Authority economy and impoverishment of the Palestinian people. Laying the blame directly on Israeli economic warfare, the World Bank states, “The proximate cause of the Palestinian economic crisis is closure—[Israel’s] imposition of restrictions on the movement of Palestinian goods and people across borders and within the West Bank and Gaza.”

The report continues: “Using a poverty line of \$2 per day, the World Bank estimated that 21% of the Palestinian population were poor on the eve of the Intifada (October 2000), a number that increased to about 60% by December 2002. . . . The numbers of the poor have tripled, from 637,000 to just under 2 million. The poor are also getting poorer. In 1998, the average daily consumption of a poor person was equivalent to \$1.47 per day. This has now slipped to \$1.32.

More than 75% of the population of the Gaza Strip are now poor (less than \$2 day).”

In the Palestinian Authority, states the World Bank, “The Gross National Income in 2002 mounted to 40% less than in 2000. . . . Real per-capital incomes are now only half of their September 2000 level. Unemployment stands at 53% of the workforce.” Palestinian sources report that real unemployment is much higher. The World Bank report revealed that physical damage from Israeli military operations has jumped from \$305 million at the end of 2001, to \$728 million by the end of August 2002. Between June 2000 and June 2002, Palestinian exports declined 45% in value, and imports contracted by a third.

While strongly criticizing Israel, the World Bank gives high marks to the Palestinian Authority. “A year ago, many observers feared that the Palestinian economy was on the brink of collapse. Although battered, the economy still functions. One key reason is that the Palestinian Authority still operates.” Despite the Israeli-imposed curfews and closures and periodic violence and severe hardships, the P.A.’s ministries of health and education, and its municipalities continue to carry out their work: “These institutions continue to do their jobs thanks to the commitment of thousands of Palestinians who work in schools, clinics, and municipal services departments.”

This picture of President Yasser Arafat’s P.A., contrasts sharply with the U.S. and Israeli propaganda of widespread corruption, and also testifies to the fact that Sharon has failed to crush the Palestinian spirit.

Peace Process Serves Security Better

In a letter in the March 8 issue of the London *Guardian*, 51 members of both the House of Commons and House of Lords signed an appeal to the United States and Britain, to address the Palestinian-Israeli conflict as key to Middle East peace. The letter, taking its starting-point directly from the March 5 Haifa suicide bombing, underscores that “until then, there had not been a single suicide attack since Jan. 5 and not one single Israeli civilian killed since Jan. 12. In the same period, Israel has killed over 154 Palestinians. In February alone, Israel killed 79 and to date over 29 Palestinians have been killed in March. What message did this deliver to Palestinians? Would Israeli security have been better served by resuming the peace process and offering hope to the Palestinians, instead of continuing the use of lethal force against them?”

“A possible war with Iraq is no excuse to delay the peace process or to allow Ariel Sharon to deepen the occupation by military onslaughts and the expansion of illegal settlements, all in violation of UN resolutions. There is surely a moral imperative for the U.S. and U.K. to make resolving this conflict a priority for themselves and the UN. They must insist that Israel adhere to its obligations under the Geneva

Conventions and UN resolutions. A viable and sovereign Palestinian state, living in peace and security with Israel, is the key to solving the long-standing problems in the Middle East.”

Among the 51 MPs who signed are John Austin, Joint Chair of the Council for the Advancement of Arab-British Understanding; Colin Breed, Liberal Democratic Party defense spokesman; Nicholas Soames, Chairman of Conservative Middle East Council; Jean Corsten, Chair, parliamentary Labour Party; and Ann Clwyd, Chair, all-party human rights group.

Also on March 8, Egyptian Foreign Minister Ahmed Maher told Israeli radio, that President Hosni Mubarak had withdrawn his invitation to Sharon to visit Egypt. Maher said that Sharon has done nothing to show that he is prepared to work for peace. The move was no doubt also a snub at the Bush Administration. Three days prior to this announcement, Mubarak’s government had organized a demonstration of 500,000 against a war on Iraq.

Within Israel, opposition leader and Labor Party Chairman Amram Mitzna, clearly laid the blame for the March 5 bombing on Sharon’s “Greater Israel” policies. On the day of that attack, Mitzna told Israeli Radio, “We’re a state without borders, and the result is that the border can be found in every home, yard, and bus, instead of the border being between us and terror.” He then said that Israel must make the concessions necessary for peace: “We must let go of the illusions, of controlling the lives of 3.5 million Palestinians against their will, of continuing to live normally while we are there [in the Palestinian territories], and of the Greater Israel. There are so many illusions, that if we don’t separate from them, the spilling of blood will continue.” He called for Israelis to make “a genuine and serious attempt to decide for ourselves what is in our interests.”

Ha’aretz commentator Yoel Marcus, on March 11, ruthlessly attacked Ariel Sharon’s policy of having Palestinian militants assassinated: “The desire for revenge is the fuel that feeds and fattens terror. The higher up on the ladder, the more famous the dead man, the greater the lust to avenge his death. . . . The [March 8] assassination of [Hamas leader Ibrahim] Maqadme is bound to bring in its wake another round of revenge attacks. Will terror stop now that he’s dead? The fact is, our responses only increase the hatred and brutality of the attacks. For every terror boss mowed down, another one pops up. . . . With our excessive retaliation, rolling through their streets with tanks and blowing up their houses, we are not wiping out terrorist infrastructure. Because terrorist infrastructure starts with motivation, with the popular support of the people. . . . The harder we crack down, the more terror will grow. The more ‘we win,’ the more support Hamas will enjoy. . . . We already control their capital city, basically all of the West Bank, but terror continues to gnaw away at our country, and it will never be exterminated without a political solution.”

Region’s Rejection of War Shows in Tehran

by Muriel Mirak-Weissbach

While the world’s television channels worked overtime with film footage of American GIs kissing their wives and children before being moved overseas to the Persian Gulf, and on-site reports of troops maneuvering in Kuwait’s desert sands, very little attention was paid to deployments of quite another sort into the Persian Gulf. There has been a steady stream of intellectuals, regional studies experts, and high-ranking diplomats to the region, in an expanding effort to prevent war from breaking out.

In addition to the groups of peace activists and political envoys converging on Baghdad to manifest their opposition to the war, there has also been a steady stream of visitors to Tehran, capital of the Islamic Republic of Iran. Iranian government figures have been engaged in a diplomatic race against time, in visits to regional capitals as well as abroad, to shift the balance away from military confrontation.

An important event in this process was the 13th International Conference on “The Persian Gulf in the Light of Global Changes and Developments,” held on March 4-5 in Tehran by the Institute for Political and International Studies (IPIS), the think-tank of the foreign ministry. *EIR*’s editorial board was represented by this author as an invited speaker. During the conference, the imminent danger of war hung over the capital like a dark cloud; though some speakers pessimistically resigned themselves to examining “postwar” scenarios, the conference hosts and the vast majority of the participants focussed on preventing a war, and the catastrophic consequences a new conflict would provoke.

Iran Proposes National Reconciliation

In his remarks to the opening session, Iranian Foreign Minister Dr. Kamal Kharrazi pointed to the preparations for “another disastrous war” in the region, and called on the experts and academics convened to find ways for a coalition to prevent this “preventive war.” Kharrazi questioned the notion that this were a “just war” to free the oppressed people of Iraq, as claimed by the war party. He said he did not believe it was just, and noted hesitation on the part of the warmongers. If it were a just war for freedom, he said, why do they not apologize for their actions of the past? (This referred to U.S. Defense Secretary Donald Rumsfeld’s assistance to Iraq against Iran in the 1980-1988 war.) Why now Iraq? Therefore, he concluded, there must be another aim, which must be identified.

Kharrazi recalled that it was not only the United States, but others as well, who helped Iraq (with weapons shipments), in an attempt to defeat the Iranian revolution, which he said survived thanks to the power of “natural law and divine rule.” He emphasized that the same “very radical groups” in Washington who helped Saddam Hussein against Iran in the past, are now in power and pushing for war against him.

The Foreign Minister called the Palestinian issue the main problem, saying that Israeli Prime Minister Ariel Sharon, who is committing daily aggressions against Palestinian Christians and Muslims, is pursuing a “final solution.” Kharrazi noted that, after two years of Intifada against this policy, suddenly the issue of Iraq has been raised. But Iraq, he said, is not the goal; it is to change the geopolitical situation of the region in Israel’s interest, and take over raw materials resources. He added that the process of development in the region, including the democratization process in Iran, is being met with hostility on the part of the United States; the “democratization” of Iraq cannot be the goal.

The nations in the region, Kharrazi said, are aware of this plot and all oppose the war. He predicted that the dreams of a new colonialism and control over raw materials, would not work.

Reflecting Iran’s concern that the war plans will go ahead, regardless of UN constraints and international resistance, Kharrazi floated a proposal for Iraqi national reconciliation, aimed at preventing conflict. First, he established the point that it is the right of the people of Iraq to decide their future; no solution can be imposed from the outside. “Can one install a military leadership in this great nation?” he asked, and responded with a resounding “No.” Instead it is time for the rulers of Iraq to decide themselves, to take a bold initiative for national reconciliation. Kharrazi said the Iraqi leadership, under UN supervision, should let the people and the opposition take part in government, in order to reach national reconciliation. He cited Tajikistan as an example—there, following civil war, Iran and Russia had mediated the reconciliation process, bringing opposition figures into government.

In answer to questions, Kharrazi clarified that his idea had nothing in common with the proposal of UAE President Sheikh Zayed Bin Sultan Al Nahyan for Saddam Hussein’s “voluntary exile.” Kharrazi said that a fundamental move should be to be taken in Iraq for a UN-supervised referendum to elect its representatives. Since the ruling government is now the dominant power in Iraq, it is the government which should take the initiative for transition.

Initial reports indicate that Iraq has rejected the idea; under siege and expecting aggression, it sees precisely those opposition groups with which it should share power, as currently in league with those military forces that want war.

The Ravages of War

Most striking in the IPIS discussions, was the clarity displayed about the consequences of a war. Professor Renate



The gate of Tehran; Iran’s capital has been far more important as a center of efforts to prevent the Middle East from descending into imperial war and chaos, than many Western observers are aware. Eurasian Land-Bridge strategies for economic recovery and development, reflecting Lyndon LaRouche’s proposals, are also discussed there.

Schmidt, of Potsdam University in Germany, regretted that the consequences were not being adequately considered in ongoing war preparations. Step by step, she illustrated the effects of war in the immediate environs: the Israeli government would move decisively against the Palestinians, and escalate violence against Lebanon and Syria; regime change in Iraq would provoke mass anti-American demonstrations in Arab nations considered U.S. allies, thus threatening these governments; Saudi Arabia and Jordan, already strained by internal tensions, would be destabilized; Syria would find itself encircled by pro-U.S. states (Turkey, Jordan, and Israel); Egypt would be rocked by internal protest and terrorism; Iran would also be encircled and flooded with Iraqi refugees.

Iraq itself could disintegrate into ethnic parts, or become the region’s focal point for anti-American violence. The Kurdish-Turkish conflict in northern Iraq is another bomb-shell ready to explode, as described by Armenian scholar

Vahram Petrosyan, from the Yerevan State University.

From China, Li Guofu, director of South Asia, Middle East, and Africa Studies at the Chinese Institute of International Studies, forecast that war without UN approval would split NATO and the EU; weaken the Arab world, especially the Palestinians; and impact the world oil market. He added that U.S. occupying forces in Iraq would be targeted. Iraq could be plunged into civil war, with massive effects on neighboring countries.

Just as striking was the awareness at the meeting of the deeper motivations behind the war drive. Except for one speaker from the Washington-based U.S. Institute for Peace, who toed the line that the United States is simply determined not to let another major terrorist attack occur and would embrace nation-building in postwar Iraq “as in Afghanistan”(!), speakers demonstrated a good grasp of the historical and geopolitical background to the current war drive. Several referenced the role of Samuel Huntington and Zbigniew Brzezinski, in articulating plans for a Clash of Civilizations. Engin Oda, from the Ministry of Foreign Affairs of Turkey, attacked both for spreading the false idea that different cultures are so different, that no common principles may be found. Indian scholar Sanjay Chaturvedi, from Punjab University, denounced the reductionist thinking of geopolitics, which deals, not with human beings and nations, but with raw materials-rich regions, from the standpoint of the “Grand Chessboard.”

Convergence on LaRouche’s Viewpoint

The author presented *EIR* founding editor Lyndon LaRouche’s analysis of the current war danger, identifying the long-term strategic aims of the war party, who the warmongers are, and what forces make up the resistance to war inside the United States. She gave a brief historical overview of the genesis and elaboration of the “National Security Strategy” for preventive war, from 1990 to the present, along with the parallel elaboration of the nuclear first-strike option. Secondly, she stressed that the target of the operation is not Iraq; its aim is to establish a new “Roman Empire.” But such an attempt cannot work; the real targets of the doctrine—the great nations of Eurasia—Russia, China, India—have formed an alliance with France and Germany against war, and *for* economic-strategic cooperation to establish the Eurasian Land-Bridge. Their devastating rejection of the war policy at the Feb. 14 UN Security Council session, followed by worldwide mass demonstrations, was a declaration of resistance against the entire policy.

