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LaRouche in Turkey, Setting Future U.S. Policy for Region
Sharon and 'DeLantos Democrats' Try to Kill the Road Map
Vajpayee's Historic Trip Strengthens India-China Ties

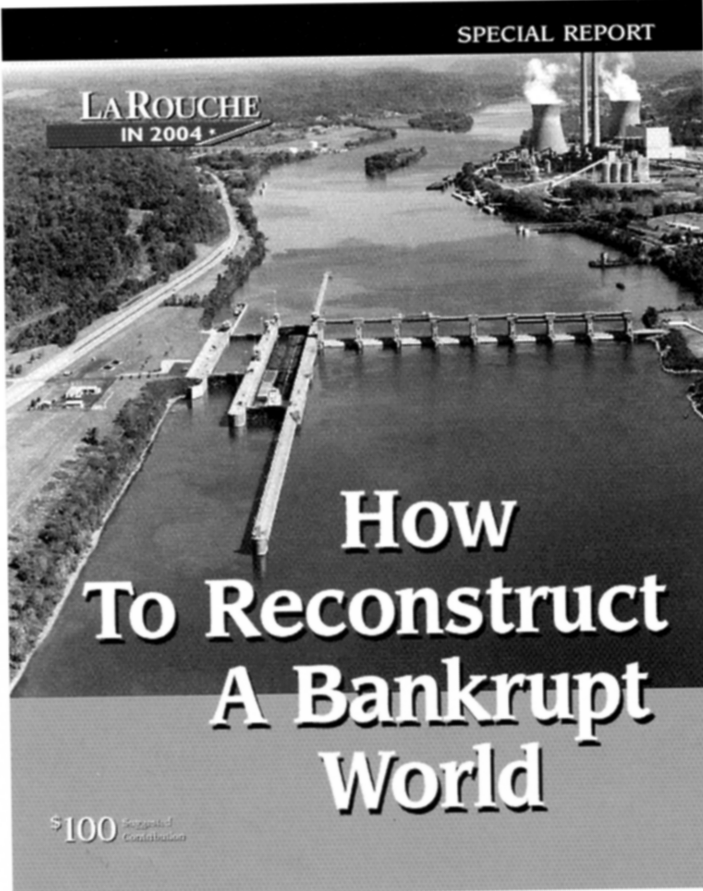
LaRouche vs. the DLC, 'Cheney's Protection Racket'



This Financial System Is Doomed!

LaRouche's Presidential Campaign: Leadership For a New Bretton Woods

SPECIAL REPORT



"The IMF in its present form, can not survive. . . . There are forces in Europe, as well as in Asia, who know they need a recovery program. They recognize the importance of closer ties of cooperation, especially economically based, on technology-transfer relations in the long term, between Western Europe and Asia. These things must occur now."

—Lyndon H. LaRouche, Jr

**A LaRouche in 2004
SPECIAL REPORT**

THIS SPECIAL REPORT INCLUDES the transcript of the Schiller Institute's conference in Bad Schwalbach, Germany on March 21-23. International experts, and a panel from the LaRouche Youth Movement, tell how to rebuild the bankrupt world, on the basis of LaRouche's concept of a New Bretton Woods System, the Eurasian Land-Bridge, and a revolution in educational policy.

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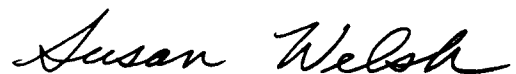
From the Associate Editor

We at *EIR* are happy to welcome Lyndon LaRouche back to the United States, after several months in which he has visited half a dozen countries on several continents, building a community of sovereign nation-states, in the manner befitting an American President. Our *Feature*, on LaRouche's June 13-18 trip to Turkey, leads with an impressive chronology of the candidate's diplomacy of the past 12 months. This, and the enthusiastic response to LaRouche's speeches in Istanbul and Ankara, give a vivid idea of the fact that the world is watching closely, how his fight goes with the neo-conservatives in both the Bush Administration and the Democratic Party hierarchy.

The focus of that international attention right now is LaRouche's July 2 webcast from Washington, on the theme, "What Is the Relevance of FDR's Policy Today?" By the time you read this magazine, the speech will be archived on the candidate's website, www.larouchein2004.com, as well as on *EIR*'s website, www.larouchepub.com.

Upon his return to the United States at the end of June, LaRouche immediately escalated his drive to impeach Vice President Dick Cheney for "high crimes and misdemeanors," and to clean out the fascist-Synarchist nest inside the Democratic Party, known as the Democratic Leadership Council. *EIR*'s staff carried out a crash investigation, yielding some dramatic discoveries reported in this issue, on how the crowd that created the DLC has been moving deliberately, over decades, to wipe out any vestige of the legacy of Franklin D. Roosevelt in the Democratic Party. These people, and their neo-con counterparts in the Republican Party, are the very ones that the LaRouche movement has been combatting since its inception: including our early battles with Sen. Daniel Patrick Moynihan, Samuel "Crisis of Democracy" Huntington, the Trilateral Commission, and "Project Democracy."

Elsewhere in this issue, we put the spotlight on the Mideast and Asia. As LaRouche said in Istanbul, there is already a covert war being run against Iran, from the United States; we must move fast to head off a new tragedy for the human race. At the same time, the crisis has propelled India and China, the world's two largest nations, which have had their disagreements in the past, into an accommodation that has great positive potential for all Eurasia.



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The LaRouche Youth Movement challenges the “real Democrats,” in the FDR tradition, at a rally at the University of California at Los Angeles on June 3.



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The Democratic Leadership Council, consisting of neo-conservative “stay-behinds” in the Democratic Party, is the only reason that Vice President Dick Cheney has not been forced to resign, or be impeached, as a result of the lies he told to manipulate the President and Congress into going for war against Iraq. The DLC, founded in the mid-1980s, is a creation of the “Synarchist” fascist circles on Wall Street, as personified by Felix Rohatyn, the banker from Lazard Brothers who is also a board member of the DLC. It is also the bastion of opposition within the Democratic Party to Lyndon LaRouche’s campaign for the Presidency. Jeff Steinberg and Ed Spannaus report.

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Making Policy, Setting the Debate

Hemispheric Policy Debated: FTAA or LaRouche Doctrine?

by Silvia Palacios and Lorenzo Carrasco

Intense Brazilian diplomacy centered around South American integration—including the building of a strategic Brazil-Argentine alliance and a trilateral alliance of Brazil-India-South Africa, with the possibility of extending that to other nations such as China and Russia—is leading to a continental reformulation of hemispheric policy. Brazilian President Luiz Inácio Lula da Silva’s meeting with American President George W. Bush on June 20 bypassed the sterile spectacle of protocol, and made it clear that by agreeing to a January 2005 deadline for concluding negotiations for the Free Trade Area of the Americas (FTAA), what they actually did was launch a countdown for having to choose which hemispheric policy will determine the hemisphere’s future.

Clearer still, is that there no longer exist the conditions for maintaining the status quo that has constituted hemispheric relations for at least the past 100 years. Especially Brazil, as a leader of South America, is not disposed to continuing the relationship of submission which, with a few exceptions, it has maintained since the beginning of the 19th Century, with the infamous Roosevelt Corollary to the Monroe Doctrine, through which the United States, under the dictates of Wall Street and the City of London, turned the Western Hemisphere into its own “backyard.”

Thus, one could not help but cringe at the comments of U.S. Ambassador to Brazil Donna Hrinak, quoted in a June 15 article in *Folha de São Paulo*, referring to Teddy Roosevelt as a symbol of what she called a “lasting association” between the two countries.

In contrast to this, the figure of the other famous President Roosevelt, Franklin Delano Roosevelt, has recently been raised, both in Brazil and in Argentina. FDR’s New Deal is being looked to today as an example of how dirigist intervention by the national governments can lead to rebuilding econo-

mies devastated by the “neoliberal” onslaught of free-trade doctrine. The nations of the hemisphere well remember how FDR was the author of the “Good Neighbor” policy with respect to Ibero-America. In Brazil in particular, he is remembered as a sincere admirer of its President Getulio Vargas, FDR’s contemporary, who is considered one of those who inspired the New Deal.

In reality, two irreconcilable paradigms have been created: either economic annexation through the FTAA, as part of the imperial drive made brutally manifest in the war against Iraq; or a sovereign order, in which the equality of nations predominates, as was proposed by U.S. Presidential candidate Lyndon LaRouche during his June 2002 visit to Brazil. There, he formulated his *LaRouche Doctrine* for the Americas, in documents that since then have broadly circulated among the informed elites of the nation.

Brazil-Argentina ‘Strategic Alliance’

This new push for a change in hemispheric relations is structurally based on the establishment of a solid alliance between Brazil and Argentina. Britain’s imperial diplomacy for the Rio de la Plata region during the 18th Century, and the Anglo-American policy that has been imposed through to the present time, is based precisely on fomenting rivalities between the two largest nations in South America. Only for a brief moment in the early 1950s was there an attempt made to break this scheme. That was under the government of President Juan Domingo Perón in Argentina, and the second Presidency of Getulio Vargas in Brazil. Both administrations were destabilized, and eventually deposed.

Thus the courage of Brazilian President Lula da Silva and Argentine President Néstor Kirchner, in establishing what they have dubbed the “Brazil-Argentina strategic alliance,”

in a joint communiqué issued following their meeting in Brasilia on June 11.

This alliance is based on the following elements: First, the physical integration of Mercosur (Common Market of the South) and all South America, “promoted in the interests of all, having as its goal the formation of a development model in which growth, social justice, and the dignity of the citizens are reconciled.” In this context, they propose to transform Mercosur into a customs union, involving the development of productive and industrial tools. To facilitate this, a “monetary institute” was established that would seek to create a “common currency.” The Presidents committed themselves to undertake immediately “the project of physical bilateral integration, which would have a multiplier effect both in terms of generating jobs and for integration.” As part of this, they emphasized the importance of securing financing in part through Brazil’s BNDES (National Bank of Economic and Social Development), for bilateral trade and for the construction of infrastructure.

Secondly, the communiqué stressed “the commitment of both countries to reinforcing the strategic alliance by means of intensifying dialogue on matters of defense and security.”

Thirdly, they agreed that negotiations for the FTAA—would be carried out among their two countries and the rest of the member nations of Mercosur, so as to guarantee defense of the interests of the nations as a bloc.

From Asunción to Washington

The commitments assumed by Brazil and Argentina were ratified during the 24th meeting of Mercosur, held in the Paraguayan capital of Asunción on June 18-19. There, Brazil’s Lula gave an improvised speech to open the summit meeting, during which he pledged that by the end of his Presidential term in 2006, a Common Market of South America will have come into being. “Mercosur needs to have the dimension of all of South America. A new South America will be created through the union of Mercosur and the Andean Community of Nations. . . . There will be no political, cultural, commercial, or economic integration of South America, if there is no physical integration.”

In the press conference at the end of the Asunción meeting, the Brazilian leader mentioned that he would be taking this South American integration project, and the necessity for investment in infrastructure, into his meeting with President Bush, to be held in Washington the next day. “The Brazilian position on FTAA is explicit: Brazil will not accept a relationship of colony and metropolis, much less a process of annexation. We need ports, airports, bridges, railways and waterways. Obviously, I would not miss the opportunity, being in the richest country on the planet, to demonstrate how important it is for the rich countries to help South America in that integration process.”

During talks with the U.S. government, the Brazilian delegation in Washington posed the need for investment in infra-

structure. According to the June 23 issue of the daily *Gazeta Mercantil*, President Lula stated, “I told Bush that there will only be growth with the physical integration of the region, and that the government of the United States has an important role in this. I believe that he is going to help, but I didn’t expect any decisions in a two-hour meeting.”

One very positive point that was adopted as a result of Lula’s state visit to Washington, was that “they agreed to undertake joint activities to improve treatment, care and pre-

“The Brazilian position on FTAA is explicit: Brazil will not accept a relationship of colony and metropolis, much less a process of annexation. We need ports, airports, bridges, railways and waterways. Obviously, I would not miss the opportunity, being in the richest country on the planet, to demonstrate how important it is for the rich countries to help South America in that integration process.”

*—Brazilian President
Inácio Lula da Silva*

vention of HIV/AIDS in Portuguese-speaking Africa. President Bush stressed that the program would take advantage of Brazil’s expertise in creating a national program for the prevention, care and treatment of HIV/AIDS”—which, in fact, has been highly successful.

Limits of the New Foreign Policy

The enormous expectation created by Brazil’s diplomatic initiatives, both regarding the integration of South America as well as the South-South alliance with India and South Africa, will come to naught, if this foreign policy is not connected to a new economic policy as well. As was suggested by influential journalist Clovis Rossi in the pages of *Folha de São Paulo*, the country should “import its own foreign policy” to be able to put into effect an urgently-needed development plan that would alleviate the enormous social pressures of unemployment and poverty, aggravated by continuing the economic policies dictated by the International Monetary Fund.

A clamor has arisen inside Brazil to accelerate the rate of change of domestic policy. The New Deal programs of Franklin Delano Roosevelt served as inspiration for two re-

cent manifestos issued by Brazilian economists. The first, entitled, *The Banned Agenda*, was released during the first week of June, and is signed by 299 nationally-known economists, including Luiz Gonzaga Belluzo, João Manuel Cardoso de Mello, João Paulo de Almeida Magalhães, and Dercio García Munhoz. The text promotes the New Deal as an example of a state economic initiative “to correct the distortions caused by free trade, above all the high level of unemployment that compromises the country’s social and political stability.” The statement further calls for foreign capital controls, exchange controls, reduction in the basic rate of interest, and promotion of public investments.

The second statement was prepared by the Regional Councils of Economy—professional associations of economists—and warns of “the real threat facing the country, of an unprecedented economic crisis, causing a greater rending of our already weakened social fabric.” The Councils call for “effective and immediate changes in current economic policy.” The document stresses five points: a) the abandonment of practices of fundamentalist market economics, which were established by the previous government and are being reinforced by the current one; b) the immediate creation of the minimal necessary conditions for promoting economic and social growth and development. The indispensable precondition for achieving this being the rapid and vigorous reduction of interest rates, including those abusive rates charged against citizens and companies by private and public banks; c) “restarting public investments in sanitation, housing and infrastructure, and therefore, the necessary immediate reduction of the pre-set goal for primary surplus” of the public budget; and d) the establishment of public policies that stimulate the capacity to expand the domestic consumer market.

In addition to these statements, the National Federation of Industries presented its own proposal for economic recovery, based on a program of investment in infrastructure, estimated at nearly \$15 billion a year over the next four years, for a total of \$60 billion.

LaRouche Doctrine for the Americas

Despite the evident good intentions of these and other proposals, they all avoid addressing the central question of an urgently-needed reform of the *international* financial system. At best, they are defensive measures which will only serve to prolong the social agony, but can solve nothing definitively. Similarly, the foreign policy will exhaust itself, if it is restricted to the limited focus of expanding foreign markets which are themselves in a state of deterioration.

Thus, both economic and foreign policy must focus on convoking a New Bretton Woods conference, while also backing the international efforts of U.S. Presidential candidate LaRouche to transform the enormous Eurasian region into a motor for world development.

Between now and 2005, the goal therefore must be the launching of a new world financial system, instead of the economic submission that the FTAA signifies.

Euro Council Votes Up Italy’s ‘New Deal Plan

by Claudio Celani

The European Council, comprised of the European Union’s heads of state and government, has given Italy the go-ahead for its proposal to implement a “European New Deal” infrastructure investment plan. Starting July 1, Italy will take the rotating presidency of the European Union for six months, and will work to have the plan fully in place by the end of the semester. The Italians, as we reported last week, plan to have the “New Deal” proposal officially approved by the next meeting of the economic and finance ministers of the EU (Ecofin) in mid-July, and finally adopted by the European Council’s next semi-annual meeting in December. During that period, the technicalities and practical aspects of the proposal shall be worked out by the European Commission.

If things stay on schedule, by the beginning of 2004, a European Investment Facility will be established—under the umbrella of the European Investment Bank—which, according to Italian Finance Minister Giulio Tremonti, will be able to finance about 70 billion euros of infrastructure projects yearly. Such investments will be off-budget, not increasing public deficits of EU member states and thus formally respecting the Maastricht Treaty “Stability Pact.” In its substance, however, it is a reversal of the no-growth trend established with the 1989 Maastricht Treaties. “We must open a new phase in the conduct of economic policy in Europe, focussed on growth,” said the Rome government in its official program for the EU semester.

This development is a major victory for the LaRouche movement in Europe, which has campaigned for such a European-wide infrastructure program, especially in transportation, since LaRouche issued his “Productive Triangle” program in 1989, and which has promoted the “New Deal” approach of Franklin Roosevelt.

Policy Fight Still On

However, this shift will not occur without overcoming political and ideological opposition. Already the official conclusions of the European Council meeting in Thessaloniki, Greece (June 19-20), although giving the green light to the Italian initiative—known as the Tremonti Plan—fell short of fully acknowledging it. The Conclusions reads: “The European Council notes the Commission’s intention to launch an initiative in cooperation with the European Investment Bank to support growth and integration by increasing overall investment and private sector involvement in TENs [Trans European Networks] and major R&D projects, and in this con-

text invites the Italian Presidency to pursue this further.”

The Conclusions do not mention that Italy fathered the initiative and, instead, mention the European Commission, a technocratic body which has been the watchdog of the balanced-budget criteria. As Italian Prime Minister Silvio Berlusconi explained in a press conference at the end of the summit, “The Tremonti Plan was not a central issue of discussion at this summit, because it will be discussed in the first EU meeting under the Italian Presidency. We decided, maybe egoistically, to keep it as issue of our Presidency and to extend it beyond infrastructure,” Berlusconi explained. “There are two more directions in which Europe could usefully intervene. One of them is investments in new military technologies.” The second one is “a greater funding for research and education.”

“What is necessary,” Berlusconi stated, “is to replace private demand with a public one.”

On June 26, the Prime Minister reiterated the concept before Italy’s Parliament. Berlusconi presented the program for the Italian EU semester and asked the opposition to support the Action Plan for growth, saying that “Finance Minister Tremonti will collaborate with the EU Commission [technically the ‘government’ of the European Union] in elaborating innovative formulas to finance the buildup of Trans European Networks.”

Although Rome officials are confident that the Ecofin council will vote the mandate to the EU Commission to elaborate the practical aspects of Tremonti’s plan, Italy’s main partners in the EU, France and Germany, have not been forthcoming with desirable enthusiasm. After the Thessaloniki summit, during his meeting with French colleague Francis Mer, German Finance Minister Hans Eichel declared that, in principle, the Tremonti Plan is the right approach, but the details must be known before making a conclusive judgment.

But the Italian Finance Ministry had already published a paper, entitled “European Action for Growth,” containing a detailed presentation of the Tremonti Plan, and circulated it among its EU partners two weeks before the Thessaloniki summit. The paper was published only in English, and excerpts were published in *EIR*’s June 20 issue. So, Eichel’s declaration that he does not know the plan’s details, could not have been true. A very different view came from Wolfgang Roth, the German vice chairman of the European Investment Bank, in an interview with the *Frankfurter Allgemeine Zeitung* on June 20. Roth said the Italian proposal should be endorsed, because it is not meant as an immediate stimulus for the EU economies, but rather as a long-term perspective.

French Finance Minister Francis Mer said that “at the present conjuncture, the initiative makes sense.” Another prominent political figure, the rapporteur for the French Senate Budget Committee Philippe Marini gave his support to the Tremonti Plan. The plan, Marini acknowledged “could have a significant impact on growth in the euro-zone, in the short term, in the order of 1-1.5% of the GNP.”

Another endorsement came from Franco Modigliani, an



As Italy’s “New Deal” infrastructure plan for Europe, reflecting Lyndon LaRouche’s proposals since 1989, moved forward, Helga Zepp-LaRouche (left) and colleagues, at the Frankfurt stock exchange on June 24, presented a new special report on Eurasian Land-Bridge infrastructure as the key to reversing Europe’s mass unemployment.

MIT economist who won the Nobel Prize in 1985, who declared in an interview with *Corriere della Sera* that the Italian New Deal initiative is “a very good idea.” “Public projects must start, since private initiative won’t come again soon,” Modigliani said. “But [EU] governments do not start them, because in the name of Maastricht they keep confounding investment expenses with current state deficits—as if in a family, when you buy a house, the money spent were considered to be simply lost. In reality, two public budgets must be kept: one for current expenses, which must be balanced; and another for investments.”

The argument that public investments create debt, which the state must sooner or later pay back, is false, Modigliani said. “Think, for instance, how much profit was generated by [Italian] highways, once built, or take a project like the Messina Bridge [connecting Sicily to the mainland]: I believe that it would bring large profits and would attract large credits. Even if you help the private sector to build houses, these houses will bring a yield; not to mention water supplies. Even unprofitable projects, such as parks or hospitals, would at least bring a social advantage.”

Hostilities against the Tremonti Plan had been opened already last week by the “usual suspects,” i.e. the London *Financial Times*, which called it a “pump-priming” scheme. The same line was repeated June 20 by the *Wall Street Journal*, which claimed that “the easiest” European infrastructure corridors have already been built,” and “the remaining projects are difficult and expensive.” The *Journal* called the Messina Bridge, which would open the crucial link of southern Europe to Africa, “a bridge that leads to nowhere.” Its readers will wonder why the *Journal*, which so far has supported the Berlusconi government as pro-Bush and pro-“free trade,” has suddenly revealed its real sentiments.

Great Projects Gain Momentum

While the Tremonti plan gains support in Germany, the European Parliament discovers a new interest in maglev transport.

Belying Summer's apparent slow pace, there is new momentum in political discussions in Germany about major European infrastructure projects. And, not surprising, the ideas of Lyndon LaRouche are in the middle these developments, through his movement's forceful intervention into public debate. In early June, 50 LaRouche Youth Movement activists deployed for a week to the European Parliament in Strasbourg, France. They held many meetings with Members of the European Parliament (MEPs) across the political spectrum, and rallies and information booths focussing on LaRouche's proposal for a grand development alliance, called the Eurasian Land-Bridge.

This left its impact: On June 8, Daniel Cohn-Bendit, Green Party MEP, gave a surprising interview to Germany's *Welt am Sonntag*, calling for "infrastructure projects on a European scale." Cohn-Bendit, a very close friend of German Foreign Minister Joschka Fischer (also a Green), posed a question so far only raised by LaRouche: "Why don't we issue a loan at the European Investment Bank, to pay for the required investments?" Cohn-Bendit then criticized his own Greens for whittling down Germany's use of maglev rail technology—to the role merely of a super-fast local commuter train—and urged, "We have to design something bigger for that. A Paris-Berlin-Warsaw-Moscow line."

Similarly, political debate in Germany has turned to confronting the economic collapse via the recent proposals enunciated by Italian Finance Minister Giulio Tremonti; in turn, Tre-

monti's proposals reflect the strong impact of LaRouche's ideas and, in fact, were made public just after LaRouche's May 5-8 visit there (see *EIR*, May 23). Tremonti's proposal to create a special European Union (EU) lending facility for infrastructure projects, outside the Maastricht budget criteria, drew vehement attacks by neo-liberals in the German press.

But, several Cabinet members were attracted to the Tremonti initiative—including Chancellor Gerhard Schröder, Defense Minister Peter Struck, and Transport Minister Manfred Stolpe—forcing Finance Minister Hans Eichel into an ordered retreat. After the June 23 session of the Franco-German Economic Council in Paris, Eichel conceded, that with European governments about to downgrade economic growth expectations, it was justified to come up with "new concepts" for the "stagnating economic situation."

At a June 19 forum by the Friedrich Ebert Foundation in Magdeburg, Stolpe spoke on the state's role in infrastructure development, stating that even in privately run highways, whose funding comes from tolls (mostly in eastern Germany), the the state has been essential to get these projects realized.

In the extensive discussion period, Stolpe responded to this author's questions, saying that Berlin is aware of the Tremonti initiatives, and that the Cabinet would meet soon for a thorough review of ways to mobilize extra capital outside of the regular budget. One thing is clear, he stressed; that without finding new sources of fund-

ing, major projects could not be built.

Stolpe further pointed out that, after recent meetings in St. Petersburg where Russian Transport Minister Sergei Frank reported on the potentials to upgrade the Trans-Siberian Railroad between Asia and Europe, the European Union Commission (EC) is now looking more intently into the Russian designs, with a new working group under former Commissioner Karel van Miert. Frank had reported that in 2002, some 80 million freight containers were shipped to Europe from Asia, and with an upgraded rail grid—the Trans-Siberian, the Trans-Korean, and also the Trans-Asian routes—many of these containers could be transported by rail, cheaper, faster, and safer than by water.

Stolpe added that most of the EU's European-wide infrastructure designs pre-dated 1989, and an urgently needed update had to account for an enlarged EU, with more territory, more population, and also for modernizing transport infrastructure in Eastern Europe. The Trans-Siberian connection to Europe from Asia via Russia and Poland, should be put on the agenda, he said. Without openly using the term, Stolpe thus depicted a Eurasian transport perspective—a remarkable step forward for a German official.

Responding to ecologists' questions opposing canal projects, Stolpe stressed the Czechs' justified interest in improved water transport on the Elbe River, providing its industry with sea access. The Czech interest is also backed by several treaties, he said, and Germany could not go turn the Elbe into a grand nature park. Stolpe's remarks may not have been politically correct, but, as Cohn-Bendit's interview reflects, the hard economic realities are beginning to drive back the ecologism so prevalent in German politics for 20-odd years.

Business Briefs

Pension Funds

GM's Deficit Needs \$13 Billion in Bonds

General Motors will issue \$13 billion in new debt to finance its pension fund deficit, and to keep up its auto finance unit. Due to the recent years' stock market crash, the deficit in General Motors' pension plans, both domestically and internationally, doubled in one year, to \$25.4 billion at the end of 2002. About \$10 billion of money raised from the corporate bond issue will be used for the GM pension plans, the remaining \$3 billion for the GM finance unit. It will be one of the biggest corporate bond issues ever worldwide, following France Telecom (\$16.4 billion) and Deutsche Telekom (\$14.5 billion), and larger than WorldCom's \$11.9 billion.

In a special June 21 feature on the U.S. automobile giants, the Swiss financial daily *Neue Zürcher Zeitung* pointed to the precarious financial situation at General Motors, Ford, and DaimlerChrysler. On top of the pension fund problems, there is the ongoing incentives war which will probably further escalate in September, when usually the car sales go down sharply. According to CNW Marketing, the average incentive—price discounts and zero-interest financing schemes—reached an all-time high of \$3,916 for every car sold by General Motors in May. The other U.S. automobile producers grant similar incentives. Moody's has recently downgraded General Motors debt to a level only slightly above "junk," and indicated another downgrading to come. The *Zeitung* quotes a statement by Saul Rubin of UBS Warburg, saying that if present trends continue, General Motors and Ford will be forced to file Chapter 11 within the next 5 to 10 years, while DaimlerChrysler will be broken up in two pieces.

Mortgage Bubble

Fannie Mae May Be In Worse Trouble

The June 23 *New York Times* revealed that Fannie Mae, the U.S. mortgage loan corporation and big sister of Freddie Mac, made no money in 2002, despite reporting \$6.4 bil-

lion in "core earnings," and \$4.6 billion in earnings as measured by standard accounting rules. "On an economic basis, they made no money last year. That's the simplest way to put it," Sonic Capital president Lawrence Kam told the *Times*.

Kam said that Fannie Mae underestimated how fast interest rates would decline and homeowners would refinance their mortgages, and did not protect itself against the risk that some of its higher-yielding mortgages would be replaced by lower-yielding ones. These losses will show up in Fannie's income statements over the next several years. As a result, over the last three years, the discrepancy between what Fannie Mae has reported as earnings, and the actual change in the value of its net assets, is a shortfall of \$9.7 billion. Kam reported that this is not a matter of breaking the accounting rules, but of the failure of standard measures of profit and loss to capture the underlying economic reality of the derivatives business.

The home mortgage refinancing binge, which has been necessary to keep housing payments down, and consumer spending and debt service up, is hitting the mortgage-backed securities market from below, in a classic example of blowing out one part of the bubble in an attempt to save another.

IMF

Turkey Resists Demands, Banks Attack

The International Monetary Fund's permanent senior representative in Ankara, Odd Per Brekk, indicated at a conference on June 21 that the IMF will most likely postpone the payment of the next tranche of its total \$28 billion rescue package, because the Turkish government has failed to implement demanded "reforms." He warned that the "government needs to address a number of issues to ensure continuity in the reform effort." In particular, the demanded changes in social security bankruptcy laws, and job cuts at large public corporations, have not been implemented yet. As the *Financial Times* noted on June 25: "Sentiment was further affected when three members of the government spoke of their desire to dispense with the IMF's services after a three-year programme expires in 2004." Turkish Economics Minis-

ter Ali Babacan downplayed the events, and then described the next IMF tranche of \$500 million as being anyway rather "symbolic."

Already on June 21, J.P. Morgan downgraded Turkish eurobonds, telling investors to sell. Merrill Lynch followed on June 23. Isaac Tabor, head of emerging markets fixed-income research at Merrill Lynch, according to the *Financial Times*, put out a warning to the Turkish government.

Hungary

Currency Crisis Hits the Forint

Highlighting the fragility of Eastern European economies and the political fights behind the upcoming enlargement of the European Union, are events that took place on the financial markets of Hungary this Spring. In the expectation of Hungary's entry into the European Union, and later also into the eurozone, international funds directed huge amounts of hot capital into the country, boosting the foreign exchange value of the forint, Hungary's currency. In order to keep up Hungarian exports, the new government then exerted pressure on the central bank to devalue its own currency. Finally, in early June, the reluctant central bank followed these demands, and reduced its target for the forint/euro rate by 2.3%. What followed was an immediate crash of the forint by 7%.

The central bank, on June 10-19, reacted by a shock increase of interest rates from 6.5% to 9.5%. Bankers quoted by the German-language *Financial Times* on June 25 noted that this may have been just the beginning of a much more severe currency crisis. So far, only some short-term-oriented hedge funds have sold the currency. But once the large investment funds pull out, the situation would become very critical for the Hungarian currency and economy. The current account deficit reached 5% of gross domestic product (GDP) last year, while the government budget deficit is almost at 10% GDP. The *Financial Times* quoted an analyst at J.P. Morgan, warning that these events will already postpone Hungary's entry into the euro-zone, currently planned for 2006-08, by several years. The same could happen at any moment in Poland or other Eastern European countries.

CANDIDATE LAROUCHE ABROAD

How the Future Foreign Policy Of the U.S. Is Being Made

by EIR Staff

In U.S. Presidential candidate Lyndon LaRouche's intensive week of public and private meetings and media interviews in Turkey June 13-18; the reflection of that visit in an interview with LaRouche on the Mideast in Egypt's government paper *Al-Ahram* June 24; and the returning candidate's full schedule of U.S. media interviews leading into his July 2 Washington webcast, is seen the critical process by which a future foreign policy for the United States is being made. Not by accident, Turks saw LaRouche's visit as a direct antidote to the foreign-policy abuse heaped on them by the likes of Deputy Secretary of Defense Paul Wolfowitz in recent months, while U.S. military and other patriots wel-

comed news of it for the same reason.

The question—Can LaRouche and his movement get rid of Cheney and the neo-conservative chicken-hawks?—has become a burning question in nations once allied or friendly to the United States throughout the world.

And American economic recovery also depends on it, as LaRouche told Utah radio interviewer Jack Stockwell on June 25: "I've got so many people in the United States who are parochialist idiots; they think that the United States does not depend on developing its relations with other parts of the world, especially Eurasia, to get out of this financial crisis. They ask, 'What are you doing travelling around the world?'"



From his Abu Dhabi "Mideast Crossroads" speech one year ago to his recent visit to Turkey, Presidential candidate Lyndon LaRouche has intervened around the world to create a potential U.S. foreign policy of economic development of sovereign nations, to replace the disastrous "U.S. global empire" policy of Dick Cheney's gang in Washington.



Lyndon and Helga LaRouche's visits to India in the past year have advanced the "strategic triangle" idea of India-China-Russia cooperation on the Eurasian Land-Bridge development concept. This Bangalore conference was the first international meeting to publicly assess "The World After the Iraq War."

And I have to say to them, . . . Don't you realize this system is collapsing, and that we depend on coming to an understanding with other nations of the world, on rebuilding the monetary/financial system to get us out of this mess?"

The candidate's Turkish visit was only the latest of a full 12 months of interventions around the world. He has both created the basis for an *anti-imperial* U.S. foreign policy recalling the general welfare or "Good Neighbor" principle of FDR's World War II-era policy; and at the same time, rapidly built up his international Youth Movement, which is really going to create this new world. LaRouche calls it "a world of sovereign nation-states"—linked by the principle of the general welfare and the commitment to recovery of their physical economies—in a May 16 statement of principle published as a campaign pamphlet. He says that this policy, implemented by a LaRouche Presidency, is the objective of his current impeachment mobilization against Vice President Dick Cheney and the rest of the neo-conservative "chicken-hawks" who have made the United States an imperial force conducting and threatening war against the entire world.

'Certain I Can Win'

LaRouche's public presentations in Turkey, bearing directly on U.S. policy toward the entire Mideast and South Asian region, are reported in full below, as they have been reported throughout

the Turkish and other regional media. Consider them in the light of the extraordinary year of LaRouche's international interventions whose impact brought him to tell the press at Ankara airport, "I'm certain I can win" the Presidency.

United Arab Emirates, June 2-3, 2002: In the capital Abu Dhabi, LaRouche spoke at the Zayed Center of the Arab League to leading personalities from Arab oil-producing nations, on "The Mideast as a Strategic Crossroads." Arabic mass media gave great attention; LaRouche was the only featured speaker from the West.

Brazil, June 11-14, 2002: LaRouche gave three public addresses in São Paulo, the world's third-largest city, including to the City Council which honored him, and the São Paulo Commercial Association. He was invited by leaders of a newly-elected group in the Brazilian Congress which wants a break with the International Monetary Fund, and LaRouche's New Bretton Woods monetary reform.

Italy, July 2, 2002: In Rome, LaRouche addressed a conference on ways to build support for his New Bretton Woods policy, which was being moved in the Chamber of Deputies. He was joined by Sen. Oskar Peterlini, who had introduced a similar motion in the Senate.

California, Aug. 16-17, 2002: In Whittier, LaRouche keynoted the seventh annual conference of the Institute of Sino-Strategic Studies on "The Re-Emergence of China." His address was extensively covered in the Chinese press. The candidate also addressed a West Coast-wide "cadre school" attended by 90 organizers of his youth movement.

Virginia, Sept. 2-4, 2002: LaRouche launched the LaRouche Youth Movement as a national force mobilizing behind his "November Emergency Program" for infrastruc-



LaRouche's November 2002 Mexico visit marked a year in which his policy to put the IMF system in bankruptcy became the hemispheric counterpole to the NAFTA/Free Trade Agreement disasters. "The IMF will lose," the candidate told this videoconference to state universities. He also ignited the LaRouche Youth Movements in Mexico and Peru.

ture construction and anti-depression measures.

Italy, Sept. 25, 2002: The Italian Chamber of Deputies voted up a resolution for a new monetary system based on LaRouche's New Bretton Woods initiative.

