

EIR

Executive Intelligence Review

December 19, 2003 Vol. 30 No. 49 www.larouche.com \$10.00

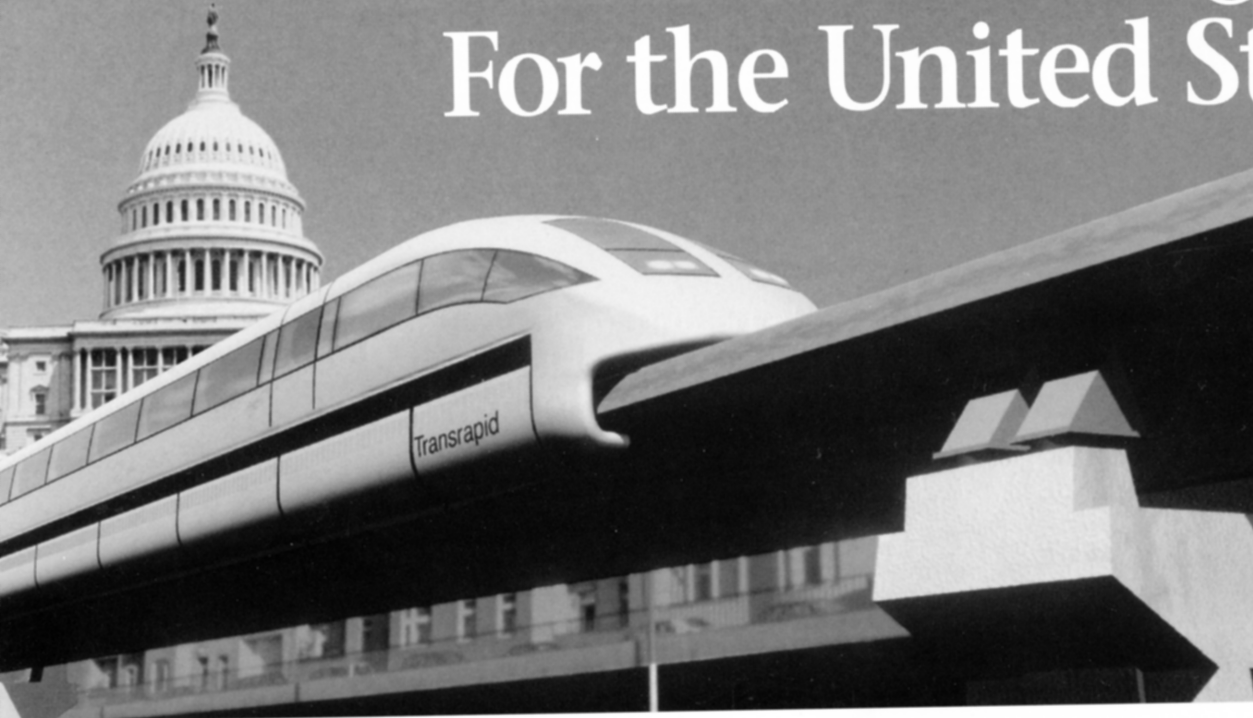
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EIR (ISSN 0273-6314) is published weekly (50 issues),
by *EIR News Service Inc., 317 Pennsylvania Ave., S.E.,
3rd Floor, Washington, DC 20003. (202) 543-8002.
(703) 777-9451, or toll-free, 888-EIR-3258.*
World Wide Web site: <http://www.larouchepub.com>
e-mail: eirns@larouchepub.com

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Nachrichtenagentur GmbH, Postfach 2308,
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Postmaster: Send all address changes to *EIR*, P.O. Box
17390, Washington, D.C. 20041-0390.