Most importantly, this international resistance, kicked off by German Chancellor Gerhard Schröder in August, has its counterpart inside the United States, where LaRouche has led the intervention into the institutions of the Presidency to repeatedly postpone the war. Now, even at this late date, this author told the conference, the war could still be prevented, if international forces actively cooperated with American resistance, and both pursued the economic policy objectives

of what Iranian President Khatami has called the Coalition for Peace.

As if to illustrate the accuracy of LaRouche’s approach, several speakers filled in the picture, particularly regarding the Eurasian aspect of the question. Bakhtiyar Mirkasymov, from the Asia-Pacific Research Institute in Russia, spoke of the “anti-Russian hawks” inside the Bush Administration, who have been pressuring Russia with psychological warfare since 2000, and continue to try to sabotage Russian-Iranian cooperation on nuclear energy and other projects. Professor Oybek Makhmudov, from Tashkent University, stated that any U.S. presence in Iraq would aim at pressuring regional powers, specifically Russia, China, and Iran. Thus, the Iraq war plan constitutes a war plan against Eurasia.

Presenting Chinese experts’ views of the Iraq question, IPIS researcher Mohammed Javad Omidarnia, pointed to the fact that the increasing American presence in oil-rich Central Asia and the Middle East, since late 2001, is seen as an attempt to contain China and influence the future of Russia. U.S. control over the resources in these regions, would provide a pressure point over China, as well as Europe and Japan, dependent as they are on oil. This point was made also by Dr. Mikhail Shah of the Moscow State Institute of International Affairs. Also from Russia, Sergei Mikhaelovich Nabreanchin spoke on the impact of Persian Gulf security on peace and stability in Eurasia. Considering the critical role of the Persian Gulf region, Nabreanchin said, it is urgent to build “Eurasian institutions.” He referred to a Moscow scientific conference on a new security alliance, dedicated to defending, not raw materials, but “the interests of humanity.”

Several speakers identified members of the Washington-London war party, and their policy documents, in terms reflecting *EIR*’s exposés.

Russia, France Coordinating Closely

The governments represented at Tehran included those in the forefront of the opposition to war—Permanent Members of the UN Security Council Russia, China, and France. At the concluding session of the conference, special envoys of the Russian and French foreign ministries spoke. Mr. Koluvkin of Moscow stated categorically that Russia opposes war. He noted that it took South Africa two years to accomplish disarmament, and said the Iraqi side was cooperating, though it had to demonstrate that it had destroyed all weapons of mass destruction. Koluvkin characterized it as a gross exaggeration to say that Iraq represents a threat to the region, or internationally, considering how its sovereignty has been restricted for years. Russia chooses the way of peace, he said; war is the very last resort.

Regarding a second UN resolution, Koluvkin said that none is needed, beyond Resolution 1441. We want to preserve the unity of the Security Council, but Russia will not endorse any resolution for military action, he said, without proof that Iraq is in material breach. Russia insists that internal changes

to Iraq must come from within Iraq. Referring to the Iranian Foreign Minister's proposal for national reconciliation launched by the government, Koluvkin did not expect Iraq to take such an initiative, given the danger of imminent war.

France's envoy, Pascal Bonifas, said that since Sept. 11, 2001, there has been an American move toward confrontation, at the same time mis-naming Ariel Sharon a "man of peace." He noted that with military means alone, one cannot defeat terrorism; It should be fought with democratic and legal means, to stop the evil itself. European and Islamic states, Bonifas said, view the war as a destabilization. It would launch a Clash of Civilizations, and it would violate international law, which cannot be selective. It would nourish terrorism as well, and do damage to the international order.

France and Germany, Bonifas said, are part of Old Europe and are proud of having learned from history, to avoid war by all means; to prefer dialogue to clash, diplomacy to military means. The millions worldwide who have demonstrated against the war must be heeded.

The interventions by special envoys from Moscow and Paris were further proof of those countries' close coordination with Tehran against a war. In fact, Russian Foreign Minister Igor Ivanov arrived in the capital for a two-day visit shortly after the conference, during which he reiterated Russia's commitment to prevent war, as well as to continue nuclear and other cooperation with Iran.

'The Peace of the Graveyard'

In a private meeting at Tehran's Marmora Palace, former Iranian President, current Head of the Expediency Council Hashemi Rafsanjani, received a group of conference speakers, expressing his wish that "world policy-makers" would heed their deliberations. The former President focussed on two points: the crucial strategic role of the Persian Gulf region; and the fallacy of thinking that a military solution could bring it stability. "No place on Earth is more crucial" than the Persian Gulf/Middle East, due to its raw materials resources and location, Rafsanjani said. He compared the current war plans to the "divide and rule" idea of the British colonialist period, which, today, he said, will not work. Referring to published plans to install a military ruler to govern Iraq, Rafsanjani forecast that this would foster terrorism; furthermore, by creating instability in the region, it would destabilize world energy flows. A U.S. military occupation force, deployed to secure the free flow of energy with troops, planes, and ships, will achieve the opposite, he said. Soldiers cannot secure oil wells, pipelines thousands of kilometers long, and



Iran's Institute for Political and International Studies conference on the Persian Gulf, on March 4-5, was the scene of multi-national input from among the nations which have allied against a U.S.-British war on Iraq. They heard LaRouche's strategy from EIR editor, author Muriel Mirak-Weissbach.

sea ports. The case of Afghanistan is a good example of how military conquest does not mean security.

Rafsanjani went further, to say that Israel may think it would be happy with such an arrangement, but it would end up being the loser, because, if the region is unstable, "those warriors who are ready to sacrifice themselves for their rights" would increase in number. The old colonialist methods, if applied, will turn the region into a cemetery, and a cradle for revolutionary movements against the security of the region and the world.

Rafsanjani referred to information in his possession, showing that if the crisis in the Persian Gulf explodes, then the whole world will experience a serious shock, global markets will be affected, and unpredictable events will occur. He said that Iran expects other forces to intervene. He expressed his hope that Britain and America would consider the situation carefully, and realize that military power can not solve the problem. They, he said, should solve the problem which they created. Iran would be ready to help.

Speaking of Afghanistan, where even American forces on the ground would not be secure, Rafsanjani said that what is required are jobs, infrastructure, and development. The Iraqi people, in his view, would not take an American military attack as the Afghans did. An American military governor in Baghdad would be faced with the fact that the institutions which are in control—the Baath party, the army, the intelligence agencies—have been around for 30 years, and are not created overnight. One might suppress the country, but not control it in the long term.

Rafsanjani concluded with an appeal to heed the lessons of history, and opt for wisdom in place of greed, dialogue and negotiations in place of force.

German Clerics Meet Americans Against War

by Rainer Apel

Not too many prominent politicians from Germany are likely to travel to Washington, D.C. to repeat what Angela Merkel, chairwoman of the opposition Christian Democrats, did at the end of February, when she met with pro-war officials in the Bush Administration and affirmed her support for war against Iraq. Her popularity ratings in the polls at home promptly sank by 12%. Contributing to this was the publicity given in Germany to a deployment of LaRouche Youth Movement organizers at her speaking event at Georgetown University: Germany's N-TV channel broadcast a news clip on the protest all day long on Feb. 25.

After the Merkel debacle, German politicians are more likely to try to repeat what several church leaders did, when recently touring the "United States, outside D.C.," where they met an America completely different from what the pro-war media propaganda machine tries to portray.

View From the Real America

Already in late January, Walter Mixa, chief Catholic chaplain of the German Armed Forces, had found in meetings with Americans that the pro-war enthusiasm spread by the Bush Administration is not at all shared in the country. Mixa reported that especially the military people he talked to were very reserved, if not entirely opposed to the war.

A delegation of the main Lutheran Church (EKD), led by its administrative head Manfred Kock, also chose to meet with Americans "outside the Administration," at the end of February and beginning of March, and their reports confirmed what Mixa had found. Johannes Friedrich, Bishop of the Lutheran Church of Bavaria and a member of the EKD delegation, gave interviews after his return home on March 6, criticizing U.S. President George W. Bush for using religious terms and biblical words, while what he says is not really based on the message of the Bible. That is also the reason for the main American churches' opposition to Bush's mission for war, Friedrich said, adding that he and his delegation had never tried to arrange meetings with Administration officials: It "would not have made much sense, as they would not even meet with the U.S. church leaders." Some American Senators, however, attended an event jointly arranged by the EKD and the National Council of Churches, he added.

Friedrich reported that outside of the American capital, he found the great majority of Americans opposed to the war, and was repeatedly told, "Thank God for France and Germany." What also impressed him very much is that many

Americans are complaining bitterly about the fact that billions of dollars that are needed at home—for schools, for family support, for social welfare—are being wasted by the Bush Administration for this war.

Friedrich emphasized that he is not biased against the United States, having had many American friends for a long time. However, he got so disgusted with the war propaganda on Fox TV, that he switched off the TV set at his hotel room.

Churches Reject Claim of 'Just War'

On March 11, EKD leader Kock warned in a prime-time interview on Germany's ZDF-TV, against "religious-looking" arguments for war, of the kind put forward by the Bush Administration. He said that certain interests were unjustifiably pushing the issue of "just war" (which has a basis in the tradition of the churches' doctrine as well as in international law), as a foul excuse for not seeking peaceful means to settle conflicts like the present one over Iraq.

Just before the traditional Spring Convention of the Catholic Bishops, which began in Freising in the state of Bavaria on March 10, Bavaria's Cardinal Friedrich Wetter stated that, having experienced the last world war and the Allied bombardments of German cities as a young recruit in the German Army, he still retains vivid images of how many innocent human beings can become casualties of warfare, even if that result is not intended. War, however "just" it may be, is never without injustice, and therefore, civilized nations must seek peaceful solutions to problems; must seek to establish a just peace—which is the viewpoint of the German Catholics, Wetter added. The Freising convention also reaffirmed a January resolution of the Catholics denouncing the concept of "preventive" war.

In another strong statement on March 11, Reinhard Marx, Bishop of Trier, warned that pro-war rhetoric of the kind used by the Bush Administration runs a high risk not only of leading to a violation of international law, but also of provoking a global clash between Islam and Christianity. Marx added that even if there were a United Nations mandate for war (which he doubted would occur), still those who oppose the war for principled reasons were obliged, not to fight, but rather to prevent the outbreak of armed conflict and seek peaceful solutions.

Also the annual convention of the United Evangelical Lutheran Churches of Germany (VELKD), held in Hanover, passed a resolution opposing an Iraq war on strict terms of religious ethics and international law. Concerning the latter, the resolution makes the following points: 1) the Charter of the United Nations obliges every signatory to settle conflict by peaceful means, in the first place; 2) neither of the two exceptions—self-defense, or a specific UN Security Council mandate, along the lines of Article VII of the Charter—applies to the case of Iraq; 3) existing international law does not provide for wars with the aim of "regime change," nor for wars of "prevention."

Cheney To Visit East Asia—Delivering War?

by Mike Billington

Vice President Dick Cheney will travel to East Asia in April, visiting Japan, China, and South Korea. His first item of business will be the crisis on the Korean Peninsula. Cheney, the intellectual author in the early 1990s of the now-official U.S. strategic policy of “pre-emptive attacks” on those deemed “rogue nations” with the intention or capability to develop nuclear weapons, can hardly be expected to do anything but make matters worse. It is indeed possible that his intention is to deliver a war message to his hosts, parallel to the U.S. chicken-hawks’ imperial demand to the UN regarding Iraq: either do what we say to isolate and punish North Korea, or we will go to war, probably with nuclear weapons.

There could hardly be a sharper contrast to the proposal by Lyndon LaRouche on March 13. While making every effort to induce the Bush Administration to call off the mad Iraq invasion plans, LaRouche has offered to go as an interlocutor to the North Koreans, provided he has a clear signal of cooperation from the government in China, and from Washington. Recognized as a leading opponent of the Iraq war, LaRouche believes he could determine, through direct contact with Chairman Kim Jong-il, what is needed to achieve a peaceful agreement and renewed development in the region.

Cheney, on the other hand, is recognized for a political lifetime of animosity towards both China and North Korea. As Secretary of Defense in the early 1990s, Cheney oversaw the production of a document, called “Defense Strategy for the 1990s,” promoting pre-emptive war to assure that the United States remains, in perpetuity, the world’s only superpower, by preventing any nation or alliance from becoming a great power. The leading authors of the report were Paul Wolfowitz—now the Deputy Secretary of Defense—and Lewis Libby, now chief of staff in Cheney’s office.

Then, in 1992, Cheney produced the “Defense Planning Guidance,” targeting Iraq and North Korea as rogue states subject to pre-emptive strike—a policy which is now close to implementation, with an Iraq war and a possible nuclear strike on North Korea in the aftermath.

Lewis “Scooter” Libby, Cheney’s chief of staff, will most likely accompany Cheney on his trip to East Asia, as will his deputy chief of staff, C. Dean McGrath. This will be particularly grating for China, as both men served on the notorious “Cox Committee” in 1998, which issued wildly false accusations of Chinese scientific spying against the United States. That Committee, headed by rabid China-basher Rep. Christo-

pher Cox (R-Calif.), Chairman of the House Policy Committee, brought together “Gingrich” Republicans and Democrats tied to the Democratic Leadership Council’s Al Gore, with Libby as head legal advisor, and McGrath as staff director.