Pennsylvania, Nov. 2, 2002: The candidate addressed more than 100 East Coast youth movement organizers, as members of the "no-future generation": "If you want a future, learn to solve the crisis of humanity."

Mexico, Nov. 4-6, 2002: LaRouche spoke to 500 students and faculty at the University of Coahuila, while his speech, "Alternatives in Light of the End of Globalization," was broadcast to four other Mexican universities. Interviews appeared in major Mexican press.

Italy and San Marino, Nov. 21-25, 2002: In Milan, LaRouche addressed a conference on security in Europe, spoke to the Catholic Press Association on "Solving the Dangers of Economic Crisis and War," gave television and radio interviews, and met the Lombardy Regional Council.

France, Dec. 5-7, 2002: In Paris, LaRouche addressed a cadre school for European youth organizers, and held private meetings.

Hungary, Dec. 11-13, 2002: The Presidential candidate keynoted two conferences: one of the Hungarian Economics Association and Academy of Sciences on "The Need for a New Bretton Woods"; the other of the Schiller Institute, drawing 120 participants and media representatives.

Mexico, Dec. 15, 2002: In Mexico City, LaRouche held a conference with youth who had travelled to the capital from all over the country.

Germany, Dec. 18, 2002: In Berlin, Lyndon and Helga LaRouche spoke to an *EIR* seminar, the candidate announcing there that he would give his own "State of the Union" address on Jan. 28 in Washington.

Peru, Dec. 27, 2002: LaRouche addressed 45 youth at a cadre school in Lima by teleconference, telling them that the intervention of youth has become indispensable in a time of international crisis.

India, Jan. 10-22, 2003: The LaRouches made a vital intervention to promote a "strategic triangle" of cooperation among India, China, and Russia. Lyndon LaRouche made public addresses to the Maulana Abul Kalam Azad Institute for Asian Studies (MAKAIAS) in Kolkata; Jawaharlal Nehru University in New Delhi; the Institute of Economic Growth, a part of Delhi University which serves as the brain-trust for India's Planning Commission; a roundtable discussion of officials, professionals, and analysts in New Delhi; and the University of Jaipur in Rajasthan.



The LaRouche Youth Movement spread worldwide in support of the candidate's "future for the no-future generation—solve humanity's crisis." Here, LaRouche banners and youth movement in a February 2003 Paris demonstration against war on Iraq.

Washington, D.C., Jan. 28: LaRouche gave his internationally webcast "State of the Union: On the Subjects of Economy and Security," hours before President George W. Bush delivered his State of the Union. The Democratic candidate challenged the imperial policy leading toward war in Iraq, and called for firing "chicken-hawks" on the Vice President's staff, including chief of staff Lewis Libby.

Germany, March 21-23: In Bad Schwalbach, Lyndon and Helga LaRouche organized and keynoted an extraordinary gathering of international experts and leaders on "The Eurasian Land-Bridge: How To Reconstruct a Bankrupt World." Representatives from Denmark to Korea participated; the conference proceedings and its Bad Schwalbach Declaration were printed in *EIR* and by LaRouche's Presidential campaign.

Italy, April 8-11: In a visit to Rome, LaRouche outlined "an exit strategy from the war" at a conference at the Capitol on April 8, and met with members of Parliament, and with the Italian Institute for Asia.

Italy, May 5-8: LaRouche visited Milan and Vicenza, speaking to Chambers of Commerce about the principles of an alliance of sovereign nations for economic progress.

India, May 26-27: In Bangalore, LaRouche keynoted, with Congress Party leader Natwar Singh, the first international conference on "The World After the Iraq War," outlining how sovereign nations could aid in radically changing the U.S. "imperial" policy.

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‘Eurasia: New Key for Global Development and Peace’

One highlight of Presidential pre-candidate Lyndon LaRouche’s June 13-17 visit to Turkey was the conference, “Eurasia: New Key for Global Development and Peace,” co-sponsored by Yarin monthly and the Cultural Affairs Department of the Istanbul Municipality. It was held in Istanbul on June 14, as media coverage of LaRouche’s arrival press conference the previous day was already focussed on his candidacy and his call for the impeachment of Vice President Dick Cheney and the removal of the American “neo-cons” from power. It was followed, late that night, by LaRouche’s three-hour interview on the “Ceviz Kabugu” political discussion program of A-TV, watched by Turks all over the world.

The Istanbul conference focussed on the future of the world’s collapsed economy. Here is LaRouche’s keynote; it was introduced by A. Altay Unaltay of the Yarin Editorial Board. Two economics professors from Istanbul universities followed with comments on the keynote, and there were then general questions from the audience of more than 400, ranging from representatives of government ministries, to university students.

These questions are given below only as brief paraphrases—not exact translations from the Turkish—but LaRouche’s answers are given in full.

Dr. Unaltay: Lyndon LaRouche’s name appeared in the ’70s and ’80s of the 20th Century as a one of a controversial political character. The controversies on him start with his efforts to stop the international drug trafficking; or his contribution to President Reagan’s SDI (nick-named the “Star Wars Project”); and they have continued until now. His long-term economic assessments draw the focus of attention on him in today’s crisis-stricken world.

Beginning in 1948, LaRouche objected to tendencies of virtualization and dehumanization in economics, made possible by “cybernetic” techniques developed by Norbert Wiener and John von Neumann. He, in contrast, developed his own brand of “physical economics,” on foundations laid by Gottfried Leibniz (1671-1716), and later developed by Bernhard Riemann in 1852.

Among his long-term economic forecasts is his warning dated 1959-60, that the Bretton Woods System was doomed, if the United States proceeded with politics based on the Truman-Eisenhower doctrines. This prophecy was fulfilled on

15 August 1971. His second great forecast is the end phase crisis of the global economy, if great powers proceed with monetary politics. The sequence of crisis since the October 1987 Wall Street breakdown gives him a right to speak.

The foundations of the LaRouche world economic order are: economic relationships on the basis of sovereign nation-states, where financier-dominated processes originating from London are abolished; a rejection of dogmas proposed by Haileybury’s and other positivist “free trade” schools; and a “regulated economics” in tune with the “American System tradition.” In a sense he observes an uncompromisable contradiction, between the interests of the one party of farmers, industry entrepreneurs and laborers, and that of the other party of the financial oligarchy, exploiting national economy by means of finance and usury.

Lyndon LaRouche is a U.S. Presidential candidate of the Democratic Party for 2004.

LaRouche: Since I am standing for the position of the U.S. President, I shall stand here.

I want to focus primarily on the situation that confronts Turkey, both in dangers, and opportunities, in the present world economic and strategic situation.

I shall begin by referring to an address I gave shortly before the inauguration of the present President of the United States, in January of 2001. I was then an announced candidate for the Democratic Presidential nomination for 2004, but I made some observations about what was going to happen in the intervening period, especially in the years immediately ahead. And I said that since the President of the United States was not a particularly intelligent person, he was going to follow certain economic policies, which would mean that the already unravelling world monetary-financial system, and the U.S. economy, would continue to unravel at an accelerating rate, during 2001 and 2002. Which they’ve done.

But I also said, in this kind of crisis, one must look back, to 1928-1933, and the effect on Germany, in particular, of the great economic crisis of that period. And during that time, a [grouping] centered in London, but with financial backing from New York circles, adopted Adolf Hitler as their project. Their intent was to bring Adolf Hitler to power, in order to prevent a natural, or democratic, response to the great financial collapse which was then already in process.



U.S. Presidential pre-candidate Lyndon LaRouche meets the Turkish press on his arrival at Istanbul, June 13. His candidacy and the subject of his visit—his Eurasian Land-Bridge strategy for the current world economic crisis—received wide coverage in Turkey. The visit was sponsored by Yarin political monthly, which has regularly published LaRouche's writings.

At the end of 1932, Hitler's party was defeated, in an election campaign. As a result of the defeat of Hitler, a Chancellor was appointed, von Schleicher, of Germany, who was not a bad Chancellor.

But the Nazi Party leaders, such as Goebbels and Hitler, threatened to commit suicide, because the Nazi Party was bankrupt. Then, the London bankers—headed by the former head of the Bank of England, Montagu Norman, backed by New York financiers—financed the recovery of the Nazi Party. And then on the 28th of January of 1933, von Schleicher was dismissed, by blackmail pressure on President von Hindenburg. And on the 30th of January, 1933, Hitler was appointed Chancellor by Hindenburg.

The following month, the Reichstag was burned down; which was used to make Hitler, who was then a joke, as a political figure, suddenly the dictator of Germany. And the fate of the world, from that point on, until the end of the war, was determined by that sequence of events.

The 9/11 Inflection Point Today

The danger was, in the year 2001, and again today, the danger was and is, that a group of financial circles, of the Venetian *fondi* model—typified by those who were behind Hitler then, behind Vichy France, behind Mussolini in Italy, behind Franco in Spain—that these small groups of bankers, who are strongly represented in the New York market, and who are very powerful influences there; that these groups would try a Hitler-style solution, this time trying to use the nuclear power of the United States to establish a total world monetary-economic dictatorship of the planet, through some kind of coup, modelled on the Hitler precedent. I said, we must expect that to happen; that's a likely prospect.

That is what happened on Sept. 11, 2001. For those who



were military experts, who know security systems, and know also the security system of the United States, there was no possibility that some bunch of Saudi students, could have seized planes, and done what was done on Sept. 11, 2001. The United States security system is complicated. To run four aircraft; to abduct these aircraft on schedule, in the same blow; to deploy and coordinate the deployment of these four aircraft in different parts of the United States, so that the movements of the aircraft would coincide with a sequence in which the first aircraft would strike and the second one would then respond to that, by making a turn to make the second strike, and so forth and so on, and finally, into the Pentagon; this could not happen, inside the United States, without inside knowledge and coordination.

Now, why was that done? It was done to bring Cheney to power in the United States, the Vice President, It was not done by George Bush; I don't think he even knows what an aircraft is—he was trained on one, but I'm not sure he knows. And Cheney immediately came forth, on Sept. 11, and the following day, Sept. 12th, with a proposal for war based on policies which he had presented in 1991, when they had been rejected by the previous Bush Administration; which he had presented

again in 1996, and which were his standing program.

So, it's obvious that the reaction to 2001, September 11, was this. Now, it took time to get the President of the United States conditioned to accept Cheney's program. The acceptance was certified in a State of the Union address in January of 2002, in which the Cheney program was presented as the "Axis of Evil" element in the address of the President of the United States on that day.

That is what is operating.

This problem is a group of, as I said, of financiers. They're not known as major banks. They're the kinds of people who control banks from behind the scenes, wealthy financial circles, who are running exactly this kind of policy for no purpose but to use nuclear weapons—including the so-called mini-nukes—to use them against countries which have no nuclear weapons. And to find pretexts for doing so. Their general objective is not to target Iraq, or merely to target Islamic nations, though that is their prime target; their intention is to create a geo-political condition under which, what I will outline as the alternative to this kind of policy, could not occur.

Revival of the World Economy

The potentiality for the revival of the world economy today, lies, as I shall indicate, in Eurasia. The potentialities of Eurasia. If you start enough wars in Eurasia, so there is no coordination, or no *possible* coordination among the principal nations of Eurasia, then there will be no recovery of the world economy, in a meaningful sense. Therefore the issue is really today, as it was in 1933, when Franklin Roosevelt was about to be inaugurated as the President of the United States: Which road will we take? Will we take the road which is typified by what happened in Germany with Hitler? Or the road which is typified by what happened in the United States with the election, and the subsequent inauguration, of President Roosevelt?

Will we, in short, do what was proposed in Germany in 1931, at a secret conference of the Friedrich List Gesellschaft, in Berlin? Where a leading economist of Germany, Dr. Wilhelm Lautenbach, presented a proposal, and said, "We can not use fiscal austerity to balance budgets under conditions of depression. Rather we must use straight state credit, focussed on large-scale infrastructure projects, as the way of increasing employment, increasing production, and therefore launching a recovery through this kind of fostered growth."

Roosevelt did that for the United States. Lautenbach and his circles in Germany *had intended* to do that, but did not do it, because of the Hitler coup. We intend to do that in the United States, and other countries intend to move in that direction, as I shall indicate. The question is today: Which shall prevail?

We're now in a process where I, and others, in the United States—not all my friends, not my collaborators, but people who happen to have views that coincide with mine on this

issue—are moving to impeach, potentially, the Vice President of the United States, Dick Cheney, Mr. Wolfowitz, Mr. Rumsfeld, Mr. Bolton of the State Department, Mr. Wurmser of the State Department, and Mr. Libby of the office of the Vice President, and so forth and so on—to clean out this nest of so-called neo-conservatives, many of whom have Trotskyist backgrounds; to clean them out of government, and just simply put, shall we say, more normal people into those positions of government, under which the institutions of government can function in a normal way.

Under those conditions, I'm convinced from what I know now, that in conditions of crisis, the United States—after such an impeachment cleanout of this nest of rascals, as we call them—that the United States will tend to respond in a healthy way, to the onrush of the present world financial-monetary-economic crisis. And therefore, we can have the equivalent of a Roosevelt alternative to a depression, as opposed to the Hitler alternative expressed by World War II, and the things associated with that.

So, therefore, in that sense, I'm optimistic.

How the System Became Bankrupt

What's the situation?

Mankind often is insane. That is, governments, powerful institutions, will sometimes adopt absolutely insane policies. But because of the inertia of previous states of the economy, because of the blindness of people to what's happening to them, because people tend to think, often, in the short term, not the long term, idiocy can go on for a long time, before public opinion and institutions react and recognize it has been idiocy.

That was the case in the United States during much of the early part of the 20th Century. The assassination of William McKinley was a disaster for the future of the United States, and much of the rest of the world. The post-Wilson governments in the United States—especially Coolidge and Hoover—were an absolute disaster for the United States, a period of mass insanity. Then we had a Great Depression, not only because of bad U.S. policy, but bad policies in Europe.

So the question was: Do we go into the pit, or are we snapped back to our senses by the shock of discovering we've been in error? Do governments and others realize we have to make a change, recognize we've been wrong, and correct our errors, and go on with some kind of a program toward recovery?

That has often been the history of European civilization and civilization in general. Failure, failure, failure. But nonetheless, if we look at it from the standpoint of history, the past 2 million years, the potential of mankind, were mankind an ape, would have been about 3 or 4 million living individuals on the planet. We now have over 6 billion human individuals living on this planet. Despite all the crises which have occurred, this represents a power for accomplishment, and development, and growth and progress of the human species.



The “Ceviz Kabuğu” political program interviewed LaRouche for three hours. The show is widely watched by Turks all over the world, and he generated excitement and respect with his blunt challenge to bring down the neo-cons who’ve grabbed power in the United States. “Wolfowitz and Perle won’t dare come back here after that,” said one observer.

Therefore, as a human species, we should be inherently optimistic, that within us lie the mental powers, and the spiritual powers, to respond to the challenge of crisis, to develop solutions. And so therefore, I tell people, the first thing to have, in a time of crisis, is to revive your optimism. Because it’s that spirit of optimism about humanity which may encourage you to find the ingenuity within yourselves, to recognize the error, and correct it.

Today, as since approximately 1964, the United States and Britain led the world, Europe, in general, the Americas, into a disaster. We emerged from World War II, the United States, as the leading productive power on this planet. We were the greatest productive power per capita this planet had ever seen. Much of this had developed under Roosevelt’s leadership of recovery, and building for the war. We—working with Europe and with other countries, other parts of the world—we helped to rebuild the post-war economy of the world, in many parts. Until the middle of the 1960s.

Then we became insane. We turned toward a post-industrial society, or the so-called “‘68er” phenomenon. We turned against progress—we turned to crazy ideas; and ideas which dominate many of the people who are 50 or 60 years of age today, who dominate the leading institutions of Europe and the Americas. They’re in there; they have crazy ideas.

But this came to the point that, as a result of steps taken then, as a result of the 1971-72 crashing of the Bretton Woods fixed-exchange-rate system, the world today is largely bank-

rupt. The international monetary system is essentially bankrupt. The Federal Reserve System of the United States is bankrupt. Except for backing by the government. The banks, the leading banks—like Citigroup, like Chase Manhattan, or J.P. Morgan-Chase Manhattan—these institutions are essentially bankrupt. The same condition exists throughout the banking systems of Europe. The banking system of Japan is bankrupt. The debts which are outstanding today in the world, on a world scale, could never be repaid, by present trends in the world economy. The system is bankrupt.

Carry Out Bankruptcy Reorganization

What do we do? Under those conditions, there’s only one thing you can do. The same thing you do with any bankrupt entity if it’s essential, and certainly governments are essential, nations are essential. You can not eliminate nations because they’re bankrupt. You can not eliminate governments of nations because they’re bankrupt. Therefore, what you must do, is you must have governments put the bankrupt part of the system into bankruptcy reorganization, in the same way you would with a useful bankrupt firm.

The firm is essential. The institution is essential. It must continue to function. Pensions must be paid. Employment must be continued. Growth must occur. But the system is bankrupt.

Therefore, the state must use its power of government, its sense of absolute sovereignty as a nation, to put whatever is bankrupt, into bankruptcy reorganization, to keep necessary banks open, to keep employment going, salaries paid, pensions paid, necessary things happening. And find a way to build the growth to repair the damage caused by the bankruptcies.

The same thing you’d do with a firm you needed, which had gone bankrupt.

But in this case, it’s the world system that is bankrupt. So, the option for a solution is to have the world, or much of it, agree, through their governments, to put these bankrupt elements of the present world monetary financial system into bankruptcy reorganization, into receivership under government control. Either the control of the relevant individual government, or the control of a concert of governments, in case of international institutions.

Look to Eurasia

If we’re willing to do that, the following can occur. Germany, Western Europe, as you may know, is bankrupt. That is, the current amount of earnings of Western Europe, is not capable of maintaining the Western European economies, nations, in functioning conditions. However, Europe has a func-



The American candidate in discussion with some of the more than 400 who attended his Istanbul conference on June 14. "We are much closer to victory than most of you believe, on the issue of stopping this war, and stopping this war process," he told them.

tion. If we look across Eurasia, we see that function. We have China, estimated at 1.3 billion people, and growing. We have India, a billion people. Hundreds of millions of people in Southeast Asia. Korea, Japan, Iran. The vast areas of Central and North Asia, which include Kazakstan, the states of Central Asia, and the tundra region of northern Siberia, of Russia.

This contains the largest concentration of mineral resources on this planet, largely in the central and northern part of Eurasia. It contains the largest concentration of population on this planet, and some of the most sparsely populated regions as well.

Now, China is growing. China is growing through large infrastructure projects, the largest water projects in the world. The highest-level railroad in the world. The greatest movement of water from South China to North China, into Xinjiang, to transform these barren areas into areas of habitation and growth. India and China are considering a great project. The Brahmaputra River, one of the great rivers of the world, pours down from Tibet, in a steep declivity, into Assam, down toward Bangladesh and the Bay of Bengal. One of the greatest hydroelectric projects of this world is now being considered, inside Tibetan China, now, in cooperation with India.

We have vast projects of moving water, from the Ob [River] of Russia, into Central Asia, to bring back the Aral Sea, and other areas. Similar projects throughout the area.

So, here we have Europe, which is a font of ability to produce useful technology, now becoming engaged with its largest markets, in Eurasia, which are in China, and India. And China, the fastest-growing market. You have parts of Europe, where business is still functioning, are looking for

exports in this part of the world.

So, therefore, if we can make the kinds of agreements, among nations, that are required, we can make 25- to 50-year agreements among the various parts of Eurasia; 25- to 50-year long-term agreements among governments, on general credit and policy agreements, on currency. We can issue credit, at 1-2% long-term interest, which can finance large projects. These projects, these large-scale infrastructure investments, will drive the rest of the economy. Europe will recover.

We can, among other things, rebuild the shattered Balkans, which is the key of the relation between Turkey and Europe—the Balkans region. If we can bring peace in the Middle East, by suppressing the war of Israel against the Palestinians, and bring peace there, and introduce large-scale water projects there, we can build peace there.

If we can build this, and do the same thing with Central and South America, with the United States, we can fix Africa.

So, we're at a point of despair, but a point also of opportunity, in which large-scale agreements among the nations of Eurasia—putting bankrupt parts of the world into bankruptcy reorganization, creating gigantic masses of credit at low-interest rates, agreeing on long-term projects, and cooperation on long-term projects—can open up for humanity for the next two generations, the greatest period of growth and prosperity in all human existence.

So we have the choice, between the two.

The question is: How do we bridge the gap, between the two? What agreements do we make?

Well, my proposal has been severalfold.

A Community of Principle

Several concrete steps that have to be taken, jointly by a number of governments, which are necessary to start a general economic recovery. My view is that these proposals, if adopted, will create the political optimism and the sense of unity, required to overcome the threats to the security of the world today. That if we establish institutional agreements among states, on these kinds of projects, we will have the power and commitment among governments, that the kind of threat we've seen recently, as in Iraq and elsewhere, will go away, and will not return.

We've come to a point in history, when we can not eliminate defense. We can not eliminate the requirement for large-scale defense capabilities in nations, but we can eliminate the possibility of anything but strategic defense as a military policy. We can build military institutions which make a contribution to engineering, which is the traditional peacetime function of military institutions. We can do these things.

And under these conditions, we will have entered a period from which we will emerge, not as—war as we've thought about it in the past, will no longer exist. In which the relations among states will be increasingly a community of principle among what are respectively, perfectly sovereign nation-states, but united in cooperation by certain principles.

Now, here's what some of the guidelines are.

We had a good system, back in the 1950s, the Bretton Woods System, established on the initiative of Roosevelt, in 1944. That system worked. It was a fixed-exchange-rate system, with a gold reserve basis. It was based on protectionist programs, to ensure that long-term agreements could be honored, through protectionist arrangements on trade, and tariffs, and so forth. That worked.

In 1964, we began to tear that apart, in the United States and the United Kingdom. We went toward a consumer society, rather than being the greatest productive power on this planet. Similar things were done in the United Kingdom. We became disgusting. We became like the Roman Empire, producing less and less at home, and using our imperial power *to steal*, by force and power, from other countries, whatever we wished, at whatever prices we wished to pay. We regulated the currency values of other countries, by various kinds of manipulations, and thus could get their goods as cheaply as we pleased. And we rotted away, at home.

We extended this rot, as a so-called post-industrial society ideology, in the "'68" phenomenon, in Western Europe, in Japan, and elsewhere. We destroyed the impulse of civilization to reproduce and improve itself. So therefore, now that we're paying the price, of these follies of these past 40-odd years, the first thing to do is to go back, and say, "What worked before 1964, was successful. It wasn't perfect. There were many errors. But it worked. So, let us, as a first step, return from the foolishness we've done, to do what worked before, as a model for the approach to take now." Because we need quick agreements. The system is bankrupt; we must act immediately.

We can not go into ten-year-long debates about what the policy should be. We must act immediately. We have an emergency!

Then, there are some other things we must do, in addition to creating new credit under the new system.

Build Development Corridors

We must build, in Eurasia, the devices by means of which we can unify the continent of Eurasia, in the way needed. Now the obvious thing, in former times, was the model of the United States in the middle 19th Century, where we build railroads quickly, which unified the Pacific and Atlantic coasts of the United States. And those railroads were used for the internal development of the areas of the United States which had been undeveloped. These were not simply rail connections, these were development corridors, along which agriculture boomed—this kind of thing. So that happened.

We need it now in a new form. We can transport goods, technically, at high speed, by rail, from Rotterdam to Pusan, in Korea, far more rapidly *and more cheaply* than by ship. Because when you run a corridor of development, and a transport route as a corridor development, every mile along that route becomes an area that is generating wealth. And the wealth you generate as a result of having that railroad system, or that transportation system, is far greater than the cost of creating and maintaining it.

So, actually, a high-speed transportation system of that type costs the nation nothing, because it causes the production of more wealth than it costs.

Now, if we do that, we would go across Eurasia, with several routes: a northern route, a middle route, a southern route, and a far southern route. These would not be simply rail lines; they would be development corridors, which would be high-speed transportation. We would be using things like magnetic levitation, in the fairly near future, for high-speed transport—we're talking about 300 kilometers an hour, that sort of speed. We would accompany that with the development of new urban centers, which would be industrial, agricultural complexes, along the routes of this travel. We would have large-scale water systems. We would have large-scale power generating and distribution systems built into it, largely nuclear power, developed along these routes.

So these routes would be development areas. Now in these development areas—including, say, Central Asia—a shortage of water. We'll move water from the Ob River, south. It now flows into the Arctic. A lot of it we'll move south into the area of the Aral Sea. We have water also in the northern part, the eastern part of Asia. We can move that water south too. So Central Asia can now become an area of general economic and population development.

We can also—we have the techniques, which we have to develop, but we have them—for using the tundra area, under which large mineral resources lie, as an area which we can develop, in ways to be able to exploit the natural resources in

Larouche: Iraq war is a cause for shame for US

U.S. Democrat member and presidential hopeful Lyndon Larouche said that the Iraq war was groundless and a cause for shame for the United States, Anadolu news agency reported.

DEMOKRAT PARTİ'DEN 2004 AMERİKAN BAŞKANLIK ADAYI LYNDON LAROCHE, TÜRKİYE'Yİ PARLAYIYOR!

"Bu yıl Anglo-Amerikan savaşları Türkiye için büyük bir başarıdır. Çünkü bu savaşlar sayesinde Türkiye'nin dış politikası çok daha güçlü olacaktır. Türkiye'nin bu savaşlar sayesinde uluslararası alanda çok daha fazla söz hakkı olacaktır. Türkiye'nin bu savaşlar sayesinde uluslararası alanda çok daha fazla söz hakkı olacaktır. Türkiye'nin bu savaşlar sayesinde uluslararası alanda çok daha fazla söz hakkı olacaktır."

BİR NEYER OLACAKTIR!

AK Parti'nin başkanı Tayyip Erdoğan, İstanbul'da düzenlenen bir toplantıda yaptığı konuşmada, Lyndon Larouche'un Türkiye'yi parladığını söyledi. Erdoğan, Larouche'un Türkiye'yi parladığını söyledi. Erdoğan, Larouche'un Türkiye'yi parladığını söyledi.



Kilise, Türkiye'yi kutluyor

Kilise Türkiye'yi kutluyor

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LaRouche's Presidential candidacy in the United States, and his support there, was the focus of coverage in both Turkish and English-language press. In new Eurasian economic initiatives, "You can not ignore the United States," he said. "The other countries of the world, as I've worked with them, can not come to an agreement by which they could survive, without U.S. participation."

this area. Under these conditions, we will have the mineral resources in Central and South Asia, supplementing those now existing, needed for the growing populations of East, Southeast, and South Asia, and also for Europe. So this development of Eurasia is not simply a transport process; it is a process of development, which looks to the future, two generations from now, when these kinds of development will be *crucial* for the future of life on this continent.

This will mean a transformation in the quality of life and standard of living, and education, and culture, of the peoples involved. That's the general idea.

We're also in a period in which there's a change already in progress, provided that the present system doesn't collapse upon us without remedy. We will no longer be thinking of exporting products, finished products, from one part of the world to the other. We'll do some of that, but that will not be the primary characteristic of the economy. The primary characteristic will be technology transfer. In China, technologies are being developed which don't exist in Europe. In India, technologies are being developed, which don't exist in Europe. This will be a global pattern, partly determined by the ingenuity of people, partly determined by the conditions under which inventions occur. Therefore, more and more, it will be desirable to have these technologies developed in *one* part of the world, utilized for production in other parts of the world.

And therefore the products, in any part of the world, will tend more and more, to become the adaptation of combined development in technologies, to particular products. This will be the principal driver, in terms of production practice, for the growth of the productive powers of labor throughout the region.

These three things are generally obvious. The question is, the will.

My Job: To Change the United States

Now, go back to the United States. Will it happen? What I've outlined *can* happen. It is necessary, and it is feasible. The question is, will it happen? And you in Turkey will obviously ask that question loud and clear. And say, "This sounds fine, but who is going to make it happen?"

Most of the nations of the world, because of the characteristics of the nuclear weapons age, are terrified of Anglo-American power, and today, of the nuclear power of the United States. Therefore, no government in the world, in general, will think of defying the displeasure of the United States government. Therefore, governments do not make sovereign decisions; they seek to make sovereign decisions which will be *permitted* by the power of the United States. That means that the willful power of sovereignty, or government, has vanished. We have an imperial proclivity, in the relations among states; an imperial proclivity based largely upon the threat of nuclear supremacy, nuclear weapons supremacy.

Now, how are we going to get the world to agree to do something that people don't think the government of the United States will allow? Particularly a government as nasty as the present Cheney, Rumsfeld, Wolfowitz, etc., government, the kind of threats they've made. People are terrified, governments are terrified. Prudence says, be terrified.

Therefore, my particular job, not as an individual alone, but as a figure, a kind of a central or pivotal figure in this process within the United States, is to create a different situation among states, in which we can meet, and decide upon policy as equals, and therefore, we can will to do things, in concert, that need to be done in concert. Therefore, if we, as a group of nations, agree upon this, and if the nations and governments of the world perceive that the United States is not going to crush them for having an idea, or expressing a self-interest, then these kinds of ideas I've expressed, will

become feasible. Fear, is the greatest danger to the people of this planet today. The governments' fear of a dictatorship being exerted by a nuclear United States, is the greatest single threat to humanity today.

Now, you can not solve the problem by eliminating the United States. You can't ignore the United States. Because the other nations of the world are not prepared to make the kinds of initiatives—even if they felt free to do so—or effect the kind of cooperation, which is needed to bring about the kinds of changes I've indicated. You would tend to get anarchy.

Therefore, the solution is, from my standpoint, is to change the disposition of the United States, the government of the United States. I think that we are a heartbeat, so to speak, away from that. Our problem is not George W. Bush. He is a problem, but he is not our problem. The problem is a small cabal, typified by the Vice President, by Rumsfeld, by Wolfowitz and other notables, who are essentially merely lackeys, overpaid lackeys, who are working for some financial interests behind the scenes, like the financial interests that orchestrated the Hitler coup in Germany in 1933.

If we deal with that—and I am moving for that impeachment of Cheney and others, to bring this about—if we succeed in that, then we will have an option: the option of meeting together, to make rational decisions; rational decisions based on the understanding that we must come to *common* decisions. Perhaps not all nations, but the majority of leading nations must come to certain common decisions, very quickly, about reorganizing the international monetary system, and replacing it with something like, in many respects, what we had in the 1950s. Under those conditions, we will survive. And if we learn to cooperate with a new monetary system, a reformed monetary system, in that sense, then we will develop the habits, as a community of nations, of meeting together, making decisions under which I think this planet will survive. And that's what I'm trying to do.

And I leave it now to the comments, and to the questions you might have. I'll take them, as they come.

Commentary on LaRouche Keynote

**Dr. Numan Kurtulmas, Faculty of Economics,
Istanbul University:**

I wish there were even more people here, to hear this important message. After the collapse of the Soviet Union, the United States became the only power, and the neo-cons think they can dominate economic, financial, and political affairs. But reasonable people like Mr. LaRouche are opposed to this. After 9/11, the U.S. neo-cons wanted to dominate the political scene, but as LaRouche has said, 9/11 could not possibly have been organized by a small terrorist group. The

neo-cons have made Muslims the enemy image. LaRouche has said that the real danger is fear of the largest nuclear power. Since Mr. Bush is not very intelligent, the neo-cons are using the nuclear force of the United States to create a major threat to the world.

The candidate, LaRouche, has made another important point: China and India, with their 2.5 billion population, represent a new power center, and they have economic projects also with Russia. LaRouche has emphasized the role of the nation-state. With our policies, we looked forward to the establishment of a new world economic order, but after 9/11, the U.S. administration opposed it.

Another important point LaRouche has brought up, is the U.S. economic crisis: The United States is producing less and importing more, like the Roman Empire. American capitalism invested in other countries—where labor is cheaper—but U.S. production decreased.

As for the regional situation, we knew what would happen with a war against Iraq, that the Middle East map would be changed, but how to cope? Turkey is one of the most challenged nations. We know we have to push for integration, for common projects, for example, in water. Our foreign policy used to be focussed on water. We are for Black Sea cooperation, and cooperation within the Organization of Islamic Conference, and with the European Union. LaRouche said that the United States poses a threat. We can start an initiative in the region: We, Turkey, with our know-how and historical background, can be an advisor to the United States.

There are two possibilities: Either the gap in income distribution, the inequality, in the United States and Europe continues, and conventional wars turn into regional nuclear wars; or, the United States must set up a meaningful relation with Asia and Africa, which is also in the interests of the West. If the United States wants such relations, it must start with Turkey. There are 1.5 billion Muslims; Turkey, with its development, with its relations to the Arab and Islamic world, especially its relations to northern Islam, can be the driver and the leader.

We must make LaRouche's voice heard.

**Prof. Dr. Mahir Kaynak, Faculty of Economics, Gazi
University, Ankara:**

I agree with Mr. LaRouche about 9/11, that it was an internal affair.

The problem is the potential financial crisis, which is different from 1929; then it was a domestic crisis, today it is global. The U.S. foreign trade deficit is serious; it is importing but not exporting. The United States is the most heavily indebted country in the world. If the United States goes bankrupt, Japan will be so poor that people will have to eat grass. The entire economic structure is intertwined. One speaks of public investment and military spending, of increasing demand. But these measures won't help.

The United States wants military hegemony, not for oil

or because of the war on terrorism. As for Turkey's role, it is supposed to be a partner in American adventures, as the United States wants. Turkey objects. Or Turkey can help America build its military dominance, in order to prevent war.

The alliance of Turkey and the United States may delay a financial crisis. One radical problem that must be solved is the relations between the United States and Europe. If Japan and Europe sell their dollar holdings, this could lead to a collapse. A dollar millionaire today will become nothing overnight.

I do not think the problem can be solved with a New Bretton Woods. If central banks and the Federal Reserve are in the government system, then they are responsible for monetary policy. Though there are existing problems they are not solving, like the long-term U.S. debts. We need a monetary reform, with fixed exchange rates, but not the gold standard.

Dr. Unaltay, Yarin: Mr. LaRouche, would you like to respond?

LaRouche Intervention in Response to Comments

LaRouche: A short comment. . . . The key thing is, there is no such thing as a natural price of anything. By price, we mean the money price. There is no natural money price.

Money is an idiot. Did you ever have a discussion with a currency note? Did you ever try to find out what a currency note thought? Money is an idiot. It doesn't determine anything.

How do we run these things?

Well, in the U.S. Constitution, when we use it, the only power to create money is the U.S. Federal government. It's created by the Executive branch of government, with the consent of the Congress. No other kind of money is allowed. There is no central banking system allowed under the U.S. system. The problem that causes confusion, is, European banking systems are generally central banking systems, which means they are controlled by private interests, which have a concession from the government. Often these private interests overthrow governments, the governments of Europe. The European, Anglo-Dutch model of liberal systems, is such a base. The problem: Marx's system is tied to this liberal system devised by people like Jeremy Bentham and so forth, back at the end of the 18th Century. So, it's 18th-Century British imperial methods which lead to capitalism of the type described.