From the Associate Editor

Our exclusive story on the Russian elections is a good example of why, without *EIR*, you can't know what's going on in the world! While most of the American media are moaning about a "nationalist turn" in Russia as being something ominous and undemocratic, *EIR*'s readers know better. Since Lyndon LaRouche's first visit to Moscow in 1994, we have been on the inside of developments there, and some good friends of ours are now stepping into positions of influence, in the national interest of Russia, and potentially to the benefit of the whole world. Economist Sergei Glazyev, a leader of the Rodina electoral bloc which did so well in the State Duma elections, has been a speaker at *EIR* conferences, and hosted Lyndon LaRouche's testimony to parliamentary hearings in 2001. His colleague Victor Gerashchenko, former chairman of the Central Bank, endorsed the concept of a New Bretton Woods financial system, when it was raised by a LaRouche representative at a conference in 2002.

The exciting developments in Russia raise the potential for the Eurasian cooperation that LaRouche once described as the "Survivors' Club." Other reports in this week's issue bear on this as well: substantial progress between North and South Korea in getting the Trans-Korean Railroad into operation by Spring; and rapid-paced diplomacy among Germany, France, Russia, China, and India, to firm up Eurasian relations—even as the Bush Administration sinks deeper into the morass of its own making. Deputy Secretary of Defense Paul Wolfowitz's outrageous, imperial proclamation, that only countries that supported the U.S. war on Iraq will be allowed to bid on economic projects in that country, will certainly have the effect of accelerating Eurasian cooperative moves.

In this fast-moving geometry of political transformation, LaRouche's press conference in Paris (see *Feature*) was particularly well received, and there is greater responsiveness to his ideas among the elites of that country, than ever before.

We also have new exposés on the Cheney-Rumsfeld gang and their collaborators in Israel. This includes the growing scandal against Richard Perle; the dirty tricks of Cheney's top aides in conducting lies about Iraq; and Cheney-ally Newt Gingrich's hand in the disastrous Medicare prescription drug "reform."

Susan Welsh

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A campaign billboard for the Rodina electoral bloc, on the outskirts of Moscow in November: "We shall return the country's wealth to the people."



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Former Speaker of the House Newt Gingrich, the "Third Wave" kook and ideologue of the Conservative Revolution, turns out to be a leading force behind the new Medicare Prescription Drug Program—the "reform" which will turn over billions of dollars to the pharmaceutical and insurance companies, while privatizing the Medicare program.

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"In the meantime, the *whole blasted system* is coming down, so it's going to make it a new time. The present world system of politics is ended, one way or the other, for better or for worse: You might have idiocy in the future, but it won't be the same kind of idiocy we had in the year 2000."

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Gingrich's Guillotine Is Behind Medicare 'Reform'

by Richard Freeman

In the 1990s, Newt Gingrich denounced Medicare as a Soviet-style “centralized command bureaucracy,” and said that it should “wither on the vine.” Gingrich, a neo-conservative ideologue who hailed France’s Jacobin Revolution, detested the principle of the Medicare program, by which the national government promoted the general welfare. Medicare is the Federal program, founded in 1965, that provides financial assistance to America’s 40 million-plus elderly, to pay doctor and hospital bills, and thus allows them to live longer.

Though Gingrich failed in his prime objective eight years ago, when he was Speaker of the House of Representatives, he re-emerged as a chief architect and organizer for the so-called Medicare Reform Bill—which is officially known as the Medicare Prescription Drug Program—signed into law by President Bush on Dec. 8. This law claims that its purpose is to enable the elderly to buy prescription drugs; but it provides grossly insufficient funds to do so. Moreover, it contains key provisions to privatize Medicare, taking down its functions and turning them over to the insurance companies and Health Maintenance Organizations to run and loot.

Medicare, as we know it, would cease to exist. The law will pump tens of billions of dollars into the insurance companies, pharmaceutical companies, and banks, which poured almost \$100 million into securing passage of the legislation.

The bankrupt world financial system is in the advanced stages of the biggest systemic breakdown in 400 years. Under these conditions, bankers calculate that tens of millions of elderly cannot be supported, and should be designated as “useless eaters.” By dismantling Medicare, a key feature of the U.S. health system, this law will increase the death rate.

Already, the infrastructure of the U.S. health and hospital system is collapsing. Since 1985, over 1,000 U.S. hospitals have been closed down, with more than 7,000 hospital beds taken out of service.