In June 1998, the Chinese News Agency Xinhua published the response of a leading nuclear scientist, Wang Fei, to the Cox Report: The accusations were not only “ridiculous, but an intentional insult designed to show contempt for Chinese scientists.” Another Chinese official demonstrated to international journalists that the computer codes for nuclear weapons, which the Chinese had supposedly stolen, were readily available to any schoolboy on the Internet! Cox Committee lawyer Libby and director McGrath will nicely round out Cheney’s imperial entourage.

The North Korean ‘Exception’

New York Times Asia columnist Nicholas Kristof revealed on Feb. 28 that a nest of “raptors, clustered around Dick Cheney and Don Rumsfeld and in the NSC,” are seriously planning a nuclear strike against North Korea. As LaRouche has pointed out, if the invasion of Iraq is not stopped, North Korea will have no reason to negotiate; furthermore, the United States will not have the forces to fight a conventional war in Asia, thus providing a perfect excuse for the utopians to try out their new tactical nuclear weapons.

Proving the point, Willis Stanley, a Senior Analyst at the National Institute for Public Policy (NIPP), published a paper called “From Vietnam to the New Triad: U.S. Nuclear Weapons and Korean Security,” arguing for nuclear war on North Korea. Willis was responding to the recent release of a 1967 secret study headed by Freeman Dyson on the potential use of nuclear weapons in the Vietnam War, which found that there would be no military advantage to their use, and an enormous political penalty. Stanley accepts those results, but insists that North Korea is an exception. Its troops and artillery massed on the border, he wrote, means that “it remains possible that an American President’s only option to avoid catastrophic loss of life might be to authorize nuclear use to halt the advance of the D.P.R.K. forces.”

Stanley describes this situation as being “at the heart of the Bush Administration’s approach to nuclear strategy,” and concludes: “In the post-Cold War world, including Korea, the barrier . . . between tactical and strategic nuclear forces has crumbled.”

Stanley’s credentials are notable—he served on a team that prepared the January 2001 report, “Rationale and Requirements for U.S. Nuclear Forces and Arms Control,” promoting a new generation of tactical nuclear weapons. Also on the team were several of the top neo-conservative warmongers in the Bush Administration, including the Pentagon’s new Assistant Secretary for Intelligence, Steve Cambone, and Fred Iklé and James Woolsey, who are both members of the “Wolfowitz Cabal,” by way of Richard Perle’s Defense Policy Board.

Brazil Tries To Evade Imperial Game-Plan

by Silvia Palacios

It will not be easy for Brazilian diplomacy to construct an independent foreign policy whose immediate objective would be to put together a South American bloc, capable of preserving the independence and sovereignty of member-nations.

The difficulties to be faced are varied. First, there is the imperial impulse of the group of Utopian “chicken-hawks” in the Bush Administration, which is using the institutional instability of the subcontinent—and especially of the Andean region from Venezuela to Bolivia—to impose an interventionist policy even worse than that of President Teddy Roosevelt in the early days of the 20th Century. Second, there are the insurrectionist tendencies of various radical groups allied to the government of President Luiz Inácio Lula da Silva, whose effect is to demoralize the serious efforts of nationalist groups within Itamaraty (as the Foreign Ministry is called). This latter problem is reflected in the clumsy interventions of President Lula’s foreign policy advisor Marco Aurelio Garcia, with regard to neighboring Colombia. Garcia, in answer to Colombian President Alvaro Uribe’s request that neighboring countries declare that the drug-running Revolutionary Armed Forces of Colombia (FARC) guerrillas are “terrorists,” stated provocatively: “One man’s terrorist is another man’s warrior against oppression.”

Threats to Sovereignty

Ever since the attacks of Sept. 11, the Bush government has been determined to find Islamic terrorists in every corner of Ibero-America, in order to justify its geopolitical plans. Brazil has suffered repeated threats of a U.S. intervention in the name of “fighting terrorism.” For example, the Utopian group which boasts the Hudson Institute’s Constantine Menges, lost no time in fingering the so-called Triple Border region of Brazil, Argentina, and Paraguay as a sanctuary of Islamic terrorists; and despite the total lack of evidence, the group’s spokesmen have even described that zone as the Brazilian “front” of the war.

But they are not the only ones who believe that if you repeat a lie often enough, it will become the truth. Most alarming were the claims of U.S. Southern Command Commander Gen. James T. Hill, cited by the March 9 *Miami Herald*, to the effect that nearly \$500,000 a year is collected in Ibero-America for Islamic groups such as Hamas, Hezbollah, and al-Gamaat.

The Brazilian government has attempted to avoid these

provocations of the Bush government’s imperial policy, by coordinating diplomatic actions with the European trio of France, Germany, and Russia, the which is conducting unprecedented diplomacy to halt the mad Anglo-American war drive against Iraq, which would unleash an unending Clash of Civilizations upon the world.

Supporting initiatives clearly coming out of the nationalist group which took up important posts in Itamaraty with Lula’s January 2003 inauguration and which argues for Brazil to take a more active role in world affairs, President Lula backed France’s recent proposal for a heads-of-state summit at the UN Security Council, to put the brakes on the conflict with Iraq. While the world was just learning officially of the French proposal, Lula spoke by phone with British Prime Minister Tony Blair, during which the Brazilian President endorsed the French initiative. One day earlier, on March 5, Lula also spoke with German Chancellor Gerhard Schröder, and guaranteed him Brazil’s support for the French-German memorandum on Iraq.

In continuation of this coordination, it was announced that French Foreign Secretary Renaud Muselier would be visiting Brazil on March 11, to meet with the Brazilian President. In an interview published that day in *Folha de São Paulo*, Muselier responded to a nervous question about Lula’s coordination with French President Jacques Chirac: “The support given by President Lula is, in our opinion, an essential element. Brazil can play a major role explaining the importance of continuing with the inspections [in Iraq], particularly for other Latin American countries.” It was further revealed that President Lula would soon be making a state visit to France.

Andean Diplomacy

Ibero-America is clearly the natural place for Brazil to exercise a role as regional leader. Thus Itamaraty’s efforts to organize a meeting of continental heads of state—or, at least, of South American heads of state—to analyze the implications of a war with Iraq, in order to forge a single regional position on such an international issue, which would be a first in decades. Apparently, this initiative was thwarted, among other reasons, because of widespread fear of reprisals the Bush government might take against participating nations, already weakened both economically and politically. After the terrorist attacks of Sept. 11, the Bush government has put enormous pressure on the continent, to make hemispheric security conditional upon acceptance of Bush’s imperial interventionism.

Symptomatic of that fear of Washington’s madness was Colombian President Uribe’s unwillingness to join Brazil’s initiative to sign a statement against Bush’s unilateral war drive against Iraq, because taking such a position could lead to a freeze in U.S. aid against drug trafficking.

Faced with the efforts of the Bush Administration to impose its new empire on the continent, Brazil has moved to try to create conditions of regional stability, by opposing its

program for the physical integration of South America to the currently volatile financial and dangerous security situation on the continent. Thus, the Lula government has moved to create a so-called Group of Friends of Venezuela, in an effort to try to control the Jacobin nut, President Hugo Chávez, and to avoid institutional chaos in that nation. In January, Brazil Foreign Minister Celso Amorim made this clear, when he created the Group of Friends: “We are taking a proactive action because Venezuela is a country that is close to us; it is an important country which has a symbolic role for South America as a whole. Further, the Venezuelan crisis affects our integration project for South America.”

In this context, Colombian President Uribe’s March 7 visit to Brazil, to coordinate actions against the FARC narco-terrorists, is of special relevance. Uribe has been seeking closer ties with Brazil and other nations of the region, following the FARC attack on U.S. military advisors in Colombia Feb. 13—an attack which virtually served as an invitation to a U.S. invasion.

Before Uribe’s visit, there was a moment of great tensions, because it was feared that Brazil would refuse to identify the FARC as a terrorist force—a rumor which was spread by President Lula’s foreign policy advisor Marcio Aurelio Garcia. Garcia even went so far as to say that Brazil could not take sides in the Colombian conflict by branding the FARC terrorists, as that would prejudice any future role Brazil might undertake as a mediator in that conflict! Garcia’s words were intended to disguise his sympathy for the FARC, allies in the São Paulo Forum whose meetings Garcia has frequently attended as a representative of Brazil’s Workers Party (PT).

The tension increased, because it is clear that Brazil will not accept a foreign intervention in the region in any guise. Brazil views the U.S.-drafted Plan Colombia as such, and sees it as a threat, since Brazil shares with Colombia large interests in the Amazon region. During his visit to Brazil, the Colombian President was explicit on this question: “Terrorism destroys democracy, life, and the ecology. It has already destroyed a part of the Colombian Amazon, and if it is not fought, it could destroy the Brazilian Amazon.”

During Uribe’s visit, Lula supported Colombia’s battle with terrorism. “We discussed themes of interest to Brazil and Colombia. First, Brazil’s commitment to help Colombia and our total solidarity in the fight against terrorism and the drug trade.” Lula said. Finally, Brazilian diplomacy made a proposal which could offer the Colombian government a new direction in its fight against narco-terrorism. The two countries are calling on the UN Security Council to issue a resolution condemning all the illegal armed movements in Colombia, which includes the FARC, the ELN, and paramilitary groups such as the AUC. The joint communiqué which concluded President Uribe’s visit also stated that the two governments would examine, on a priority basis, the modalities of utilization by the Colombian government of Brazil’s System of Vigilance of the Amazon (SIVAM), a modern network of

radars, planes and computers which monitors the Amazon region. The final communiqué also emphasizes, at various points, the importance of economic integration and of the physical infrastructure of both countries, in the context of South American integration.

The Brazilian diplomatic initiative, while failing to condemn the FARC as terrorists—which is clearly a mistake—nonetheless silenced speculation that Brazil gave legitimacy to the FARC as a belligerent force, a stance encouraged by radical groups within the ruling PT. Within those groups are members of the Presidential Cabinet, such as Urban Affairs Minister Olivio Dutra, who as governor of Rio Grande do Sul, had received FARC representatives in the governor’s palace. Although Presidential advisor Marco Aurelio Garcia does not nominally belong to these radical elements, his statements with regard to both Venezuela and the FARC, are a clear reflection of the ongoing battle inside the PT ranks.

The FARC in Rio

The problem for Brazil, is that the FARC not only threatens the security of the Brazilian Amazon region, whose shared border with Colombia is more than 2,000 kilometers long, and therefore offers easy penetration for the narco-terrorists, but also extends to the cities and the interior of Brazil. On March 1, the newspaper *O Estado de São Paulo* published a report based on military intelligence from Colombian counterinsurgency units, which stated that the FARC maintains at least three sanctuaries for elite groups of that narco-terrorist army inside Brazil. One is in the south of Paraná, another is in Mato Grosso do Sul, and a third is in Roraima. The first two have long been identified by the United States as hide-outs of Hamas and Hezbollah, but never as FARC refuges. Suffice it to say that one of the most dangerous drug lords who controls much of organized crime in Rio de Janeiro’s slums, Fernandinho Beira Mar, was protected by the FARC inside Colombia. Beira Mar was captured in April 2001 on Colombian territory controlled by the FARC, and he was subsequently handed over the Brazilian authorities. He is currently in jail in São Paulo, but everything indicates that he continues to maintain relations with the FARC through both drugs and arms trafficking.

Also very dangerous is the relationship between the FARC and Brazil’s Landless Movement (MST), which recently relaunched aggressive land seizures and invasions of public buildings across the country. And herein lies the Gordian knot facing the Lula government, because Brazil will be unable to maintain any credibility abroad in its policy toward Colombia and Venezuela—a policy which will soon have state forces, including the Armed Forces, behind it—as long as Lula maintains Miguel Rossetto, one of the founders and leaders of the MST and a known FARC sympathizer, as his Agrarian Development Minister, and as long as he continues to keep the Agrarian Reform Institute (INCRA) in the hands of the MST.

What Secretary Powell Did Not Say

by Lyndon H. LaRouche, Jr.

On March 8, 2003, this statement was issued by the Presidential candidate's political committee, LaRouche in 2004, for international circulation and distribution as a mass leaflet in the United States.

Monday, March 10 begins a week whose importance could possibly, even probably, prove more or less as significant, in its own way, as the 1962 Cuban Missile Crisis. This memorandum serves to summarize the following crucial issues of the present crisis.

The Root of the Crisis

1. The first factor, the root of this crisis, is a Classical quality of existential crisis within the institutions of the U.S. government.

The pivotal issue of the crisis is, as France's representative said, implicitly: The issue of war or peace as such, is not Saddam Hussein or Iraq; but, primarily, two distinct but converging features of the current U.S. Bush Administration. The first cause of that aspect of the crisis, is the influence of the imperialist followers of the late fascist ideologue, Professor Leo Strauss, in creating the core of those war-mongers known variously as the "Chicken-hawks" or "neo-cons." The second, converging cause of that critical factor, is the convergence among the pro-imperialist "neo-cons" inside the Bush Administration, with the thoughtless and stubborn, "barnyard-style unilateralism" expressed by President George W. Bush himself.

The added feature of the crisis, on the U.S. side, is that Cheney's and Wolfowitz's lunatic tribe of neo-con "Chickenhawk" fanatics, is reenforced, on the side of the Democratic Party, by those organized-crime-linked, pro-imperialist hard-

core DLC Democrats who are typified by the circle of cronies of right-wing ideologue and war-monger Senator Joseph Lieberman.