Under a protectionist system, of the United States, and under the nationalist system of economy generally, the way we deal with money is we regulate the way it's circulated; we regulate the borrowing costs; we regulate prices; in such a way as to ensure that those things that are essential to society

will prosper, and those things which are parasitical and wasteful, will suffer, relatively.

We also rig prices to guarantee that when we assure citizens that they should invest in a certain area on the long term, that the government will support that and defend them, in the opportunity to make that kind of investment. So, actually, we don't regulate the individual profit, but rather we regulate the conditions under which profit may be earned. which includes prices. We regulate the conditions for long-term credit at low interest rates, especially for basic economic infrastructure projects, and to encourage investors in capital-intensive industrial investment, and agricultural investment.

The same thing applies—to get the enormity of the present crisis.

On the last comment—that Turkey could cooperate with the United States, and a general, comprehensive reform, a radical reform, would not be necessary—not true.

You have to get the magnitude of something—so-called financial derivatives. The amount of financial derivatives, of immediate short-term debt, in the world today, is beyond the means of the entire world ever to pay the borrowing charges on this debt. For example, we are about to have a collapse of the international financial derivatives market in several places: the insurance derivatives, especially credit derivatives; real estate, mortgage-backed securities derivatives; and other things. The system is about to blow out. There is no way to *arrange* present debts. Most debts will simply cease to exist. That is, most obligations will simply cease to exist. Stock exchange values will be wiped out.

The only thing that will keep something up, is government regulation, to freeze and reorganize debt on some kind of a rational basis.

So, we are going to face the problem, maybe this week. Maybe next week. Maybe a month from now, maybe two months from now. We are going to face a total disintegration of the existing international monetary-financial system, unless we intervene beforehand, to prevent it. For that purpose we're going to have to have a fixed-exchange-rate system, without which you can not generate, under conditions of crisis, 1-2% simple interest loans. Without 1-2% simple interest loans, you can not generate large masses of credit, of the type needed for reconstruction. Therefore, these drastic measures are going to have to be taken.

As far as relations between the United States and Turkey, I don't worry too much about it, as long as I get to be President.

Questions and Dialogue with LaRouche

The Nature of the U.S. System

Q: I am a CPA. The real problem with the United States is the fear in the world, fear used to rule the world. In order

the eliminate this fear, can other countries do something against the United States? Or should it occur from inside the United States? What about the militia movement: What is it?

LaRouche: There is no movement, as such, in the United States, which could deal with this problem.

The U.S. system is, constitutionally, a Presidential system. Which means the power to act—executive action, and immediate action—comes only from within the Executive branch of government, as a part of the Presidency.

Now, many of us are a part of the Presidency. Some are officially employees or officials of the Federal government. Others of us are associated with the Presidency—not that we're paid by the Presidency, but that we walk in and out, and discuss with people, policymaking; and we play a part in shaping the policy thinking of the institutions of the Presidency.

Now the way it works is this. We have a political process, in which the aspirations of the people, as expressed by the people, should get response from, chiefly, two places. From the Presidency, as an institution—not just the President himself, but the Presidency, the larger body—secondly, from the Legislative branch, especially of the Federal government, which makes the laws.

Generally, what has to happen, is that the Executive must act, often under temporary, immediate, emergency action; but the Presidency must not continue that action without the approval of the Legislature. For example: in war. The war powers of the Presidency are very limited by the Constitution. However, if the United States is attacked, the military of the United States, under the President's order, can act on the basis of so-called rules of engagement—short-term actions to deal with the immediate problem. But any longer-term military action, as in a declaration of war, to continue conducting it, must be approved by the Legislature.

So therefore, now we have a situation: Take the concrete reality. The militia movement is not significant. It was actually a government-planted operation. But there *are* people revolting against the conditions of life in the United States, which is why I have the support I have; which, relative to the other fellows, is fairly large.

But the way it happens is: Here we are. Those of us who are associated with the Executive branch or the Legislative branch of government, partisans. The people are expressing a problem. It is our job to try to communicate back to the people, what the problem is, and to solicit their understanding in the process, of what the problem is. Then our problem is to initiate an action around which the people can rally, indicating their pleasure or displeasure. We then act. We act in the Executive branch; or we act in the Legislative branch for the necessary laws.

That's generally the way our system works, and that's the way it will work now. What we're doing right now, is that some of us associated with the Executive branch—with the support, recently, of some from the Legislative branch, espe-

cially the Senate—have acted to launch a process aimed at the impeachment of the neo-con apparatus presently inside the U.S. government. That is the only thing existing in the world today, which could prevent Hell. Because there is no combination of nations in the world otherwise, at the present time, which is willing to act in ways—or *could* act effectively in ways—which would prevent a neo-con-dominated U.S. government from plunging this world, presently, into Hell.

We have already crossed the Rubicon. We are already in Hell. World War III in Eurasia is already ongoing. There was not an Iraq war; there is a continuing Iraq war. There was not an Afghanistan war; there is a continuing Afghanistan war. There's already an onset of a war with Iran, being run covertly, as a covert operation, from the United States, in Iran right now! You see it on the television screens here. That is not a spontaneous student movement. That is a U.S.-run destabilization of Iran, trying to set up the conditions for a war. The situation in North Korea; other situations I know of; we are now *inside* World War III. It is not something that we could prevent from happening. We're there.

Now that it has started, can we stop it now? Only from inside the United States. Only by persuading the government of the United States to stop the war. Nothing else will work.

We inside the United States, who are committed to stop the war, are now enjoying some modest degree of success. We have not won. But we are enjoying enough success to encourage us to do more. We're not telling you, "Go home, go hide." We're saying, "The war is ongoing; we think we can stop it; by the impeachment process or things like that, we can bring it to a halt."

That's your only hope. Because World War III has already started. The question is: Can we stop it after it's started? And can we persuade the United States' President to stop it? That's the only way it will stop. Or, you have to impeach him. And we're doing it. We're not aiming for the impeachment of President Bush; we're aiming for the impeachment of those advisors whose influence upon him has induced him to start this war. And we hope that our pressures, and his success in putting a lid on Sharon and Sharon's war, that we can shift the world correlation of forces, and thus bring about a resolution of these things, and call the war off.

Q: As you said, the United States and Europe are bankrupt, so much so, that it is having an impact on all of humanity. These [wars of] conquest want to impoverish other countries. This is demeaning and leads to a reaction. Inside the United States, there appears to be a religious ascendancy. Can the United States use the religious factor, or is there a secret policy here? What about the Catholics?

LaRouche: Well, the Pope is not a problem. The fear that the Pope is organizing anything inside the United States in this direction, is a mistake—not true.

You have some very dangerous religious cults in the world. And in the United States, we have one, which origi-



Another television interview: "The financial system is coming down. We potentially have these financier interests, behind the Kissingers, the Brzezinskis, the neo-cons—we potentially have them by the throat."

nates in Britain; it's Protestant in nature; it's called Evangelical Protestant. And it was started by these strange revivalist cults. These people believe that God was standing in the northern part of Mesopotamia when He created the universe. They believe that they have a God-instructed right to bring about the establishment of a Zionist world government. They hate Jews, but they like Zionism. And these people are crazy.

There's a famous American novel by Sinclair Lewis, called *Elmer Gantry*, which describes rather precisely what this mentality is. This fellow DeLay of Texas, the Congressman, is typical of this. These people are the hard-core base of the Zionist operation in the United States. That is, the Zionist operations in the United States on behalf of the Sharon faction in Israel, are run through U.S. gangsters—who finance it—but they're supported by anti-Semitic, anti-Jewish, Protestant religious cults of this lunatic variety.

The thing you emphasized which is true, is that Nazis, like Leo Strauss—a Jew himself, but who was a Nazi; who had to leave Germany, because he couldn't make a career in the German Nazi Party; so he went to the United States. And he is the leader, the intellectual leader, of the neo-cons. He's dead now; but he is the spiritual father of the neo-cons.

This fellow emphasized in his writings, the teaching that religion should be used as an instrument of terror and warfare, as a way of manipulating populations. That is going on. It is going on, largely, from a small minority inside the United States, who are supporters of Zionism, but who are themselves anti-Semitic and anti-Jewish. These crazy so-called Zionist Armageddon cults. And that is what's going on.

Otherwise, no; this is not the problem. The problem is a

purely political: Let me remind you what the neo-cons are. Most of them are ex-Trotskyists; or recruited by ex-Trotskyists. Trotskyist fascists, and so forth, mixed up with all this stuff, in this very small group of people. You don't have a mass movement, a mass-based attempt to take over the U.S. government. You have a small group of people, who by maneuvering in a very special way, have taken control, temporarily, of the U.S. government; and are controlling it like a small Nazi gang. And that's what the problem is.

If you eliminate this small minority, there is no mass movement behind them. You eliminate this small minority, and you have no problem. And what we're going to do, is eliminate the power of that very small minority which is controlling the U.S. government today.

Q: Before the Iraq war, there were mass protests worldwide. There was an impact also on the American population, against American imperialism. [Professor] Kaynak said Turkey should help the Americans. I think this is a very dangerous idea—to have imperialism continue and let Turkey feed on it.

LaRouche: Remember, the United States was created by Europeans at a time that Europe could not create a sovereign nation-state of a modern form. Many Europeans collaborated, and the United States was intended to be the model republic for establishing a series of republics in Europe. That was prevented by the French Jacobin insurrection in France, which was organized from London, to prevent France from becoming a republic under the constitution designed, specifically, by Bailly and Lafayette. But, from that time on, the United States was considered the model republic to establish a *com-*

munity of sovereign nation-state republics on this planet. That was the function.

For historical reasons, in most cases that has not succeeded. We do not have a single true republic in Europe today. What we have are parliamentary systems which are modified or reformed feudal systems, which are controlled by central banking systems. So that's where the misunderstanding is.

The problem is this: The United States functions—in my conception, in my intention—the United States President has a sacred responsibility to defend the cause for which it was created. That was, to set up a global system, in which mankind was finally freed from the condition in which most people were treated as human cattle, in virtually every society and every culture to date. It is to get the freedom and development of the human individual in the form of states that can do that.

My sacred responsibility is to take the power that the United States has—not as a military power, not as an imperial financial power, but as a political leadership power—to tell the rest of the nations to *stop* being slaves, and to stand up, and be sovereign republics, and *join me* in creating a new order of a system of perfectly sovereign nation-state republics, united and governed by only one common principle: the principle of the general welfare of nations.

Therefore, my task as President is to *free* other nations from imperialism, not to perpetuate a new one. What you're referring to, or describing, is the British liberal imperialist method—I abhor that. Though we have a lot of liberal imperialists inside the United States.

Professor Kaynak [to the questioner]: Your question seems to indicate that you prefer war. What if the United States goes against Iran? Do you think you can stop it?

Q: What are the conditions in the United States? Are they revolutionary?

LaRouche: There are certain cases in history, under which that kind of action has to be taken by somebody. Those are highly exceptional conditions. And now, I think it's moot, because it's not necessary.

We have, now, we have the support from those forces for what I'm proposing—that is, their action, our joint action, which I think is sufficient to change the situation, as I've indicated today. That is, to end the danger, to end this war, right now.

We have the forces to do that. It's going to be a political fight to get these forces to act, within the framework of the Constitution, as they should, now. I don't think we'll get to the point that we have to even consider the other alternative, which would be hell. But I think we're close to it. I think people here tend—as I get from the feel of the discussion—people are much too pessimistic about this. We are much closer to victory than most of you believe, on this issue of stopping this war, and stopping this war process. I can assure you of that, because I'm close to it. I can't guarantee the success, and I will do whatever is necessary in the process.

But we're *close* to it. Join me in helping to bring that result about. To realize the benefit of that result.

We're close to success in stopping the war. What we need help on is the following: We need help on the basis of discussion, largely discussion. There has to be open international discussion on the kinds of issues I've posed here today. These can not be simply implemented. *They must be discussed*. My job is to get the discussion, force the discussion, and get that discussion. But we're going to have to quickly come to some kind of agreement on the agenda I indicated. But it will have to be a voluntary agreement; not one imposed by the United States.

Q: After World War I, Turkey fought a war of liberation against United Kingdom policies. You should start a war of liberation [against British policy]. Thank you.

LaRouche: The point is, I have studied over years the case of Kemal Atatürk, who is one of the figures of that period I admire. And his policy of strategic defense, which is not just military; it's also diplomatic: What he did in respect to Syria; what he did in respect to the Soviet Union—these actions were the actions of a true leader. And Turkey was created, had the good fortune to be created under the leadership of a genius, who was a courageous soldier, a great statesman, who created the republic, in a sense—not by himself, but by leading it properly. And Sykes-Picot, which was a French-British scheme for scrambling the Middle East, failed in large degree because of his genius, in the way he responded, using the concept of *strategic defense*, not just killing. He was a fierce fighter, and he demanded fierce fighting qualities of his troops. But he was not a blind killer. He was a man who said, "We must win this war," as he demonstrated against the British expeditionary forces, Australians, in the battle he fought during the previous war.

Two Traditions in America

Q: You have come to Istanbul as a herald of peace. As a human being, and as a Turk, I am pleased to hear what you have to say. Ankara may be the capital of Turkey, but Istanbul is the capital for Eurasia, it is the connecting link between Europe, Asia, and Africa. The future lies in Eurasia. As heirs of the [Ottoman] empire, we have a responsibility to help people.

My question is: In the 19th Century, De Toqueville, in a book, wrote that the United States would never be able to solve the problem with the black population. But I see Colin Powell in office. Was the writer wrong? Or is something changing? In the 1960s, the administrations were WASP, but now they are being replaced by the new Americans. Are there Catholics in the Administration? If it is not politically incorrect to ask, may I ask if you are Catholic?

LaRouche: Well no, I don't happen to be a Catholic. I happen to be an admirer of this Pope, but not a Catholic.

But, on the other thing: De Toqueville was completely

wrong. He is much talked about, but he didn't understand the United States. We have, in the United States' history, we have two currents, through 1763. That is, remember, in 1763, the British monarchy moved to crush the 13 colonies in North America. At that point, under the leadership of Benjamin Franklin, with support from Europe, the United States started a war of resistance, in effect, a mobilization against the British monarchy, and for the independence of a new republic. This, the division occurred between those in the United States who were close to the British East India Company—they became known as the American Tories—and a group of patriots.

So the United States has always been divided between two traditionally relatively powerful factions. One: the American patriotic tradition, for which I speak, which you don't hear much about in Europe these days. The other: the American Tory tradition, typified by the *New York Times*; typified by the *Washington Post*, and so forth and so on. And by the necons, the worst type of this sort.

So, we fought hard to be free of slavery. We have won the fight against slavery, under the leadership of one of my great predecessors, Abraham Lincoln. I've associated with the fight against the continuation of that today. For example, the black legislators' group and related groups are one of my principal constituencies. You're right that there is a change in the social composition of the United States. We now have more of Hispanic origin, combined with African-American origins, than others, essentially. One of the largest single groups, ethnically, in the United States.

However, the United States must be understood as principally a melting-pot nation. It is not a nation founded by one group of people. It was, from the beginning, from many nationalities; no one. It represents the Americas; it represents the world—the Asian population is immense. We are a true melting-pot nation, and in general, we are *happy* to be a melting-pot nation. We have a large Islamic minority in the United States—a very large one—coming from the Arab world, and other parts of the Islamic world.

So that's our character.

We still, however, have the American Tory tradition, which, like the British, tends to be racist. And we do not generally have, as a nation, we do not have these kinds of chauvinistic tendencies. The Catholic faction is not really a problem. Catholics are a small minority in the United States—they're divided. There're two groups of Catholics in the United States: one, which supports the Pope; and one which opposes him. Both pretend to be, equally, Catholics. And they're completely opposite. The Pope is against the war. The others, who belong to this other crazy group of nominal Catholics, are for the war. And they attack the Pope openly, with the help of John Bolton of the State Department, *in Rome itself*, on that issue.

So, we are not, essentially, as a people—I would just refer, just to conclude this: I wrote a paper—as an appendix to my paper on foreign policy, United States foreign policy, my

foreign policy [“A World of Sovereign Nation-States,” *EIR* May 16]—on the question of church and state [“The Roles of Church and State,” *EIR*, May 16]. I do not believe that the United States government, or any concert of governments, should intervene on religious questions, as such.

However, there is one basis on which we do have to intervene on a moral basis. The question is: Do we accept the fact that man is not an ape, that man is not a beast? Do we accept the fact that what we call the “soul”—we mean the power of man which no animal has, to recognize universal principles, which are provable, which exist beyond the power of sense perception. And on that accountability, on that account, man is different from the beasts. Man is sacred. The human individual is sacred, and therefore, rather than trying to deal with the ecumenical issue by dictating solutions among Muslim, Jew, and Christian, for example, my view is: We have to agree on what we agree upon. We agree on the notion of spirituality, as the nature of man. That's man's essential spiritual immortality in the mortal life. Therefore, we must treat our fellow creatures as spiritual creatures, primarily, and mortal creatures, second, as the best people treat themselves.

Therefore, we must agree that our laws must always be in accord with that principle of the sacredness of human life, and the spirituality of the human individual as having its practical significance in the way we honor those who came before us, who gave us our existence, and we honor and benefit those who come after us.

Therefore, we must, in that sense, as Plato puts it in the mouth of Socrates, in *The Republic*—the term *agapē*—which is translated in Christianity, variously, as “general welfare, common good,” today. We must, therefore, accept the principle of that common good, defined by the spirituality of the essence of the individual, as being *natural law*. And therefore, all governments must agree, in their internal affairs, in their affairs with one another: We respect the *sacredness*, the spiritual sacredness of the human individual. And we do nothing which violates our respect for that sacredness.

The Essence of Physical Economy

Q: I am a student. I wanted to go to the United States to take my master's degree, but postponed it because of Bush. If you get elected, I may reconsider.

Regarding the economic bomb about to explode, what is your solution, as President? When Clinton was in Istanbul, he said Turkey had an important role. What is your view?

LaRouche: Bill Clinton is a very nice person. He's probably the most intelligent President we've had for some time in the United States. I have had a certain kind of association with him during the period of his Presidency and since. And I like the fellow. (But, I don't always like his taste in women. But that's a different matter. It's not important to me.) But he tends to compromise too much, politically. I hope he would improve on that now that he's out of the Presidency; I would hope that he would play a contributing role—and I think he

will—in the effort we’re making to deal with this neo-con problem. He is actually making a contribution and an effort in that direction.

But, on understanding economics, Bill is not too sharp. He may be learning something from me eventually; but he’s a slow learner, when it comes to economics. He’s too tied to his liberal friends sometimes, doesn’t want to understand economics.

The solution is here. The solution—again, I’ve written a great deal on this. Economics, the way I go at it, is not a simple subject. You really have to re-learn everything you thought you knew in university economics in order to understand a real economy.

A real economy, as I indicated in reply to a question earlier this afternoon here, is *physical*; it is not *money*. You see the problem is, you have a problem: The individual who contributes to progress—that individual is a sovereign mind. Did you ever think the thoughts directly that someone was thinking next to you? You can’t. You can express your thought, and find ways to confirm that what you think is what they think. But you can not simply communicate what’s going on inside a human mind, directly.

And the same thing is true of great discoveries, inventions, ingenuity. We rely, as much as possible, on the *freedom of the individual* to make contributions to society. This includes economic contributions, such as the sovereign farmer, running a farm; economic contributions such as, especially, small business which is privately owned. We try to encourage it as much as possible.

Therefore, we do not try to run the government in some kind of super-Soviet system, where the government runs everything. Rather, we try to create the *conditions, the pre-conditions* under which those who are producing can prosper, whether economically, in ideas, or whatever else they contribute to society.

To do that, we have to create a medium of exchange, of economic value, by which these minds can collaborate in a common way. For that purpose, we create and regulate money. We take taxes. We give subsidies. We regulate trade, to give a fair chance to every individual to contribute to society, and to protect those things which are valuable to us.

So therefore, we have to start from the *physical* process, and the physical process is little understood. It’s my specialty, but it’s little understood still today. Even though many people admire what I do, they don’t replicate *what* I do. And that is: to understand what we mean by the ability of the human mind to generate an increased physical power over the universe, in the sense of a universal physical principle.

Therefore, economics has to be understood that way.

For example, let’s take the case of technology-sharing. There is no such thing as natural profit in an economy. It doesn’t exist. There’s no way in which human beings, if they were animals—there’s no way in which monkeys create

profit; there’s no way in which gorillas create profit. I’ve never seen a horse generate a profit. Someone has taken a profit out of a horse, but never put one in. Only a human being, by discovering principles, and applying them, and cooperating in applying them, can increase the productive powers of labor, beyond the cost of producing the individual who does that.

Therefore, it is the *improvement of the mind, the development of the mind of the individual which should be the center of the economy*: the ability of the mind to generate ideas, and use ideas which increase the productive powers of people generally, by which we increase our power over nature. That must be economy. That’s where we put the solution.

And that’s what Bill Clinton doesn’t understand. Bill Clinton and other liberals, and so forth, think that random selections of ideas—or some guy under the floorboards of society—a little green man, who’s casting dice—can determine whether one person is rich and the other person is poor. I don’t believe it. And Bill does.

The U.S. Role in Eurasia

Q: Why do you say that it is necessary for the United States to be part of Eurasia? Do you mean in terms of technology transfer, or geopolitics, or because others can not lead? The United States is outside Eurasia, and we saw the Afghan war.

LaRouche: The Afghanistan war was a project which was used as a pretext for inducing Europe, out of so-called sympathy for the United States after 9/11—to induce Europe to contribute its resources to putting in place, around Iraq, the material means needed for the war against Iraq. That was the only reason for the Afghanistan war.

Afghanistan, of course, is a much worse mess now, than it was before the United States went in. Iraq is a much worse mess today—and it will be under the continued administration of Bremer—than it was before the war. The worst thing that was done.

Now, the issue here is: The United States is, organically, an integral part of Asia. The United States orientation toward Asia began during the 19th Century. It was the United States which reformed Japan to make Japan an industrial power. It was made directly under the influence of Henry C. Carey, in the 1870s, when the great reform, economic reform of Japan occurred. Modern Japan is largely a reflection, since the Second World War, of what was put into place under MacArthur. New institutions of Japan were fostered by the United States, and these institutions have very close, integral relationships, economically, in physical economy, and otherwise, with the United States.

Korea, especially South Korea, is an integral, an extension of cultural sharing and economic ties to the United States. China, is today, the single largest factor in U.S. foreign trade, even despite the collapse of the level of U.S. trade to China

now. And it will continue to be. India has always been associated closely with the United States, as well as with Britain.

The United States is also integral to the Americas. The agro-industrial structure of every major part of the Americas, down to Cape Horn, are integral to the development of the United States.

So therefore, the United States—not everything is fake. The United States represents an estimated 25% of the world product, apart from its financial contribution. You can not ignore the United States. The world could not function isolated from the United States, under present conditions. Maybe under some future hypothetical conditions, it could, but not now.

Therefore, the other countries of the world, as I've worked with them, *can not* come to an agreement by which they could survive, without U.S. participation. They can't do it. There are many reasons for this—ideological and other reasons. There are habits, and other reasons.

I find that my intervention—for example, as in the question of Eurasia—my interventions, especially since the late/middle 1990s, in Eurasia, were key in the promotion of what Primakov proposed as the Strategic Triangle of Russia, China, and India. That operation is now in place. We recently had a conference again in Bangalore, in India, on that area, that subject. It's going forward. I'm dealing today, through my representative in Korea, I'm dealing with the Korean situation. And with the situation in Japan, the situation in China.

What I'm doing, I'm able to do, not only because I'm an individual intellect, but because I'm recognized as representing a side of the United States which people in these parts of the world want to deal with. And therefore, my job is to represent that, and to try to bring the United States into conformity with what they expect of the United States through me. So when I say I'm committed to something for the United States, I intend to make it happen. When I talk about cooperation with the United States, *I'm taking about what I intend, personally, shall happen*. Not some abstract "what the United States must do."

I'm out to defeat the faction in the United States which is responsible for these policies of which we've complained here. They're wrong. They're wrong for the United States; they're wrong for the world; they're wrong for the future of humanity. Therefore, they must be changed. I'm proposing that we make a *peaceful* revolution against the current war.

The Neo-Cons and the Utopians

Q: I am from *Zaman* newspaper. We're talking about Eurasia, but we always return to America. With the mentality of Brzezinski and Kissinger taking hold, is there any mass basis for this? What can you say about the assassination of Kennedy?

What is the level of support for Lyndon LaRouche in the population?



Compared to President John F. Kennedy, who is widely admired in Turkey, LaRouche said Kennedy "was the last President who might have defeated this process. The problem is, he came into government, and was killed so soon. . . . And it's been assured that nobody would become a President after that who would return the United States to the tradition of Franklin Roosevelt."

LaRouche: Okay. Our level of support: Right now, I am, in terms of the number of financial supporters for my candidacy in the United States, as of the last official record, the leading [Democratic] candidate among ten. And that has caused some problems among some other people. But I think that'll work out fine.

The Kennedy assassination was the product of an operation done by a group which is tied to the neo-cons. That's why you don't joke about neo-cons. They're silly, but you don't joke about them. It's like, if your brother-in-law gave birth to a crocodile, you wouldn't joke about it.

Kennedy was killed to make way for what became known as the Vietnam War. The Vietnam War was the most notable effort to change the official U.S. military-strategic policy into the direction we see reflected in the Iraq war recently here, and in other wars.

This was a fight by a group which was identified by Eisenhower, inadequately, as the "military-industrial complex."

These are the neo-cons. This is the group that's organized around what's called the "revolution in military affairs," which you see operational in the policies of Rumsfeld & Company now. Rumsfeld was, from the 1970s on, together with Cheney, a key proponent of the revolution in military affairs, which is actually an attempt—which didn't start with Rumsfeld—to reform the U.S. military in the order of the *Nazi International Waffen SS*.

What you saw in Iraq, in terms of the incompetence of the troops—19- to 20-year-old troops—they were trained in video point-and-shoot games. They're not soldiers. They're video-game players doing it on the battlefield. That's why they're so incompetent in dealing with the situation they're dealing with. They're picked up off the streets and trained as point-and-shoot killers, *on military video games*, which get a high accuracy for point-and-shoot accuracy. The cheapest way to train someone to kill efficiently.

So, this is our situation. We have this element in the United States, which are called the Utopians. They've been there; they were brought into existence by H.G. Wells and Bertrand Russell from England. Bertrand Russell was the inventor of preventive nuclear warfare. H.G. Wells was the author of the concept of using nuclear weapons as a weapon of terror to force nations to give up their national sovereignty, and become part of world government, or under world government. These are the ideas you're dealing with. This is

what I've fought most of my life.

Now, where do you get Brzezinski and Kissinger from?

You had a degenerate from Tennessee who was, spiritually, a follower of H.G. Wells, and a representative of the tradition of the Confederacy—the pro-slavery tradition: William Yandell Elliott, Professor William Yandell Elliott of Harvard University, Department of Government. This man trained a great number of people, sort of like Leo Strauss in Chicago. He trained a great number of people, including Brzezinski and Kissinger, who were his trained puppets. And he and a group, including Rockefeller interests and other interests, financed these people, stuck them into government. So that we had a transformation of our government under a Kissinger Administration, which is otherwise known as a Nixon-Bush Administration, which was a Kissinger Administration, followed by a Carter Administration, which was really a Brzezinski Administration.

Kissinger is personally the American who is most important in a connection with Ariel Sharon in Israel. Kissinger and Sharon *steal* together. Or they did steal together. We caught them at it.

So this is a special breed, which comes out of the British Commonwealth, the British monarchy. There's an important part of the so-called American Tory faction in the United States, who represent those *financier interests*, such as Lazard Frères, and similar types of groups, which were connected to Vichy in France; they were connected to Adolf Hitler in Germany; to Franco in Spain; and so forth. These people, these financial interests, have used people like Kissinger, Brzezinski, as well as these neo-cons we've referred to repeatedly here—have used them as instruments to represent the interests, or perceived interests of powerful, behind-the-scenes financier groups of the type like Conrad Black's press, or Rupert Murdoch's press, other kinds of media. And this is used as a social-control mechanism.

Kennedy was the last President who might have defeated this process. The problem is he came into government, and was killed so soon, that he did not fully yet understand what he was up against, until about the time he was killed. And then they killed him. And it's been assured that *nobody* would become a President after that who would return the United States to the tradition of Franklin Roosevelt.

That's why I've had problems, for only that reason. I've had up to 25% of the vote, supporting vote, at various times in my career, for President. But it never happened, because of the intervention.

Now the time has come! Now the time has come, in which these guys have shot their load. The system is coming down. The financial system is coming down. We potentially have these financier interests, behind the Kissingers, the Brzezinskis, the neo-cons—we potentially have them by the throat. And, ladies and gentlemen, I propose that, now that we have them by the throat: *Don't let them go!*

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How a Concert of Sovereign Nations Can End the Global Economic Collapse

Lyndon LaRouche gave a major economics address to the Chamber of Commerce of Turkey's capital, Ankara, on June 16. The subject was the world financial-economic crisis, and Turkey's situation within it, as well as LaRouche's personal role as Presidential candidate and leader, in solving that crisis.

Here too, the participants' questions to LaRouche are paraphrased, while his answers are given in full.

Thank you all. Thank you, Mr. President, very much. I think I can assure you, from the reports I have received from Europe, and indirectly from the United States, that partly because of the international connections of some Turkish television, what I had to say at night, here, on Saturday night, has been broadcast into Europe and into the United States. . . . I've had reports from Germany, in particular, and from the United States, among Turkish-speaking people there, who are elated about my being here. It reassures them, that somebody still cares about what they're concerned about.

Now, what I shall try to do, is to—in a compact way, not answering all questions, but I'm prepared to answer those that come up—what the situation of Turkey is, as I see it now, in respect to the current crisis with emphasis on the crisis of the world economy and the world financial system.

We're now at the end of the system. That is, as some of you know, or recall, who are younger—that at the end of the last war, the United States emerged as virtually the only world power. We had the highest rate of productivity in physical terms, per capita, of any nation of the world. In the immediate period, the first 15-20 years, of the post-war period, the monetary system which had been designed by President Roosevelt, the so-called "Bretton Woods system," brought prosperity and growth to many countries of the world. We continued to be a great nation, despite all the mistakes we made—and we made some bad ones.

IMF Usury and U.S. Parasitism

But then, about the time of the assassination of President Kennedy, a fundamental change occurred in the United States. We changed our national character, from having been the world's leading producer-society, in terms of per-capita physical output, to becoming increasingly a *consumerist* parasite upon the world. This parasitical role, which began to



Before a painting of Turkey's national founder Kemal Atatürk, American Presidential pre-candidate Lyndon LaRouche speaks to a packed meeting of the Ankara Chamber of Commerce (ATO) on June 16.

emerge about 1966-68, was consolidated under President Nixon, during the years 1971-1972, with a sweeping change in the world monetary system. As a result of that, the United States, Britain, and a few others took over the world monetary system, and used the world monetary system, the floating-exchange-rate system, to loot the world.

If you go into a country, from London, the London speculative market, you organize a speculators' run against the currency of Argentina, of Mexico, or some other country—or India, as was done in 1967, against India. Then, you threaten to crash the currency of that country. Then someone says to that country, "Why don't you call in the International Monetary Fund or World Bank? They will help you out!" The International Monetary Fund or World Bank says, to that country, "Drop the value of your currency. Devalue your currency."

And the country says, "Fine. That means that we'll pay our debts in our currency, as before. Right?"

"Nooo! You will *not* pay your debts in your currency! You will pay your debts in dollars! We will take your old debts. We'll reclassify them as dollar debts, and you will now pay in dollars."

And thus, you have a situation, for example, in Central and South America: That, in point of fact, morally, no country of South America owes any money *to anyone* on account of its honest debt: They've more than paid every debt they had, as of 1972-72. They have only the *artificial* debt, dictated to them, by the IMF and World Bank. No money was paid to them. They received no value for this debt; it was a postal mark.

In similar ways, they would dictate to countries what the prices of their exports would be; what their import/export policies would be. They would tell them to sell valuable industries, to certain preferred companies, which were preferred by the IMF. The riches of the world were robbed, especially of the poorer countries, by IMF methods.

Then, we came along to a later point: 1989-1991. The Soviet system collapsed. And the Anglo-Americans said, "No! We run the world! There is no other superpower! The world must do, as we tell them. We are the power to rule the world forever." Now, some people thought that was wrong, even in the United States, until recently. Even Bush—the father of the present incumbent of the empty chair, in the White House—was not willing to go along with his Defense Secretary Cheney and others, the people that are called "neo-conservatives," in continuing the war in Iraq; or going toward a war policy of nuclear preventive war against nations of the world, including those *without* any nuclear weapons! Bush said, "No." Scowcroft said, "No." And Cheney sat there, grumpily, and saying, "Wait, until I get my chance!"

Then came Clinton. Now, Clinton was probably the most intelligent President we've had since Roosevelt; or perhaps Kennedy (we never really had a chance to really try Kennedy out; they killed him, too soon). But, Bill—whom I liked, and still do—while he's got a great mind, tends to compromise too much, to my liking. And, he was compromised, by somebody putting something in the basement of the White House. But, Bill was a fine fellow; I still like him; he's still useful. I think he's useful for the cause of peace and for some other things. But, I wouldn't put him up front as a soldier. I'd put him back there, somewhere else, probably tending the wounded or something like that he'd be good at; or encouraging them.

But, then what happened is: With an operation in place, Bill ended two terms as President, and they put two fools up to run for President that year, the year 2000. One fool was just as ignorant and incompetent as the other one. One could spell, the other could not. One could read a map, the other could not. But, they were both fools. And either one becoming President would leave the country open to a non-leadership, which would get us into a war we didn't want, very soon.

The Sept. 11, 2001 Reichstag Fire

So, when you create a vacuum in power, when the parties are weak and disoriented and corrupted, *then*, at that time, you can have what happened to us in the United States: on Sept. 11, 2001. Through a provocation, like the Reichstag

Fire in Germany in 1933, a dictatorship was established in the United States, on the presumption that someone outside, from the Muslim world, a bunch of amateurs had captured planes and attacked two towers in New York City and the Pentagon—none of which is true. What happened immediately is: Cheney, who had been sleeping there, awaiting his chance, since 1991-1992, when the other Bush, and Scowcroft and Co. had *forbidden* his going ahead with this policy, suddenly marched out in the evening of Sept. 11, 2001, and said, "Here it is! We're going to war!"

Now, President Bush is not the most intelligent man we've ever had in the White House, and that's a rather ingenuous statement. But, he was easily managed, and by December of the year 2001, he was going into his State of the Union speech, talking about an "axis of evil." An "axis of evil" is a plan for a war against the world. It's a war of intimidation, using nuclear weapons and terrifying the world to the point, "If you don't obey us, we'll *hit you with nuclear weapons*, and we'll destroy you in other ways! *We* are the Empire! We run the world! You do as we tell you, or we kill you!" That's Cheney's policy. And, that was said, specifically.