Gingrich used the neo-conservative stronghold, the American Enterprise Institute, as his base of operations, as well as an AEI spin-off, the Center for Health Transformation, which he heads. Most ominous, Gingrich has stated repeatedly that he shaped the Medicare legislation on the same “transformation methods,” that he, Vice President Dick Cheney, and Defense Secretary Donald Rumsfeld have used in the transformation of the U.S. military. This latter has led to the pre-emptive nuclear war doctrine, which puts the world on the edge of nuclear destruction, while destroying the U.S. military as a republican institution, from the inside.

Broken Arms and Legs

The vote on Medicare bill in the House of Representatives indicates how the Gingrich-Cheney-DeLay crowd operates. At 3:00 a.m. on Nov. 22, the Medicare bill had been defeated in the Republican-controlled House by a vote of 216-218. It has been customary to keep a vote open for 15 minutes after it is tallied, and then to declare it final. Tom DeLay kept the vote open for three hours, until 6:00 a.m. During this time, one of the filthiest and most thuggish operations in the history of the U.S. Congress was carried out, as DeLay and others made cajoling and/or threatening calls to recalcitrant Congressmen, and President Bush himself called several Republican House members from Air Force One, as he was returning from Britain. Indicative of the blackmail, Rep. Nick Smith (R-Mich.) is retiring from Congress, and his son Brad is planning a run to take his seat. Representative Smith revealed in both a radio interview and in a newspaper column, that sometime late on Nov. 21, or early Nov. 22, on the House floor, another member of Congress promised \$100,000 in campaign funds for Brad’s campaign. According to news reports, when he refused to change his vote, he was told by Rep. Duke Cunningham (R-Calif.) and other Republicans that his

son was “dead meat.” A few days after Representative Smith himself reported the bribery attempt, he retracted his story, under even greater pressure.

This gives a sense of how important the financiers, and their stooges, such as DeLay, Cheney, and Gingrich, had considered passage of this legislation.

The Medicare Policy

Though Medicare became law in 1965, it has its origin in the administration of President Franklin D. Roosevelt (1933-45). The Social Security Act, passed by Roosevelt in 1935, provided both a retirement system for the elderly, and the first nationwide unemployment insurance fund.

Roosevelt was intensely concerned about improving Americans’ health. He sponsored a series of conferences of medical experts, which proposed standards to build enough hospitals and beds to ensure that every one of America’s 3,000-plus communities had sufficient hospital systems. Financing of construction of hospitals began under Roosevelt, and became the famous Hill-Burton Act of 1946. Roosevelt was also concerned that the elderly retired could not afford to pay for hospital services or doctors. To address this matter, Sen. Robert Wagner (D-N.Y.), a close ally of Roosevelt, sponsored legislation that contained some features that are very similar to what became Medicare. But Roosevelt could not mobilize enough votes to pass the Wagner bills.

However, in July 1965, President Lyndon Johnson, whatever his shortcomings, did mobilize sufficient votes to pass the Medicare Act. Up to the present, the New Deal-style Medicare system has had two principal parts, for which the Federal government makes payment:

- Part A (Hospital Insurance) helps cover a substantial portion of the cost of in-patient care in hospitals, critical access hospitals, and skilled nursing facilities.
- Part B (Medical Insurance) helps cover a substantial portion of the cost of doctors’ services and out-patient hospital care. (It also covers some other medical services that Part A doesn’t cover, such as some services of physical and occupational therapists.)

Part A is financed through a payroll tax, deducted from a worker’s paycheck. Part B is financed through the General Revenue fund of the U.S. government budget. In addition, Medicare recipients pay some co-payments on services that are provided by doctors and hospitals.

Though it would benefit from some improvements, the Medicare system, as a whole, has worked.

The Monetarist Attack

The monetarist financiers and their appendages attacked Medicare, often to the same virulent extent as they attacked Social Security. They did this for two principal reasons: First, they want to get their hands on the huge cash flow; second, because for the most part, it is efficient and contributes to keeping people 65 years and older alive, undermining these financiers’ “post-industrial” and Malthusian imperative.