What this bipartisan combination of imperialists and Bush's unilateralism has done, is to exploit the frightening effects of Sept. 11, 2001 to unleash a policy which currently sets the United States against, in fact, the most vital interests of every other sovereign nation-state of the planet. Summarily: If the U.S.A. is allowed to use the UNO-outlawed threat of unilateral force—even the use of nuclear weapons against non-nuclear states—to blackmail the UNO Security Council into tolerating a war upon Iraq, that precedent either soon establishes a U.S. world-empire modelled upon the ancient Roman Empire; or forces the nations of the world to undermine the power of the U.S.A. to conduct such policies; or sends the world to spend a few generations in Hell as punishment for failing to prevent the proposed war.

In effect, as I, my wife, and others associated with me have warned on earlier occasions, the current Iraq policy of the Bush Administration is a caricature of the same hubristic folly which led ancient Athens into the tragic Peloponnesian War. Unfortunately, "Education President" Bush is not notably strong on the subject of history.

For the United States to declare itself on the brink of launching unilateral, imperial warfare, when there is no objective need to go to war—especially when we have all the power and support we would require did a need exist—is not only a great folly, as the case of the Peloponnesian War attests. To launch such a war under such unlawful pretexts, including the pretext of the fraudulent reports transmitted from Israeli and other origins, through British channels, into an address of Secretary of State Colin Powell and the UNO Security Coun-



“Rome launched its drive to empire when Rome was at its relatively greatest strength; President Bush’s Administration has launched its campaign at precisely the point the U.S.A.’s economy is disintegrating internally at an accelerating rate.”

cil, is also a crime against humanity, under the implications of those precedents accumulated since the 1648 Treaty of Westphalia. These are precedents freshly acknowledged, in 1945-1946, as the lessons adduced from the combined experience of two preceding World Wars.

In fact, the unilateral Anglo-American warfare threatened by the bipolar froth from certain official and mass-media Washington and London sources, is not a war prompted by any action by Iraq itself. It is the use of wildly exaggerated allegations of external threats from Iraq as a pretext for launching what has been called by some relevant circles a “Clash of Civilizations” war; a war against not only the Arab world as a whole; not only the Islamic populations as a whole; but also China, and targets beyond. This threatens the outbreak, even during the month of March, of the third geopolitical world war launched by imperial maritime (and aerial) power against continental Eurasia as a whole.

That, in summary, supports the case which France has presented against the arguments presented by the U.S. and British spokesmen. In effect, the current U.S. Administration has declared an imperial war policy against the world. The events of Sept. 11, 2001, have been misused as a cover for reviving this imperial “preventive” nuclear war policy, first pushed during the mid-1940s by the evil Bertrand Russell and his pack of utopians, and which was already pushed during the 1991-1996 interval by then-Defense Secretary Dick Cheney and by Israel’s right wing.

The saner, and less purchasable majority among the

world’s governments are now saying to the current U.S. Administration: “True friends do not encourage a stubborn ally in such a piece of lunatic folly as the currently bankrupt United States’ present strategic posture. We oppose your foolishness for your own good. You need our advice, desperately, much more than we need yours.”

An Accelerating Economic Collapse

2. The second aspect of the present crisis is that the Bush Administration pushes this imperialist folly under the conditions of the 2000-2003 plunge of the economies of the Americas and Europe into a now accelerating economic collapse of the world’s present monetary-financial system.

As I have said frequently: Rome launched its drive to empire when Rome was at its relatively greatest strength; President Bush’s Administration has launched its campaign at precisely the point the U.S.A.’s economy is disintegrating internally at an accelerating rate. As James Carville said in 1992, so today, the problems of President Bush’s desire for re-election are summed up essentially as, “It’s the economy, stupid!”

Under such economic conditions, unless there were a type of direct present threat by Iraq to the U.S.A. or other relevant nations which does not presently exist in fact, the launching of such a war by the United States would be criminal, because it would be axiomatically unjustified under the modern natural law of nations. Under the presently bankrupt economic policy thinking of the presently bankrupt U.S. Bush Adminis-

tration, the United States has no means for carrying through the regional Middle East and broader war detonated by its assault on Iraq to a successful “exit” to durable peace.

The currently demonstrated folly of the most recent of the U.S.-led operations in Afghanistan—where the threat today, presently created by “a successful war,” is worse than at the outset of that war—illustrates the point. The demonstrated folly of the operations in Afghanistan, if repeated in the Middle East, would be a degree of negligent misconduct like that of Ariel Sharon, which future courts might adjudge as having been criminal.

On the subject of Middle East peace, note the exemplary lesson from the continuing Israeli-Palestinian conflict.

During the past two decades, circles associated with Ariel Sharon and others have been conducting wars into Lebanon, against Syria, and others, for the purpose of stealing water from such aquifers as those of the Litani River and Golan Heights, in addition to looting the supplies along the Jordan. This was done as part of a continuing “Eretz Israel” policy of driving the Palestinians from their traditional habitation, to make way for immigrants lured into Israel by larcenous real-estate speculators associated with Sharon *et al.* In fact, there is no possibility of establishing and maintaining peace in any part of this and adjoining regions, without an aggressive policy of developing new sources of potable water which are sufficient for the needs of all of the present and foreseeable populations of the region.

The lack of that and related economic development of basic economic infrastructure of the Middle East region becomes, in and of itself, a source of increasing conflict among the region’s populations, whether or not any of those populations desire such conflict. When the consequences are considered, opposition to, or even failure to promote such development, partakes of a criminal quality of negligence.

Thus, the current U.S. Administration’s fanatical extension of those economic policies of the 1971-2003 interval, which have produced the economic crisis of the present, failed world monetary-financial system, is itself a cause of those homicidal conflicts which could become a major threat to the U.S.A., as well as Europe and the Americas. Under such present circumstances, wasting precious, scarce economic resources on a needless and bottomless expenditure for warfare, is not the practice of sane governments.

The Strategic Triangle Alternative

3. There are urgent and available alternatives to the folly of the U.S. “Chicken-hawks’ ” proposed Middle East war.

Look at the present situation in Eurasia defined by the onrushing economic collapse of the world’s 1971-2003 monetary-financial system. Happily, under the present conditions of the world economic crisis which “Education President” Bush is unable to recognize, there has emerged a set of overlapping blocs of transcontinental cooperation in continental Eurasia. In western Europe, the “European Triangle” of oppo-

sition to the Middle East war, built around France, Germany, and Russia, is implicitly a growing partner in technology-sharing with the set of nations grouped around the Eurasian Strategic Triangle of Russia, China, India, *et al.* This includes the North Asia Triangle of Russia, China, and Korea, and, hopefully, the participation of industrial Japan. It includes the nations of the ASEAN group, now brought closer together by the new phase of the Mekong River development project.

Western continental Europe’s neighbors have a vital interest in the success of those multi-triangular systems of cooperation for mutual security and development. Every sane, informed resident of the British Isles opposes Prime Minister Blair’s wild-eyed rush to war, partly because they know, even instinctively, that the economic future of those Isles depends crucially upon integration in continental Eurasian economic development. Turkey, similarly, looks forward to integration within the European Union.

We in the U.S.A., should be partners in the success of such emerging new systems of cooperation. We should be applying the same principles of progress to reviving those republics of Central and South America which U.S. economic, monetary, and financial policies of 1971-2003 have done the most to ruin.

We do not lack solutions for the crises looming before us this ominous week or two to come. The fault lies, in part, in the packs of leaders in the present government, in the present leadership of our principal political parties, of whom it could be said, as Shakespeare wrote: “The fault, dear Brutus, lies in ourselves, that we are underlings.” The fault lies in those fools—fools of all ranks, but all mentally of the state of mind of “underlings”—who whimper, “But the war is inevitable.” The fault lies, in large part, in the common men and women who choose such leadership as that.

Small-minded men and women give the name of “tradition,” “popular opinion,” and the like, to their folly; and thus, by choice or negligence, select the small-minded leaders who reward the people for that support as the leaders of fabled lemmings do: over the cliff to a monstrous folly such as that proposed presently by the U.S.A. and U.K. governments (and such other governments as can be cheaply purchased by the jingle of money from an bankrupt U.S.A.’s emptied purse).

It is time to pull back from the brink of absolute lunacy. Accept France’s proposal in good faith. It were better to enjoy French cheese than swallow the dirt of a hot season’s desert sand.

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Cheney and Perle To Go Down Like Ollie North?

by Michele Steinberg

New Yorker magazine and its senior investigative reporter, Seymour Hersh, have produced a devastating exposé of the shady dealings of Defense Policy Board Chairman Richard Perle, the self-described “Prince of Darkness” who works non-stop for a war against Iraq. Even before the *New Yorker*’s March 17 issue, with Hersh’s article called “Lunch with the Chairman,” hit the newsstands, the international wires from New York, to Washington, London, Baghdad, and Tel Aviv had felt the impact of its exposé. The exposure of Perle, and questions about two other prominent Administration figures—Vice President Dick Cheney and Henry A. Kissinger—could be the very “exit strategy” needed for Iraq. But this “exit strategy” requires that Cheney, Perle, and Kissinger be ousted from any position in the U.S. government because of potential conflict of interest and profiteering.

According to Hersh’s report, Perle and two other Defense Policy Board members, Kissinger and Gerald Paul Hillman, have not only spent more than 18 months, and untold amounts of government money, making war plans against Iraq in the bowels of the Pentagon; they also created a Delaware-registered company, Trireme Partners LP, in November 2001 following the 9/11 attacks, to make a handsome profit from America’s “war on terrorism,” and even more from an Iraq war. Profiteering? Conflict of interest? These are only some of the questions. But before delving into the dark recesses of the Perle dossier, there are a couple of other elements to consider.

Kissinger Resigns

There is the case of Trireme advisor Henry Kissinger. Recall the headlines of *USA Today* and other major press on Dec. 13, 2002: “Kissinger Quits as Chairman of 9/11 Panel.” Yes, the same Henry A. Kissinger who sits on the Advisory Board of Perle’s Trireme Partners LP, which is schnooring for government anti-terrorism contracts in the hundreds of millions of dollars, had been named to head an independent commission to “investigate” the intelligence failures prior to Sept. 11. When members of Congress, and families of those who died in the Sept. 11 attacks, wanted Kissinger and the Commission members to provide financial disclosure of their clients, Kissinger balked, and feigned indignation that such a request insulted his integrity. He resigned rather than provide the requested information.

Was Trireme one of the reasons why Kissinger balked about disclosing information on his clients? According to Hersh’s article, mid-December 2002 was an intense period of negotiations for Trireme, with Perle associates Gerald Hillman and Christopher Harriman deep in negotiations with Adnan Kashoggi, the Saudi multi-millionaire who had been the Iran-Contra middleman for Ollie North. Trireme was also meeting Harb Zuhair, an Iraqi-born Saudi businessman, in an effort to get \$100 million from Saudi princes and businessmen. Kissinger’s public role might have exposed this operation.

Then, recent news about Vice President Dick Cheney’s financial ties to Halliburton present even more of an appearance of conflict of interest. According to Pacifica radio’s report in January 2003, Halliburton—the company which was headed by Cheney until the Presidential election in 2000—gave him a \$20 million golden parachute, and is making *billions* of dollars from the war on terrorism and the drive for war on Iraq—is one of the major American companies bidding on contracts for “post-war” reconstruction of Iraq. So far, \$900 million in contracts are on the line, and the figures are expected to soar into the billions if Iraq is attacked by American military “shock and awe” methods. There’s one small additional detail: Halliburton is currently paying Cheney \$1 million a year in uncollected fees (obtainable when he completes his term of office).

According to news accounts in the London *Guardian* and elsewhere, a division of Halliburton called KBR, also known by the name Kellogg Brown & Root, is doing U.S. defense and anti-terror government work “building cells for detainees at Guantanamo Bay in Cuba. It feeds American troops in Uzbekistan. And near the Turkish/Iraqi border, Halliburton helps run three military bases.” In July, reported Pacifica, the *New York Times* wrote “that Halliburton is the only company that has a contract with the Army that has an unlimited budget.” The *Times* said that “KBR is the exclusive logistics supplier for both the Navy and the Army, providing services like cooking, construction, power generation, and fuel transportation. The contract recently won from the Army is for 10 years and has no lid on costs.” But Halliburton is also up to its ears in shady dealings with Enron, and with charges that it overbilled the U.S. government. It has already paid \$2 million in fines.

Thus, the heat drawn by Richard Perle’s alleged extortion attempts against two prominent Saudi businessmen, could also make things very uncomfortable for Vice President Cheney. With Perle and Cheney under scrutiny for corruption and conflict of interest, the President could seize this opportunity to follow Lyndon LaRouche’s advice and purge the chicken-hawks from his Administration.

‘Blackmailing’ the Saudi Allies

According to Hersh, on Jan. 3, 2003, Perle held a lunch meeting in Marseilles, France, with former Iran-Contra mon-



Compelling reasons have become public during March, for President Bush to seek the removal of both Vice President Richard Cheney and Defense Policy Board head Richard Perle from government, as Henry Kissinger removed himself last year—for conflict of interest. Such departure of leading chicken-hawks can open an exit strategy from a new Mideast war.

eybags Khashoggi, and the Iraqi-born Saudi businessman Zuhair. Perle's purpose was to solicit \$100 million in investments in his Trireme Partners LP. Trireme is involved in homeland security and defense contracting, and has reportedly already lined up \$45 million in investments, including \$20 million from Boeing. Among the other principals in the company besides Perle and Kissinger are Gerald Hillman, a businessman with no prior experience in military or national security affairs, whom Perle placed on the Defense Policy Board (DPB); and Chris Harriman.