When you say, you're going after the Muslim world, as a target; as you list a few other nations beside it, including, implicitly China, as well as North Korea; then you're talking about *world conquest*, using the threat of actually using nuclear weapons in preventive warfare *for world empire!*

I explained the reasons for this a number of times; it's the same reason that Hitler was put into power, by a combination of New York and London bankers, back in 1933: When a great financial-monetary crisis occurs, that leading bankers can not control by conventional means, they think of creating a dictatorship, which *they* control, to do the dirty work which will ensure *their power*, no matter what else happens to their monetary-financial system. And that's what's happened.

But, this is being done by a tiny group—you would call it, for example in some parts of the world, you'd call it a "junta." And then, a few names, a couple dozen names, are key to this junta—no more! But, they're backed by powerful financier interests, and they're backed by a vacuum in the opposition party, my party, the Democratic Party, where a bunch of right-wing thieves, organized-crime types, actually control the Democratic Party machine top-down. And, the result of that: The party organization, that is, the elected officials in the party, those who are any good, have tended to show more cowardice than courage in dealing with the issues confronting it, up until recently.

We now have a change: that's the optimistic side. After the completion of the initial phase of hostilities, in the Iraq War—so-called Iraq War, which is really going on now; it's getting more intense now than it was before—and will continue to do so, under present management! There's no bottom to this war. There is no exit. This is "Vietnam in the Desert"; and something worse—as we see also in Afghanistan, where the situation is becoming worse as time passes.



By the time LaRouche gave his Ankara public speech, widespread television interviews and print-media coverage of his earlier presentations were out in Turkey and abroad. This CNN-Turk interview was conducted on June 13.

So people decided to fight. We had people who were fighting. We had people in the U.S. military, as I think many of you may know, among your acquaintances: Army generals, retired and serving; Marine Corps generals, retired and serving; large sections of the civilian apparatus in the U.S. Department of Defense, associated with the military; others; diplomats of long standing; members of the intelligence community, of long standing. That is, influential layers, within government, which constitute the power of strategic policymaking of the United States, within the Executive branch, had shared essentially the views that I had, on the question of the Iraq War.

But a small junta from the top pre-empted the use of powers of the President—through a President who probably doesn't know which way to the front door or back door—and thus, through the President's mouth, imposed these commands, which led to this war, which every competent military figure said, "No!" So, we're at war.

Can the U.S. Get Rid of Its Junta?

The question, therefore, is: Can this problem be overcome, within the institutions of the United States? *Because every other part of the world is absolutely terrified*; maybe not terrified immediately of what will happen to *it*—China still shows a certain amount of independence; not that much, but a great deal. Countries in Europe are fearful. They're terrified by the United States. They're afraid to fight, unless they're really pushed. Where's the initiative going to come from, to clean up this mess, inside the U.S. government?

My view has been, it had to be *from inside the U.S. government*. And for those of us, who understand how our Constitutional government works, the question was, "How do we get

rid of this junta, and prevent the things it's trying to do, within the framework of our Constitutional institutions?"

Now, the normal procedure would be—the Constitution of the United States was very carefully framed: The founders of our republic decided to create a great Executive power. All essential Executive functions are concentrated in the Presidency of the United States, a Presidency which is headed by an elected President. Now, the President himself does not always control the Presidency. Often the Presidency will control the President—fortunately, because we've had some dumb Presidents, from time to time. In those cases, the institutions of the Presidency, which exert a powerful influence on the President's decision-making, find ways to control the President. (As every chief executive knows, the bureaucrats will try to control *him*. And the Presidential bureaucracy of the Presidency, will make a lot of effort, usually, to control the President. And most Presidents will tell you about that.)

But, in this case, the normal way, in which we would deal with this problem, would be to have the opposition, in the Congress—especially in the Senate—use their Constitutional powers of "advice and consent" to act as a check on out-of-control impulses by an incumbent President. What the problem was, is that the Democratic Party, which is the nominal opposition, is dominated top-down, presently, by organized crime. We're going to change that. But, it's dominated by that: right-wing organized crime, typified by Lieberman, the former Vice Presidential candidate, still a Senator.

So, nobody would challenge the President on *illegal* decisions, unconstitutional decisions. The Constitution is explicit in its terms, and the discussions around the Constitution's framing, originally, are also very explicit: We knew, that in

creating a powerful Executive as our form of government (as opposed to a parliamentary government), there was a danger that some President would use those powers, the way George III of England used his executive powers against the people in the Americas, in that time. And therefore, we provided the qualification of “advice and consent” in a procedure for going to war, to prevent a President of the United States from being a runaway organizer of war. Now, the President has the authority to direct the military, to continue in response to an attack, under rules of engagement. But to continue a war, beyond the limits of rules of engagement, is still unlawful. It is also unlawful, and specifically specified, by our laws, that an official of the United States government, who *lies* to the institutions; who lies to induce the institutions to go to a war, premised on *lies*, has committed a crime, an impeachable offense, tantamount to high treason. Such a liar, such an offender, in the case of the Iraq War, is *Vice President Cheney*. Others as well.

Therefore, my effort has been, and that of others, has been to move toward *impeachment* of those who are responsible for the lies, specific lies, which induced the Congress to tolerate the President’s push to war. Such action, in conformity with our Constitution, is the form of action which could save our Constitutional institutions, and not result in some mess. *And it has to be done, immediately.*

The process is under way. I was involved in prompting it, with our discussions with some Senators. But, some Senators and others have begun to move, and they moved in the direction of the impeachment of some officials of the crowd around Cheney, or of Cheney himself, in the government. Or, inducing Cheney to resign, as Nixon resigned, to avoid the embarrassment of being impeached. Let him out, if he gets out. But take his chicken-hawks with him.

So therefore, there could be a change. I think that change should be sought. I think it’s indispensable, because I don’t think that other nations of the world, even together, would have the stamina to force down the President of the United States, at this time. They just don’t have the knowledge, they don’t have the stamina.

Therefore, we in the United States, have one singular responsibility: That, while we know that most parts of the world are opposed to that Iraq War; most are opposed to this policy; most are opposed to the economic policies that go with it: That these nations do not have the will, to force those measures through by themselves. Therefore, I take it as the responsibility of my United States, to take certain actions, which will *encourage* the nations of Europe, and others, to do something about this international financial mess.

Put the Old System in Bankruptcy

I believe the following, also: I know that the international monetary-financial system, the present IMF system, is *doomed*. It can not survive. There is no trick, that can keep this thing going much longer. We are facing the greatest financial

collapse in all history, right now. What day will it happen? You don’t know, because they’re continuing to pump inflationary money in, hyperinflationary money, to try to postpone the crisis, yet *one more day*. Week by week, day by day, the money’s being pumped in; the money’s being printed, to try to keep the system alive. So, we don’t know when the bubble is going to pop, but it’s a bubble, and it’s going to pop. You can not go down, to about 1% or 0% interest rate issued, of monetary aggregate, or debts related to monetary aggregate, and not have, under the present conditions, a hyperinflation, which will be comparable to what happened to Germany, between July and October of 1923. That’s where we are.

The system is going to go bankrupt. We can not prevent the system from going bankrupt; that’s impossible to avoid. But we could, using the authority of a concert of governments, the same concert of governments, or type of concert of governments, which created the initial Bretton Woods monetary system; or, it *changed* the monetary system during 1971-72: The same authority of sovereign nation-states, conspiring together, can walk in on the IMF and World Bank, and say, “Gentlemen, you are being put through bankruptcy reorganization. You are bankrupt!” Because, in point of fact, the international monetary system, which is based on the central banking systems of the world, is *bankrupt*. The banks in it, are bankrupt. Citicorp is bankrupt! J.P. Morgan Chase Manhattan is bankrupt! Every leading bank of the United States, is hopelessly bankrupt! Freddie Mac and Fannie Mae are about to blow up. The international credit derivatives market is about to blow up. They’re bankrupt.

The banks of Europe are generally bankrupt, too. Therefore, the central banking systems are bankrupt. Don’t worry about Turkey’s financial problems: They’ve got bigger ones! Yours are just proportionally more painful, for you!

Therefore, the authority of governments, as sovereign nation-states, as the sovereign nation-states of the world, can act in concert to say, “We are going to create *a new world monetary-financial system—now!* Turning on a dime! We are going to take the central banking systems of the world, into *receivership*, by joint action of sovereign governments.” Each government will take the banking system of its nation into receivership, for reorganization. And, the system, as a whole, will do two things: It will take the whole system into bankruptcy, reorganize it, as a fixed-exchange-rate system; that’s what has to be done. Because you can not generate long-term credit—25- to 50-year credit, which we need, as I’ll indicate to you—without a low[-interest], fixed-rate monetary system. It will probably have to be gold-reserve denominated, as was done with the original Bretton Woods system. We may be talking about the equivalent of 1,200 euros per troy ounce, in order to have enough credit in the gold system, to maintain a fixed-exchange monetary system.

We’re going to have to create vast amounts of credit, and this is what I’m going to concentrate on here, where it comes to the question of what’s Turkey’s perspective in this kind of



The Ankara Chamber presented LaRouche with a gold “Atatürk” medal following his presentation.

process—if we get to the point, where governments agree, to do that.

The Moves Toward a New System

Now, first of all, who is going to do that? Who is committed to moving in that direction? Well, we have Tremonti, the super-economics minister of Italy, who has made certain proposals, in that direction. I have my friends in the Italian government, and also in the Senate and Chamber of Deputies, who have resolved to support my motion for a New Bretton Woods system—that is, a return to the original Bretton Woods design of an international monetary system. We have the proposal for a European Development Bank, outside the limits of the so-called Maastricht system, which would create long-term credit, for large-scale infrastructure projects.

We have some other interesting things: China and India, which are the largest exports markets for Germany—and Germany, of course, is the key of the Western European system; if Germany goes under, the whole kit and caboodle goes under. Therefore, if we can expand the exports from Western Europe, including Germany, into developing Asian markets, which are the largest markets in the world—we’re talking about more than *1.3 billion* Chinese; we’re talking about more than *1 billion* Indians; we’re talking about hundreds of millions of people in Southeast Asia, with their large Mekong development project now being moved forward.

We have large-scale projects in China, infrastructure projects, the largest in the world. Some in progress, some opening up. A geographic transformation in the internal territory of China, is in progress. If we get through—and this week, we

have some good news: Our friends in South Korea have pushed through that rail link across the Demilitarized Zone; it’s now open. We have to put some more rail track on it, to connect the Demilitarized Zone to the rail lines, leading to Rotterdam, by way of the Siberian route, and by way of the so-called Silk Road route, which also involves Iran.

So, we have the opportunity for one of the greatest projects in history, today. Consider the territory of Eurasia—total Eurasia: Now, look within it, at Central Asia and Northern Asia. Central Asia and Northern Asia, which are relatively undeveloped areas of the world, contain one of the largest sources of mineral resources, for the future of humanity, sitting to the north, generally, of the populations of China, India, Southeast Asia, and so forth. This is one of the greatest mineral resources for all Eurasia, undeveloped, almost unreachable, for lack of development, for lack of population. We have to move water from the River Ob, down toward Central Asia, toward Lake Aral, to bring Lake Aral back, for example. We have to bring water from the eastern part of Siberia, near Irkutsk, and bring that down, too. We have to have the largest water-resource management projects in history, done within a short period of time, of 25 to 50 years.

We have to build large, mass-transit systems, which can transport goods from Rotterdam to Pusan, on the tip of Korea, and into Japan: faster, quicker, and cheaper than by boat. Because every time you’re moving freight *through* a territory, in general, you are stimulating economic growth *in* that territory, and therefore, in effect, a good mass-transit system costs you *nothing* to transport goods: Because what you generate, as income, that you would otherwise not receive, along the

route of such a transportation development corridor, is itself a net profit. These are the kinds of projects.

Now, we have in Western Europe, we have a concentration of what used to be called engineering capability, scientific and engineering capability. We have populations which, in part, are still skilled in skilled manufacture of high-technology goods. We have, in China, some people who have skills; there is some improvement in that department in China. You have scientific capabilities in India, Japan, and so forth.

Turkey's Role in the Eurasian Land-Bridge

So, we have, not only a market for the export of European finished goods into Asia, but we also have a reciprocal market, in which technologies being developed in Asia come toward Europe, and technologies being developed in Europe flow toward Asia. So, the products of the world begin to show the reflection of incorporating these various technologies, which are being shared among various countries, as they're developed.

We're talking about long-term projects, at 1-2% credit, 25-year contracts, 50-year contracts, trade agreements among nations; and through these mechanisms, plus the mechanisms of states, through international treaty agreements, we can create the mass of credit needed to organize the greatest economic recovery the world has ever known.

In that process, you know where Turkey lies: Turkey lies between the Balkans, which Turkey is familiar with, historically, and Iraq/Iran. High-speed routes across Anatolia, toward Iran, under peaceful conditions, are Turkey's route of *self-development* internally, and also routes to China, and routes to India, if we can get the pacification along the way.

We have the greatest potential in the world, in many respects. We have high-temperature gas-cooled reactors. These gas-cooled reactors are much better than petroleum, especially for inland areas, where you don't want to transport petroleum over the long distances; it's costly and difficult to handle, and unreliable these days. If you have high-temperature gas-cooled reactors, say in the 120-200 MW range, then you can generate hydrogen-based fuels locally in areas of high-temperature gas-cooled reactor operation. You are no longer dependent upon burning so-called fossil fuels as a source of power. It's a transformation in efficiency of society. So, under these conditions, these long-term agreements are possible.

The function of the United States should be, to catalyze, by its assent, its cooperation: To catalyze what is already in development with certain circles in Italy, within the government of France, in the government circles of Germany; other government circles in Europe; in Russia, certain forces in Russia; in Korea; in Japan; in China; in Southeast Asia; in India. We are now moving toward a Eurasian development orientation, among sovereign nation-states, which agree on common interests, common funding programs, and so forth. The United States' function must be, above all, to give its

blessing and encouragement, and participation to those negotiations, which must establish the new system, that this implies.

That's there. Why is it going to happen? Why will it probably happen? *Because the world has no alternative.* There's no way, that you could make limited reforms, in the present monetary-financial system, and survive. The world is bankrupt. The amount of financial derivatives outstanding—especially the irregular ones—on the world market today, is such that the debts which were associated with financial derivatives, and trafficking in them, could never be paid, under the present conditions. If you try to find a way to reorganize the payment of those kinds of debts, you will cease to exist.

And therefore, the world is coming at the edge of a breakdown crisis—not a depression, but a general breakdown crisis, which is going to force the issue, among nations: Are we willing to take the hard step, of creating a new monetary system, representing the successful experience with the original Bretton Woods system, on a world scale. Except, this time, the United States can not sponsor the world system by itself. The United States is bankrupt. It does not have the means, as it had before, to finance, to back up, and to guarantee a world system, a world monetary system. There must be a concert of nations, which plays the role today, which the United States played in organizing the world recovery of the late 1940s-1950s. That's where we are.

Not Cheaper Labor, But More Skilled Labor

So, the characteristic of the economy, that is so created, will be, not the export of finished goods—that will occur, but that will not be the characteristic of economy. We have another problem in the world: Go to India. Go to China. Go to Southeast Asia. Talk about increasing the productive powers of labor significantly, on this scale, in those parts of the world. You have parts of India that have high degrees of skill in science; but, you also have a large population, which is living on the verge of desperation, uneducated, poor, incapable of defending themselves in terms of modern technology. China has a similar problem, which it's addressing. It's a transformation of China, to move populations from the concentrated areas where they live in marginal poverty—successfully, but marginally—into new cities, new centers, inland; by moving water north, by moving water in toward the interior of Asia, to develop the interior of China with new cities, and new technologies, to raise the level of production of the people of China *over two generations*, which means, approximately 50 years. China thinks in terms of two generations, and that's one good part about China: They don't think about next year; they think two generations ahead. And, that's the way we should all think.

Now, under those conditions—the basic problem of society, under these kind of conditions, is the fact that we have many poor people, who lack the technology to be productive, in the degree we require, in these kinds of large-scale develop-

ments. There are too many poor people. Now, the solution is not to kill them off. The solution is to educate them. The solution is to give them the opportunities, the conditions, under which the productive powers of labor over two successive generations can accelerate, as has been done in some parts of the world, already.

Therefore, the premium is not on cheap wages. The premium is on developing a standard of living, which is consistent with a population which is developing high degrees of skill, technologies, and so forth. And also, motivation: a sense of history. In many parts of the poor among the world, they have no sense of history! They have a sense of their local experience. The world, as a whole, befuddles them. They don't know their place in the world. They don't *have* a sense of national mission. If they have a sense of caring for their children and grandchildren, or the immediate neighbors, that's a sense of mission.

So, we have to change the world. We have to change the world in a way which goes with the continued production of improved technologies, with higher rates of scientific progress, and the spill-over of these sciences into new technologies, being developed within the pores of society.

So, what we will be exporting, from one to another, will not be just finished goods: What we'll be exporting is our technologies. We'll be sharing and selling our technologies to one another, in order to incorporate these shared technologies in the products we produce. In that way, we shall be driving the productive powers of labor at the highest rate. This means a lot more emphasis on research and development. This means a heavy emphasis on changes in the educational system, in this direction.

Man's Capacity for Discovery

It means we no longer tolerate in the world, the idea that large masses of humanity shall be sustained in the way a farmer cares for cattle. We have to tap into that characteristic of man, which distinguishes man from the animal: the ability of man, to discover those unseen principles, those unseen physical principles, which lie outside our sense-perception—principles like gravity, other principles. And that quality of man which enables us to increase our species population, from an original potential, perhaps, of about 3 million individuals living on the planet at one time—the potential of a higher ape—to the 6 billion or more, living today. We have to increase man's potential; the main object of economy, should be the development of man, as man. Man as a creature distinct from the beast.

And, if we do that, I'm confident we can win. My job, as a Presidential candidate—and fortunately I have a relatively leading position now, in aspiration of that office, not because of my talent, but because of the lack of nerve and will and guts, among my rivals—my job is to persuade my nation, above all, to do this, to play this part: To create a community of sovereign nation-state republics on this planet, as the only

form of organization of humanity on this planet. My job is to orient my people in the United States, toward playing *this* kind of role, in the world. My job is to talk with you, to talk with people in each of these countries, to share with you what my intentions and visions are, and to hear what you have to say, so that we together, through that kind of dialogue, can begin to resolve the difficult subjects that we have to debate among ourselves, in order to bring this new kind of order into being: an order of community of nations, in which each nation is perfectly sovereign; *no* supra-government, but a community of nations, operating on a set of common principles, on which we must come to agreement. Not a utopia, just a set of principles, based on the simple concept of what is the difference between man and an animal.

Thank you.

Questions and Dialogue with LaRouche

Q: What are the intentions of the United States in Iran? The questioner has a strong belief that the United States will attempt to establish a military route, to be followed by a petroleum route, between the Basra Gulf and the Caspian area. To establish this route, Iran must somehow be aligned in the direction of petroleum politics in the Middle East. Do you share the above opinion?

LaRouche: No, one has to understand a central character of this junta in the United States. You have to understand, that they are clinically insane. People keep trying to find *rational* explanations for their behavior. They're not rational; they're mad. Madder than Hitler. Their one intention is [interrupted by applause]—Their intention is, to crush all opposition, to their personal, perpetual world rule. This is just like the Nazis at the end phase.

This is the concept—this military policy—these are only lackeys. These are fools. Wolfowitz is a fool! He was recruited by a Trotskyist, to become a fascist. That's his history! Albert Wohlstetter, a Trotskyist follower of a person who used to work for the *Wall Street Journal*, trained Wolfowitz in the school of a fascist, Leo Strauss, at the University of Chicago. The whole kit and caboodle of these guys are a pack of ex-Trotskyists and other things, who have become fascists! These people are *not* the power; they are the *pawns* of power. And what they represent, as lackeys, is a group of financial interests, who are not thinking in terms of profit: They're thinking in terms of stealing! If you can steal well enough, you don't need a profit! And, they're out to steal everything in sight, every asset in the world. But, it is not a profit motive. . . . This is a stealing motive! You don't have to earn a profit—you steal it!

So, what are they out to do? They're out to terrify the world, and to *destroy* the world, to the point, that—as we were

talking about this earlier, about this idea of: Why is Alan Greenspan, of the Federal Reserve System, dropping the interest rate of monetary emission now, the way he is? Greenspan is going toward a 0% overnight lending rate of monetary emission, as Japan was when it was printing yen, which were then being converted overnight to dollars, to flood the U.S. market. It's *hyper*-inflationary monetary emission!

Now, what would happen, because suckers believe in the stock market—. I don't believe in the stock market. No thinking businessman believes in the stock market. He worries about it, but he doesn't believe in it. He knows it's a swindle [applause]. What happens: The stock market is a so-called "shareholder market"; it's a John Law bubble (I think some of you know what a "John Law bubble" was, in the early 18th Century). So, Greenspan, and Sandy Weill of Citigroup, and so forth, are out to create a gigantic John Law bubble, in the short term! What is the purpose of the John Law bubble? You have a lot of people who are afraid of losing money, losing financial assets. If you drive the markets up in some things, if they're foolish, simple stock market investors, they will rush to invest their money in those markets that they think are going up.

Now, what happens, then, if you turn around—after lending money at between 0 and 1%, to flood the market with monetary aggregate—what happens, if you suddenly raise the interest rate, the discount rate, to 7%, or 10%? Who goes bankrupt? This is the greatest sucker-play in world history! Which is being played out of New York City, by places like Citigroup and J.P. Morgan Chase Manhattan—and, by the head of the Federal Reserve System.

So, this is the way *they think*. What happens in that case? In that case, if you're successful enough in that, without exposing it—that's the swindle; if you succeed in doing that, you will shut down most of the banks and businesses in the world! You will wipe out most of the insurance companies! Look at the credit-insurance risk factor: This would wipe out virtually every insurance company in the world. This would wipe out virtually every bank in the world; most corporations, whose stock value depends, to some degree or other, upon these so-called stock market "shareholder" valuations. The biggest swindle ever dreamed of: a John Law bubble on a gigantic scale.

This is the way they think! That's the way, that the people *behind* the Wolfowitzes and Cheneys think. Look at Halliburton! What is Halliburton? It's not a corporation! It's a stealing enterprise! What is Bechtel? It used to be an engineering firm. It's now a thieving operation!

So, that's the point: They're trying to establish imperial world power. They will steal everything in sight. But, they're not trying to control shareholding investments: They're trying to control *steal*-holding investment! They'll steal every asset, every national asset, that they can find, if they think they can market it. They'll forfeit the future. They'll pay nothing for it.

So, this idea that they have a motivation, to get the oil—. Yes, they'll steal it, if they can, but that's not their motive. Their motive is to force Russia into a confrontation on Iran. This is happening right now, on the issue of the International Atomic Energy Agency's certifications of Iran's performance with the rules of the game. We now see, from the United States, operated by the usual types I know very well—the intelligence types—are orchestrating a limited student revolt inside Iran. Now, I could talk about that, but that wouldn't go into the details, how that works. But, they're running it. Why? It's an operation; it's what we call, in the U.S., a "dog and pony show": It's being set up through the media, to try to create the pretext, for a U.S. intervention in Iran! What's the purpose? It's a showdown with Russia. What's the purpose? A showdown with India. What's the purpose? A showdown with China.

So, you're dealing with someone, who's prepared to use *nuclear warheads* for preventive war, to teach you a lesson of obedience! Look, Wolfowitz came here, and said, "You're going to learn a terrible lesson, for not going along into the Iraq War, when we demanded that you do it." That's their mentality! And they are only the dogs, reflecting whistling of their master, who're these financial interests.

So, that's my opinion. [loud applause]

'Will They Kill You?'

Q: You talk about the world going bankrupt, and other aspects of the strategic crisis. Have you received threats for what you say and do? Do you think you could end up like Christ?

LaRouche: Look, I've been through this kind of thing many times. I've been faced with threats, really serious threats, before. For example, in 1973, the Department of Justice of the United States employed the Communist Party USA to have me assassinated—and I have the document. In 1986, friends of George Bush, Sr. sent 400 people to the place where I lived, and were prepared to assassinate me. And only President Reagan's orders, "Get that thing shut down!" saved my life. During the same period, Gorbachov ordered my assassination, publicly, in the Soviet press. And, he meant it!

I've been there many times.

You know, you have to think like a soldier. When you talk about Atatürk, I understand, because of my own experience—not only the trivial military experience I had during the last world war—but, I understood what he went through. That he was sitting on a situation, first in the Dardanelles war, where the Australians were climbing the cliffs, afterward, and he showed a certain quality of command. Then, he was in a situation after that, with the Sykes-Picot forces about to destroy Turkey, with operations involving the British going into—aimed at Iraq; with the question of Syria; with the question of the Soviet Union, being formed on the border, in the Caucasus area. And he made certain decisions.

Now, one can admire these decisions from the outside, as



LaRouche's visit was also crowded with private meetings with political and intellectual figures; though this one, with former Turkish Prime Minister Necmettin Erbakan (seated at left in photo) was found and covered by the Turkish press (below).

a Turkish patriot. I can admire them from the *inside* of the kind of person who has been through analogous situations, of historic decisions, when you knew *your life* was on the line, because you were saying what you thought had to be said.

Now, my view is a view which I think, that any person who has a spiritual insight, would understand: We are all mortal. We will all die, sooner or later. Therefore, we have to think of our mortal life, as a gift given to us, temporarily. The question is: What do we do with that mortal life, for the sake of our immortality? Therefore, if we put our life on the line at risk, if we think that we have to, because we would defame our immortality by not making that decision, we will make that decision.

And, that's my view of Atatürk: Is that, I've lived through, because of my own experience, I can see, in studying his life, particularly in these crises, and knowing what was going on with Sykes-Picot, that he made crucial decisions of courage, which created the modern Turkey *as an institution*, because the people associated with him *participated in that decision*, that courageous decision; and that gave Turkey the ability to withstand what it's had to live through, in ups and downs over the years since.

Yes, I can get killed. But, my best defense, is to make sure *that it costs them a great deal*.

Defense of National Sovereignty

Q: Thank you for your defense of the nation-state. The Republican Robert Strausz-Hupé, who was Ambassador to Turkey, wants to divide the nation-state. How can we pre-



vent this?

LaRouche: Well, I can only share with you the fact that we—Let's take the case of Turkey and the United States. Let's take the case of you and me, Turkey and the United States—to make it concrete. All right. Now, why should Turkey be sovereign? Why shouldn't Turkey join the United States? For a very simple reason. It's a reason which many people don't understand, or they haven't thought about it. What's the importance of Turkey? I know, with my friends, with whom I've been visiting here, we've discussed this philosophically, and I know some of the history of the region; and they have also studied their part of the region. All right, what do we have?

We have a history of the region, which, in a sense, goes

back to the Hittites; goes back earlier, to other things of a similar nature. It goes back to the influence of the culture we came into, in Persia. It has to do with the Seljuk, in southern Persia, moving in through the Arab world; moving up and becoming the Seljuk Turks, and the Persian culture influence. So, embodied in this, as typified by the influence of Persian poetry on the language, on the thought of the people. A language can not be understood by a dictionary. A language is the way that's used to communicate ideas, which lie beyond sense-perception. If a people is to be sovereign, and not animals, not cattle, they must share that language-culture, with its embedded connotations, the ironies, as typified by poetic imagery. It is through that language, that the people can deliberate, and decide what they, as a people, really believe, and intend to do.

Therefore, we must have nations, which are constituted on the basis of *culture*, and think of language, not just as a language—not a dictionary language—but as embodied in expressing *a culture*. And Turkey is an example of one of many kinds of cultures, which are developed out of this complex of influences, which have defined *a culture*, called “Turkish culture” today.

The United States, similarly. We're a melting-pot country, and therefore I'm very conscious of its principles. There is no typical American. There are Turkish-Americans; there are Spanish-Americans from all parts of the world; there are African-Americans: We're an immigrant nation. We have no typical American. The typical American is an *atypical* American, who is a product of many different kinds of national influxes into our country.

But we have developed, in a sense, a core culture, which is based not only on a fixed culture, but on a sense of adaptation to an immigrant population. The idea of assimilating people from all over the world, into our culture. We sometimes do a bad job of it. But, those of us who understand, understand it. That's our culture.

France has a culture. I find it difficult to deal with sometimes, but it's a culture I deal with. Italy has a culture. Germany has a culture. Russia has a culture. China, India. We are dealing with these cultures in various parts of the world—because I am sort of an international traveller, international thinker.

Therefore, my concern is, we are different peoples of different cultures, but we ultimately must find a common purpose. But, we must find the common purpose through the expression of each with the culture we have. We must present our ideas, from our culture, to other people, in their own culture. And, we must come to an agreement. The basic agreement, I think is the essential one: It is the conception of man. We live in a heathen world, a heathen world in the sense that the idea of man in the image of the Creator is not a popular idea in most of the planet—not, at least, a clear idea. Therefore, *we do not value man, as different from the animal*. The problem in humanity, is that for too long, most people have been treated as virtual human cattle, by other people.

Therefore, we have to fight, if we're going to have peace and progress on this planet, we have to fight for the rights—the human quality of the individual. We can only do that, by addressing that part of the individual, which is not merely ideas expressed by dictionary words, but who has a mind, which is associated with poetic creation of ideas, concerning things beyond sight, beyond vision. And therefore, we are going to perfect humanity, and bring it to maturity. When we establish *this* kind of relation among peoples—my function, as a figure of the United States, is to fight for that kind of world, in which that is the relation among states.

Q: Wolfowitz wanted Turkey to apologize for its behavior in the Iraq War. What is your view?

LaRouche: A broadcast, which came from here, at night—a two- or three-hour broadcast, which was relayed from here—it's all over the world. Everyone knows what I say. Everyone in Washington is having fits about it, or laughing about it. The military are probably laughing. The Defense Department higher officials are probably screaming. Cheney is extremely upset.

Now, my view is, in this matter: I don't think the Turkish government has to say anything to Mr. Wolfowitz. I think, as an American in Turkey, I have said it, and the Turks can laugh—I mean, laugh to the degree that they think they should laugh. Because it's been said: This was a crime. It's a *shame* of the United States, what this guy did here. It's shameful! It's an embarrassment to the United States, and therefore—[interrupted by applause].

A 'Satanic' Motivation

Q: Thank you for your speech. I am a student. The American system is based on stealing, but what is the motivation for the stealing? Is it that, after 9/11, as Bush said, this is a new crusade? From our viewpoint we see it this way.

LaRouche: I could go on at length on this.

There is a quality in mankind, which is legitimately called “Satanic.” And, I'm referring to Wolfowitz and the people associated with him—I have used explicitly the term “Satanic.” For example, there is a certain nature of man, and some people fail as human beings. That is, they do things that are bad, but they still remain human in their orientation. There are certain people, who act out of hatred of mankind. For example, an axe-murderer, who goes around slaughtering children for the pleasure of slaughtering children. This man is Satanic.

What you have in this crowd—I know them. I know them psychologically very well, the Wolfowitzes and so forth: They are explicitly Satanic. They have a professor, who died in 1973: Leo Strauss, who was a Jew in Germany, who was a fascist, a Nazi, but he could not join the Nazi Party, because he was Jewish. Therefore, he went to the United States and practiced Nazism from the University of Chicago, and he gave you Wolfowitz; he gave you similar people.

I know their mentality. They've written books about this.



The candidate with his wife, Helga Zepp-LaRouche, whose international work has been so crucial to the development of the Eurasian Land-Bridge strategy and the dialogue of cultures connected to it, that she is known in some countries as “the Silk Road lady.”

This mentality is explicitly Satanic. Their idea of stealing, has nothing to do with the typical American. It’s a junta. It’s a small group of people, uncharacteristic of the American people—bad or good. And, that’s our problem.

The problem is, we as a nation—here we are, supposedly the most powerful nation on the planet in military power; and we are taken over by a few dozen people, forming a junta, running the U.S. government with an idiot President! And I say “idiot President” advisedly: The poor man’s an idiot! I’m there to defend and protect him—because he is the President. But, I have to know he’s an idiot, in order to protect him professionally. You have to know what the idiot’s going to do, in order to protect him.

These people are Satanic. And, once you recognize that, then you have a clearer image of what we have to do about it. It’s not an American problem. It *is* an American problem, because somebody stuck him on us! These people came from Europe. The influences came from Europe. So, it’s a European culture problem—like Nazism. *We* have to deal with it. And, I have found myself appointed to deal with it. It’s my job! I’ve done the best I could. I need help in the United States; I’m getting some. I’m getting help from people who used to be my adversaries—like Brent Scowcroft—used to be my adversary. But, Brent Scowcroft, right now, is in a sense, allied with me; we don’t happen to have any formal alliance. He’s doing something I approve of; and I’m doing something he approves of. We’re out to get this thing uprooted from the government. If we do, we’ll have different roles.

But, then, we will have a new set of problems: Instead of this mess, the threat of general war, we’re going to have the

threat of dealing with this financial-monetary crisis, which ultimately, is as dangerous as a war. But I believe that if we mobilize humanity around the task of solving—with positive measures, toward solving the world financial crisis, economic crisis—the positive motivation for good deeds is the best way to debate policy. Sometimes, we have to fight about negative things, in a negative way. We regret that we have to do so, like going to war. We should always regret having to go to war. Sometimes we have to.

What we prefer, is to solve problems, by presenting solutions, and organizing people around solutions, to problems which, if corrected, may lead to a brighter future for humanity to come.

A Proper Mission for the UN

Q: You talk about establishing a new world order. What is the role of the UN Security Council in this? Right now, it is running the world.

LaRouche: Well, the United Nations, recently, has not been the worst offender. And the United Nations Security Council didn’t do too badly, if you got Blair out of there, and if Bush were not pushing the policy he was.

The United Nations, I think, should be limited in its function to a forum; especially on the question of war and peace, it’s extremely useful to avoid war. The more we study war, the more we understand the importance of trying to avoid it, by finding solutions, which are not war.

The big problem in the UN, which you explicitly are talking about, is it has never been an *efficient* forum, for the nations in general. And there should be modifications and improvements, which make the UN a more efficient forum. I

think of it, not as a world government, but as a diplomatic forum; a super-diplomatic forum, where any nation can go in, and have a hearing on its concerns. And, with the support of other nations, and their support, find some urgent diplomatic pressure for remedy of that problem.

Otherwise, I'm not too much worried about the UN. I think the tendency to make it a world government, which was intended by Bertrand Russell, was evil. That hasn't happened. I thought what was done in the Security Council to resist the proposal by the United States on war, was useful, and I commend them for it, especially the Foreign Minister of France, who I thought made a brilliant presentation on that subject in the Security Council proceedings.

But, I admit the other side.

I'll give you an example of this, concretely, which pertains to countries like Turkey. In 1975, I was instrumental, among a number of people, in pushing a proposed reform to be adopted at the Non-Aligned Nations meeting in 1976, in Sri Lanka. That proposal—as presented by a friend of mine, Fred Wills, who was then the Foreign Minister of Guyana—was adopted by the entire Colombo conference. Fred went to [the UN in] New York, and presented a resolution. Nothing was done about it. Every country which subscribed to that resolution, was violently suppressed by threats, at that time. That was the time we lost the opportunity for reforms, for more equitable arrangements in response to

the changes in the monetary system. And the world went down since then. And every country has suffered, to one degree or another, from that.

So therefore, I would say, that is a case of the *failure* of the United Nations Organization. And I would think that reforms which go to that purpose—where the United Nations should have become a forum, on the discussion of the Sri Lanka resolution, Colombo resolution, on a just, new world economic order, it didn't. That, in my view, is the crime of omission of the United Nations. And I think the United Nations should be, shall we say, a much more democratic institution, with that kind of mission-orientation.

Oil Is Not the Issue

Q: I want to express my sincere wishes that you succeed in gaining the Presidency. My question is: Were the Afghan and Iraq wars petroleum wars?

LaRouche: No, no. It is not. These people will steal petroleum. To understand that, you've got to go back to the history of this tendency in European history. It goes back to Napoleon Bonaparte. Napoleon Bonaparte was a bandit and thief. After 1806, in particular, after winning the Jena-Auerstedt battle, he went through Europe to steal. Now, what he would steal, things he could cart off from all countries that he raided, like a bandit. He would then sell what he had stolen at discount prices, to certain banking groups, who would buy what he had stolen, this stolen property. These bandit groups, which were associated with Napoleon, at the beginning of the 19th Century, are the core group of bankers, which gave you Napoleon III in France; which gave you Mussolini in Italy; which gave you Hitler in Germany; Franco in Spain; and the Vichy government in France. These are the same people. They're doing the same thing.

Yes. And I'm pressing hard to get to the Cheney—or Halliburton—stealing. For me, the fact that he's trying to steal oil (not too successfully right now), is another piece of evidence against him, to bring about either his impeachment or resignation. But, the purpose of the war was not to steal oil: It was to steal everything. Because the war is aimed at every part of Asia.

Look, we were talking privately, before coming out here; we were talking about a certain mineral resource in Turkey; and the plan by some people in the United States to steal that—that valuable mineral resource, which is of Turkish rights. They will steal everything! If they can. And we have to be alert. Don't worry so much about that oil—that is a problem for Turkey, now, because Turkey was getting oil from Iraq and so forth, and that was a problem—but think about *everything*. They're out to steal everything, in every part of the world.

And, what we have to do is not *oppose* them for stealing oil: We have to *eliminate* them. Because, if you leave them, it's like putting a fox in the chicken coop. You're not going to have any chickens. And, they'll take anything else, as well.

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Miniaturk: Tour Through History, in the Small

by Muriel Mirak-Weissbach

During his June visit to Turkey, Lyndon LaRouche had such a packed schedule, that visits to the usual tourist sites, were impossible. All the more fortunate, therefore, that the Democratic Presidential candidate had the chance to visit Miniaturk, a brand-new park in Istanbul, which presents most of the great buildings and monuments of Turkey.

As the name denotes, the park has rebuilt these monuments in miniature, on a scale of 1:25. Walking through the lush landscape, the visitor can retrace the steps of history, moving from the Maidens' Tower at the mouth of the Bosphorus, originally built in the 5th Century B.C., to the Temple of Artemis, built in 356 B.C. in Ephesus (one of the seven wonders of the world), to the 2nd-Century Library of Celsus at Ephesus, the 2nd-Century amphitheater of Aspendos in Antalya, the 6th-Century Byzantine church of Hagia Sophia (later a mosque and now a museum), the 6th-Century Galat Tower, the Byzantine church of Chora in Istanbul from 1118, the Malabadi Bridge from 1147, the Ulu Mosque in Divrigi dated 1229, Cifte Minareli Medrese in Erzerum from 1291, the 13th-Century mausoleum of Mevlana built by the Seljuks in Konya, the Ulu Mosque in Bursa dated 1400, the 16th-Century Maglova Aqueduct built by the architect Sinan in Istanbul, the 16th-Century Muradiye Mosque in Manisa, the 18th-Century Ahmed III Fountain, Hidiv Kasir in Istanbul from the turn of the 20th Century, and the Bosphorus Bridge

built in 1973. There is also a replica of the Atatürk Mausoleum in Ankara.

Although most of the buildings are in Turkey, some important sites outside the country are represented, among them the al-Aqsa Mosque in Jerusalem and the Mostar Bridge in Bosnia-Herzegovina. In all, there are 105 famous monuments, spread out over an area of 60,000 square meters.

As the visitor wanders through the centuries, he can also listen to recorded explanations of the monuments, offered in six languages through a voice information system, with outlets at each building. In addition, there are various action models, including 65 vehicles; miniature trains, including Atatürk's train car; airplane models and seagoing vessels, including the Kalender boat built by the Turkish Maritime Lines.

The park is a project of the Istanbul Municipality, and is located on the northern shore of the Golden Horn, at Suetluece, where numerous cultural institutions are located. Istanbul Cultural Council head Cengiz Özdemir, the mind behind the project, who hosted Mr. and Mrs. LaRouche on their tour, aimed at creating a park that would reflect the rich, multicultural history of Turkey. The buildings to be reconstructed were selected by two leading Turkish historians, Prof. Dr. Liber Ortayli and Associate Professor Dr. Haluk Dursun. The project was inspired by the Dutch miniature town Maduram, whose executives worked as consultants for the effort.

Miniaturk has already been visited by over 200,000 people, from Turkey and abroad, since its April 23 opening. It is a favorite of children, who delight in the "little mosques" and other miniatures, and a wonderful educational tool allowing people of all ages to experience some of the greatest monuments in the country's history, and, because of their size, to see them in settings and from perspectives not easily visible in real life.



The LaRouche's visited Istanbul's new historical and cultural park, Miniaturk, viewing miniature reconstructions of famed churches, monuments, mosques, bridges, and water works including the "Golden Horn" harbor and fortifications of old Constantinople.

Vajpayee's Historic Trip Strengthens India-China Ties

by Ramtanu Maitra

The historic six-day (June 22-27) visit to China by Indian Prime Minister Atal Behari Vajpayee took place at an extremely crucial time. The long-term outcome of the trip will emerge over the weeks and months. What is certain, however, is that both Beijing and New Delhi considered the visit as more than strengthening the bilateral relations, but an opportunity to take measure of the grave world situation in a new and hostile environment.

Prime Minister Vajpayee was accompanied by about 100 Indian businessmen and entrepreneurs, beside External Affairs Minister Yashwant Sinha, National Security Advisor Brajesh Mishra, Ambassador to China Shiv Shankar Menon, and Commerce Minister Arun Jaitley.

Following the signing of a joint declaration with his Chinese counterpart, Wen Jiabao, in Beijing, the Indian Prime Minister declared: "We should focus on the simple truth that there is no objective reason for discord between us, and neither of us is a threat to the other." This statement of Vajpayee, who is the first Indian premier to visit China in a decade, should serve as a warning to those who believe that these two, the world's most-populous nations can be kept separated by planting suspicion of one against the other.

Prime Minister Wen provided direction to the future development of the ties by making some concrete proposals. He said the two countries should extend contacts to enhance trust and dispel suspicion, expand cooperation to raise bilateral trade volume to \$10 billion by 2005, develop cooperation in science, education, culture, and health, and set up cultural centers.

The Strategic Context

Prime Minister Vajpayee was scheduled to visit China later this year; A number of events caused the trip to be moved up. To begin with, the Iraq War: The U.S. invasion of Iraq,

defying the United Nations and the goodwill of billions of people worldwide, came as a shock to both the Indian and Chinese leaders. It became evident to them that the world had changed for the worse. The United States, once considered as the icon of economic development and a motive force behind social stability, has now turned unpredictable, if not downright dangerous.

It is this realization that led Vajpayee to tell reporters, less than 48 hours before his departure for Beijing, that the world around us has changed dramatically during recent years, and that "two of the world's largest and most populous developing countries, India and China, should remain in close touch on global issues of concern to developing countries."

Elaborating on the evolution of Sino-Indian relations, Vajpayee continued: "Our dialogue now addresses not only the various areas in which we can improve bilateral cooperation, but also international issues such as terrorism, security, environment, sustainable development, and multilateral economic regimes."

The second important event that hastened the Indian Prime Minister's visit was the late-April visit to China by India's Defense Minister George Fernandes. A sharp critic of China in earlier days, Fernandes was impressed by what he saw and heard in China and, at the same time, was firm and categorical in expressing his views. His refusal to cut short the trip in light of the SARS epidemic in some parts of China, impressed his hosts.

Perhaps the most important meeting that Fernandes had was with China's leading politician and former President, Jiang Zemin. Jiang, who now heads the Chinese People's Liberation Army, told Fernandes that the people of China and India enjoy long-term friendship, and exchanges and cooperation between the two countries in all fields have shown good momentum in recent years. Jiang underlined the need for



The first visit of an Indian Prime Minister to China in ten years reflects both countries' determination to put aside past grievances, and forge a new era of cooperation, in a changed global strategic environment. Here, Indian Prime Minister Atal Behari Vajpayee is greeted in Beijing on June 23. Chinese Prime Minister Wen Jiabao is the second from the left.

enhancing Sino-Indian bilateral ties, including military ones, which was in the “fundamental interest” of the two nations, and he fondly recollected his visit to India in 1996.

In his talks, Fernandes went a step further. He proposed to the Chinese leaders the Indian interest to patrol the Andaman Sea and the Bay of Bengal jointly with the Chinese Navy. Following the events in Iraq, and the continuing overwhelming presence of the Americans in the Persian Gulf, it is no surprise that New Delhi and Beijing are uneasy about the way the region has been militarized by outsiders. Although China did not respond to the Indian proposal on the spot, it is a matter of great importance, and it is evident that it involves considering a gamut of items. It is only expected that Fernandes' proposal will be considered with due attention in Beijing. It is also a certainty that further discussion on the subject, long before it finally matures, would take place at the highest level of both countries.

The Russian Factor

In 1998, while visiting India, then-Russian Prime Minister Yevgeny Primakov had suggested the development of a Strategic Triangle among Russia, China, and India. The objective, he explained, was to use the scientific and technological capabilities, skilled manpower, and available resources of these three nations to stabilize the region through wide-ranging economic development. This concept of a Strategic Triangle had been advocated by Lyndon LaRouche in a number of *EIR Features* during that period.

Despite the stated intent, the progress in working toward developing such a strategic relationship was slow and hesitant. Some claim that the escalation of NATO's air offensive against Belgrade and China's stiff reaction to the accidental

bombing of its embassy in the Yugoslav capital in May 1999 seem to have brought the triangle concept back to the fore. Again, the events of Sept. 11, 2001 in the United States shifted the world's focus to terrorism. But, it has become evident once more in Beijing, Moscow, and New Delhi, that serious efforts are necessary to put such a triangle into effect.

It is perhaps for this reason that at St. Petersburg, during the city's 300th anniversary celebrations last month, following his meeting with Chinese President Hu Jintao, Vajpayee spoke about an “Asian Century”—a reference to the 1988 meeting between senior Chinese leader Deng Xiaoping and visiting Indian Prime Minister Rajiv Gandhi. On that occasion, the Chinese leader had pointed out that the coming of the real Asia-Pacific Century or Asian Century “can only be declared when China, India, and other neighboring nations become developed.”

Since the St. Petersburg meeting, a new liveliness in the relationship has been observed. In Phnom Penh on June 17, at the meeting of the foreign ministers of ASEAN+3 (the ten-member Association of Southeast Asian Nations, plus China, Japan, and South Korea), Russia, China, and India offered to forge strategic partnerships with the Southeast Asian nations. These three nuclear powers gave “strong signals” that they would sign up to the grouping's Treaty of Amity and Cooperation, effectively a non-aggression pact among the ten ASEAN member countries.

Russia, China, and India were the first to offer to sign up to the pact. According to an ASEAN diplomat, quoted by the international media, these three powers were keen to demonstrate to the Southeast Asian nations that “we are benign powers and do not desire your territory.” The move by the three nuclear powers to forge such pacts comes as the United States

is stamping its influence on the region under the guise of the international fight against terrorism, analysts said.

In mid-June, a week before Vajpayee left for Beijing, Russian Foreign Minister Igor Ivanov was in Delhi on his way to Phnom Penh. Reports indicate that the triangular interaction was at the core of his agenda, during his talks in Delhi.

Close views shared by Russia, India, and China on international issues provide a basis for continuing trilateral dialogue among them and for upgrading its level, Russia's Deputy Foreign Minister Alexander Losyukov said, ahead of Ivanov's trip to South Asia.

Subsequently, on June 22, the very day that the Indian Prime Minister arrived in Beijing, China's Prime Minister Wen Jiabao invited India to join China and Russia in holding regular trilateral talks on issues of great importance, such as Iraq.

Important Bilateral Agreements

On June 22, India and China signed their first-ever joint declaration, setting out "goals and guiding principles" to promote their bilateral talks, with the leaders of China proposing a "phasing out" of Sino-Indian differences on their nearly 40-year-old border dispute. The subject was endorsed during the Vajpayee-Wen meeting later.

A Memorandum of Understanding expanding bilateral border trade was also signed by Indian External Affairs Minister Yashwant Sinha and Chinese Commerce Minister Lu Fuyan, in the presence of the two prime ministers.

On June 24, India and China decided to further step up bilateral trade and increase cooperation to safeguard the interests of developing nations at the World Trade Organization (WTO). These decisions were taken during a meeting in Beijing between Minister of Commerce Arun Jaitley and his Chinese counterpart, Lu Fuyan, official sources said.

The two sides also decided to hold the next round of the Joint Economic Group meeting sometime in November-December this year.

China is a new entrant to the WTO and, like India, is concerned about some of the measures the WTO has imposed on the developing nations. Following his meeting with Lu Fuyan, Jaitley pointed out to the Press Trust of India that India and China have many commonalities and their cooperation is vital to safeguard the interests of the developing countries. His discussion with Lu had centered on Trade Related Intellectual Property Rights (TRIPs), in the area of public health care, as well as agricultural negotiations and investment-related issues. Jaitley, a lawyer who is considered an expert on WTO issues, said, "We have decided to explore how to cooperate with China at the WTO," adding that the two countries have agreed to inform their ambassadors to the WTO in Geneva, so that they could have consultations and adopt a common stand on major issues affecting the developing nations, ahead of a major WTO session in September in Cancún, Mexico.

Interview: Dr. Toby Dodge

The Volatile Realities Of Post-War Iraq

by Mark Burdman

EIR had the opportunity to interview Dr. Toby Dodge, Research Fellow at the Centre for the Study of Globalization and Regionalization, at the University of Warwick. Dodge is one of Britain's leading experts on Iraq. In the period leading up to the Iraq War, he made a number of trenchant critiques of the political and diplomatic behavior of the American and British governments respecting the Iraq crisis. Indeed, if the American government had paid more attention to the warnings from experts like Dr. Dodge, about the realities prevailing in Iraq, U.S. forces might not have ended up in the hot water (and very hot weather) they are in right now.

From May 17-26, Dodge was in Baghdad. The picture he presented to *EIR* was sobering, to put it mildly.



'The Violence Is Very, Very Bad'

Dodge stressed that at this moment in Iraq, respecting the country's population, there is "one point of optimism, but it is the only one." This is the reality that "regime change has happened," and the removal of the Saddam Hussein regime has taken the lid off political discussion and debate, which had been forbidden. As a result, there is "massive political ferment, everyone is discussing and debating, asking what happened all these years, what is happening now."

But beyond this "one point of optimism," the nightmare begins. Dodge stayed with an upper-middle-class Iraqi family, "what might be called the other side of the fence." For this layer of the Iraqi population, the main concern is "the lack of law and order." So concerned was the family, that his hosts forbade Dodge to leave the house after 4:00 in the afternoon. By 7:00 p.m., all the streets of their Baghdad neighborhood were deserted.

What such relatively well-off Baghdad residents fear, is something faced by the entire population: the rampant violence. "The situation is extremely bad, and media reporting of it is only sporadic. . . . The violence is very, very bad," Dodge insisted. According to his report, this violence takes three forms.

One, is "major criminality and banditry," reaching the

point of “organized, industrial-scale looting.” He reported that in 1993-94, there had been a serious emergence of organized crime in Iraq, but this had been suppressed in the 1997-98 period. Now, it is back, with a vengeance.

A second form is “minor criminality,” such as car-jacking, looting of private houses, and the like. One disturbing, and growing, form of criminality, “the most sensational,” is the kidnapping of young girls, who are sold into prostitution. This is all the worse, as Iraq is an overwhelmingly Islamic country, so this carries an added stigma of opprobrium and shame.

The third variant is “counter-American violence.” Here again, Dodge noted, there are three forms. One kind is what can be described as “opportunistic thuggery,” whereby attacks are carried out against American soldiers, vehicles, and/or installations, with “no apparent motive.” A second element comprises attacks by remnants of the old regime, and/or Saddam loyalists who are members of, or linked to Saddam’s Tikriti clan. “This is a rump group, and they have nothing to lose.”

But it is the third type, “the most worrying,” which carries with it by far the most danger and risk, for the occupying forces. This is “nationalist violence.” Dodge pointed to the case of Falluja, west of Baghdad, the scene of a number of recent highly publicized confrontations between American forces and Iraqi demonstrators. “What we see in Falluja, is a nationalist campaign beginning, to get rid of the American forces. What has to be understood about Falluja, is that it was never a Ba’athist stronghold. Rather, it is a stronghold of conservative religious Sunni Islam. What is coming together there, is nationalism and political Islam. This could be very difficult for the Americans.”

He reported that, for the British forces in the south, in and around Basra, the situation is somewhat better. There is less random violence than in Baghdad, and the British military acts in a “less intrusive way than the Americans,” so this engenders less popular resentment. However, Dodge noted that in the south as well, political unrest and activity is increasing; he was speaking to *EIR* before the June 24 attacks on British military teams there.

This latter observation of Dodge had already been bolstered by a number of reports in the British media, beginning mid-June, of large-scale political demonstrations, and other manifestations of opposition, in Basra.

‘Summer Will Be the Most Difficult Time’

Dodge was asked, how he evaluated the American occupation, and its ability to manage and control such a situation. He replied: “It is now getting hotter and hotter in Iraq. There is only sporadic electricity. Tempers are getting shorter. My sense is that the Americans are massively understaffed, and very divided from the society. They are flushing out the Tikriti clan, in operations against their strongholds to the north and west of Baghdad. They can break them, roll it up, and we see they have captured the No. 4 on the ‘Wanted’ list. But the

way this is being done, is breeding resentment in the broader population.

“The bigger problem, is that the more sustainable opposition is the nationalist opposition, and my sense is that the United States doesn’t have the intelligence on the ground, to know what is going on, and to stop the violence. This is, potentially, a huge problem.”

Asked how he expected this situation to unfold in the weeks and months to come, Dodge replied: “We are now entering Summer, July-August. This will be the most difficult time. The feeling is growing among many Iraqis, that the Americans are not strong enough to dominate the country, and that the American presence is temporary, and that the Americans can be chased out. The violence will increase, directed at the United States. More U.S. troops, sadly, will be killed. This will have domestic repercussions; we already see that happening in the United States. How will the Americans be able to sustain the level of casualties that will occur? And this is the time when the 2004 Presidential election campaign is beginning.”

In Dodge’s view, the controversy over growing numbers of casualties in Iraq intersects two other factors. One, is that in the United States, there are indications of a popular backlash emerging against the project of neo-conservative strategists, most clearly enunciated by Deputy Defense Secretary Paul Wolfowitz, for what Dodge calls “permanent revolution.” They want to cause “transformations” inside Middle Eastern nations, with Iran the most likely next target, and then throughout the developing world, to “impose rules” favorable to the neo-cons’ overall agenda. Dodge sees this as “highly destabilizing,” and is convinced that “the American population is not up for it,” because of the vast amount of money and troops it would require to actually carry it out.

The other factor is the continuing controversy over alleged “Iraqi weapons of weapons destruction,” with serious charges being made, both in America and Britain, that the Bush and Blair regimes falsified intelligence on Iraqi weapons of mass destruction (WMDs), and thereby misled the American and British populations into war. Dodge thinks it wrong to assert categorically, as some have, that there are *no* such weapons; he believes there are almost certainly some, and that the investigators now operating on the ground “could find something” and use this to rebut the charges.

However, whatever might be found, Dodge says, would be “much, much, much less than we were led to believe. . . . If [former chief United Nations weapons inspector] Scott Ritter is right, when he said recently that Iraq has 2% of what it had in 1990, then clearly that posed no direct threat. This keeps the question very much alive: what was this war about, and why was it fought? And the reason the issue of Iraqi WMD is now so high-profile, here in Britain, is because there is a lot of resentment and unease about the war, and anger that Blair drove the country into war on the basis of allegations that were not true. This issue will not go away.”

Akiva Eldar Stresses: Third Party Help Is Vital to Mideast Peace

by Carl Osgood

Akiva Eldar, senior political correspondent for Israel's leading daily *Ha'aretz*, warned a Washington forum that President George Bush has to keep the pressure on Prime Minister Ariel Sharon to stick to the Road Map for peace, because as long as Sharon has cabinet ministers like Avigdor Lieberman and Effi Eitam—whose sole agenda is to effect the forcible transfer of the Palestinians out of the West Bank and Gaza—there will be no peace. *EIR* attended the June 16 forum, co-sponsored by the Foundation for Middle East Peace and Americans for Peace Now, in order to cover Eldar's assessment—one which he might not have been able to provide from inside Israel, because of the censorship regulations there, and which has received scant coverage inside the United States, in any case.

Eldar's coverage from the Aqaba summit had taken note of President Bush's irritation with Sharon (see *EIR*, June 20). In Washington, Eldar gave much more insight into what he had reported from Aqaba, about how Sharon's mind works, and what it will take to make Bush's Road Map work. He also emphasized that the Palestinian radical group Hamas is only half of the problem; the other half is the Jewish settlements in the West Bank and Gaza, for which Lieberman and Eitam are two of the chief spokesmen.

Eldar began his briefing by noting, that for the first time, a leader of the right-wing Likud party, Ariel Sharon, is characterizing Israel's presence in the Palestinian territories as an "occupation," and is talking about a Palestinian state. Even Labor Party leader Shimon Peres "was very careful not to talk about a Palestinian state," he said. To explain why Sharon would speak this way, Eldar provided some history, going back to the June 1967 Arab-Israeli War, when Israel first seized the West Bank from Jordan, and Gaza from Egypt. Actually, Eldar clarified, having Israel withdraw from the occupied territories—what he referred to as "Two for Two"—was first suggested in the 1978 Camp David accord, again at Madrid in 1991, and it is also in the Mitchell Plan. "Two for Two is clearly occupation, so there is nothing new in this," he said.

The Bantustan Model for Palestine

Eldar outlined the history dating to the Alon and Dayan plans, which were variations with the same goal of permanent Israeli control of the West Bank, after the 1967 war. Yigal

Alon, who became Deputy Prime Minister in 1968 in the government led by Mapai (now Labor Party), proposed making the Jordan River the eastern border of Israel with Jordan; annexing parts of the West Bank, including the entire area of Hebron and part of the Judaea Desert; the construction of settlements and security outposts in the West Bank; and building Jewish neighborhoods in Arab East Jerusalem. Moshe Dayan, who was then Defense Minister, proffered his own plan to build five blocs of settlements from north to south in the West Bank.

Eldar explained, "Now, what Sharon did, is combining those two plans—the Alon and Dayan plan. And actually, at a certain point, Alon said, 'If the Palestinians would like to call it a state, and even have a foreign minister and will be accepted as ambassadors to the UN, that's fine with me. So, you want to call your dog a cat, that's fine with me, but that doesn't make it a cat.' So, what Sharon is suggesting is, yes, a Palestinian state and an end to the occupation; not because he thinks this is a solution to the Palestinian problem. This is his solution for the Jewish problem. So, occupation means responsibilities. If you occupy territories—well, Israel was not always very strict with the Geneva Convention—but still, I mean, we don't want people—it's not nice, it doesn't show very well on television that people are starving in the territories. And, you know, this is happening . . . how the annual income per capita is \$800. So, you offer the Palestinians to take responsibility. We, of course, take the responsibility for security, and, on top of this, what Sharon is adding now is a fence; so it will be, according to [Defense Minister Gen. Shaul] Mofaz. And this is still debated, because now they know that Tony Blair, and even President Bush, are occupied with this issue, and they don't like it so much. What Mofaz is suggesting, is to build the fence all along the enclave, which will complete the circle around the so-called Palestinian state."

Sharon's model is not that of a nation-state, but, as Eldar makes unambiguous, is the South African bantustan model of *apartheid* days. "A few weeks ago, we had a guest in Jerusalem," Eldar said, "the former Prime Minister of Italy, D'Alema, and he met with a group of Israelis for dinner. And Ambassador Avi Posner, he was the spokesman of [former Likud Prime Minister Yitzhak] Shamir, has insisted that Sharon means business, that he is willing to go along with this Road Map and give the Palestinians proof of that Palestinian state. And the guest said, 'Well, you know, I remember when Sharon visited Rome, when I was Prime Minister and he was the leader of the opposition'—this was when [the Labor Party's Ehud] Barak was Prime Minister, at the end of the '90's or the beginning of 2000, I guess. 'Sharon explained to me . . . to convince me that the best solution for the Palestinian problem is bantustans,' which means an enclave with no foreign relations; with security—of course, no army—it'll be demilitarized; and with no contiguity. There were, remember, the South African 'homelands.' There was no contiguity, and those people who stayed in South Africa, the blacks who



Ariel Sharon's "bantustan" policy for the Palestinians: Here, Israeli armored vehicles at the entrance of Jericho, on the West Bank, where Israeli bulldozers destroyed the main water pipeline supplying agriculture in the area.

stayed in Africa, were actually accepted, not as full citizens, but as foreign workers. . . . And Avi Posner was quite irritated. He said, 'Mr. Prime Minister, I'm sure, this is your own interpretation,' and D'Almeida turned to him, and he said, 'No, it's an exact quote.' And I know from a friend of mine in the Foreign Ministry who is an expert on Africa, South Africa, that . . . Sharon was obsessed with asking him, 'Tell me more and more about the bantustan model.' "

Expect the Unexpected

Eldar noted that the current cliché in Israel for Sharon's offer, is to compare it to President Nixon's going to China: It means something different coming from Sharon, than it would be from any other Israeli political leader, including the Labor Party's Shimon Peres, Ehud Barak, or Haifa Mayor Amram Mitzna.

So, the question is: What is Sharon's real intent, given that he has Eitam, from the National Religious Party, and Lieberman from the National Union, both sitting at the table of government—the same government that (with 14 reservations) had accepted the Road Map? "Actually, Effi Eitam and a Palestinian state is an oxymoron," Eldar said. "As long as they are there, for me, it's an indication that someone is not telling the truth: Either people from the left who feel comfortable with deceiving themselves; or it's people from the right, who have been told by Sharon, 'You know, don't take it too seriously. At the end of the day, the Palestinians will do the dirty job. We can trust the Palestinians that they will make the mistakes.' "

The mistakes that right-wingers expected the Palestinians to make, would apparently justify Israeli crackdowns. But, as Eldar explained, the right-wingers have a habit of making miscalculations, which he illustrated: At Madrid in 1991, then-Prime Minister Yitzhak Shamir apparently did not ex-

pect Syria to be open to negotiating in the peace process. Shamir had based his strategy on having Syria refuse to negotiate, but the opposite occurred. Eldar said, "And one day—when I was on speaking terms with Sharon, or he was on speaking terms with me—he told me that this day, when it was reported that [Syrian President Hafez] Assad is willing to start the process, join the peace process, this was when Shamir lost control over the developments, and this was actually the beginning of the end of the Likud's regime; and this is what led then to the '92 elections, as well," which brought in the Labor Party government, with Yitzhak Rabin as Prime Minister. It was Rabin who concluded the Oslo Peace Accords with the Palestinians—and then was assassinated by an Israeli fanatic.

Ironically, Eldar said, what happened to Shamir, with his miscalculation, is also happening to Sharon: The moment that Palestinian President Yasser Arafat appointed a prime minister, was the moment Sharon lost full control over events, because he did not believe it would happen. "It is much more difficult to deal with Abu Mazen," Eldar explained, "who wears a jacket and a tie and shaves, than with Arafat. And, on top of this, [Palestinian] Minister of Finance Salom Fayad was invited to the White House—which I think was in the [time] slot left open by Sharon, who decided to skip a visit. And he made, as you saw in the *New York Times*, a great impression, and now, the image of the Palestinians has changed dramatically" in the United States. It is no longer the case, Eldar pointed out, that the Israelis are 100% white and the Palestinians are 100% black. "Now, all of a sudden, you have different colors. Israel's assassinations sometimes don't look so good. And the President found himself also aiming at Aqaba, but I'm not sure of whether he was actually aware of what was happening, when this whole thing started, when he said, 'I want to see a new [Palestinian] Prime Minister. I want to see reforms,' and he got it. I'm not sure if he was prepared for that."

Sharon's next mistake, said Eldar, was to try to play the White House against the State Department, believing that the good guys were in the White House. And so, "the spin that came out of the Prime Minister's office—in the last few months since the Road Map was presented to the President, here, on Dec. 20 of last year—whenever there were reports from Washington that the President is about to submit the Road Map to both sides, the spin was, 'Don't pay attention, this is only the State Department. Condoleezza Rice is under control.' [Sharon's chief of cabinet] Dov Weisglas knows better. The impression that people are getting from Weisglas when he spoke about Condoleezza Rice, is that she really hypnotized him. . . . He was hypnotized by her eyes; and probably, what she did was, she outsmarted him—Sharon and Weisglas—and this was not in the cards: The Road Map, with

a clear timetable that leads us to a final settlement by the end of 2005? In the best case, Sharon had in mind 2015 for final status settlement.”

Buffer Zone Needed

Eldar believes that no peace effort will work without a third-party intervention, involving a troop presence, because there are those on both sides—the settlers’ movement in Israel, and Hamas in Palestine—that will use the inability to establish security as a means to sabotage any peace agreement. He warned against any notion of turning security over to the Palestinians, because “it will not work, and it will be used, or abused, by people who are not interested in a political settlement. They’ll say, ‘Hey, we told you so. You can’t trust them,’ because [Palestinian Authority Security Minister Mohammed] Dahlan is not ready. He will not be ready to do this unless he will get unanimous support—American support.

“Unless there will be a buffer zone, then we’re going to repeat all the mistakes that we’ve done in Oslo. . . . When I was here in ’93, after the signing of the Oslo agreement, we wanted to believe that the Israelis and the Palestinians will learn to live together, to co-exist, and peace will emerge from this co-existence.

“Now, it turned out to be wrong, because you have on both sides, elements that are not interested in getting to the end game, which is a final settlement, which is a withdrawal—an Israeli withdrawal—which is the end to the all-or-nothing approach. There is a minority on both sides, people who don’t believe in co-existence, who believe in transfer: Israelis who want to transfer the Palestinians, and Palestinians who want to transfer the Jews, who don’t believe there is a place for us there. And what you give them, is actually the veto, because of the drama of terrorism and the drama of settlements. That is putting everything else in the shade.

“And, it sounds very reasonable when the Prime Minister is saying, ‘Well, we have tried to negotiate under fire. Rabin made a mistake when he said, I will pursue the peace process as if there is no terrorism, and fight terrorism as if there is no peace process going on.’ For some people, including some people who are in the government, this phrase was distorted, because when you say, ‘I will negotiate with the Palestinians as if there were no terrorism,’ you’re not negotiating with the same people who are conducting the terrorism. The formula is very clear. We negotiate with those who are not involved with terrorism, and are doing their best to stop terrorism, and this is now the name of the game.”

Eldar reported on the efforts to organize a third-party intervention. He had asked UN Secretary General Kofi Annan, whom he had just interviewed in New York, about a putting a buffer zone between the Israelis and the Palestinians, and Annan had said, “Yes, this is the only way we can do this.” He also said he was happy that Sen. Richard Lugar (R-Ind.), the chairman of the Senate Foreign Relations Committee, had also endorsed the same idea. Eldar said that there

were two tracks working on the subject, one involving the British government, and a second involving Canada. Furthermore, in the last Israeli election, the two left-wing parties, Meretz and Labor, “spoke to varying degrees of the need for intervention,” Eldar said. Some in Israel are calling on the United States to lead an international force that would take responsibility for security in the Palestinian territories, and thus enable the Israeli Army to withdraw. He reported, “Through unofficial channels, Israel has suggested to the U.S. to do something, and I do know that a force of 50,000 troops will be necessary in order to allow Israel to disengage, which in prevailing diplomatic code would not entail full withdrawal from the Palestinian territories.” That may be unrealistic, but, Eldar added, there are other proposals in the works as well.

In Eldar’s view, however, an effective third-party intervention has to go further. “I think that the Road Map—first, I believe that this should be the case with the Mitchell Plan—has to be turned into a UN resolution, Security Council resolution, connected to a Chapter Seven resolution to send troops to Israel. . . . What’s happening right now in Iraq reminds me of the West Bank, and, if we don’t do it, now, we’re going to regret it in a few years, [or] in a few months.” he said.

He quoted a friend of his, speaking recently to a forum at Hebrew University: “‘Whenever I hear on the news, or I read in the newspaper, that the IDF [Israeli Defense Forces] eliminated a prominent leader of the Hamas, I’m not sure if I have to laugh or to cry, because,’ he said, ‘in the best case, a prominent leader in the Hamas is someone who controls a dozen people,’ because the territories are covered with militias, and, according to the rules of underground, they are very careful not to communicate, and because, as I said before, there is no central command.” And so, the strategy of using overwhelming military force to retaliate against Hamas for terrorist attacks simply will not work.

Summing up, Eldar said, “I think that what we need to do, is help the Palestinians to reconstruct the infrastructure of security, and you don’t do it just with giving them weapons. You do this by giving them motivation, by showing them a bright horizon, and telling them that this will lead them sooner [rather] than later to a full-fledged state. Now, it’s very clear to me that you can’t offer this to them, because it will be suicidal for both sides. Because, if it doesn’t work, as I said before, then Sharon is going to be there forever—or maybe not Sharon, it will be Effi Eitam or Lieberman. Then we’ll say, ‘We really miss Sharon. . . .’

“We can’t take more chances. It has to be, first of all, full elimination of terrorism, and we have to help the Palestinians do that. Hopefully, they will be able to work out something with the Hamas, if the [U.S.] President will make it very clear to Sharon that he should give them the chance, and whether, and if the Americans and the UN or NATO will provide them with the instruments that are necessary, vital, to change the balance of powers, together with changing the atmosphere.”

Will Sharon Be Stopped From Wrecking Road Map?

by Dean Andromidas

Israel's special operations assassination of Hamas leader Abdullah Qawasme in Hebron came only hours before U.S. Secretary of State Colin Powell's June 21 address to the Middle East conference of the World Economic Forum in Jordan. Needless to say, the atmosphere it created was as if the Israeli special operation team had burst into the conference hall itself. Powell once again expressed "regret" that the attack could undermine the implementation of the Road Map for a Middle East peace, and that it "was a matter of concern."

The Road Map's "Quartet"—Powell and representatives from Russia, the European Union, and the United Nations—met on the sidelines of the conference. They issued a much firmer statement, expressing "deep concern," and calling on Israel to "respect international humanitarian law." U.S. Presidential pre-candidate Lyndon LaRouche's reaction to Israeli Prime Minister Ariel Sharon's latest provocation against the peace effort, was that until President George W. Bush spells out personally, to Sharon, irreversible consequences of his actions, Sharon will not be deterred from continuing sabotage of the Road Map.