Hersh conducted interviews with several Trireme officials; members (unnamed) of the DPB; Khashoggi; and Saudi Ambassador Prince Bandar. According to those interviews, late last year, Khashoggi was approached by Harriman on behalf of Trireme; and just before Christmas, Khashoggi, Zuhair, Harriman, and Hillman met in Paris. Zuhair said he had just returned from Baghdad and, apart from the business deal, was interested in brokering a peaceful solution to the Iraq crisis, by working out a deal under which Saddam Hussein would admit he had weapons of mass destruction, but would leave Iraq with his sons and some top ministers, in return for the United States calling off the invasion. Harriman penned several memos in late December 2002 to Zuhair, memorializing the proposals. According to some accounts, the memos were endorsed by Perle, the principal of the firm. This led to the Jan. 3, 2003 lunch meeting in Marseilles among Perle, Khashoggi, and Zuhair, at which—according to Khashoggi and Zuhair—Perle pushed the idea of ten Saudi businessmen each kicking in \$10 million in investments into Trireme.

Prince Bandar, the long-serving Saudi Arabian Ambassador in Washington, told Hersh he got wind of the Marseilles meeting, and the Saudi government reacted furiously. "There is a split personality to Perle," Bandar was quoted telling Hersh. "Here he is, on the one hand, trying to make a

hundred-million dollar deal; and, on the other hand, there were elements of the appearance of blackmail—'if we get in business, he'll back off on Saudi Arabia'—as I have been informed by participants in the meeting."

Prince Bandar's account of the Marseilles session is more than credible. First, Perle has a track record of mixing his personal business with his political and ideological efforts, always in support of right-wing Israeli interests. As a principal in the defense contracting firm Abbington Associates, Perle promoted Israeli and American arms sales with Turkey; and he received tens of thousands of dollars a year during the 1990s as a consultant to another arms-selling firm—headed by Doug Feith, the current Assistant Secretary of Defense for Policy and a self-avowed follower of the Zionist fascist Vladimir Jabotinsky. Perle and Feith were two of the co-authors of the 1996 "Clean Break" strategy paper delivered to Israeli Prime Minister Benjamin Netanyahu. The paper was a blueprint for abrogating the Oslo Accords, premised on provoking a war against Iraq.

Second, Perle is notorious, in both Washington and Riyadh, for his sponsorship of the July 10, 2002 DPB session at which Marc Rich's employee, Laurent Murawiec, delivered a violent diatribe against the House of Saud, calling for American occupation of Saudi oil fields and carving of an independent Eastern Province puppet state. Early this year, Murawiec repeated his rant at a security conference at Hertzliya, Israel.

Since the appearance of the Hersh article, Perle has tried, desperately, to dodge the accusations, claiming, to Hersh, that he had not discussed business at the meeting. Later, on CNN Late Edition on Sunday, March 9, Perle fumed at Hersh, calling him "the closest thing in American journalism to a terrorist." Despite Perle's protestations and threats to sue Hersh, the scandal is not going away—until Richard Perle does.

Troops Being Set Up For Gulf War Syndrome II?

by Carl Osgood

The motto engraved in stone on the outside of the Veterans Affairs Department building reads, "To care for him who has borne the battle." It is inspired by President Abraham Lincoln, who set it as one of the responsibilities of a government towards those who have defended the nation in war. This might imply that the government might take every precaution available for its troops before sending them to war again. Indeed, that responsibility was codified in the Fiscal Year 1998 defense authorization bill. It requires the Department of Defense to collect baseline health data, including blood work, on soldiers, sailors, marines, and airmen, before they deploy in contingency or combat operations; then, should unusual illnesses emerge, appropriate treatment and compensation can be provided. That provision resulted directly from the 1991 Gulf War experience, when very large numbers of military personnel who had deployed for that war came down with unusual, unidentifiable illnesses.

After that experience and the 1998 law, one might think that the Defense Department would be taking great care to avoid the emergence of unexplained illnesses among the troops being deployed to the Persian Gulf now. But something less was indicated by a Feb. 14 letter that Secretary of Veterans Affairs Anthony Principi sent to Secretary Donald Rumsfeld, asking for full cooperation from the Defense Department in the gathering of predeployment health data. Principi's letter was released at a March 6 press conference, moderated by consumer advocate Ralph Nader, in which the Defense Department was charged with ignoring the 1998 law and setting up the circumstances for another Gulf War Syndrome. Nader asked, "To what degree are the troops in the field adequately trained and provided with effective equipment to defend against Iraqi chemical attacks?" He noted that because of a design flaw in the Bell UH-1 helicopter—acknowledged by both Bell and the Army—267 soldiers have been killed in accidents over a 22-year period. "It is important to make sure," he said, "that neither the Defense Department nor the White House can get away with bland assessments that everything is in a state of readiness."

Toll of Gulf War

Other speakers not only charged that the Defense Department is not implementing the 1998 law on collection of baseline health data, but is providing defective chemical warfare protection equipment. Steve Robinson, the executive director

of the National Gulf War Resource Center, and a veteran of the 1991 war, made available an investigative report by the Army Audit Agency, from 2001, that found that fully 90% of the Army's chemical detection monitors and 62% of its gas masks were either completely broken or less than fully operational. The report also found that the Army's processes for reporting and monitoring the readiness of nonmedical chemical and biological defensive equipment, didn't assure that soldiers be fully prepared to defend against "the identified level of threat." It is not known how much of that defective equipment is deployed to the Persian Gulf, today.

Robinson reported that of the 567,000 troops deployed for the 1991 war, fully 307,000 have sought treatment for various illnesses since. Of those, 207,000 have filed claims and 167,000 are receiving direct compensation for disabilities. Diagnosis and treatment of their illnesses, as they developed in the years after the war, was made that much more difficult because predeployment health data was not taken from them before they shipped out to the Persian Gulf. The lack of such health data also meant that the Pentagon, at first, refused to even recognize that the illnesses might be related to service in the war.

One indication the lessons of 1991 have been ignored, Robinson said, is that some "investigational" vaccines that were used on soldiers then, are still being used, despite a lack of knowledge as to their long-term effects. Soldiers deployed to Afghanistan in 2001 and 2002 did not receive predeployment screenings. "Soldiers are not pawns on a chessboard," Robinson said. The failure to implement the law, he said "will have real effects on real people."

Two speakers at the press conference, Representatives Jim McDermott (D-Wash.) and John Conyers (D-Mich.), took a direct stand against another Iraq war. McDermott pointed to his experience as a military psychiatrist during the Vietnam War, and the horrors of Agent Orange, the defoliant sprayed on the jungles of South Vietnam. Conyers promised to do everything he could to make sure the issue of the health protection of U.S. troops deployed in the current crisis was raised in Congress.

Retired Col. Carl Bernard, a veteran of World War II and Korea and a former professor of military science at the University of California, made the point that the issue on the battlefield is panic. He expressed concern that chemical defense has not been a priority; nuclear weapons are not a solution to the potential use of chemical weapons, he warned. The first soldiers caught by a chemical attack will likely panic and "their reaction is going to be contagious." Indeed, if the Iraqis use chemical weapons against a U.S. attack, it will likely be precisely for the purpose of inducing panic in the attacking forces, as they did during the 1980-88 Iran-Iraq war.

Despite rhetoric, the civilian leadership has not insured that all U.S. troops sent to the Persian Gulf are suitably protected against chemical or biological attack or environmental contaminants they may be exposed to.

One of Schiller's 'Beautiful Souls'

Marianna Wertz, a leader of the Schiller Institute founded by Helga Zepp-LaRouche and Lyndon LaRouche, died early this past Jan. 15 at 54, having fought for many years against cancer and effects of its treatment. As Vice-President of the Schiller Institute, Marianna Wertz's work included the preparation—together with her husband of 27 years, William Wertz—of the three-volume work Friedrich Schiller: Poet of Freedom, by which the Institute uniquely put Schiller's great dramas, poetry, and essays together into circulation in English, some for the first time. She became a passionate translator of Schiller's poetry into English; her translation of some of his most beautiful philosophical poems, including the great "The Artists," is awaiting publication in a fourth volume of Poet of Freedom which she had prepared.

At a commemorative evening memorial for Mrs. Wertz on Feb. 15—marked by beautiful music, poetry, and appreciations of her life's work—Helga Zepp-LaRouche noted that Schiller called "a sublime person, somebody who had not connected his identity to his physical existence, but to a moral principle which is eternal." Schiller's idea, expressed above all in "The Artists," that human beings are led to knowledge and reason by beauty; and that beauty can lead any human being to train his or her emotions to love the common good of humanity, guided Marianna Wertz and challenged her to become a translator of his poetic work.

The new work, Friedrich Schiller: Poet of Freedom, Vol. 4, should appear in April, published by the Schiller Institute and sold through Ben Franklin Booksellers.

The Feb. 15 discussion of Marianna Wertz's life and work—very briefly excerpted here—was begun by her brother, LaRouche associate and historian Anton Chaitkin.

Anton Chaitkin: Good evening. We're going to celebrate the life of Marianna Wertz, my sister and a beautiful person, who passed away a few weeks ago. She will be very happy to hear this beautiful celebration.

We have, outside at the literature table, a special corner of the LaRouche movement table there, outside the hall, is set aside for books that Marianna helped bring to the world: three volumes of Schiller translations, Amelia Robinson's autobiography—newly printed—and a special issue of *Fidelio* magazine, with Marianna's translation of "The Artists," by Schiller.

Out at the table, you will see a display on two white boards, of photographs and clippings from Marianna's life. One of

the photographs there, is a picture of my father—her father—in the 1930s: a very intense young man in his 30s then, at the time when he was taking out lawsuits against Wall Street companies promoting Adolf Hitler into power, including the grandfather of the current President, who was a director of many of those companies.

The standpoint from which my father's activity proceeded, permeated our household. A sense of mission, of excitement, of possibilities in every avenue of life was there from the beginning, and it really was imparted to Marianna, as a gift. My father spoke both German and Russian, as a native language, coming from Latvia. And there was an intensely political environment; intensely musical—constant Beethoven and Bach and other music, which resulted in my brother being a musician, and this being considered on a par with politics and literature, as part of the normal existence of one's life. . . .

So, Marianna, from a very early time, was extremely open to doing the right thing, and being excited about it, throughout her life. I will just say that in the years that I knew her again—after leaving home, when we were children—since 1971, when she joined our movement, I saw her grow as a person, to become more and more of a beautiful person, and my very special friend. And, she radiated happiness most of the time; she was able to convey a sense of happiness to people that she worked with. This was true, even in the hospital, in her last days, in Johns Hopkins Hospital, when they were doing a set of procedures which were very invasive. And one of the nurses told me that she was trying to make all the medical staff feel at ease, and thanking them, while they were doing all these, you know, harsh things to her. So, he had a lump in his throat, over somebody with that quality.

And, it seemed to me, that in the last days of her life, she actually took off. There was never a time, when she did not feel that she had a gift that she was going to convey to other people.

Amelia Boynton Robinson: Some of us look at death, as being something that is harsh, that is dark, and gloomy. But, it isn't. Marianna's life proves, that it is something that you can give the world—as we say, "Give the world the best you have, and the best will come back to you." Marianna knows what we're doing. She knows about this meeting. She knows the hearts of those who knew her, and gave the best that they had. And she knows what's going on. . . .

So, I can just imagine, seeing the angels stooping down, and taking that soul and carrying it on to Heaven. We have to look at that as being something that is wonderful. And we say now, so often, that we're going to have a celebration when somebody dies. And truly, when we look at their going into another world, and they have done the best they could on this Earth, and they have given of themselves—yes, they are going home, and it is a celebration.

Not only for me, but for you, and for you, for each one us, who realize that we are going to have to leave this world, regardless of how well we like it, or how sad we may be.

We cannot see death. But it's there. And, we realize that we can't—as far as I can see, we don't come back. So, I think of—and if I'm wrong you can straighten me out—but many, many years ago, we used to study English. And, I think it was William Cullen Bryant, who wrote *Thanatopsis*. And the last verse of *Thanatopsis* is:

So live, that when thy summons comes to join
 The innumerable caravan which moves
 To that mysterious realm where each shall take
 His chamber in the silent halls of death,
 Thou go not, as the quarry-slave at night,
 Scourged to his dungeon, but, sustained and soothed
 By an unfaltering trust, approach thy
 grave
 Like one who wraps the drapery of his
 couch
 About him, and lies down to pleasant
 dreams.

Lyndon LaRouche: It was on this past Jan. 15, I was in the process of completing a session with Jawaharlal Nehru University in Delhi. The last question came from a professor, a friend of mine, who asked on the points I had made about the prospects for humanity: On what basis would I assume that the United States, as a nation, even under my leadership, would bring these things of which I had spoken to pass? And, I explained my motive, and the motive which would be driven by a nation under my leadership, on the theme of the principle of a sense of immortality, as opposed to the principle of tragedy, on which I spoke earlier, here, today.

I was coming toward the close of my answer to that question. I looked across the room, and Helga was sitting at a table at the back of the room. . . . The lights had gone out in Delhi, or at least that part of Delhi, at that point; so we were in darkness, and everything was—it was day, but there was darkness; there were no lights in the room, no power in the room, and she just happened to put her battery-powered camcorder on, and captured this last moment of my address there.

But, then, as I looked across the room, as I neared the end of my remarks, I suddenly knew I was at the end of my remarks, I saw her tearful face, the expression on her face: I didn't have to be told why she had reacted as she did at that time.

The important thing about this, is, after-

ward I said it was a coincidence, and various people with me said it was no coincidence, that I should happen to have answered that question, at that moment that Helga had received, while I was speaking, the news of Marianna's death. It was not an accident. Perhaps in time, it was—but certainly Marianna was on my mind at that time, and perhaps I spoke with more passion, even on that subject, than I would have otherwise, except that I knew my friend was struggling for life, in very imperiled, reduced circumstances, halfway around the world.

There's a lesson in this. It's a lesson for me, and for others. A lesson about the meaning of life: The most impressive moments, sometimes, for those of us who understand this, is the

The Dance

by Friedrich Schiller

See how with hovering steps the couple in wavelike motion
 Rotates, the foot as with wings hardly is touching the floor.
 See I shadows in flight, set free from the weight of the body?
 Elves in the moonlight there weaving their vapor-like dance?
 As by zephyr 'twere rocked, the nimble smoke in the air flows,
 As so gently the skiff pitches on silvery tide,
 Hops the intelligent foot to melodic wave of the measure,
 Sweet sighing tone of the strings lifts the ethereal limbs.
 Now, as would they with might traverse through the chain of the dances,
 Swings there a valorous pair right through the thickest of ranks.
 Quickly before them rises the path, which vanishes after,
 As if a magical hand opens and closes the way.
 See! Now vanished the view, in turbulent whirl of confusion
 Plunges the elegant form of this permutable world.
 No, it hovers rejoicing above, the knot disentangles,
 Only with e'er-changing charm, rule does establish itself.
 Ever destroyed, creation rotating begets itself ever,
 And an unspoken law guides the transformative play.
 Say how it's done, that restless renews the supple formations
 And that calmness endures e'en as the form e'er is moved,
 That each a ruler, free, only his inner heart is obeying
 And in hastening course finds his own singular path?
 Wish you to know it? It is the mighty Godhead euphonic
 Who into sociable dance settles the frolicking leap,
 Who, like Nemesis fair, on the golden rein of the rhythm
 Guides the raging desire, and the uncivilized tames.
 And do the cosmos' harmonies rustle you to no purpose?
 Are you not touched by the stream of this exalted refrain,
 Not by the spirited pulse, which beats to you from all existence,
 Not by the whirl of the dance, which through eternal expanse
 Swings illustrious suns in boldly spiraling pathways?
 That which you honor in play—measure—in business you flee.

—translated by Marianna Wertz

moment of passing of life: Because something has ended, that we wish were continued. And thus, we wish, above all, that that which has ended will nonetheless *be* continued. We are saddened, and rejoice at the same time, when we know that the end is not the end. The life that has just been concluded, lives on, in its effects and benefits for humanity to come.

In such moments, when we are privileged to witness, even from a distance, the death of a friend, who qualifies in that way, we are strengthened, in our ability to deal with the crises

before us, because we have lived at the moment of the passing that is not a passing; a moment, when we know a life was completed, and therefore is not ended. It has completed its work, to the highest satisfaction that a life can achieve. It has achieved a purity of its purpose, in having been lived. It has achieved something which will radiate, in the future generations.

We feel sadness at death, not for those who died so. We feel sadness for those poor, miserable people, throughout the

The Pledge

by Friedrich Schiller

To Dionysius, the tyrant, would sneak
Damon, concealing a dagger;
He's slapped by the guards in a fetter.
"What would you do with that dagger, speak!"
Demands the despot, his visage bleak.
"I would free the state from a tyrant!"
"For that, on the cross be repentant."

"I am," he replies, "ready to die
And do not beseech you to spare me,
But if you would show me mercy,
I ask you to let three days go by,
'Til my sister her marriage bonds may tie,
I'll leave you my friend, in bondage,
If I flee, his life is hostage."

The King then smiles with malice in his face,
And speaks after thinking just briefly:
"Three days I'll give for your journey.
But beware! If you've used up your days of grace,
Before you've returned to me from that place,
Then he must to death be committed,
But your sentence will be remitted."

And he comes to his friend: "The King bids, that I
Must pay by crucifixion
For my wrongful act of passion,
But he will let three days go by,
'Til my sister her marriage bonds may tie,
So stay as my pledge, 'til I hasten
Back to you, your bonds to unfasten."

And the true friend embraces him silently
And goes to the tyrant in submission,
The other goes hence on his mission.

And before the sun rises upon the third day,
He quickly gives his sister in marriage away,
Hurries home, with anxious spirit,
That he stay not beyond the time limit.

Then the rain comes pouring down endlessly,
From the mountains the springs are rushing,
And the brooks and the streams are gushing.
To the bank with his wanderer's staff comes he,
As the whirlpool is tearing the bridge away,
And the waves now break with a thunder
The arch of the vault asunder.

And hopeless he wanders the shore's dark sand,
As widely as he scouts and gazes
And as loud as the cries he raises,
Here no boat puts out from safety's strand,
Which brings him across to the wished-for land,
No skipper mans his station,
And the wild stream swells to an ocean.

Then he sinks on the shore and prays and cries,
His hands up to Zeus extended:
"O let the storm's wrath be ended!
The hours are hastening, at midday lies
The sun, and if it leaves the skies,
And I cannot reach the city,
Then my friend must die without pity."

But renewed, the rage of the storm does grow,
And wave upon wave goes racing,
And hour after hour is chasing.
His courage he seizes, his fear makes him go
And headlong he dives in the thundering flow
And cleaves, in a powerful fashion,
The flood, and a god has compassion.

And he wins the bank and runs from the flood
And thanks to the god he expresses,
When a band of robbers then presses
From out a nocturnal spot in the wood,
His pathway blocking, and snorts for his blood

world *who die, without that compensation*, without that sense of a continuity, without a knowledge of the sense of true immortality.

I've often referred recently, especially, after David Cherry and I got into a little collaboration across the waters, on the subject of Jeanne d'Arc. And David had pointed out some additional research on the actual history of Jeanne d'Arc's life, which I thought very valuable, particularly since it pointed out, that Schiller had done an excellent job, from

an historical standpoint. He had made one dramatic change, in the conclusion of the drama, but otherwise, as far as the historical import of Jeanne's life, he had captured it all, in his Jeanne d'Arc. And, the Jeanne d'Arc we know from Schiller, we know is, in that sense, the Jeanne d'Arc of her actual life. Her life—she was a simple woman, not like the more complicated Marianna, whose sense of humor will assure us that she was not uncomplicated: She saw the complicated side of life, and always had a wry sense of humor, which was not

And holds up the wanderer's speeding
With threatening cudgels impeding.

"What do you want?" he cries, pale with fear,
"I've naught but my life to render,
Which I to the king must surrender!"
And he grabs the club from the one most near:
"For the sake of my friend be merciful here!"
And three, with a powerful beating
He slays, the others retreating.

And the sun glows hot as a burning brand,
And from all of the pains of his mission
He sinks to his knees in exhaustion.
"O you've saved me with mercy from robbers' hand,
From out of the stream to the sacred land,
And shall I here languishing perish,
And my friend die for me, whom I cherish!"

And hark! there it purls silver-clear,
Quite close, like a rippling it rushes,
And to listen, he halts and hushes,
And see, from the rock ledge, now babbling near,
An ebullient fountain springs murmuring here,
And he joyfully kneels down and washes
And his burning limbs refreshes.

And the sunlight slants through the verdant trees
And paints on the glistening meadows
The forest's gigantic shadows;
And two wanderers walking the road he sees,
He would hasten along as past them he flees,
Then he hears the words they are saying:
"Now him on the cross they are slaying."

And now fear gives wings to his hastening gait,
Pangs of grief are him pursuing,
And i'th' shimmering red o'th' evening,
Distant Syracuse' towers await,
And here Philostratus comes from its gate,
The household's honest keeper,
Who with horror perceives his master:

"Go back! It's too late to save your friend,
So save your own life, for the future!
Even now to death does he suffer.
Your return he awaited for hours on end,
To you his hopeful soul did bend,
With a faith too strong and valiant
To be robbed by the scorn of the tyrant."

"And is it too late? and can I not lend
Him the hand of a welcome savior?
Then in death I'll join him forever.
Let the bloody tyrant's boasting end,
That the friend has broken his word to his friend;
Let him slaughter us two together
And believe in love and honor."

And the sun now descends, by the gate he stands
nigh
And sees the cross elevated,
Which the gaping crowd has awaited,
On the rope already his friend's lifted high,
Through the thick of the throng he goes
charging by:
"Me, hangman! Kill me!" he's crying,
"I'm the one, for whom he is dying!"

And amazement seizes the people all round,
The two friends give each other embraces,
Tears of sorrow and joy wet their faces.
No eye without tears is there to be found,
And the wonderful tale to the king is then bound,
Humanely his feelings are shaken,
To his throne are they quickly then taken.

And long he regards them with wondering eye,
Then he speaks: "You have prospered,
My heart you now have conquered,
And true faith, 'tis no empty vanity,
So into your friendship's bond take me,
I would, if allowed my intention,
Become the third in your union."

—translated by Marianna Wertz

cruel, but it was sometimes pungent.

In the case of Jeanne, you had a simple woman—maybe not entirely so simple. A girl, a farm girl, who went to a King, a Dauphin—would-be King—and said, “God sent me here to tell you to be a real King, not a fool.”

And, he said, “What do you want from me?”

“I don’t want anything from you,” she said. “God wants you to be a real King! And that’s what I want. God wants for you to become a real King.”

And so, she was sent to battle, and she survived—much to the astonishment of the poor, cowardly Dauphin, who ultimately betrayed her to the enemy, and to the Inquisition. When she was confronted with the choice of giving in, like Socrates, who was given the choice of taking hemlock or escaping—her escape would be not to be killed, if she accepted their conditions. And, in face of death, in face of being burned alive, she refused to abandon her mission. Her rejection of abandonment of her mission, made France a nation: the first modern nation-state—not in a modern republic—but the first nation-state, based on the principle of *agapē*, the principle of the general welfare: That no King, no monarch, no government is qualified to rule, except that it serves the general welfare, not only of the living, but of posterity. That to be a ruler, to govern, is a sacred responsibility, not merely to the living, but to future generations.

And she accomplished that. Her martyrdom sponsored an emotion in France, which led to its freeing itself from the conqueror. Her example turned the councils of the Vatican upside-down, and lent a great inspiration to the Renaissance, the 15th-Century Renaissance. This simple woman, simple girl, with this devotion, captured in herself a sense of immortality, and *is* immortal, especially wherever freedom, in the form of the sovereign nation-state exists, to protect people and their posterity in the world today.

Marianna, as I say, is a more complicated person, more sophisticated, as you’ve heard and known, with a more sophisticated sense of humor, which still will resonate with us for a long time to come. But, it was ironical that the news of her death should come to us, just at the moment, when I was dealing with Jawaharlal Nehru University students and faculty, and the question was posed to me: What proof can you give, that your leadership of the United States will bring this goodness to our planet? And I was thinking of her at that time, because we were very much concerned, with these daily communications as to what her state of health was.

And so, it was a coincidence, which was no coincidence. And, certainly my prescience, of the danger to her life, at the last report I had had from Will beforehand, moved me at that point, to answer that question in that way, perhaps with greater force than I would have on other occasions. And, I would say, after hearing what we’ve heard today, on this subject this evening, I would say: That’s the final statement I wish to make on this subject. She lives. And she died in a moment, when she was still alive and immortal, and will remain so, forever.

Helga Zepp-LaRouche: I must admit, that it is very hard for me to speak, because, as you all have seen, Marianna was such a beautiful person, and, I can not just not tell you how I feel. And I can only say, I will try to take the same courage Marianna always had in her whole life, to have the right attitude about this. But, I have to say the truth: She was my little sister. . . . But, she was also, because we went through so many things, she became a very, very dear friend. And, for Schiller, friendship was actually very, very important. And, as he became older, friendship was almost the most important thing in his life.

You all know, and I know Will and Amelia agree, that she *was* the soul of the Schiller Institute in the United States. The reason why she was the soul of the Schiller Institute, is because she obviously had a complete affinity with the beautiful work of Schiller. She did many translations of his works. And, any of you who ever have tried to translate poetry, you know that Schiller is absolutely right, when he said, that you have to be a poet in two languages to be able to do it: And she was a poetess in two languages.

She completely fulfilled the definition Schiller gave to the sublime. Schiller said, a sublime person is somebody who had not connected his identity to his physical existence, but to a moral principle which is eternal. And Schiller, in his beautiful writings about the sublime, says: What happens to a person, when such a sublime person is hit with great hardship. Marianna was hit with many hardships: She had severe health problems, a very early sickness, as you heard, and, severe health problems as a result of this treatment. Her husband was innocently in jail. And, did this change her commitment? No! It made her stronger. She was a fragile, little person, and not without fears here and there—but, she was a lioness at heart.

She was our neighbor for several years, and I have many, many good memories of these years.