At his early June summit with Palestinian Prime Minister Abu Mazen (Mahmoud Abbas) and Sharon at Aqaba, Jordan, Bush gave his support to several crucial points of implementation, in order to get the Road Map moving. He supported, as a first step toward dismantling militant networks, a cease-fire agreement, in which the Palestinian militant groups, particularly Hamas, would agree to cease all attacks against Israeli targets. He demanded an easing of living conditions of the Palestinians, and the removal of the Israeli settlers' "outposts" and settlements established over the last two years, with a freeze on new settlements. During June, Sharon has systematically sabotaged all these conditions.

Palestinian Cease-Fire or Civil War

On the afternoon of June 25, Palestinian negotiators announced that Hamas and other militant groups were about to sign a three-month cease-fire agreement, as a result of negotiations mediated by representatives of Egypt. Within not hours this time, but minutes, an Israeli helicopter launched missiles at a car whose passengers included a Hamas militant. Although the latter escaped, two others were killed, including a

woman. The Israeli Defense Forces (IDF) followed up with mass arrests in the city of Hebron. For Sharon, a cease-fire agreement among the Palestinian factions would cut off his ability to keep military conflict going and prevent the formation of a Palestinian state—the demise of his dream for a Greater Israel.

On the day before the above events, the *Jerusalem Post* published an interview with Abu Shanak, who is among the top five leaders of Hamas. Shanak, for the first time ever, declared that Hamas would support a two-state solution to the conflict. "What is the point in speaking in rhetoric?" the Hamas leader asked. "Let's be frank, we cannot destroy Israel. The practical solution is for us to have a state along side Israel. . . . When we build a Palestinian state, we will not need these militias; all the needs for attack [against Israel] will stop. Everything will change into a civil life. . . . [The future Palestinian state] is not one that is to take place of Israel . . . but one that lives with it."

When asked whether Hamas would agree to a cease-fire, Shanak replied, "In fact, Hamas wants to make a strong public declaration of cease-fire if Israel will allow it to happen." He said that Israel has consistently and thoroughly torpedoed each of the four cease-fire attempts to date.

Commenting on the significance of a cease-fire, a senior Israeli peace activist, who knows many of the Palestinian leadership personally, told *EIR* that Abu Mazen is acting intelligently by endeavoring to integrate the political leadership of the opposition groups such as Hamas into the Palestinian National Authority. This is the only way to bring the violence under control. Hamas and other militant groups have to be seen in the context of a "popular insurrection," the Israeli activist said. "You don't deal with this by killing the militants, like Sharon is demanding, but by offering something that satisfies their legitimate demands."

By contrast, at the announcement of the possible cease-fire, an official of Sharon's government told *Ha'aretz*, "We are not interested in the talk about a cease-fire or *hudna*." The official reiterated Israel's demand that the Palestinians crush Hamas, an action they know Abu Mazen will not, and cannot do.

Palestinian minister in charge of security, Mohammed Dahlan, quoted in a June 20 Agence France Press story, charged that "We were actually getting close to an agreement with Hamas but because the Israeli army rejects the idea that there can be an internal agreement (among Palestinians), they hit [Hamas leader Abdel Aziz] Rantisi. As long as they keep saying they are at war, then they will find justifications for mistakes like killing children and women, which create so much anger on the streets and make this whole Road Map map process harder."

"Sharon is giving them political cover," Dahlan charged. "The army is using the politicians as camouflage to destroy the peace process. No one will force us into a conflict with Hamas. Those who do not want a truce are Sharon and the

Israeli army, and some leaders in Hamas. What do they want? They want to maintain the status quo because they have an interest in maintaining the status quo. I told Sharon this: ‘Convince me you want peace. I understand that Hamas does not need a truce, assuming they don’t want peace. And you?’ He was silent. He didn’t like the comparison.”

Palestinian Prisoners Key

During the Aqaba summit, Abu Mazen discussed with both Bush and Sharon the need to release Palestinian prisoners, which number over 10,000. According to a report in *Ha’aretz* on June 24, he told Bush and Sharon, “The prisons are the election district for a campaign of calm in the Palestinian territories.” Bush reportedly told Sharon, “Look how you can profit from this; holding onto the prisoners only creates tension.”

Sharon’s response came several days later, following the assassination of Abdullah Qawasme, when the IDF conducted a mass arrest of 160 Hamas activists, most of whom have nothing to do with terrorist actions. Palestinian cabinet minister Yasser Abed Rabbo told Reuters that the action was an act of “Israeli madness. These arrests are an attempt to sabotage the understanding with Hamas. Israel does not want a cease-fire.”

Israeli peace activists emphasize that it is crucial to release these prisoners, who are being held under extremely harsh conditions. One pointed out that over the past two and a half years, hundreds of senior militants and political leaders have been killed by Israel, and thousands have been arrested. Those in prison still manage to coordinate operations in the field, while the field operatives have become ever younger and more radical. Only the senior operatives now in prison have the ability to get these young fanatics under control in order to stop the violence. This assessment was confirmed by the fact that the ongoing cease-fire talks are being coordinated with Palestinian leader Marwan Barghouti, who is sitting in an Israeli jail. Barghouti is the top leader of the Fatah, the Palestinian faction loyal to President Yasser Arafat. A strong supporter of the Oslo Accords, he is one of the toughest of the Palestinian leaders, and is second only to Arafat in popularity. Barghouti has managed to win the support for a truce by Hamas operatives who are imprisoned with him, which has proved key to the talks.

The Israeli source pointed out that Barghouti’s release would give Abu Mazen tremendous credibility with his people, and this is why Sharon keeps him in jail.

Phony Dismantlement of Outposts

Under the Road Map, Sharon must dismantle over 100 “illegal outposts” and settlements established since he came to power. These outposts—some no more than a few caravans—nonetheless represent the takeover of thousands of hectares of Palestinian land. Over the past two years, many

have evolved into real settlements, complete with the necessary infrastructure. Sharon has been conducting a “dog and pony show”: For every outpost dismantled, another goes up. In fact, on June 24, a new outpost was established and named “Ariel” in his honor. Sharon himself reportedly told a Cabinet meeting that Israel should keep building in the settlements, but should “keep quiet” about it. He is the father of the outpost movement, from his term as infrastructure minister in the mid-1990s.

The day after Sharon’s government accepted the Road Map in May, Sharon met Zeev Hever, also known as Zambish. Hever is a top leader of the Yesha Council representing the settlements, and is said to be Sharon’s top man in the occupied territories. Nothing happens in the territories without his approval; he meets several times a week with Sharon, and it is Hever who is coordinating the establishment of new outposts.

On June 23, the Rabbis’ Association for the People and Land of Israel, which was set up after the Oslo Accords were signed in 1993, met after having been dormant for some years. They issued a harsh messianic denunciation of the Road Map: “The terrible act of evacuating outposts is liable to lead to an all-out plan of uprooting settlements. The government is under Biblical prohibition against evacuating any outpost or settlement.” Hever, who most likely organized the event, was also present.

The statements of these Rabbis sounded far more fanatical than Hamas, and all of them are on the Israeli State payroll. Former Sephardic Chief Rabbi of Israel, Mordechai Eliyahu warned, “No one in the world, from the drawers of water and hewers of stone to prime ministers, has the right to give up one grain of the land of Israel. The Holy One, blessed be He, gave us the land of Israel. There is holiness to every single grain.” Hever himself said, “We have decided to struggle against this. We are asking you to do all you can to enlist people for this cause”.

Israeli Labor Party Knesset member Avraham Burg charged that the group’s ruling was “an invitation to assassination.” Burg has demanding the convening of the Knesset Constitution and Justice Committee to discuss the matter.

The Rabbis’ call followed another by a member of the Knesset, Yehile Hazan, who on June 19 declared, “We will demand from all citizens of Israel to come and settle wherever they want, whether it’s legal or illegal. For us it doesn’t matter.” Not only is Hazan a member of Sharon’s own Likud party, but, prior to entering the Knesset, he headed Sharon’s West Bank office.

In 1991, when President Bush’s father was U.S. President, he ordered the freezing of \$10 billion in loan guarantees to Israel, because Sharon, the housing minister in the government of Prime Minister Yitzhak Shamir, was building in the occupied territories on a massive scale, in direct violation of a U.S.-Israeli agreement. Will George W. Bush do the same?

Chicken-Hawks Squawk For Iran ‘Liberation’

by Muriel Mirak-Weissbach

Although reports confirm the analysis of Lyndon LaRouche, that the Iraq War would turn into a “Vietnam in the Desert,” nonetheless, the same crew of chicken-hawks in Washington, which launched the march on Baghdad, are now calling for the “liberation” of Iran. This group, led by self-proclaimed “universal fascist” Michael Ledeen, is using exactly the same “cooked” intelligence to make the case for war against Iran: The Islamic Republic of Iran, they say, is just months or years away from having a nuclear arsenal, and is courting various terrorist groups, including al-Qaeda. Furthermore, the propagandists accuse the Iranians of sabotaging Middle East peace through support for Palestinian resistance movements. Finally, they argue that Iranian “assets” are making a credible bid for power in Iraq, even fantasizing that Shi’ite groups would engineer an Iranian-style Islamic revolution there. *Ergo*: Iran must be eliminated as a factor, its government subjected to “regime change,” and a puppet government put in its place.

No one should doubt the seriousness of the anti-Iran campaign, even though its loudest proponents can be certified as lunatics. Unfortunately, this group is part of the junta which has taken control over U.S. government foreign policy. The fact that Secretary of Defense Donald Rumsfeld (himself a chicken-hawk) has threatened Iran, and even President Bush himself has joined the chorus of supporters of “internal revolution,” shows how far the junta’s reach is.

The scenario to destabilize Iran is already operational, and is unfolding on several levels: On the ground, Iranian student demonstrations are being fuelled by U.S.-based opposition television networks, which are broadcasting propaganda for overthrowing the regime in Tehran. Lyndon LaRouche, during his June 13-18 visit to Turkey, stated categorically that these demonstrations were “the work of U.S. intelligence agents.”

On the diplomatic level, the United States is targeting Iran’s nuclear program, as a prelude to political, and then military action. At the June 16 meeting of the International Atomic Energy Agency (IAEA) in Vienna, the U.S. government tried, unsuccessfully, to push through a condemnation of Iran’s nuclear program. The IAEA report urged Iran to sign an additional protocol to its existing international treaty agreements, to allow inspections of its nuclear facilities on short notice. Iranian President Mohammed Khatami pledged

that Iran would collaborate fully with IAEA inspections, and Iranian officials for their atomic energy organization have agreed. Russian President Vladimir Putin stated at a June 20 Kremlin news conference that Khatami had personally assured him that Iran sought no nuclear weapons, and that “the Iranian leadership is ready to fully join all protocols.” Despite this, U.S. media continue to accuse Iran of becoming a nuclear power.

Enter the ‘Mujahideen e-Khalq’

On another level, Washington neo-conservative think-tanks are presenting various scenarios for a military confrontation and/or a strike against Iran’s nuclear facilities. According to Washington sources, the Pentagon’s Office of Special Plans (OSP) is proposing that the U.S. begin covertly backing the Iranian Mujahideen e-Khalq (MKO, a.k.a. MEK), which has been on the State Department’s Foreign Terrorist Organizations list since 1997. On May 20, Daniel Pipes and Patrick Clawson, from the Washington Institute for Near East Policy (WINEP), published “A Terrorist U.S. Ally?” promoting U.S. collaboration with the MKO, including weapons. “In November, when the Secretary of State next decides whether or not to re-certify the MEK as a terrorist group, he should come to the sensible conclusion: That it poses no threat to the security of the United States or its citizens, and remove it from the list of Foreign Terrorist Organizations. . . . [M]aintaining the MEK as an organized group in separate camps in Iraq offers an excellent way to intimidate and gain leverage over Tehran.”

The MKO, as noted in the *Washington Post* on June 21, “in its four-decade history . . . has had many identities—mass political movement in Iran, tank-equipped army-in-exile in Iraq, U.S.-designated terrorist group. Now, former members and people who watch the group say it has become essentially a cult” around Maryam Rajavi and her husband Massoud. The MKO started in the 1960s with a Marxist-Islamic profile, and, in 1971, assassinated seven U.S. military advisors to the Shah of Iran. They were part of the 1979 revolution, alongside Ayatollah Khomeini, but later distanced themselves and became enemies of the regime. Members fled to Europe, but also to Iraq, where they became a violent, armed opposition to Iran, and received political, financial, and military backing from the Saddam Hussein regime. Those remaining in Iran were jailed and many killed. Those who had fled, mostly to France and Germany, sought political refugee status.

On June 17, French authorities deployed a large police cohort to raid MKO offices, confiscating materials, including \$7 million in cash, and arresting 159. Police found evidence that the group was planning terrorist attacks against Iranian diplomatic offices in Paris and elsewhere. Maryam Rajavi and 21 others were formally charged as terrorists on June 21. Some members launched protests, that included self-immolation. The French action was intended, according to other intel-

ligence sources, to shut down the MKO activity, which the French had accurately identified as U.S.-coordinated covert anti-Iran operations in Paris. In Tehran, officials made known their intention to request that Rajavi et al. be extradited. But the mood was different in parts of Washington: Sen. Sam Brownback (R-Kans.) demanded that Paris release the MKO members, in the name of human rights and freedom! He urged the French to withdraw support for Tehran.

The MKO Lobby in the U.S.A.

The key agitator for the Iran destabilization is Michael Ledeen, who has qualified himself as a “universal fascist.” Ledeen is a close associate of Deputy Secretary of Defense Paul Wolfowitz and Defense Policy Board member Richard Perle, who works at the *National Review*, the Jewish Institute for National Security Affairs (JINSA), and the American Enterprise Institute (AEI). In the June 16 *National Review Online*, Ledeen wrote, “The Iranian Revolution, 2003,” claiming that the Iranian “revolution” is “unstoppable” now, and demanding President Bush embrace it. Last year, Ledeen wrote *The War Against the Terror Masters*, which calls for U.S. preemptive action, to change the regimes of Iraq, Iran, Syria, Libya, and so forth. Ledeen’s most recent ravings were carried in the June 23 *Washington Post*, in an article entitled “Iran: Back the Freedom Fighters.” In it, Ledeen proclaimed that “democratic revolution has broken out in Iran,” and demanded full U.S. backing for the student demonstrations, not only to promote “the triumph of freedom in Tehran” but also to enhance the “regional struggle” of American in the Middle East.

In 2001, Ledeen founded the Coalition for Democracy in Iran (CDI) to call for regime change in that country. With him were, among others, the ultra-imperialist former CIA Director James Woolsey, who also sits on the Defense Policy Board. CDI, as reported in the June 15 *Washington Post*, supports Brownback’s proposed “Iran Liberation Act,” similar to the one for Iraq from 1997. Brownback has presented an amendment, for \$50 million for an Iranian exile TV network to propagandize for “regime change”—the type now being beamed into Iran.

If the MKO is to play the role of the stormtroopers on the ground, roughly analogous to the Northern Alliance in Afghanistan—with terrorist attacks inside Iran—the son of the late Shah is supposed to take on the job of government leader, roughly comparable to that of Hamid Karzai in Afghanistan. Ledeen’s CDI has been urging Reza Pahlavi II to emulate Iraqi National Congress leader Ahmed Chalabi (apparently, Ledeen is blind to the farcical failure of that caper in Iraq). But whatever the model, the role carved out for the Shah is clearly that of future Iranian leader. From his residence in suburban Virginia, he has been giving international interviews, announcing his readiness to take responsibility in Tehran. Most recently, in the June 23 German daily *Die Welt*, the young Shah praised the statements by Bush and others,

for supporting the student demonstrations, which, he said, had signalled the end of the regime. He went on to define his “mission” as introducing “regime change” which brings into being a “secular, democratic government” through a nationwide referendum.

Pahlavi has no popular base whatsoever inside Iran, where he is considered a joke. However, he is no stranger to regional politics, and his leanings are decidedly in the direction of those forces most committed to destabilizing the entire Middle East. Thus, it is no wonder that Reza Pahlavi II recently met in private with Israeli Prime Minister Ariel Sharon, former Prime Minister Benjamin Netanyahu, and Israel’s Iranian-born President, Moshe Katsav.

Saner Voices Speak Out

As in the case of Iraq, whether or not Iran is hit, will be decided in Washington. And there is no consensus on what to do. The Administration is at odds with itself, on how to face the alleged (but unproved) nuclear threat, while other policy-shapers are raising their voices against *any* of the scenarios in discussion. Former Assistant Secretary of State Richard Murphy, now on the New York Council on Foreign Relations, was outspoken in remarks published by the June 23 *Washington Post*: “I would like to think we could eventually find a way to pick up the Iranian and Syrian proposals for a weapons of mass destruction nuclear-free zone in the Middle East. . . . Instead, the talk is all ‘Syria, shut down your chemical weapons program,’ ‘Iran, shut down your nuclear program.’ ”

In addition, Brent Scowcroft and Lawrence Eagleburger, both leading officials of the George H.W. Bush Administration, and now president and chairman, respectively, of the Forum for International Policy, are circulating a document by former Undersecretary of State Arnold Kanter, saying: “A policy of ‘regime change’ . . . runs the risk of creating an unintended but powerful reaction, that not only unifies the contending factions and stifles debate, but also stirs an intensified Iranian nationalism that slows and undermines the very forces on which we are pinning our hopes.” Kanter proposes that the U.S.A. resume contacts established in the “6+2” group on Afghanistan (Russia, America, and Afghanistan’s neighbors) within the United Nations. “We should be open to expanding the agenda to address other issues and concerns, and should be willing to engage in a bilateral dialogue as well as in UN-sponsored meetings. We should also be willing to explore hints from some Iranian officials that were the U.S. to agree to such direct exchanges, ‘everything’ would be on the table.”

LaRouche cited Scowcroft and Eagleburger, in his discussions in Turkey, as influential persons who are currently challenging the control of the junta over U.S. foreign policy. LaRouche’s own role in shaping U.S. policy towards Iran is fundamental, as his Turkish hosts and interlocutors, as well as leading figures in the Arab world, have acknowledged.

Bush Left with Little Choice on Pakistan

by Ramtanu Maitra

President Bush's welcoming gesture to Pakistani President Pervez Musharraf at Camp David on June 24, made it evident that he would like to strengthen the Pakistani President's hand, particularly in light of the rise of anti-U.S. and anti-Musharraf forces within Pakistan.

At this point, U.S. policy centers around how to extract maximum support from Islamabad to destroy the nest of al-Qaeda and Taliban terrorists who live within Pakistan and Afghanistan. When the U.S. Special Forces landed in northern Afghanistan in late October 2001 to uproot the Islamic fundamentalist Taliban regime from Kabul, hopes were running high in Washington that the United States would not only make Afghanistan an Islamic terrorist-free nation, but would also accomplish the same objective in Pakistan. Washington's neo-conservative hawks, who were goading the Bush Administration to "take out" corruption- and terrorist-laden Islamic regimes and impose clean and healthy ones that befit the image of the U.S. republic, were even telling India—a victim of the Afghan and Pakistani terrorism in the past—that that is what the United States would achieve, to strengthen its "friendship" with New Delhi.

Almost 20 months later, after two highly profitable poppy-growing seasons in Afghanistan, and with two of Pakistan's provinces bordering Afghanistan now under the mulahs' control by popular choice, President Bush seemed to have come to the conclusion that Pakistan is highly unstable, and that he has little choice but to back President Musharraf and get whatever help the Pakistani leader can still offer.

Stamp of Approval

What this means is, that Washington has accepted the fact that too much tinkering with Pakistan would be dangerous. In the case of Afghanistan, the United States' policy did not quite match that. Although Washington spent billions to prop up a puppet regime in Kabul by bending as many rules as it made, some forces within the United States started working against the U.S.-backed puppet regime of Hamid Karzai, by arming and strengthening the poppy-growing warlords who maintain their private militias, and who often battle the American-backed forces from Kabul. The Bush Administration strategists will tell you that all this was done to expedite the "reconstruction process of Afghanistan."

In the case of Pakistan, Washington had been much more circumspect and tolerant—and that is good. While most of

the neo-conservatives in the Bush Administration may not like such a laid-back policy, there are also others in the foreign policy establishment, such as "Asia hand" Selig Harrison, who do not approve of trusting Pakistan. In a commentary published in *USA Today* on June 24, he urged President Bush to attach strings to his largesse to Pakistan. Harrison pointed out that in the 21 months since 9/11, the United States has poured \$600 million in cash, \$350 million in military aid, and \$3.6 billion in U.S. and International Monetary Fund credits into Pakistan, not to mention postponing payments of \$12.5 billion in Pakistani debt to a U.S.-led consortium of countries giving aid to Islamabad. A new five-year aid package of \$3 billion was promised at Camp David. This means a sixfold rise in annual aid.

Surprisingly, Harrison says, the United States has provided these sums without making them conditional on Pakistani concessions essential to U.S. interests. The United States has not asked for nuclear inspection arrangements to prevent further nuclear transfers like the one to North Korea that began in 1998, which U.S. intelligence confirmed last October. Nonetheless, it must be acknowledged that General Musharraf, who has made himself Pakistan's President till 2007 and Chief of Army Staff for the next three years, has cooperated on the ground with the Bush Administration to capture almost 500 al-Qaeda operatives and scores of Taliban fighters. Although supreme al-Qaeda commander Osama bin Laden and the Taliban supreme Mullah Mohammad are at-large and possibly ensconced in Pakistan, it must be said that President Musharraf, and Pakistan, has bent over backwards to accommodate the demands of the Bush Administration. But, for a Pakistani, the most important question is: Does all this lead Pakistan in the right direction?

A Hard Question

Pakistan is too divided as of now to give a decisive answer to that question.

Since the death of Pakistan's founder and first head of state, Mohammad Ali Jinnah, in September 1948—a year after Pakistan was born—Pakistan's political system began to crack up. In 1958, a pro-American military coup established the Pakistani Army as the most important "political institution." Over the years, power players have changed often, but the system has remained virtually unchanged.

A definite shift was in sight in the early 1970s. In 1971, following the separation of East Pakistan from its western wing to form an independent Bangladesh, Zulfikar Ali Bhutto and his political party, the Pakistan People's Party (PPP) took over power. Bhutto was removed in a military coup in 1977, and was hanged two years later, following a sham trial convicting him of murder. The military dictator Gen. Zia ul-Haq, who had deposed Bhutto, worked closely with Washington and helped the Afghan Islamic fundamentalist groups to defeat the Soviet Army in Afghanistan. When the defeated Soviet Army was about to leave, Zia ul-Haq



Presidents Pervez Musharraf of Pakistan and George W. Bush hold a June 24 press conference at Camp David. New military and economic aid for Pakistan was announced, but what is the future of this strange “U.S.-Pakistan alliance against terrorism”?

died, in a mysterious airplane blow-up in mid-air.

The period following Zia’s death was also controlled by the Pakistani Army and Washington. The democratic governments in the 1990s under Mrs. Benazir Bhutto and Mian Nawaz Sharif came to power, but were collapsed by the Army chiefs, and enjoyed only limited control over Pakistan’s foreign and domestic policies.

The decade of Army rule under Zia ul-Haq, and the Afghan War, had set in motion a progressive rot of the nation’s polity. The Army became fully politicized; a large number of Islamic zealots were recruited into it; and opium and heroin permeated every level of society. As a result, Pakistan’s economy was shattered, and social chaos grew, providing fodder to the Islamic radicals.

As long as a sham of a democratic system existed, the middle class was hopeful. But the 1999 takeover by Gen. Pervez Musharraf, and his subsequent tinkering with the Pakistani Constitution to make himself the supreme power, have diminished their hopes; they are keen to point out that the country is travelling downhill fast. The American money that has come in recent days may slow down the descent, but will not altogether halt the momentum, they argue. One faction, pledging an undying loyalty to the Pakistani flag, claims that President Musharraf is not fighting the war against terrorism, but rather is fighting a war to stay in power. In this, support from the Bush Administration is a key ingredient, and Musharraf has played the “U.S. card” successfully so far.

On June 23, in a commentary in the news daily *The Nation* of Islamabad, analyst A.H. Amin claims that the Bush Administration has used Musharraf to start Pakistan’s denuclearization. He says: “Pakistan’s denuclearization started once Shaukat Aziz [Pakistan’s Finance Minister], the U.S. citizen and VVIP status American agent, visited Kahuta [Pakistan’s nuclear lab]. He went there, saw it and is now

proceeding to D.C. to report *sab accha sahib*, [everything is okay, master].” Similar statements were issued by Lt. Gen. Hameed Gul (ret.), Pakistan’s former ISI intelligence chief and a den-mother of the Taliban militia in Afghanistan. According to Gul, America is a friend of Musharraf, but not a friend of Pakistan.

On the other end of the spectrum are those who see President Musharraf as a scheming “mullah” who has played a major role in bringing the Muttahida Majlis-e-Amal (MMA), the mullah-dominated six-party Islamic coalition, to power in Northwest Frontier Province (NWFP) and Baluchistan—two Pakistani provinces bordering Afghanistan and Iran.

Some, like Tarique Niazi of *South Asia Tribune*, claim that Musharraf is the reason why the MMA has emerged as the third-largest in the national parliament, a majority party in NWFP, and the single largest party in Baluchistan. The allegation is not altogether a fantasy. Musharraf had “be-headed” the mainstream political parties—the Pakistan People’s Party (PPP) and the Pakistan Muslim League (PML)—by sending their leaders into exile, jailing their second-tier leadership, and banning them from political activities.

Later, Musharraf made a college degree a primary eligibility requirement for candidates contesting the general elections. This criterion was carefully calibrated to lop off scores of PPP and PML leaders, and swung open the doors for MMA candidates, who were declared eligible even with *madrasah* (Islamic school) degrees. As many as 30 MMA candidates with *madrasah* degrees were elected. Seventy other candidates, mostly from Musharraf’s new political party Quaid-e-Azam Muslim League (QML), were also elected. So, about 100 members in the national parliament are now with *madrasah* degrees as their academic credentials. In addition, while scores of candidates belonging to the PPP and the PML, among other political party candidates, were forced out of the

elections on corruption charges, MMA candidates, even those charged with terrorism, were allowed to contest elections. Even after the elections, Musharraf ordered two MMA members who were convicted of terrorism in Baluchistan released, in exchange for MMA's support to the QML to form its government there.

The growth of the MMA, the alliance of Islamic fundamentalist political parties, is not a sudden development. Its genesis is the proliferation of *madrassahs*. Today, there could be as many as 45,000 such schools within Pakistan, ranging in size from a few students to several thousands. These new schools tend to teach a more extreme version of Islam than what had been propagated before. They combine a mix of Wahabism (a puritanical version of Islam originating in Saudi Arabia) with Deobandism (a strand from the Indian subcontinent that claims that the West is the source of corruption in contemporary Islamic states, and thus that the laws of the state are not legitimate).

The *madrassah* students from the more militant schools have become the primary soldiers in the increasingly violent sectarian conflicts. Rather than acting as religious centers of cooperation, the leaders of various schools have issued edicts against other groups, giving an *imprimatur* to violence. For example, within Northwest Frontier Province, Sindh, and Baluchistan, their statements have played a key role in turning localized disputes between the Shia and Sunni Islamic religious currents, into a real threat to the nation as a whole.

Those who accuse Musharraf of being a "closet mullah" point out these developments, which have accelerated during his three year-plus rule. They claim that prior to his grab of absolute power in October 1999, Musharraf, as the Chief of Army Staff, had been cleverly deflecting the U.S. pressure to stop the Taliban from turning Afghanistan into a haven of terrorists. Tarique Niazi pointed out in *South Asia Tribune* of June 8, 2003, that Washington virtually keeps mum about Musharraf's role in the recruitment of Afghan terrorists as "sacrificial lambs" in the Kargil operation against India in the Summer of 1999, which brought the two nations to a military showdown.

The Real Crisis

Setting aside the discontent about Musharraf expressed by many Pakistani citizens, what becomes evident is that the MMA rule in NWFP, and the MMA-backed rule in Baluchistan, are providing a new momentum to the terrorist groups. It has been well established by now that most of the anti-American terrorists trying to get back to power in Afghanistan, operate from the Pakistan side of Afghanistan. The terrain is extremely mountainous, and therefore difficult to clear out, and it provides an effective operational base for the terrorists. In addition, the MMA not only is supportive of the terrorists, but also sings hosannas for Osama bin Laden and the Taliban. In fact, it is widely accepted in Islamabad, as well as in Washington, that the politically most active ingredient within the MMA, the Jamaat-e-Islami, is the single most im-

portant protector of al-Qaeda in Pakistan.

On June 26, the leader of one of the major Islamic parties which constitute the MMA, pledged the provincial government's support to the tribal uprising against the joint U.S.-Pakistan military efforts to nab the Taliban and al-Qaeda members hiding in the province. The uprising occurred in the Mohmand tribal agency straddling the Pakistan-Afghanistan border. The support of the NWFP government, and the ferociously anarchist character of these tribes, makes the situation ripe for a full-fledged civil war, at least one Pakistani analyst believes.

Mahir Ali, an analyst with *The Dawn*, pointed out on June 12 that the MMA, often referred to as the "Military-Mullah Alliance," became the third-largest party in the national parliament by winning popular votes as the Taliban proxy. Regardless of whether it is true that the MMA landslide in NWFP, and a significant showing in Baluchistan, were facilitated by Army intelligence, it is widely accepted by most Pakistanis that Musharraf's QML's primary choice to form a coalition government at the Center, was the MMA.

According to some others, the folly of bringing the MMA to power in NWFP has begun to affect the nation. The MMA has adopted the Shariat Act through a vote in the provincial assembly on May 30, 2003. The Shariat Act calls for citizens to follow Islamic laws as their way of life. This ascendancy of Islamists in democratic elections, only 18 months after the Taliban was driven out of power, is a worrying development for American policy in the region. "Talibanization is creeping into our society slowly, steadily, and very consistently," said Afrasiab Khattak, who heads Pakistan's Human Rights Commission. "The way it devastated Afghan society, it will do the same to our society."

Despite the controversy of the Shariat Act, the MMA in NWFP is now planning to get the Hizba Act passed in the provincial assembly. The Hizba Act will allow formation of the Hizba Force, which would spearhead the campaign to promote "virtue" and prevent "vice." It is feared that such a force would be largely unaccountable, and would become a parallel religious police with excessive powers.

But it is not simply the bringing of a radical version of Islam to the political forefront that poses danger; it is the propensity of these forces to defy law and order that threatens the society. Pakistani media have pointed out that a record amount of land has been brought under poppy cultivation in Pakistan's Baluchistan and Northwest Frontier Province this year. According to *The Friday Times*, a weekly published from Islamabad, the illicit crop has been cultivated on a total of 3,000 hectares of land in the Frontier province, while in Baluchistan, it has been cultivated on 2,000 hectares of land. These figures, provided by the Pakistan government to the United Nations Drug Control Programme (UNDCP), are much higher than the record-breaking 950 hectares cultivated in 1998. What makes matters worse, is that the MMA in NWFP Assembly has also backed farmers' bid in the Kohistan district to grow poppy.

LaRouche Targets the DLC: 'Protection Racket for Cheney'

by Jeffrey Steinberg and Edward Spannaus

The burning questions in Washington and in world capitals today are: Why hasn't Vice President Dick Cheney, the leading chicken-hawk behind the suicidal perpetual-war push of the Bush Administration, been forced to resign yet—even after he has been implicated in the use of known forged documents to manipulate Presidential and Congressional support for the Iraq War? And why are the neo-conservatives still able to wield influence over the policies of the Bush Administration—as events on the ground in Afghanistan and Iraq veer toward chaos and a growing body-count of American GIs, as the direct result of their fantasy forecasts about invading Americans soldiers being greeted as “liberators?”

The answer was given recently by Democratic Presidential pre-candidate Lyndon LaRouche: “The only reason Dick Cheney has not been forced to resign,” LaRouche said in a statement issued June 25 by his LaRouche in 2004 Presidential campaign organization, “is because those Democrats who are under control of the Democratic Leadership Council (DLC) gang, are more enthusiastic supporters of the neo-conservatives than the Republicans. As long as leading Democratic candidates are not willing to buck the Democratic National Committee group that's under DLC manipulation, they are not morally qualified to run for the office of the Presidency. If they can't recognize a swindle as obvious as that being pulled off by the group of which Cheney is the head, they don't have the qualifications to be President.”

The evidence of Cheney's lies about alleged Iraqi weapons of mass destruction—impeachable lies which he told to manipulate the President and the Congress into going for war—is well documented on LaRouche's website, and in a series of recent *EIR* exposés. Cheney was directly behind promoting the discredited Niger “yellow cake” story, about Saddam Hussein's alleged efforts to obtain uranium precursor

from the African state. Investigations of Cheney's and several agencies' actions, including the Office of Special Plans inside Secretary of Defense Donald Rumsfeld's policy shop, are under way. Yet, so far, the Democrats—other than LaRouche, and a pathetically small handful of Congressional stalwarts, such as Sen. Robert Byrd (W.Va.), Sen. Jay Rockefeller (W.Va.) and Rep. Henry Waxman (Calif.)—have refused to press the issue effectively.

LaRouche observed that traditional Republicans are, in their own terms, already in a revolt against the neo-cons, as reflected in the activities of the circles of Brent Scowcroft, certain military-intelligence groupings, and some traditional conservative organizations. Former Nixon White House General Counsel John Dean, a pivotal figure in the Watergate scandal that brought down President Nixon, has written a series of scathing editorial pieces in recent weeks, declaring that Vice President Cheney's performance in the Niger document hoax is far more an impeachable offense than anything Nixon did. Dean had earlier singled out Cheney as an insurrectionist against the Constitution, for his failure to disclose his corrupt collusion with his former company, Halliburton, and other oil sector firms, when he headed President Bush's energy task force at the start of the current Administration.

General Scowcroft, the former National Security Advisor to President George H.W. Bush (“Bush 41”) and the current head of the President's Foreign Intelligence Advisory Board (PFIAB), is leading a probe into how the Niger forgeries were slipped into President Bush's Jan. 28, 2003 State of the Union address; the panel will also probe related issues of wild spinning of intelligence assessments.

Sources in Washington, briefed on LaRouche's assessment of the role of the Democratic Leadership Council, have confirmed, in detail, that the DLC is stacked with neo-conser-

vative ideologues, who maintain deep personal ties to some of the leading Bush Administration war-mongers. One source singled out the Pentagon's secretive Office of Special Plans (OSP), the disinformation shop headed by Abram Shulsky, as a particular hotbed of collusion with the DLC. Shulsky's team of spinmeisters passed unvetted intelligence, largely received from the discredited Iraqi National Congress and from a parallel Israeli "OSP" inside the office of Prime Minister Ariel Sharon, to Rumsfeld, who used the disinformation to counter assessments coming from the traditional U.S. intelligence community: CIA, DIA, NSA, and the State Department. In effect, the Shulsky team conducted "information warfare," against President Bush!