But, the strongest image I have in my mind, and somehow, this is the memory I will always keep of her: When Will got out of jail, both of them came to Germany. And, the enemy at that time tried to smash the organization, and then they sent many evil messages to us, saying, Lyn would never come out, and the organization would vanish. And I remember, that, at that point, Gretchen [Small], Marianna, and I were absolutely determined that this would not be true. So, I will never forget the image, when Will and Marianna came to the gate of my place in Germany, waving from a distance—and it was such a *jubilant* moment! Such a joyful moment, that I knew, at that point, Lyn would be out very, very soon. And Marianna and the image of hope, in my heart, is so deeply ingrained, for that reason.

What she has done, she has achieved immortality, and she has not left us. She is here. She is there, in the simultaneity of eternity: Because Schiller said: Who has lived for the best of his time, has lived for all times, and that’s what she did. I must say, like in the case of Friedrich Schiller himself, who also was very sick, and who had similar battles to be creative,

The Glove

by Friedrich Schiller

Before his lion court waiting,
The games anticipating,
King Francis sat,
And round him the kingdom's great powers,
And round on balcony towers
The ladies in fair éclat.

And as with finger he beckons,
A cage in the distance opens,
And inside with deliberate strides
A lion glides,
And without sound
Looks round,
With long yawns making
And his mane is shaking,
And his limbs he's plying,
And down is lying.

And the King further beck'ning,
There opens with ease
A second door,
From which flees
So wildly sprung out
A tiger to th' fore,
When he the lion espies,
Loud he cries,
Strikes with his tail
A frightening flail,
And sticks his tongue out,
And in circles shy
Round the lion goes by.
Fiercely purring,
He stretches out murm'ring,
By his side lying.

At the King's further beck'ning,
Then speweth the twice-opened house thereabout
Two savage leopards at once thereout.
They plunge forth with stout-hearted battle-lust
On the tiger beast;
He grasps them with his claws so ferocious,
And the lion's with roar
Standeth upright; sounds no more,
And round in a knot
From bloodlust hot,
Lay down the cats so atrocious.

Then falls from the terrace above,
From a beautiful hand, a glove.
In between tiger and lion it lay,
Just at midway.

And to Knight Delorges, mockingly
Turneth now Lady Cunigund, daring,
"Sir Knight, if your love is so hot for me,
As you each hour to me are swearing,
Why, then get me my glove now back."

And the knight in celerious tack
Climbeth down in the cage truly scaring,
With steady pacing,
And from the monstrous middle racing,
Grabs he the glove now with finger daring.

And with amazement and with horror
Knights and ladies all watch him with terror,
And the glove he returns without fear.
Then from every mouth his praises shower,
But to me the loving glance most dear—
Which promises him his bliss in near—
Receives he from Cunigund's tower.
And he throws in her face the glove he's got:
"Your thanks, Lady, I want that not,"
And he leaves her that very hour.

—translated by Marianna Wertz

against the physical limitations—like his, her life was just too short. Because, she had just reached the level of creativity, where one could get an inkling of what she would have done, if she would have lived longer.

And the only way I can console myself with that thought, is that it means a very strong obligation from all of us, to continue her work, and make her immortality even more rich, by what we do. I will now ask that a tape be played of a poem, which she translated. And, it is this beautiful poem by Friedrich Schiller, about friendship. So, I think you will all

soon be able to read her translation. And, this is actually a poem ["Die Bürgschaft," "The Pledge"], where two friends—one is giving his life, potentially, for the other one; and the evil tyrant is threatening to execute the person if the other doesn't return. But, because of the absolute belief in the principle of friendship, the two friends are able to even move the heart of the tyrant, who then demands to be the third of the friends. And, I think this is exactly, if we would not have that hope, to even convince the tyrants of this world to change, the world would be a much poorer place.

William F. Wertz, Jr.: My wife, Marianna Wertz, . . . was what Friedrich Schiller described as a “beautiful soul”; and in her triumph over death and disease, in her embrace of immortality, achieved what Schiller described as a sublime state of mind.

In celebrating her life tonight, what she would wish that I do is give especially the youth here, who are the future leadership of this nation and the world, knowledge of the fight she waged and the race she won. . . .

Marianna’s parents were both FDR Democrats. When she was in high school, Marianna became the president of the Girl’s League, succeeding the previous president, Anne Roosevelt, the daughter of Eleanor and Franklin’s son James. Later in the 1970s, when we organized in Seattle, we also had the opportunity to meet FDR’s son Elliot on two occasions.

After attending UCSB for one year, Marianna graduated from UCLA in political science. She was accepted at Columbia University Law School, but instead went to Harvard where she received a masters in education. However, she viewed her education at these universities as worse than useless. At Harvard, for example, the entire content of the education curriculum was “deschooling.”

Music was a decisive factor in her decision to join the Labor Committees. She played the violin and loved Felix Mendelssohn’s Violin Concerto, but had never heard Beethoven’s. When she did, it helped her make the decision to join Lyndon LaRouche’s “combat university on wheels” of that time. . . .

In 1975, Marianna ran for Seattle City Council and with 26% of the vote she won the primary election for an unexpired City Council seat. On Oct. 29, 1975, we decided to get married and received prominent coverage in the *Seattle Times* the next day—“City Council Candidate Takes Time Out for Wedding.” As the coverage reports: Marianna said her marriage was “an expression of her commitment to human development and progress.”

Commitment to a Renaissance

The next year Marianna was diagnosed with Hodgkin’s disease, a cancer of the lymph system. She had to undergo both chemotherapy and radiation. Indicative of the fighter she was: Two years later, when I was running for Mayor of Seattle, she waged a public campaign against the decriminalization of marijuana for so-called medical use to relieve nausea. . . . In 1982, Marianna was diagnosed with a return of Hodgkin’s disease. While in the midst of chemotherapy once again, she was the Los Angeles Director of LaRouche’s National Anti-Drug Coalition and spoke before hundreds of local social clubs. In March 1982, she suffered a heart attack and had double-bypass heart surgery at age 33. Her arteries had been prematurely aged by the radiation treatment six years earlier. Lyn sent a message to her at that time that she had to fight the cancer as you would the financial oligarchy. And that is what she did. Although she had moments of fear, she always

overcame them, and reached out to help others, rather than focus on herself, strengthened by her sense of mission in the LaRouche political movement.

In 1983, we were blessed by an invitation from Helga to visit Europe for six weeks. In this trip we came to know the “old Europe” Donald Rumsfeld denigrates today. And it gave us a perspective on Western Christian Civilization and the Renaissance, which shaped our lives into the future.

Marianna was a founding member of the Schiller Institute and became its vice-president. She was a signer on The Declaration of the Inalienable Rights of Man, authored by Helga in November 1984 based on the U.S. Declaration of Independence and the Rütli oath from Schiller’s *Wilhelm Tell*. It was during this period that she and I began to work on translating the works of Friedrich Schiller into English. Marianna had literally taught herself German while riding on the subway in New York City. Since 1985 we have published three volumes of translations of Schiller’s writings; and the fourth . . . will be published soon after this conference. . . .

In 1988, during the LaRouche Presidential campaign, she played Charlotte in our performance of Schiller’s *The Parasite*, which we performed in Concord, New Hampshire on Jan. 24. Five months later, in June of that year, she had her first of four hip operations, which was necessitated by the after-effects of chemotherapy.

Later in 1988, we were confronted with a different kind of crisis. The unjust persecution of Lyndon LaRouche and his associates, which began following the 1984 Presidential campaign, culminated in an indictment of LaRouche and six of his associates, including myself. On Jan. 27, 1989, after a railroad trial in the rocket-docket in Alexandria, Virginia, we were wrongfully imprisoned.

During our imprisonment, Marianna prepared many of the books we published, including Lyndon LaRouche’s *The Science of Christian Economy*, and *The Unauthorized Biography of George W. Bush*, co-authored by her brother, Tony Chaitkin. One of the books she prepared was Amelia Boynton Robinson’s *Bridge Across Jordan*, which has now finally been reprinted in Marianna’s memory.

After I was released from prison in 1992, she began to work in Operations in the National Center, and with the imprisonment of many of our friends in the Commonwealth of Virginia, she began to write articles and conduct interviews for *New Federalist* in behalf of what Franklin Roosevelt called the “forgotten man”—in opposition to the death penalty, the injustices of the U.S. criminal justice system, the inhumanity of the Welfare Reform Act, and the murderous policies of the HMOs. . . .

After a fall in May 1995, she had to have her third hip operation. . . . The other problem she had was that the chemotherapy also was affecting her shoulder joints, which among other things, forced her to give up playing the violin. Although she was in constant pain, she fought to keep herself in good physical shape, swimming several times a week and adhering



In 1998, Marianna Wertz (left) as Mary Queen of Scots in a scene from Schiller's Maria Stuart, confronted by Queen Elizabeth and the Earls of Leicester and Shrewsbury. The scene is the play's turning point, from which Queen Mary begins to abandon the passions of temporal ambition, for a quality of sublime atonement.

to a strict diet. She never complained.

One of her great joys during this period was working on translating and memorizing Schiller's poetry. Among the poems she especially loved were "The Glove" and "Pegasus in Yoke," both of which she had translated.

Later in 1998, despite the problem with her hip, she played Mary Stuart in Act 3, Scene iv [of Schiller's *Maria Stuart*]. In this scene, Mary succumbs to a desire for vengeance against Queen Elizabeth, played by Mary Jane Freeman. Only at the end of the play, does she achieve a sublime state of mind by forgiving her enemies.

In September 2001, Marianna gave a slide show presentation at the national conference on the occasion of Amelia B. Robinson's 90th birthday. A year later she introduced Amelia at our last national conference by reporting on the event on August 18, 2002 in Selma, Alabama, which honored Amelia and her husband, Sam Boynton, for their pioneering role in fighting for voting rights. . . .

On the Sublime

During the last three months of her life, Marianna was working on writing a paper on how to produce geniuses. The geniuses she was studying were Lyndon LaRouche, Leonardo, George Washington Carver, Gauss, Ben Franklin, Socrates, Schiller, Beethoven, and Kepler. While convalescing, she read a biography of Kepler and one of Gauss. Here are some of her notes from the writings of Leonardo and from a biography of Kepler.

In the first quote, Leonardo writes: "What is sleep? Sleep resembles death. Ah, why then dost thou not work in such wise that after death thou mayest retain a resemblance to

perfect life, rather than during life make thyself like the hapless dead by sleeping? Just as a day well spent gives grateful sleep, so a life well spent gives grateful death."

Leonardo also emphasized the importance of truth-seeking: "Lying is so vile that even if it were speaking well of godly things, it would take off something from God's grace; and truth is so excellent, that if it praises but small things, they become noble. Beyond a doubt truth bears the same relation to falsehood as light to darkness. . . . The fact remains that the truth of things is the chief nutriment of superior intellects, though not of wandering wits."

To the very end she was working to master the ideas needed to contribute to the recruitment of a new generation of youth. . . . Marianna did not have a tragic life. Marianna was a beautiful soul and she was also sublime in her triumph over disease and death: not only her own, but in her political fight against the culture of death spawned by a cancerous and parasitic financial oligarchy. She was her father's daughter. She was first and foremost a partisan of Lyndon LaRouche. Like the Good Samaritan in Schiller's *Kallias* letters, she did her duty with joy. She was always a "cheerful giver." At the same time, while repeatedly facing death, she embraced immortality.

In *On the Sublime*, Schiller writes: "Only when the sublime is wedded with the beautiful, and our receptivity for both has been cultivated in equal measure, are we perfected citizens of nature, without for this reason being its slaves and without frittering away our rights as citizens in the intelligible world." Marianna proved, as Schiller insisted upon in *On the Sublime*, that death is not an exception to man's free will.

Durbin Slams Bush's Nuclear Weapons Policy

Sen. Richard Durbin (R-Ill.) used a March 5 Senate debate on a new treaty between the United States and Russia to reduce nuclear weapons stockpiles, to slam the Bush Administration's new nuclear weapons policy. "I am particularly concerned this administration's policy of pre-emption," he said, "combined with a new policy of first use of nuclear weapons, is an incentive, an invitation to proliferation of weapons of mass destruction, especially nuclear weapons."

After reviewing the recent history of Bush Administration policy pronouncements, including the 2001 Nuclear Posture Review; the statement, last February, by Undersecretary of State John Bolton abandoning the no-first-use pledge; National Security Directive 17; and so forth, he said, "What we have here is an escalation of rhetoric, where we have moved beyond 'no first use of nuclear weapons' to the point where this Administration is saying, we can use nuclear weapons against those who do not have them." Furthermore, "we have a new policy of pre-emption where the use of those weapons does not even require an imminent danger, imminent threat against the United States." He further warned that the Bush Administration's efforts to develop so-called bunker-buster bombs, threaten to make nuclear weapons appear to be useful, legitimate, offensive first-strike weapons, rather than a force for deterrence, undermining an essential tenet of non-proliferation. He concluded, "I am afraid the President has created an incentive for proliferation of nuclear weapons, exactly the opposite of what this world needs."

At about the same time as the treaty debate was taking place, the Bush Administration sent up to Capitol Hill its proposed language to repeal

the legal prohibition against the development of low-yield nuclear warheads of 5 kilotons or less. The Pentagon is arguing that the prohibition "has negatively affected U.S. government efforts to support the national strategy to counter WMD and undercuts efforts" to counter new or emerging threats. The Pentagon also says, however, that actually developing such weapons would require authorization and appropriation by Congress.

Ashcroft Grilled On Civil Liberties

Attorney General John Ashcroft was greeted skeptically by Democratic members of the House Commerce, Justice, State, and Judiciary Appropriations Subcommittee, when he appeared there to testify on the Department of Justice's Fiscal 2004 budget request on March 6. Rep. José Serrano (D-N.Y.), in particular, grilled Ashcroft on detentions related to investigations of the Sept. 11, 2001 attacks. As a result of Serrano's questions, Ashcroft admitted that most of the people who have been investigated, have been charged with immigration violations or criminal charges not related to terrorism, though "these are individuals that we believe were related to terrorism."

From there, Serrano took the discussion into the subject of the so-called "unlawful combatants," being held without charges or access to lawyers. Ashcroft argued that such individuals "are traditionally not the subject of specific charges, are not the subject of judicial proceedings," because they are taken on the battlefield. When Serrano pointed out that one of them, Jose Padilla, was arrested in Chicago, Ashcroft replied, "I think the battlefield is a non-traditional battlefield in the war against terror." Serrano

responded that "in a non-traditional situation, we have to be careful that we don't commit non-traditional civil liberties and civil rights violations." He added that "the idea of being detained without charges and not being able to see a lawyer scares the hell out of me." Subcommittee chairman Frank Wolf (R-Va.) added that he thought such individuals ought to be prosecuted through the judicial system, not held without charge.

Byrd: North Korea Crisis More Dangerous Than Iraq

Sen. Robert Byrd (D-W.V.), one of the Senate's most impassioned opponents of war against Iraq, delivered a blistering speech to the Senate on March 5, on the Bush Administration's North Korea policy. "It is ironic," he said, "that the President has made it clear that a military response to the crisis in North Korea would be considered only as a last resort, at the same time that he is massing forces in the Persian Gulf region to launch a pre-emptive military strike, possibly within a matter of weeks, if not days, against a much less potent threat to the United States."

He attributed the crisis on the Korean Peninsula to the negligence of the Bush Administration, saying that the situation could have been kept under control, "had President Bush taken a different tack with respect to North Korea when he came into office." Instead of taking the same approach that President Clinton did in 1994 to defuse that earlier crisis, "Bush put relations with North Korea in the deep freeze by heaping suspicion and disdain on the North Korean government, branding Kim Jong-il a 'pygmy,' and including North Korea in the 'axis of evil.'" He warned that the situation has reached the point that it could "rapidly disintegrate from a war of words and gestures

into a war of bullets and bombs, perhaps even nuclear bombs.” He called on the Administration to “start talking to the North Koreans.”

Meanwhile, there is a growing unease among Democrats about war with Iraq, though still not a strong consensus. Sen. Carl Levin (D-Mich.) told CNN’s Late Edition on March 9, “We ought to make our case with the UN and then we ought to stick with the UN.” House Minority Leader Nancy Pelosi (D-Calif.) received a standing ovation from members of the Communications Workers of America, on March 10, when she spoke about her opposition to the war. She had told the Council on Foreign Relations on March 7, that if Congress had done its job five months ago, in debating the war policy, then the United States would not be in the fix it is in today. Two resolutions in the Senate—one sponsored by Byrd, and the other by Sen. Edward M. Kennedy (D-Mass.)—to revisit the Iraq war debate, remain bottled up in committee. On March 6, Pelosi said that re-opening the debate was not necessary, and on March 11, Senate Minority Leader Tom Daschle (D-S.D.) indicated that he thought the vote would be “approximately the same as before” were another resolution to be debated.

Garner ‘Not Available’ To Testify on Post-War Iraq

The Pentagon’s appointed viceroy for Iraq, retired Gen. Jay Garner, along with USAID administrator Andrew Natsios, were supposed to testify to the Senate Foreign Relations Committee on March 11, on the Bush Administration’s plans for post-war Iraq. However, committee chairman Richard Lugar (R-Ind.) announced, “We have been notified by the Pentagon that neither Garner nor his deputy were avail-

able to the committee.” He called it a “missed opportunity” for the Administration to explain its policies and plans.

Sen. Chris Dodd (D-Conn.) complained that the administration has been “extremely vague” about its plans. He said that the use-of-force resolution, passed last October, “does not mean that the Administration doesn’t need to keep the Senate apprised” of its intentions and plans regarding Iraq. He noted newspaper reports that Natsios has already put out proposals for bids on a \$900 million reconstruction contract to five companies and that Garner has been involved in discussions with UN officials about wartime humanitarian relief needs. “I’m uneasy,” Dodd said, “with the manner in which the Administration has approached this.” Even Lugar said he was “startled” at the reports of Natsios’ contract offer.

Meanwhile, a “senior defense official” was giving a background briefing at the Pentagon on the Office for Reconstruction and Humanitarian Assistance, the office headed by Garner. While reporters at background briefings are not permitted to identify the briefer, a reading of the transcript would suggest that the briefer was Garner himself. The briefer handed out an organizational charter and boasted, “That’s me at the top,” and “I have a deputy. I have a chief of staff . . .”; and then later said that once he is in Iraq, “General Franks will be my boss.”

Frist Offers Deal On Estrada Nomination

On March 11, Senate Majority Leader Bill Frist (R-Tenn.) offered the Democrats a deal to bring to an end the stand-off on the nomination of Miguel Es-

trada to the U.S. Court of Appeals for the District of Columbia.

Frist said he would arrange a second hearing on Estrada, in the Judiciary Committee, if the Democrats would agree to allow an up-or-down vote on the nomination afterwards. After five weeks of debate, and offers by the White House to make Estrada available to individual Senators, “It is time for an up-or-down vote, Frist said.

Democrats’ opposition stems from suspicion that the President is putting forward ideologically conservative nominations, and from Estrada’s refusal to answer certain questions at his confirmation hearing.

Senate Minority Leader Tom Daschle (D-S.D.) said that he was encouraged that Frist had made the offer, but it is only the first part of a two-part request, the second part being the provision of memos authored by Estrada in the Solicitor General’s office, where Estrada serves as deputy. “I think both parts have to be complied with,” Daschle said, “and we expect that to be part of any agreement that would allow his nomination to go forward.”

Earlier in the day, President Bush had proposed that the Senate enact permanent rules “to ensure timely up-or-down votes on judicial nominees.” Sen. Rick Santorum (R-Pa.) indicated that there was some support for the idea, but stopped just short of endorsing it, saying, “That’s something I hope we’d be able to work out.” Daschle, when asked about the proposal, said, “I just wonder where our Republican friends were when the Clinton Administration urged the Congress to consider their nominees.” As for Estrada, “All he has to do is to comply with what all of his predecessors have done: Answer the questions, provide the information, he gets a vote.”

Vindication

Americans know the role that Lyndon LaRouche and this magazine played in fighting to block, and then to reverse, the corrupt 2001 deal which shut down the only public, acute-care hospital in the nation's capital—District of Columbia General Hospital—and which privatized the District's public health-care system.

Spokesmen for *EIR* and the LaRouche movement spotlighted the shady background of Doctors Community Healthcare Corp. (DCHC), the owner of Greater Southeast Community Hospital, which was given the contract to administer the new privatized health system, and which was supposed to "replace" D.C. General. We reported that DCHC and its financial partner, National Century Financial Enterprises (NCFE), had been investigated and sued for fraud and racketeering in a number of jurisdictions, and that they had been accused of looting hospitals and healthcare facilities, after capturing the income stream of these institutions through NCFE's financing schemes. (District Councilman David Catania also exposed the dubious financial dealings of DCHC and NCFE, and tried unsuccessfully to obtain full financial disclosure regarding these two entities.)

This was not simply a local fight. LaRouche identified the battle to save D.C. General as being of "national and even international significance," as the leading edge of the fight to restore the principle of the General Welfare in U.S. economic policy. LaRouche also insisted that the public-health system of Washington, as the nation's capital, should be a model for the nation and the world, and that it should play a cutting-edge role in research on disease and emergency preparedness.

With the complicity of Congress, and the Democratic Party leadership, the corrupt privatization deal was allowed to stand, and the healthcare system of the nation's capital slid into chaos and catastrophe. NCFE filed for bankruptcy on Nov. 18, 2002, two days after the FBI raided its Ohio offices amidst charges of fraud, and DCHC and Greater Southeast went into bankruptcy court in Washington, D.C. two days after that.

Now, in a measure of vindication for those who

fought those battles, U.S. District Judge Gladys Kessler has ordered the release of substantial portions of the secret 2001 PriceWaterhouse report on the financial viability of DCHC and Greater Southeast Community Hospital.

Judge Kessler's order, dated March 5, 2003, was issued in an FOIA lawsuit, *Canning v. District of Columbia*, brought by an associate of LaRouche, George Canning. The lawsuit asked for documents related to the PriceWaterhouse Cooper "due diligence" report on the financial viability of DCHC and Greater Southeast, and on their ability to provide healthcare for the District of Columbia's indigent population.

Most notable are the introductory remarks of Judge Kessler: "As an initial matter, the Court cannot help noting that the financial position of Greater Southeast Community Hospital, and its relatively new owner, Doctors Community Healthcare Corp., are of extraordinary significance to the plight of poor people seeking medical care in the District of Columbia. Both these medical providers are now in bankruptcy, and in active litigation before the Bankruptcy Court. Resolution of the issues in the Bankruptcy Court will very probably affect the City's entire healthcare system. It may well be that if the documents being sought in this case had been released by the District of Columbia Government when they were first prepared in March and April, 2001, at a time when the Legislative and Executive Branches of the District of Columbia Government were weighing the wisdom of granting Greater Southeast the leading role in running the City's new privatized indigent care system, the citizens of the District of Columbia would not be in the dire straits they now find themselves in."

Yes, it could have been prevented. Although the D.C. government fought to keep the documents secret, in order to cover up its own witting complicity in the corrupt 2001 deal, the U.S. Congress, in its oversight capacity, could have demanded the documents at any time, and could have acted to prevent the healthcare crisis which is now afflicting our national capital.

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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
• RENO/SPARKS
Charter Ch.16
Fridays—9 pm
• NEW JERSEY
• HADDON TWP.
Comcast Ch. 19
Sundays 11 am
• MERCER COUNTY
Comcast*
TRENTON Ch. 81
WINDSOR Ch. 27
• MONTVALE/MAHWAH
Time Warner Ch. 27
Wednesdays—4 pm
• NORTHERN NJ
Comcast Ch.57*
PISCATAWAY
Cablevision Ch.71
Wed.—11:30 pm
• PLAINSBORO
Comcast Ch. 3*
• NEW MEXICO
• ALBUQUERQUE
Comcast Ch. 27
Mondays—3 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
• TAO S—Ch.2
Thursdays—7 pm

NEW YORK

• BROOKLYN
T/W Ch.34
Cablevision Ch.67
Tues.—3:30 pm, 11:30 pm
• BUFFALO
Adelphia Ch.20
Thursdays—4 pm
Saturdays—1 pm
• CHEMUNG/STEBEN
Time Warner-Ch.1
Mon., Fri.—4:30 pm
• ERIE COUNTY
Adelphia Intl. Ch.20
Thursdays—10:35 pm
• ILOI—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
Fridays—4 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
• STATEN 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
Comcast Ch.57*
Sun: 7 am, 1 pm, 8 pm
• WEBSTER—Ch.12
Wednesdays—9 pm

NORTH CAROLINA

• HICKORY—Ch.3
Tuesdays—10 pm
• OHIO
• CUYAHOGA COUNTY
Ch. 21; Wed.—3:30 pm
• 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
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

• AUSTIN Ch.16
T/W & Grande
Sundays—12 Noon
• DALLAS Ch.13-B
Tuesdays—10:30 pm
• EL PASO COUNTY
Adelphia Ch.4
Thursdays—8 pm
Thursdays—11 am

HOUSTON

Houston Media Source
Thursdays—5:30 pm
Saturdays—9 am
Wed. 3/19: 5 pm
Mon. 3/24: 8 pm
Wed. 4/2: 6 pm
• RICHARDSON
AT&T Ch. 10-A
Thursdays—6 pm

UTAH

• CENTRAL UTAH
Precis Cable Ch.10
Aurora
Centerfield
Gunison
Redmond
Richfield
Salina
Sundays & Mondays
6 pm & 10 pm

VERMONT

• GREATER FALLS
Adelphia Ch.8
Tuesdays—1 pm

VIRGINIA

• ALBERMARLE
Adelphia Ch. 13
Fridays—3 pm
• ARLINGTON
ACT Ch. 33
Mondays—4 pm
Tuesdays—9 am
• BLACKSBURG
WTOB Ch.2
Mondays—6 pm
• CHESTERFIELD
Comcast Ch. 6
Tuesdays—5 pm
• FAIRFAX—Ch.10
Tuesdays—12 Noon
Thursdays—7 pm
• FREDERICKSBURG
Adelphia Ch. 23/24
Thursdays—7 pm
• ROANOKE—Ch.9
Thursdays—2 pm

WASHINGTON

• KING COUNTY
AT&T Ch. 29/77
Mondays—6 pm
• KENNEWICK
Charter Ch. 12
Mondays—12 Noon
Thursdays—8:30 pm
• PASCO
Charter Ch. 12
Mondays—12 Noon
Thursdays—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

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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