EIR can confirm the OSP-DLC links. Abram Shulsky launched his career under the tutelage of Roy Godson, son of a leading AFL-CIO International Department counterinsurgent, Joseph Godson; and he first got into the "intelligence business" as a staffer for DLC poster-boy Sen. Daniel P. Moynihan in the late 1970s, eventually becoming staff director of the Senate Intelligence Committee, and, later, of PFIAB.

But one of the strongest DLC links to the war party inside the Bush Administration, first exposed by *EIR*, goes directly to the Office of the Vice President, where Cheney's chief of staff and chief national security advisor, I. Lewis "Scooter" Libby, served for over a dozen years as the attorney for Israeli Mafia boss Marc Rich. DLC founding financier and chairman, hedge fund operator Michael Steinhardt, is a longtime business partner and political ally of Rich, and worked closely, albeit in secret, with Libby, to get Rich pardoned, by a bamboozled President Bill Clinton, from a tax evasion and "Trading With the Enemy" conviction.

The DLC, founded in the mid-1980s, is, above all, a "Trojan Horse" penetration into the Democratic Party, on behalf of some of the leading "Synarchist"—i.e., universal fascist—banking circles on Wall Street. The DLC's Synarchist patronage is personified by Felix Rohatyn, the banker from Lazard Brothers who is also a board member of the DLC.

A virtual treasure-trove of World War II U.S. military intelligence documents and Congressional hearing records, currently being reviewed by a team of *EIR* historians and analysts, reveals that Lazard Brothers was at the center of the Synarchist network of pro-fascist financial institutions, along with the French Banque Worms and the J.H. Stein Bank of Cologne, Germany, owned by Nazi SS Death's-Head Gen. Kurt von Schröder. This international network of fascist bankers, centered out of the Basle, Switzerland Bank for International Settlements (BIS), assured that key American and European multinational corporations and banks, involved in raw materials and war production, maintained "business as usual" on both sides of the Allied-Axis conflict throughout the war, and evaded prosecution at the Nuremberg War Crimes Tribunals.

If the neo-con coup within the Bush Administration is to be overthrown, the DLC must be stopped. And no one is better



DNC and DLC honcho Donna Brazile, who managed the 2000 Gore-Lieberman campaign, is a key and open collaborator with the most extreme right-wing neo-conservatives and with the McCain warhawks. Democratic candidates who won't buck this kind of "protection" for Cheney's gang, aren't qualified to stand for President.

qualified to lead the cleanout of the Democratic Party—of what Sen. Edward Kennedy (D-Mass.) called the "second Republican Party"—than LaRouche. LaRouche's unique leadership role in this fight is perhaps best reflected by the fact that, in recent weeks, he has been the subject of blistering attacks from the leading "Synarchist" financial journals of Wall Street, the City of London, and Switzerland, for his exposure of the late Leo Strauss, the German universal-fascist philosopher, as the "Godfather of the Neo-Conservatives."

Project Democracy

In diagnosing the DLC-Cheney collusion, LaRouche has traced the past 30 years' problem with both political parties back to Samuel Huntington's book *Crisis of Democracy*—written for the May 1975 Kyoto meeting of the Trilateral Commission, which launched the "Project Democracy" drive, to capture both the Democratic and Republican parties, from the top down, for Synarchist bankers' fascism. One prominent author, Bertram Gross, described this in his 1980 book *Friendly Fascism*, as "fascism with a democratic face."

In the 1970s, the neo-conservatives in the Democratic Party—including Huntington—grouped themselves into the Coalition for a Democratic Majority (CDM). Its two leading lights in Congress were Democratic Senators Henry "Scoop" Jackson (Wash.) and Daniel Patrick Moynihan (N.Y.). The late Cold Warrior and fanatically pro-Israel Jackson remains the model for the DLC crowd today. Sen. Joseph Lieberman (Conn.) declares that he is proud to be identified as a "'Scoop' Jackson Democrat." The DLC's bimonthly magazine, *Blueprint*, touts Republican Sen. John McCain of Ari-

zona as another would-be Scoop Jackson. Former Al Gore campaign manager Donna Brazile recently co-authored a *Wall Street Journal* op-ed entitled “What Would Scoop Do?” boasting her own identification with the Jackson-Moynihan roots.

Brazile, in fact, personifies the subversive operations of the DLC gang, which is an integral part of the neo-conservative network that has penetrated and perverted both the Republican “Party of Lincoln” and the Democratic “Party of FDR,” to the point that any party member or elected official who invokes either of the two great American Presidents in any substantive way, is branded a dinosaur and targeted for “the LaRouche treatment” of slander and isolation. The DLC, in its mission statement by Straussians William Galston and Elaine Kamark, published several years ago in the inaugural issue of *Blueprint*, declared that their goal is the total elimination of the Franklin Roosevelt legacy from the Democratic Party.

During the 2000 Presidential campaign, when Brazile was Al Gore’s and Joe Lieberman’s campaign manager, she forged a tight, albeit behind-closed-doors alliance with George Bush’s Republican rival, John McCain. The DLC lovefest with McCain has never ended, to the point that McCain’s “Bull Moose” third-party campaign chief, Marshall Whitmann, frequently writes for the DLC’s *Blueprint*; and McCain, himself, was given prominent op-ed space in the January/February 2003 *Blueprint*. When DLC “strategists” Al From and Bruce Reed penned a campaign memo for the same issue of *Blueprint*, titled, “What It Takes To Win the White House,” they addressed the document to “Democratic Candidates for President,” with a “CC: to John McCain.”

The Lieberman-McCain collusion was widely exposed during the Summer of 2002 in a series of *EIR* Special Reports, revealing how the “Bull Moose” duo were the driving force behind the 1998 Iraq Liberation Act, and the subsequent neo-con drive to blackmail President Bush into going to war against Iraq. The blackmail threat? That McCain and Lieberman would run a 2004 third party “Bull Moose” campaign to shatter the Bush family’s dream of securing G.W. a second term. In February 2002, McCain and Lieberman had traveled to the annual Wehrkunde global security conference in Munich, Germany, with Bush Administration leading neo-cons Richard Perle and Deputy Defense Secretary Paul Wolfowitz—the most powerful Strauss disciple in Washington today—to declare that war on Iraq was a done deal.

Many in Washington acknowledge, however, that the circulation of several hundred thousand copies of the *EIR* McCain-Lieberman exposés played a vital role in postponing that Iraq war into March 2003, by which time the entire neo-conservative “war party” had come under intense public scrutiny, restricting their ability to operate in secrecy within the bowels of the Bush national security bureaucracy. Had the Democratic Party not caved in to the DLC, the Iraq War would likely have been stopped altogether.

The Boys With Brazile

Beyond her role as match-maker of the Lieberman-McCain political marriage, DLC madam Brazile’s most astonishing collusion with the panoply of radical right-wing Christian Zionists, wannabe imperialists, and neo-cons involves her ongoing membership on the Board of Advisors of a recently incarnated Project Democracy outfit, the Foundation for the Defense of Democracies (FDD), created post-9/11 to provide “bipartisan” support to the war on terrorism. The directors of the FDD are Steve Forbes, publisher of *Forbes* magazine and former Republican Party Presidential pre-candidate; former Congressman and Bob Dole Vice Presidential running-mate Jack Kemp; and Dr. Jeane Kirkpatrick, the Reagan Administration United Nations Ambassador and founder of Social Democrats USA. The two “Distinguished Advisors” to the group are former Speaker of the House Newt Gingrich (R-Ga.) and R. James Woolsey, the former CIA Director. Both Gingrich and Woolsey are on Rumsfeld’s Defense Policy Board, along with Richard Perle, and are unabashed advocates of a broad war against Islam—what Woolsey promotes as “World War IV,” in articles prominently displayed on the FDD website.

Brazile’s other Advisory Board colleagues include rabid Christian Zionist Gary Bauer, Center for Security Policy neo-con wildman Frank Gaffney, *Weekly Standard* editor and American Enterprise Institute Strauss-disciple William Kristol, and Richard Perle, until recently the chairman of Rumsfeld’s Defense Policy Board. Among the Foundation’s staff are former Republican National Committee official and FDD President Clifford May; and Stephen Schwartz, author of a recent hysterical diatribe against Saudi Arabia, *The Two Faces of Islam: The House of Sa’ud From Tradition to Terror*, and a former employee of George Soros’ Open Society Institute.

Brazile’s commitment to deliver the Democratic Party over to the “war and empire” faction was best demonstrated in her “What Would Scoop Do?” May 21 *Wall Street Journal* op-ed, co-authored with Timothy Bergreen, a former State Department functionary who recently launched a DLC front group, Democrats for National Security. The two wrote that “Democrats have yet to fully comprehend the new reality of the post-Sept. 11 world. While most Americans viewed the war in Iraq through the prism of the Twin Towers attacks, many prominent Democrats still seem not to grasp the profound sense of insecurity that so many people feel in our country. . . . The American people agree with us on many vital issues—but they believe that we Democrats are weak and indecisive when it comes to standing up to dictators and terrorists and when it comes to the primary responsibility of government: defending the nation. . . . If voters continue to see us as feckless and effete they will not listen to our message next year and they will re-elect Mr. Bush.”

This summarized a speech Brazile gave on May 17 at a Washington conference of another Scoop Jackson spawn,

now closely allied with the DLC: the Social Democrats USA. SDUSA, a 1972 splinter from the Socialist Party of Norman Thomas, backed Jackson's 1972 and 1976 failed Presidential bids, and many of its leading lights then led the neo-con migration into the GOP in 1980, landing top posts in the Reagan Pentagon. They were pivotal in the formal launching of Project Democracy, the global covert operation to make the world "safe for democracy and free trade," which had been first demanded in Huntington's 1975 *Crisis of Democracy*. While speaking of "democracy," Huntington actually called for a new authoritarianism "with a democratic face," to deal with the looming global financial and economic crises and the consequences of the drive for a "post-industrial" paradigm shift. Key to that was the co-opting of the Democratic and Republican parties as instrumentalities for a new totalitarianism at home, and imperial wars abroad.

SDUSA was fully on board with McCain, Lieberman, Wolfowitz, Perle, and Cheney, in pushing President Bush to cave in to the war party and invade Iraq. On Feb. 25, it sent a letter to the President, which began, "We write because we share the view that it is essential to bring Saddam Hussein's dictatorship in Iraq to an early end. Broad and bi-partisan support at home—not simply passive assent—must be sought for this objective." The signators stated, "We must act alone if that proves necessary, but first we must do all we can to win allies." The letter praised Bush's British war partner: "We believe that a significant body of opinion can be persuaded of the view argued by Prime Minister Tony Blair: 'Ridding the world of Saddam would be an act of humanity.' A clear statement of your plan for supporting democracy and human rights in Iraq and elsewhere in the Middle East will help us all reach out to those who are open to this truth."

The letter was signed by 53 prominent neo-cons, not all of them SDUSA members. Among the most significant: Charles Fairbanks, a lifetime personal friend and protégé of Paul Wolfowitz, and co-author, with Perle and Doug Feith, of the 1996 "A Clean Break" study for Benjamin Netanyahu; Hillel Fradkin, who replaced Elliott Abrams as head of the Ethics and Public Policy Center, and is another disciple of Leo Strauss; Bruce P. Jackson, founder and director of the liberal imperialist lobby, Project for the New American Century; Robert Kagan, alter ego to William Kristol, and a second-generation Straussian; Penn Kemble, founder of SDUSA and a central player in the Reagan era Iran-Contra fiasco, as head of the Project Democracy money conduit, Prodemca; Will Marshall, president of the Progressive Policy Institute, the think-tank of the DLC, and the editor-at-large of the DLC's *Blueprint*; Clifford May, the president of the Foundation for the Defense of Democracies; Constantine Menges, Hudson Institute war fanatic and former Reagan NSC staffer; Michael Novak, the resident right-wing heretical Catholic at the American Enterprise Institute (AEI); *New Republic* publisher and co-owner (with DLC bankroller Michael Steinhardt) Martin Peretz; Nina Shea, Freedom House

activist; R. Emmett Tyrrell, editor-in-chief of the *American Spectator*; Ben Wattenberg, SDUSA founder and leading first-generation neo-con ideologue at AEI; and R. James Woolsey.

A May 19 article in the Conrad Black and Steinhardt-owned *New York Sun* quoted Penn Kemble, the SDUSA founder, at the Washington conference: "We're not committed to the Democratic Party." *Sun* reporter Ira Stoll wrote that in an interview after his speech, Kemble had said that he was "holding out the possibility that Republicans might embrace elements of the Social Democratic program . . . pointing out that he had voted for Ronald Reagan and that other Scoop Jackson Democrats had become Republicans. He said that Bush Administration figures such as the deputy secretary of defense, Paul Wolfowitz, were in tune with the Social Democrat agenda of promoting freedom and democracy abroad."

Show Me the Money

In short, SDUSA and the DLC are fully in bed with the Cheney-led neo-imperial gang inside the Bush Administration—guilty, as charged, by LaRouche.

As the result of this collusion, the DLC is now the proud recipient of large amounts of corporate cash, including big infusions, since "Bush 43" took office, from one of the biggest sources of funding for the Gingrich-led "Conservative Revolution." In October 2000, the DLC held a corporate fundraising event bankrolled by Koch Industries, the largest privately held oil company in America, and a big source of funding of the Cato Institute and every other New Right think-tank in Washington. The guru of the event was Richard Fink, director of political projects of Koch Industries and a board member of both the Koch family's charitable foundations and the DLC's think-tank, the Progressive Policy Institute. Joining Fink on the planning committee for the big corporate fundraiser were Robert P. Hall III, another Koch Industries exec, and Michael Lewan, a lobbyist for Enron and other mega-corporations, and the former chief of staff of Joe Lieberman, during his first term in the Senate. Lewan brought Lieberman to the attention of the DLC, shortly after the former Connecticut Attorney General beat incumbent Republican Lowell Weicher with a large infusion of cash from the William F. Buckley family of right-wing Republicans, and from even more radical right-wing Cuban exiles in Miami, Florida.

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Book Review

Another Skeleton in Dick Cheney's Closet

by Stuart Rosenblatt

Metal Men: How Marc Rich Defrauded the Country, Evaded the Law, and Became the World's Most Sought-After Corporate Criminal

by A. Craig Copetas

New York: HarperCollins, 2001

224 pages, paperbound, \$13

In 2001, following the foolish pardon extorted from President Bill Clinton, for gangster Marc Rich, Craig Copetas reissued his 1985 exposé of Rich. Despite the fact that much of the material is nearly 20 years old, the book provides a useful look at a man whose rise to power coincides with the economic collapse of the nation and the transformation of the Democratic Party into a pawn of Sen. Joe Lieberman's Democratic Leadership Council (DLC) fascists—the group linked to Rich and his business partner Michael Steinhardt. The fact that this criminal cabal is the main obstacle blocking Lyndon LaRouche's campaign for the Democratic Presidential nomination, makes it an urgent matter to bring Rich's sordid story to the light of day.

As he was leaving office in January 2001, President Clinton was prevailed upon to pardon Rich of charges ranging from tax evasion and racketeering, to trading with the enemy (Iran). The gang that strong-armed the President to issue the pardon was headed up by Lewis Libby, Rich's longtime attorney and business partner, who is now Vice President Dick Cheney's chief of staff; it also included Jack Quinn, Al Gore's attorney; then-Israeli Prime Minister Ehud Barak (who telephoned Clinton three times on behalf of Rich); former director of the Israeli Mossad Shabtai Shavit; Rabbi A.I. Kook, a ringleader in "Temple Mount" operation in Israel to ignite religious war; Anti-Defamation League National Director Abe Foxman; and DLC co-founder Michael Steinhardt, whose family is tied to Meyer Lansky, Jewish underworld, and the murderous Likud government of Ariel Sharon. The arguments ran the gamut from Libby's preposterous assertion that Rich was totally innocent of all

criminal charges, to the absurd Israeli intervention that Rich was a generous philanthropist who had ensured the success of Bill Clinton's peace plans.

As we shall see, the criminal conviction only scratched the surface of Rich's actual crimes.

A storm of protest followed President Clinton's issuance of the pardon. He had been set up, as LaRouche recently observed, by Lewis Libby, Cheney's henchman, to ruin his own credibility upon leaving office.

Money-Bags for the Oligarchy

Today Marc Rich is a conglomerate, probably doing over \$10 billion annually in a variety of legal and illegal businesses. As Copetas demonstrates, Rich has always been much more than a financial empire; politically, at the level of governments, he functions as an international fixer, in the tradition of Armand Hammer and Harry Oppenheimer. He is both a gangster, asserting massive control over dirty-money mafia operations in Russia, the United States, and Israel, and a "legitimate" businessman, conducting transactions with the U.S. government itself, even after his conviction!

Rich, like his father, made his mark as a metals trader. "Metal men," as Copetas colorfully describes them, live in the shadows. They don't need licenses, they are only loosely regulated, and they move all the key metals used in industry and arms production worldwide. It is a ruthless business, integrally tied to the intelligence community, rife with violent machinations. They have a stranglehold over governments, determining who does and does not receive vital raw materials. Rich became the chief "capo" over all the metal men and their minions, and it was not done by gentle persuasion.

Rich's rise to the top earned him two colorful epithets: the "Matador," who could slay bull markets better than anyone; and the "Prince of F—ing Darkness," for his less genteel qualities. He was regularly referred to as the head of the "Inner Circle" and the boss of the "Jewish Mob."

Rich was born Marc Reich, the son of commodity trader David Reich, in Antwerp, Belgium in 1934. The family fled the Nazi takeover in Germany, lived for about ten years in Belgium, and then moved to the United States in the early 1940s. David Reich had been initiated into the secretive diamond-trading circles of Belgium, and upon arrival in the United States, opened a costume jewelry store in Kansas City. He travelled back to New York later in the '40s, and went into the burlap bag and overseas trading business. A millionaire by the '50s, Reich, now Rich, had extensive dealings in Bolivia, and was involved in starting two projects: Sidec Overseas and the American-Bolivian Bank. Heavily involved in commodity-trading ventures, David Rich ushered his only son Marc, an ambitious, quiet young man, into the business. Marc Rich joined the powerful international trading firm Philipp Bros. in New York in 1954, and quickly climbed up the ladder.

Philipp Bros., better known now as Phibro, is an integral



Marc Rich heads an “octopus” of political dirty tricks and organized-crime operations, which led to his criminal conviction and exile in Switzerland. He was pardoned by President Clinton, just before Clinton left office.



Abe Foxman, national director of the Anti-Defamation League of B'nai B'rith, who joined the international lobbying effort to convince Clinton to pardon Rich.



Lewis Libby, chief of staff to Vice President Cheney, was Marc Rich’s attorney for 18 years, who secured Rich’s pardon from Bill Clinton.



Michael Steinhardt, Wall Street speculator and a founder of both the Democratic Leadership Council (DLC) and the Mega group of Zionist billionaires.



Boris Berezovsky, the Russian oligarch and business partner of Rich, who has been accused of laundering \$9 billion in “mafia” money between the United States and Russia.

part of the conglomerate identified by *EIR* as *Dope Inc.*¹ In the '50s and '60s, Philipp Bros. was the largest metals-trading company in the world. Heavily interfaced with the U.S. Office of Strategic Services (OSS) during World War II, Philipp Bros. branched out afterwards and had 50 offices around the world by the 1950s. In the early 1960s, a series of mergers and acquisitions was orchestrated by leading Anglo-American oligarchical families at the heart of an illegal drugs-money-arms network, and Philipp Bros. was rebuilt.

Ludwig Jesselson of Philipp Bros. engineered a deal to merge Philipp with Minerals and Chemicals Corp., the producer of kaolin, a catalyst that breaks down heavyweight oil into plastics and gasoline. The brains behind the merger was André Meyer, boss of the European oligarchical bank Lazard

Frères, a company directly linked to the Synarchist movement of the past 100 years—the same grouping that launched both the Communist and Fascist movements in the 20th Century.

Immediately following the merger with Minerals and Chemicals, the entire conglomerate was hooked up to Engelhard Industries, the largest refiner and fabricator of precious metals in the world. Twenty-two percent of Engelhard was held by Harry Oppenheimer, the South African oligarch who owned Anglo American Corp. mining company, which among other things, controlled 25% of the gold in the non-Communist world. Oppenheimer at that time accounted for half of South Africa’s exports and half the value of the stocks traded in Johannesburg. The deal allowed Philipp to market South African metals worldwide.

To complete the action, Oppenheimer created a Bermuda holding company, Minorco, in league with Citibank chief Walter Wriston, which enabled Oppenheimer to move his

1. *Dope, Inc.: The Book That Drove Kissinger Crazy* (Washington, D.C.: Executive Intelligence Review, 1992).

money into the United States and become the leading foreign investor there. According to Copetas, Oppenheimer was involved in everything from Appalachian coal, to Arizona copper, Iowa fertilizer, and California gold. The financial end was further expanded when Phibro acquired Salomon Bros., later the original derivatives speculator.

The entire operation grew enormously in the speculative commodities bubble of the 1970s. Engelhard Minerals and Chemicals' revenue grew from \$1.4 billion in 1967 to \$10.2 billion ten years later, and 90% of the income was earned by the commodity traders controlled by Jesselson at Philipp Bros.

This was the climate in which Marc Rich made his "mark." Rich joined Philipp Bros. as a trader and cut his teeth in the 1950s in South America, notably Cuba. It was here, shipping Cuban nickel and copper out of the country, that Rich got into the real world of commodity trading, by offering and taking bribes of all sorts, to move the goods. Everything was for sale in the island paradise controlled by Meyer Lansky's mob, and Rich doled out money like water.

After striking it "rich" in that area, he was shipped off to Spain to run the Madrid office of Philipp, and moved into oil trading. Philipp had never traded in oil, only precious and industrial metals, and Rich was the pioneer. It was on Rich's watch that Philipp invented the spot market, where oil could be brokered at a market price, the spot price, by middlemen such as Rich, to countries or oil companies. Thanks to Rich, by the early '70s, nearly 50% of Philipp's revenue came from sales of oil.

From 1971-73, as LaRouche has written, a phase change occurred in world politics and economics. Following the cultural paradigm shift of the 1960s and the Indochina War buildup, the Anglo-American oligarchs decoupled the dollar from gold in 1971, and the oil and commodity shortages of the early '70s followed. This collapsed the post-war Bretton Woods system of Franklin Roosevelt, and initiated the global free-trade gambling casino of the last 30 years.

For scoundrels like Rich, the shift to global deregulation was like Heaven on Earth. Commodities traders, like derivatives dealers, are Armani-tailored gangsters. They thrive on uncontrolled, destabilized markets, playing differentials in prices, so-called spreads, as the basis for their speculative ventures. Rich, a compulsive gambler/gangster, was the best in the business.

From Rackets to Rich

Rich broke with Philipp in early 1974, allegedly over his demand for an increase in his own money from Jesselson. He quickly launched a metals-trading firm, ostensibly with funds provided by the American-Bolivian Bank, a \$1 million cash injection from Philipp trader Jacques Hacheul, and an agreement with Iranian Senator Ali Rezai to channel lucrative oil deals Rich's way.

Setting up shop in Zug, Switzerland, Rich quickly expanded to London and New York. He engaged in all kinds

of hedging operations, metals trading, and oil brokering. He secured a continuous flow of Iranian and Nigerian oil which he exchanged for metals, guns, and whatever the market would bear. He bought Nigerian Bonny Light Crude oil and turned around and marketed it to the apartheid government of South Africa. He bought Iranian crude and sold it to Israel. He bought guns on the black market and sold them to Ayatollah Khomeini's Iran during the early 1980s.

When the United States declared that Iran was off-limits to U.S. trading, Rich became the only oil trader in Iran, and, according to Copetas, would pay Khomeini \$20/barrel, when the world spot price was \$40. He would resell at a handsome profit, and turn around and deliver military hardware to the regime. Rich sent small arms, automatic rifles, and hand-held rockets into Iran, shipped across the Indian Ocean from Thailand, and through the Suez Canal from Spain.

The Bigger Picture

Although Copetas does an admirable job in exposing Rich's operations in the Iran-Contra spiderweb, he misses the larger operations that centered around Rich. As *EIR* exposed in a landmark Special Report in 1988, *The Kalmanowitch Report: Moscow's Moles in the Reagan-Bush Administration*, Rich was in the very middle of the global arms-trafficking, drug-running, U.S.-Soviet-Israeli cabal that wreaked global havoc in the 1980s. Just to summarize a few salient points of that exposé: Rich was a business partner of Shabtai Kalmanowitch, the double agent for Israel's Mossad and the Soviet KGB, connected to the U.S. circles of Jonathan Jay Pollard, a U.S. citizen convicted of spying for Israel in 1985. The key meetings sealing the deals between the U.S. National Security Council and the Soviet GRU (military intelligence) were conducted in the 1980s in Rich's Stamford, Connecticut offices. This arrangement created, among other things, the "second channel" through which Soviet bloc arms were trafficked into Ibero-America and the Middle East, an arrangement dubbed Irangate. A key operative in this network was Solomon Schwartz, who worked jointly with Rich, Kalmanowitch, and the National Security Council's Lt. Col. Oliver North.

One of the most important functions that Rich played in this period was facilitating the move of the oil giants into metals investing and trading. Previously the oil companies had engaged strictly in petroleum control, but from the advent of the Organization of Petroleum Exporting Companies (OPEC) in the 1970s, and the ensuing market instability, they moved into other areas.

Pleading to the public that they needed to expand oil exploration, the Seven Sisters oil companies used their enormous profits of the 1970s both to bail out Wall Street, but also to buy into metals and minerals, a \$10 billion per year operation in the United States, alone, in the late 1970s. Exxon invested \$1 billion in Chilean copper mining, Arco spent \$700 million for Anaconda, Sohio bought a large chunk of Kennecott Minerals, and so forth. In these and many other cases,

the middle man who handled all deals and development was Marc Rich.

One of Rich's key operations was based in the Soviet Union. He became the go-between from Moscow metals operations to the West. Rich was a major purchaser of Soviet-produced titanium, lithium, cadmium, and other platinum-based metals used to manufacture sophisticated weapons and computer systems. In return, the Soviet government got hard Western currency. By 1983 Rich became the leading marketing agent for oil and mineral products of Almazvelireksport (precious metals), Raznoimport (nonferrous metals), and Techsnabeksport (rare metals).

In 1980, Raznoimport executive Yuri Igorov, already on the Rich payroll, became the public go-between who retained Rich to set up the first Russian trading operation outside of Moscow, in London. Rich's links to what became known as the Russian "Mafiya" were cemented from that period to the present.

Among Rich's many shady ties to Russia, were his business dealings with Armand Hammer, the agent-of-influence of the British-steered intelligence operation known as The Trust.

Rich's companies, onshore and offshore, netted huge profits. From a modest \$14 million in 1974, they jumped to \$367 million in 1979, and this only for the money deals through Switzerland. Tax evasion was merely stock in trade for the master con artist. His favorite haunts were Panama, the

Caribbean, and Switzerland, and he controlled dirty-money movements worldwide.

By 1980, the entire Rich empire, according to Copetas, had a net worth of \$1.5 billion, \$12 billion in annual sales, 40 offices in 30 countries, 1,000 or more employees on the payroll, and \$800 million in liquid cash flowing through his companies on any given day. Approximately 48 companies, from Liberia, to Switzerland, to the Netherlands Antilles, were controlled by Marc Rich.

By 1982 he sold more oil per year than Kuwait, more copper than Chile, and more grain than North and South Dakota.

The company sanctioned all forms of illicit behavior to "do a deal," Copetas reports. He devotes one chapter to the wild parties and bribes regularly dished out by Rich's younger traders, and another chapter to the gangland-style slaying of one of Rich's top representatives, Edmond Mantell. Mantell, Rich's man in Bangkok, was brutally executed, allegedly for crossing Rich in a botched arms deal in 1982. While no proof existed linking Rich to the crime, no one "in the know" doubted Rich's culpability. Copetas reports on the chilling effect the murder had on all others who were considering double-crossing the head of the Jewish mob.

Fugitive in Switzerland

In the late 1970s, Rich and his cohort Pincus Greene went into the domestic oil business to exploit the discrepancy in pricing structures and supply. Following the crises of the early '70s, the rigged shortages, and embargoes, a threefold pricing structure had been created in the U.S. market. The new Department of Energy (DOE) created three groupings of oil—old, new, and stripper—and controlled the price and allocation of each. Old oil being pumped from pre-1972 wells had the lowest price; new, pumped since 1973, a higher price; and stripper, that is oil pumped from new wells in small amounts, the highest price.

Well before Rich's entry to the market, other thieves figured out a procedure called "daisy chaining," whereby a creative businessman could sell cheap, old oil, up the chain, remark the labels at the higher prices and make a killing. By the mid-'70s, old oil, priced at \$6 per barrel, was being resold at upwards of \$30-40 per barrel. The scam became so massive that the DOE estimated that from 1973-81, over 400 million barrels of old oil had disappeared from the government accounting system and was snaking its way through various daisy chains.

The prospect of missing out on such a swindle was too much for Rich, who entered into a series of complicated deals with a group of Texas oil men. The principals in the operation included Arco Oil Company, West Texas Marketing, a non-existent front called Listo Petroleum of Houston, and Banque Paribas of France, which supplied the credit lines. Paribas, a European oligarchical bank enmeshed in the old Venetian financial circles, was Rich's chief source of credit in all his commodity deals. Among the clients of Rich and West Texas

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was Charter Oil, the Armand Hammer-linked outfit that later figured in Rich's indictment.

In the end, West Texas, with Rich as its main partner, made over \$2 billion a year (1979-81) and Rich was responsible for 10% of its sales. However, the Justice Department indicted the principals at West Texas for a previous scam, and the West Texas boys ratted on Rich when asked to cooperate with Federal prosecutors.

A grand jury was convened against Rich and his entire enterprise in January 1982. He spent the better part of 18 months fighting the government, hiring legions of lawyers to stonewall the prosecutors. The Swiss and the Soviet governments weighed in on behalf of Rich to protect both their interests, and the vast networks that had been spawned to carry out Rich's deals.

The legal teams, stalling to prevent Rich from having to hand over all his private papers, were comprised of some of the most prestigious operators in the game. His first lawyer was the Washington fixer and insider Edward Bennett Williams, who was then joined by the likes of Proskauer, Rose, Goetz and Mendelsohn; Arnold and Porter; Curtis, Mallet-Prevost, Colt and Mosle; Kramer, Levin, Nessen, Kamin and Frankel; Michael Tigar; and Leonard Garment and Lewis Libby, now Dick Cheney's chief of staff. Libby would be Rich's attorney for 18 years, and was the lead counsel in gaining Rich's pardon.

To divulge the vast amount of information, deal-making, criminal activity, and intelligence operations tied up with Rich was out of the question. During the grand jury investigation, Rich was slapped with a \$50,000 per day fine for failing to turn over evidence. This was a fine he gladly paid, coming to well over \$20 million; as an associate admitted, he stood to lose well above that amount, were he to hand over the evidence.

He was eventually indicted on 51 counts of racketeering, mail and wire fraud, tax evasion (\$48 million, a mere pittance), conspiracy, and trading with the enemy (Iran). Included in the indictment was the interlocking oil trading and money laundering with the mischievous Armand Hammer-affiliated Charter Oil Co.

In March 1984, the government was "persuaded" to drop the charges against Marc Rich International of trading with the enemy, during the Iran hostage crisis. This may have been the result of leaked reports that Henry Kissinger had partnered with Rich in at least some of this dirty business.

Finally, rather than continue to hemorrhage money, Rich settled with the government, never admitting personal guilt, but having Marc Rich AG, Marc Rich International, and his front firm Clarendon Ltd. plead guilty to 38 counts of tax evasion, \$50 million in illegal oil profits, and making false statements to the U.S. government. Rich paid \$340 million in fines, and including lost revenue, interest, and assorted other charges, it cost him \$1 billion to get the government off his back.

He took up permanent residence in Switzerland, and obtained Spanish and Israeli citizenship to guarantee various getaways. His partner, Pinky Green, also fled, and added Bolivia to his itinerary of escape hatches.

Postscript

But now, the noose has begun to tighten around Rich. In June 2002, European prosecutors cracked down on Russian mafia money laundering between Italy, Russia, and New York. Magistrates in Bologna said that Marc Rich's name repeatedly surfaced in the probe, Operation Spiderweb, which had been carried out by Swiss, other European, and American police forces. Spiderweb was born in 1999 and delved into illegal money laundering from Russia to various offshore companies and shells and into and out of the Bank of New York. Fifty people were arrested and 150 were put under investigation, including Rich, as part of the probe.

What threatened to emerge were Rich's ties to Russian and Israeli organized-crime operations, including companies named Nordex and Benex. Among the individuals named were Grigori Loutchansky, whose Nordex company has been linked to Rich.² Loutchansky is a suspected boss of the Russian mob. Rich is also said to be a partner in Loutchansky's Benex company, and another front company, Kama Trade. The entire apparatus is part of Boris Berezovsky's operation in Russia, which is accused of laundering \$9 billion in "Mafiya" money between the United States and Russia.

Over the past two years, Rich's name has surfaced in connection with organized crime's interference in the Israeli elections. He and business partner Michael Steinhardt played a pivotal role in defeating Labor Party candidate Amram Mitzna in the Jan. 28, 2003 elections. They backed gangster and Likud party thug Ariel Sharon instead.³

Rich also is mentioned in Israel in conjunction with the activities of the Birthright Israel group, of which he is a board member, and the Chernoy Foundation. Mikhail Chernoy and his brother Lev, have been linked by investigators, according to *EIR*, to the Russian Mafiya of Berezovsky, Loutchansky, and others, and ultimately to the deep pockets of Marc Rich. These companies and foundations are believed to be conduits for Israeli, American, and Russian dirty-money operations that both run terrorism and maintain Sharon's brutal operations against the Palestinians.

President Clinton was set up by Cheney henchman Lewis Libby to pardon Marc Rich. Isn't it about time the Democratic Party and the nation wised up, and cleaned out Rich and his gangster cronies?

2. Jeffrey Steinberg, "Sharon and His 'Mafiya' Allies Plot Israel Election Theft," *EIR*, Jan. 10, 2003.

3. Scott Thompson and Jeffrey Steinberg, "Are Dirty Mega-Bucks Behind Sharon's Bid To Steal Israeli Elections?" *EIR*, Jan. 31, 2003.

'DeLantos' Democrats Attack Bush's Road Map

by Michele Steinberg

Despite an all-out war on George W. Bush's Road Map policy by the neo-conservative cabal of Vice President Dick Cheney, Likudnik and other ultra-right fascist parties of Israel, Christian Zionist crazies, and their open allied House *Democratic* leadership, National Security Advisor Condoleezza Rice is due to arrive in Israel on June 26 to push the Road Map's implementation. Under it, the Israeli government is obligated to pull out of the Occupied Territories, its Cabinet having, after all, accepted the Road Map by a majority vote. Prime Minister Ariel Sharon told his people that Israel has "occupied" Palestinian lands, and should now accept a Palestinian state.

But, now, fanatics in both Washington and Israel are hell-bent on changing the rules, even if it means renegeing on the Israeli acceptance in order to stop the Road Map—the plan that reached a crucial moment the last week of June, when a deal was reportedly sealed between the Palestinian National Authority, and Hamas and other groups, to stop terrorist attacks against Jews in Israel.

In this campaign against Bush, the first shots since the Aqaba summit were fired on June 25, but not by the neo-cons. Rather it is the Democratic Party which is protecting the neo-conservative war-mongers, and doing the dirty work for House Majority Whip Republican Tom DeLay—just as Democratic Party Presidential pre-candidate Lyndon LaRouche has exposed.

On June 25, Democrat Tom Lantos, Congressman from California, rushed through legislation supporting the Israeli policy of "preventive assassinations," delivering a vote of 399-5—but only carrying out DeLay's threat to President Bush, which was exposed in the *Washington Post* June 21. The action earned him the nickname, "Tom DeLantos." House Resolution 294—which required a suspension of House rules, in order to bypass the International Relations Committee and get immediately to a vote—blames the Palestinians for all of the violence that has occurred since the Aqaba summit; demands that the "cycle of violence" concept be rejected, because it implies moral equivalence between Palestinians killed by Israelis and Israelis killed by terrorists; and supports all measures that Israel has taken "in self-defense."

Up until he decided to push the Road Map in April 2003, Bush had given a total green light to all Israeli assassinations by Sharon's regime.

This Israeli assassination policy has killed approximately

64 Palestinians since June 4, the date of the Aqaba summit where Bush met the two Prime Ministers—Israel's Ariel Sharon, and the Palestinian National Authority's Abu Mazen. Of those 64 Israeli killings—some carried out by the Israeli Defense Forces firing rockets from Apache helicopters, and heavy artillery fire backed up with tank invasions—less than one-third of the victims have been "militants," and the rest were civilians, ranging from young teenagers to the elderly. These attacks do not *stop* terrorism, but create more terrorists out of desperation and despair. The Lantos resolution falsely claimed that the Palestinian leadership refuses to dismantle terrorism, and cited 24 Israeli deaths due to terrorist attacks since June 4. That the resolution never mentions Israeli killings of Palestinians, was denounced by both Jewish and Islamic pro-peace groups, among them the Israel Policy Forum, and American Muslims for Jerusalem.

DeLay Threatens the President

Tom DeLay is an Armageddonist, who cites supposed Biblical prophecy in declaring that a Palestinian state is a violation of the "God's Law." DeLay's closest Israeli allies oppose the Road Map, including key Jabotinskyites in Sharon's Cabinet: Finance Minister Benjamin Netanyahu, and Minister for Tourism Benny Alon, who visited the United States in early May to push the policy of "transfer," i.e., driving Palestinians out of the West Bank and Gaza into Jordan.

The *Washington Post* reports that after the President had said, on June 10, that he was "troubled" by the attempted Israeli assassination of Abdel Aziz Rantisi—a key Hamas leader in cease-fire negotiations involving the Egyptian government and supported by Bush—DeLay immediately demanded, and got, a private meeting with Bush. DeLay threatened to introduce a resolution supporting Israel's assassinations, to stop Bush's pressure on Israel. Sharon also sent Avi Dichter, head of the domestic Shin Bet intelligence agency, to Washington with a dossier arguing that Rantisi is really a "ticking bomb" who threatens Israel. Still, top Bush aides, notably Secretary of State Colin Powell, continued the criticism.

The pressure against Bush by the "DeLantos" neo-cons and the Likudniks won't let up. This was clear on June 26, when Israeli Cabinet Minister Uzi Landau held a press conference at the National Press Club in Washington, to say that Israel *will not take one further step to implement the Road Map*—especially, will not withdraw from the Gaza Strip and Bethlehem—and *will not accept the cease-fire*. Landau said that unless Hamas is destroyed in "the next week to ten days," Israel "will have to go after them." At the Likud party convention after Aqaba, Landau had ranted, "Terrorism has won. The Road Map is the most dangerous document Israel has ever faced. The Oslo tragedy will be nothing compared to [the catastrophe of] the Road Map." This is the ideology that led to the killing of peace Prime Minister Yitzhak Rabin. Are these fanatics willing to kill again?

Is Ashcroft Protecting Iranian Terrorists?

by Nancy Spannaus

Evidence made available to *EIR* indicates that it is time to investigate Attorney General John Ashcroft for ties to the Iranian terrorist group, the Mujaheddin e-Khalq Organization (MEK). While Muslim groups around the United States are having their bank accounts seized, members arrested, and otherwise being harassed by the Justice Department on the basis of rumors or innuendo, the MEK, an organization which has been on the State Department's Foreign Terrorist Organizations list since 1997, is being permitted to operate openly, down the street from the White House!

The MEK was recently shut down in France with a massive raid, on charges that it was running an international terrorist command post, and was planning terrorist attacks against Iranian embassies in Europe. We don't know if that is true, but throughout its history, which began in the 1960s, the MEK has functioned openly as assassins, allies of Ayatollah Khomeini, and also as military operatives for Saddam Hussein. More recently, some observers and former members have charged that the MEK has become a cult, whose leaders, husband-and-wife team Massoud and Maryam Rajavi, control whom their members marry, and keep their members isolated in their compounds. The group's cult-like nature is more than indicated by members' post-raid attempts at self-immolation in various nations, including at a demonstration at the French Embassy in Washington.

In a September 2002 article entitled "Ashcroft's Baghdad Connection," *Newsweek* pointed out that Attorney General John Ashcroft was one of a number of U.S. Congressmen and Senators who have openly supported the cause of the MEK and its front-group, the National Council of Resistance of Iran (NCRI). Ashcroft issued a statement of support which was read at an MEK/NCRI rally in September 2000, and earlier that year, he had written a letter to then-Attorney General Janet Reno protesting the detention of an MEK spokeswoman. Ashcroft called the woman a "highly regarded human-rights activist." An MEK/NCRI spokesman said he had had several meetings with Ashcroft's Senate office, and that he viewed Ashcroft as a "supporter." In December 2001, the FBI raided his home, seizing boxes of documents, including files on MEK's dealings with members of Congress. One of the files was labelled "ASHCROFT."

Recent support for the MEK has also come from such leading neo-conservatives as Daniel Pipes and the Washington Institute for Near East Policy's Patrick Clawson, who, in the immediate aftermath of this spring's assault on Iraq, called



Fanatical Congressmen like Sam Brownback (R-Kan.), and the Pentagon's intelligence unit—run by Undersecretaries Douglas Feith (left) and William Luti—are demanding the U.S. support the anti-Iran terrorist group MeK, who were Saddam Hussein's ally!

for the U.S. military and intelligence community to maintain the MEK as an organized group in camps in Iraq, as a way of intimidating and gaining leverage over Tehran. Sen. Sam Brownback (R-Kan.), a leading advocate of war against Iran, has taken a high-profile stance in protection of the MEK as well, issuing a public letter attacking the French crackdown.

After an initial announcement that the U.S. Army had reached a ceasefire with the MEK, such a scandal was created, that Washington was forced to change tactics.

But apparently, that was only a temporary retreat. According to a well-placed Washington source, the Office of Special Plans at the Pentagon—the nest of intelligence manipulators run by avowed Leo Straussian Abram Shulsky—has come up with a proposal for the U.S. government to begin covertly backing the MEK. The Washington source indicated that former Director of Central Intelligence and leading neo-con James Woolsey has been functioning as a Washington advocate for various Iranian opposition groups, and is working as a consultant to the OSP on such matters.

Pursuant to such an attempt, it is reported that Doug Feith, the Undersecretary of Defense for Policy, and the Defense Department official who created the OSP, recently took the scheme for using the MEK to President Bush's National Security Advisor Condoleezza Rice, and, according to our source, "she laughed him out of the room."

But, the neo-cons persist in promoting the use of the MEK, despite major exposés of the group's cult-like nature, and its terrorist past and links. These ideologues are reportedly supported by up to 100 Congressmen, who are ready to sign on to any cockamamie scheme "against" the Iranian government.

When State Department spokesman Philip Reeker was asked on June 17, if the United States was going to take action against the MEK terrorists, who are operating openly in Washington, despite its being listed on the State Department's terrorist list, Reeker repeatedly told his questioners to ask that question at the Justice Department. It's not a bad suggestion.

Popularizer of Rumsfeld Information-Age Killing

by Carl Osgood

If Harvard Professor Samuel Huntington, with his *Clash of Civilizations* thesis, is the geopolitician for Secretary of Defense Donald Rumsfeld's military transformation, and if Director of Net Assessment Andrew Marshall is the technological guru, then all the language and buzz phrases were provided by futurist Alvin Toffler and his wife, Heidi, with their ideas of "Future Shock" and the "Third Wave." While posing as an attempt to address the questions of war and peace in the 21st Century, their 1993 book *War and Anti-War* is really a 250-page diatribe against the nation-state, in favor of their "Third Wave" society's global dictatorship, imposed from above by multinational corporate and financial interests, and from below by Internet-connected Jacobin mobs.

It is this hellish vision of the future which Rumsfeld and his co-thinkers are constantly invoking in their drive to "transform" the U.S. military. Rumsfeld, in a May 22 *Washington Post* op-ed, argued that the Defense Department needs the agility to be able to respond to "continuing changes in our security environment," because "In an age—the information age—when terrorists move information at the speed of an e-mail, money at the speed of a wire transfer, and people at the speed of a jetliner, the Defense Department is still bogged down in the bureaucratic processes of the industrial age." Adm. Arthur Cebrowski (ret.), the director of Rumsfeld's Transformation Office, told the Senate Armed Services Committee, on March 14, that "energy for current change seems to have emerged from three broadly defined events of the early 1990s"—the first of which, he said, was the demise of the Soviet Union and the "bipolar template that shaped U.S. security strategy"; the second was the aftermath of the 1991 Gulf War; "and the third was the ascendance of information age warfare."

While the theoretical basis for these statements may largely derive from Huntington and Marshall, the formulations are all Tofflerite. One of the conduits for Toffler's ideas has been former Speaker of the U.S. House of Representatives and current member of the Defense Policy Board Newt Gingrich, who, over the past year or so, has been engaged in his own battles against the U.S. Army over the definition of transformation.

The basic thesis of the Toffler book is that as the mode of "wealth creation" changes from "First Wave" agricultural society, to "Second Wave" industrial society, to "Third

Wave" information society, so does the mode of warfare. "When waves of history collide," the Tofflers wrote, "whole civilizations collide." They went a step beyond Huntington, however, in arguing that the differences between individual cultures, which Huntington identifies as the source of future conflict, will be subsumed by what Toffler described as these three "super-civilizations." "The deepest economic and strategic change of all," Toffler wrote, "is the coming division of the world into three distinct, differing and potentially clashing civilizations."

From 'Airland Battle' to Military Transformation

By the Tofflers' own account, the project that would result in the book, began as the result of a 1982 meeting between them and Army Brig. Gen. Don Morelli, who was then the director of doctrine development at the Army's Training and Doctrine Command (Tradoc). Morelli, who had sought out the Tofflers, not the other way around, told them that a group of Army generals were busy reading their 1980 book, *The Third Wave*. Morelli told them this group, led by Morelli's boss, Gen. Donn A. Starry, "had set out to reconceptualize war in 'Third Wave' terms, to train soldiers to use their minds and fight in a new way, and to define the weapons they would need."

Many middle-ranking Army officers came out of their Vietnam War experience determined to reorganize the Army such that that experience could never be repeated. Some, like Gen. Creighton Abrams, took the approach of ensuring that the leadership of the United States could never commit the country to such a war, without a political price being paid. Abrams, who was Army Chief of Staff in the early 1970s until his premature death from cancer, moved a number of key capabilities into the National Guard and Army Reserve, so that no major deployment of military forces could take place, as *EIR* founder Lyndon LaRouche noted, in his Jan. 28 address "On the Subjects of Economy and Security," without "challenging the willingness of the population to fight that war."

Starry and his co-thinkers, however, took a different approach; one that, in a sense, tries to bypass an approach like Abrams'. Starry's thinking was deeply influenced by the Israeli experience on the Syrian Golan Heights in the October 1973 Arab-Israeli War, where they defeated a numerically superior Syrian force by rapidly going on the offensive with the forces that they had in hand, rather than waiting for reinforcements. It was in evaluating the Israeli experience, in the context of the defense of Europe against massed Soviet armor formations, that Starry read *The Third Wave*. When he met the Tofflers in 1982, Starry told them, "The Army is very hard to change. After all, it is a . . . Second Wave institution. It's a factory. The idea was that our industrial factories will produce and produce and produce weapons. The Army will run men through a training factory. Then it will bring the men and the weapons together and we'll win wars. The entire approach is

Second Wave. It needs to be brought into the Third Wave world.”

Starry and Morelli were the leaders of the effort to rewrite Army doctrine in the 1970s, into the 1980s. The previous rewrite had been led by Gen. William E. Depuy, commander of Tradoc from 1973-77. Depuy’s rewrite, called Active Defense, emphasized striking beyond the battlefield at Soviet second-echelon forces, and was strongly influenced by that 1973 Israeli experience. This was not enough for Starry who, when he succeeded Depuy in 1977, decided that a complete “rethink,” beyond Active Defense, was needed. As Toffler put it, “New ideas and new possibilities were in the air. Thus, as the American economy began moving toward demassified production, as a Third Wave system for creating wealth began to take form, the U.S. Army began a parallel development. Though the outside world remained unaware of it, the first steps were being taken to formulate a theory of Third Wave war.”

The result was the AirLand Battle doctrine, first published in the Army’s FM 100-5 field manual on Aug. 20, 1982. Toffler gleefully reported that the 1993 version of this manual declared, “Recent experiences gave us a glimpse of new methods of warfare. They were the end of industrial age warfare and the beginning of warfare in the information age.”

That recent experience was, of course, the 1991 Gulf War, which the information age warfare enthusiasts see as proof of their concept. Toffler wrote that what that war heralded, was “the arrival of a new form of warfare that closely mirrors a new form of wealth creation.” He called it a “dual war,” which saw the application, by the coalition forces, of both Second Wave methods of mass destruction, and Third Wave methods, using “information weapons” such as the AWACS and JSTARS airborne radar systems, and precision guided weapons, the which were featured every night on the television war coverage. Toffler hailed the small number of U.S. casualties in that war, and quoted a number of military analysts to the effect that the low U.S. death count signalled a new, less lethal form of warfare. He did this, while blithely ignoring the fact that there are other ways to kill large numbers of people without using what are normally thought of as the weapons of war—as anyone who has spent any time in Iraq, over the last 13 years, will attest.

That 1991 experience has led inexorably to Donald Rumsfeld’s military transformation policy. While most of the officers involved in the development of Airland Battle have long since retired—except for Morelli, who died within a year or so of meeting the Tofflers—they remain active, as consultants, in doctrine development and in the debates surrounding it. Starry, who is often cited as an expert in armor warfare, also became a collaborator of the Israeli spy-linked Jewish Institute for National Security Affairs (JINSA), participating on one of their junkets to Israel in 1996. A third officer, retired Brig. Gen. Huba Wass de Czege, who is generally



Alvin Toffler’s famous “Information Age” was a brief era indeed, producing the telecom-dot.com bubble which blew up in the 1990s into the current economic collapse. The lunatic theses of Toffler’s 1993 War and Anti-War live on, as the “military transformation” pushed by Defense Secretary Rumsfeld as the key to an American global empire.

credited with writing large parts of the 1982 doctrine under the tutelage of Starry and Morelli, works, today, as a consultant on Tradoc’s Advanced War Fighting Experiments.

Trashing the Nation-State

Toffler’s Third Wave thesis buried, perhaps intentionally, the fact that the shift to his beloved information age is no more a natural progression than was the arrival of the industrial age in the latter half of the 18th Century. As *EIR* has shown, the Industrial Revolution was in fact the product of a deliberate effort by key thinkers and leaders, such as Benjamin Franklin, building on the scientific work of Gottfried Wilhelm Leibniz, to bring into existence the political economy needed to support a nation-state republic dedicated to the common good of all of its citizens. By the same token, the shift to the post-industrial society was brought about by deliberate policy changes, beginning with Richard Nixon’s decoupling of the dollar from gold on Aug. 15, 1971; continuing through Jimmy Carter’s deregulation policies and Federal Reserve Chairman

Paul Volcker's interest-rate shock policy of 1979-80. Those policies combined with the 1973 and 1979 oil hoax shocks to wreak havoc with American heavy industry, especially steel and machine tools, and push the process of de-industrialization to the point that the United States is no longer capable of reproducing itself.

Toffler, of course, makes no mention at all of this policy shift.

It is, however, Benjamin Franklin's nation-state republic, the only form of organization of society yet devised that is capable of addressing the common good of all of its citizens, that is the real target of Toffler's Third Wave, Information Age hype. Early on in *War and Anti-War*, Toffler declared, "Nationalism is the ideology of the nation-state, which is a product of the Industrial Revolution." The Third Wave world, he insisted, is characterized by the disappearance of borders, and the attempt to retain those borders is one of the future sources of conflicts. "Thus, while poets and intellectuals of economically backward regions write national anthems, the poets and intellectuals of Third Wave states sing the virtues of a 'borderless' world. The resulting collisions, reflecting the sharply differing needs of two radically different civilizations, could provoke some of the worst bloodshed in the years to come."

Toffler identified two forces challenging the existence of the nation-state. On the one side, "The emergent Third Wave economy, based on knowledge-intensive manufacture and services, ignores existing national boundaries." Technology-driven decentralization "could, in time, change the entire balance between national and regional economies. They make the latter more viable, thus strengthening the hand of border-breaching separatist movements." Therefore, these two forces, "one from above, and the other from below, are cutting the ground out from under the rationale for national markets, and the borders they justify." Toffler said that some forecasters "see a future world not with today's 150-200 states, but with hundreds, even thousands of mini-states, city-states, regions and non-contiguous entities." The model seems to be Singapore, and Toffler favorably quoted one co-thinker suggesting that China's destiny is to be broken up into hundreds of Singapore-like city-states.

Completely excluded from Toffler's analysis is that truthful history of the nation-state from the standpoint of physical economy, a standpoint represented, today, by Lyndon LaRouche. In his April 28 statement "A World of Sovereign Nation-States" (see *EIR*, May 16), LaRouche identified the American Revolution of 1776-83 and the 1789 creation of the U.S. Federal constitutional republic as what George Washington's ally, the Marquis de Lafayette, described "as a temple of liberty and a beacon of hope for all mankind." LaRouche wrote that "The underlying purpose of the American revolution and its leading European supporters, was, from the beginning, to establish the U.S.A. as a republic which would contribute, in the manner of a seed crystal, to inspiring the

emergence of a community of sovereign republics of the world."

This goal was expressed by our greatest statesmen, John Quincy Adams, Abraham Lincoln in his Gettysburg Address, and Franklin D. Roosevelt, in his commitment to a decolonized post-war world. "On this account," LaRouche wrote, "one must understand the unique importance for the world, then, as now, of the Preamble of the 1787-1789 drafting of that adopted Constitution," and its efficient commitment to the common good.

Not only does Toffler not understand that document, but, in principle, he is opposed to it. Never once, throughout his book, did Toffler ever mention a commitment to that principle of the common good as one on which the relations between nations must be based. The "hope" that Toffler offers is a world where the issues of war and peace are farmed out to private interests, which provide private armies to the United Nations, on a contract basis, "to do what it takes, ranging from legalized bribery to propaganda to limited military intervention, to the supply of peace-making forces in the region," in a sort of "Peace, Inc." "Private investors," Toffler suggested, "might be found to capitalize such firms if, say, the international community or regional groups agreed to pay them a fee for services plus bonanza profits in years when casualties decline." This would be one component of a new Third Wave peace-form, a world which is "a complex new global system made up of regions, corporations, religions, non-governmental organizations, and political movements, all contending, all with different interests, all reflecting different degrees of interactivity."

LaRouche, in opposition to this sort of insanity, has counterposed the principle of strategic defense, as implemented, in particular, by the great French military genius, Lazare Carnot. Carnot organized the defense of France, against nearly every other power of Europe, in the 1792-94 period, by mobilizing nearly the entire nation on the basis of military engineering principles. The principle includes conscription, for which there is no room in Toffler's, or in Donald Rumsfeld's, world. In his Jan. 28 address, LaRouche stated that "the object of war is not war. The object of war is peace, when you can't obtain it by other means. And therefore, that's the idea of strategic defense, is to have a *peace* policy, a policy for establishing peaceful relations which are acceptable among nations, and fighting to ensure that that is not jeopardized."

Lawfully, the attempt to bring into existence Toffler's nightmare vision is resulting in the collapse of the global financial system, worldwide. The effect has been to turn the United States into a Roman-style empire that is no longer capable of physically sustaining itself, and so has to loot the rest of the world in order to continue to exist. Thus, the perpetual war policy of Vice President Dick Cheney, Rumsfeld, and the rest of the chicken-hawks, for which Toffler's ideas are ready made.

Estate Tax Repeal To Be Permanent?

The tax-cut juggernaut continued to roll on Capitol Hill on June 18, when the House voted 264-163 to make the repeal of the estate tax permanent. The repeal was originally incorporated into the 2001 tax package, but expires in 2011—a compromise that was necessitated by a rule in the Senate that made permanent tax cut legislation subject to a filibuster. Making the repeal permanent has been a high priority of the GOP ever since.

The debate on the bill quickly broke down on partisan lines, although about 40 Democrats crossed over to vote for the bill. The Republicans repeated, like a mantra, that the estate tax destroys small businesses and family farms, in spite of the fact that data compiled by private sector think-tanks and the U.S. Treasury Department show that only about 2% of deaths, annually, result in an estate tax liability, and only a small percentage of those, worth \$10 million or more, pay the bulk of annual estate taxes.

The Democrats were allowed to offer one substitute amendment, sponsored by Rep. Early Pomeroy (N.D.), that would have modified the estate tax by increasing the present exemption to \$3 million for individuals and \$6 million for couples, while excluding non-business assets. Pomeroy argued that while the GOP bill does not help anyone until 2011, his bill would have provided immediate help to farmers and small business owners, without the revenue cost of the GOP bill. House Minority Whip Steny Hoyer (D-Md.) told the House that the GOP bill primarily helps those who generate most of their income from capital gains, dividends, and interest. “But if, however,” he said, “you are like the overwhelming majority of Americans who get up every day, play by the rules, work hard, and get a salary check, this undermines you, your chil-

dren, and your families,” by damaging necessary government activities that aid the health and welfare of the population.

Iraq, Tax Cuts Hang Over Appropriations

The House Appropriations Committee has begun the process of moving the 13 annual spending bills, without taking into account the ballooning budget deficit, collapsing tax revenues, and the still unknown costs of the Bush Administration’s various wars, including in Iraq. Rep. David Obey (D-Wisc.), the ranking Democrat on the committee, was rebuffed at every turn, by the GOP, in his attempts to allow some portion of this reality into the process. During debate on the homeland security appropriations bill, on June 17, Obey told the committee that “The budget resolution under which we are operating is simply not real.” He pointed to Iraq as the worst example, since there still is no money for military operations there in the 2004 budget.

The full committee passed three bills in rapid succession: the homeland security and military construction bills on June 17, and the Labor, Health and Human Services, and Education bill on June 19. The Democrats complained, in all three cases, that the bills did not provide enough money for the needs they were supposed to meet. On the homeland security bill, Obey offered an amendment to increase the funding of the bill by \$1 billion, and pay for it by taking it out of the tax cut for millionaires. It was defeated by a party-line vote of 33-25, and a similar measure on the military construction bill was defeated 34-24. That bill also includes criticism of the Homeland Security Department, which, Rep. Martin Sabo (D-Minn.) complained, provided very little support to the Con-

gress in developing the bill. The full House passed the homeland security bill, by a vote of 425-2 on June 24.

The Labor-HHS bill is indicative of the problem faced by the committee. Obey complained that the bill funds many programs below President Bush’s request, because, he told the committee Republicans, “Your top priority is your tax cuts.” Rep. Ralph Regula (R-Ohio) replied that “We’ve done the best we could with the hand that was dealt us.” The Republicans are already re-allocating money from defense in order to appease restive moderates in their own ranks.

Senators Meet Rumsfeld On Defense Authorization

A delegation led by Senate Armed Services Committee chairman John Warner (R-Va.) came out of a longer-than-expected meeting with Secretary of Defense Donald Rumsfeld, expressing concern about the lack of information being provided by the Bush Administration regarding the U.S. commitment in Iraq. In response to a reporter’s question, Warner said that arrangements were being made to bring Rumsfeld up to Capitol Hill to testify on that very matter. Sen. Carl Levin (D-Mich.), the ranking Democrat on the Armed Services Committee, said that “I don’t think the Administration has been forthcoming in terms of an estimate to how many forces for how long” will be needed in Iraq.

The presence of Senate Governmental Affairs Committee chairman Susan Collins (R-Me.) on the delegation may also indicate that one topic of discussion in the meeting was the civil service reform language in the House version of the defense authorization bill—by which Rumsfeld would be able to strip civil service protections from the nearly 700,000 Pentagon ci-

vilian workers. A House Armed Services Committee spokesman told *Congress Daily* on June 23, that progress was needed on “several big issues,” that being one of them, before the House will appoint conferees on the bill. The Senate appointed its conferees on June 4.

Hoyer, DeLay Spar Over House Rules

Every Thursday, when the House is in session, the House Minority Whip enters into a colloquy with the House Majority Leader to discuss the House schedule for the following week. On June 18, however, House Minority Whip Rep. Steny Hoyer (D-Md.) challenged Majority Leader Tom DeLay (R-Tex.) to provide rules on upcoming legislation “which will allow the minority to offer such amendments it deems to be appropriate, to offer a substitute that it deems to be appropriate, and to provide sufficient time to debate those amendments.”

In response, DeLay promised that “we would give the minority every consideration to provide a substitute,” but then added, “Obviously, we need to look at all these things individually and considerations need to be made.” One of those considerations, he claimed, was to ensure that the proposed substitute fits within the bounds of the Congressional Budget Act and House budget rules.

Hoyer retorted that the GOP has never hesitated to waive the rules when it wants to present a bill that deviates from those rules. He said that if an appropriate substitute is fashioned such that it is not consistent with the rules, and the majority will not grant a waiver, “you effectively have precluded us from offering that substitute or those amendments.”

In the Senate, the attempt by the GOP to dominate by changing the rules took the form, on June 24, of a resolution passed by the Rules and Administration Committee, with no Democrats present, to make it more difficult for the Democrats to filibuster nominees. Some Republicans have been growing increasingly angry at Democratic filibusters against certain judicial nominees whom they view as ideologically too far to the right. Senate Minority Leader Tom Daschle (D-S.D.) predicted that when the proposed rule change comes to the floor, it will be defeated. He also warned that if the GOP goes for the so-called “nuclear option”—a rarely used procedure by which a rules change can be forced by a simple majority vote—it would be “a very irresponsible and dangerous path to take.”

Fissures Open in Senate Medicare Debate

The optimism that has been expressed by the Senate GOP leadership over the progress of the Medicare prescription drugs bill on the Senate floor has done little to mask the partisan differences between Republicans and Democrats on the issue of Medicare. Senate Minority Leader Tom Daschle (D-S.D.) has insisted from the outset, despite the presence of a number of prominent Democrats working with the GOP on the bill, that it needed major improvement before the Democratic caucus could support the bill. The bill has already been amended to allow the reimportation of drugs from Canada, and to allow the use of generic drugs in the program. What still needs to be eliminated, Daschle said, on June 24, is the so-called “doughnut hole,” where the benefit disappears at about \$4,500 and then comes back when a

beneficiary’s drug costs reach \$5,800. “There is no benefit program in the country that I’m aware of,” he said, “that does that, and we think it ought to be eliminated.”

Senate Majority Leader Bill Frist (R-Tenn.) responded that there is no doughnut hole, because for the vast majority of beneficiaries, their drug expenses fall below \$1,000 or \$2,000, and the rest still have 40% of their expenses covered. “So, it’s not like they disappear,” he said. As for concerns on the GOP side, Sen. Rick Santorum (R-Penn.) told reporters that a Congressional Budget Office report concludes that the competitive model in the bill will not work, which contradicts the conclusion of the Bush Administration. The differences between the CBO and the Administration, he said, are such that “you’re not going to find common ground,” and so some Senators who are concerned about making it work “aren’t there, yet.”

The nature of the partisan differences over what to do about Medicare was highlighted in a “discussion,” on June 23, hosted by Sen. Larry Craig (R-Id.), the chairman of the Special Committee on Aging. The two debaters were Robert Moffitt, a free market ideologue resident at the Heritage Foundation, and Ron Pollack, the president of Families USA. While much of Moffitt’s argument revolved around the complaint that the bill does not provide for enough competition, Pollack stood behind the traditional fee-for-service Medicare. He took issue with the notion that private plans are more efficient, given that Medicare does not have the costs of advertising and marketing, of profits and salaries of CEOs and boards of directors. He also noted that the Medicare Plus Choice HMO plan failed when private insurers stopped offering it because it was not profitable.

Making Policy, Setting the Debate

On the eve of his July 2 international webcast from Washington, Lyndon LaRouche has set his agenda as the impeachment of Dick Cheney, to allow George W. Bush's Presidency—and the American and world economies—to be salvaged until the 2004 election can select a President LaRouche. He's been asked by political leaders and by interviewers, as by Bernie McCain of WOL in Washington on June 26, "How can Cheney be impeached?"—and the rest of the chicken-hawks removed with him. The evidence is mounting up—though some of these "political and intellectual leaders" may not be looking at it—that the answer to that question is simply, "Back LaRouche, and it will get done."

Only in March, LaRouche and his associates' exposure, in *EIR* and then in a mass circulation pamphlet, that the cabal which has grabbed control of the Bush Administration since 9/11 are [Leo] *Straussians*—and that meant fascists—was greeted in the same way. "What difference will this make to real power politics in Washington?" Three months later, LaRouche has changed the world. First, his exposé of the *Straussians* was echoed in press throughout the U.S. and Europe. Then it, and LaRouche personally, was viciously attacked for the exposé, precisely in the media which speak for international finance—the *Wall Street Journal*, the London *Economist*, the Swiss *Neue Zürcher Zeitung*, the London *Financial Times*. LaRouche was hitting the specific legacy of financiers' fascism—*synarchism*—which these publications support and represent in a global economic breakdown crisis.

On June 26, Germany's big daily *Die Zeit* published a devastating confirmation of LaRouche's definition of the fascist threat which must be removed from Washington. The essay was by Heinrich August Winkler, one of the most renowned historians of Germany, who wrote: "Is America presently living through the same thing that existed in Germany, more than seven decades ago: a *conservative revolution*? This is how people called and still call, that movement of the right-wing intellectuals who in the years after 1930. . . . One of its most influential representatives was the expert in state law, Carl Schmitt [the 'Nazis' Crown Jurist']. In 1927,

he presented one of his most famous essays, 'The Notion of the Political'. The specific political distinction, the one between friend and foe, was his core thesis, which soon was passionately discussed. The one reader who dealt with Schmitt in the profoundest way, was the German philosopher Leo Strauss. He had nothing against the friend-foe dogma. But he criticized Schmitt's critique of liberalism as not being radical enough. . . .

"From 1937 to his death in the year 1973, Strauss was lecturing in the U.S.A., spending his longest period at the University of Chicago. He became the center of a school that calls itself the *neo-conservatives* and which found under Bush the Younger what Carl Schmitt had looked for in vain: access to the one that had power. The most well-known *Straussians* of today include Assistant Defense Secretary Paul D. Wolfowitz; the founder of the neo-conservative central mouthpiece *Weekly Standard*, William Kristol; and Gary Schmitt, of the top echelon of the Project for the New American Century—one of the neo-conservative think tanks. They are on the way shown to them by Strauss: the perfecting of Carl Schmitt's critique of liberalism."

LaRouche has set the agenda: The entire world of U.S. allies is now looking at "the problem in Washington" in the way LaRouche defined it in March. And after a year of intense international interventions by LaRouche personally, the one hope in many of those countries is that LaRouche will carry out his intention to get Cheney impeached, and salvage the Bush Presidency with LaRouche's foreign economic policy for recovery from the global depression.

As the *Die Zeit* author admits in scholarly fashion, the problem in Washington is fascism, a relatively small cabal threatening fascism as Hitler's financial backers did when they conspired to get him appointed Chancellor. Nazism could have been stopped at that time, with the courage to adopt forms of the recovery measures FDR adopted in the United States. LaRouche can stop this cabal now, if its grip on the *Democratic Party* can be broken. How can Cheney be impeached? Watch LaRouche's July 2 webcast.

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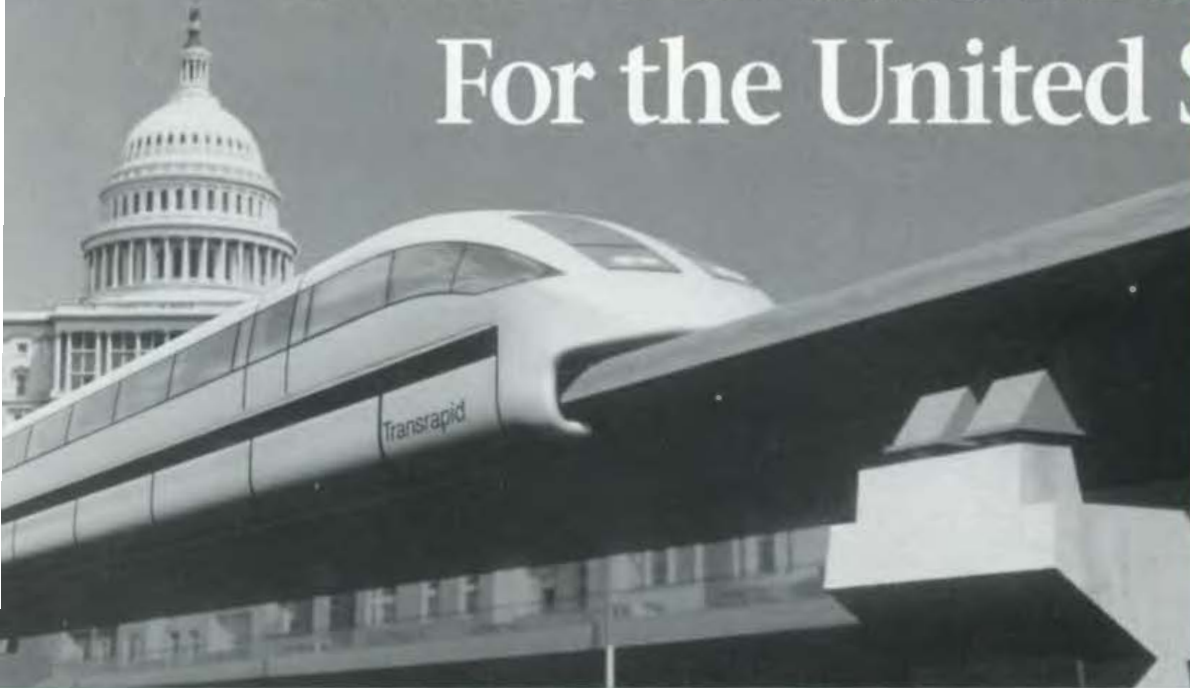
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