Newt “Robespierre” Gingrich, now operating out of the American Enterprise Institute and the Pentagon’s Defense Policy Board, is the real “knife” behind the new law’s slow dismantling of Medicare. His crucial involvement showed its character, and so was not mentioned in most media coverage of the debate and “bloody” passage of the so-called Prescription Drug bill.

The monetarist bankers rarely state their real reasons for opposition to Medicare. For years, they and their front agencies, such as the AEI and the Heritage Foundation, instead used the scare tactic of saying that the Medicare system would become bankrupt imminently, which would blow out the U.S. budget. Therefore, the system would have to be turned over to their experts for “reform.” The oligarchical financiers used this tactic to force a provision into the lunatic 1997 Balanced Budget Act—which Act otherwise made severe cuts in hospital funding—to call for the establishment of a Commission on the Future of Medicare, which would study the “solvency” of Medicare.

A faction of the Commission used it as an instrument to propagandize in the press for Medicare’s privatization, although it never succeeded in issuing a final report to this effect.

Meanwhile, the scare tactic of impending Medicare insolvency was running into trouble: By early 2002, the Medicare Trust Fund, which administers Medicare, projected that it would remain solvent until at least the year 2030. Unwilling to acknowledge reality, the bankers’ anti-Medicare rat-pack stepped up their efforts in 2001-02, to mobilize for the dismantling of Medicare. They reached for Newt Gingrich

and Dick Cheney.

Newt Gingrich espouses the oligarchy's synarchist outlook as a matter of personal belief. He started to impose this outlook when, in January 1995, he was elected Speaker of the House of Representatives, and led the "Conservative Revolution," pushing through the destructive Contract With America—which became known as the "Contract On America." Gingrich praised as his model, the French Revolution's synarchist explosion which wrecked France in the late 18th Century.

Gingrich lauded the forecast by fascist futurologist cultists Alvin and Heidi Toffler, of an end to agricultural-industrial society and its replacement by a "Third Wave." This kookery is the basis for Gingrich's "Operations Research" theory of transformation of both the U.S. military and Medicare. Gingrich told a Nov. 16, 1994 meeting of the Heritage Foundation, that his first strategy was a "transition from a . . . second-wave society to an information-age, third wave society—I'm using Alvin Toffler's model where he said the first wave was agriculture, the second wave is industry, the third wave is information."

Newt Wrote the Book on This

Early in this century, Gingrich headed the Institute for Public Policy at AEI, where he is a Fellow and worked on Medicare and health issues. Along with such groups as the Agency for Healthcare Research and Quality, AEI helped draft the current Medicare bill. In 2002, while remaining a Fellow at AEI (and the Hoover Institution), Gingrich set up the Center for Health Transformation.

Using this Center as his base, Gingrich accelerated the push for the Medicare bill. On Jan. 30, 2003, he co-authored an article entitled, "Boomers Will Revitalize an Aged, Ineffective System," in which he argued that Baby Boomers, now in their fifties, would be more greedily attracted to "private health-care schemes" than to the Medicare system, and could be mobilized to take apart the Medicare system. In May, Gingrich released his book *Saving Lives and Saving Money*.

On Aug. 12-13, AEI held a conference, "Transform Medicare Rather Than Reform It," which is Gingrich's main theme. Gingrich gave the keynote speech entitled, "The Opportunity to Create a 21st Century Medicare System of More Choices with Higher Quality at Lower Cost." This speech pulled together the main ideas of Gingrich's mental map, with its demands for austerity, Information Age hallucinations, and the idea that Medicare transformation would be implemented on the same lines as the military transformation. Gingrich is a leading member of the Defense Policy Board; he is the longest-serving teacher of the Joint War-Fighting Course of Major Generals; he is a "Distinguished Professor" at the National Defense University; and has worked closely with Dick Cheney. The outcome of the transformation can be seen in its deadly results in Iraq.

In his Aug. 12 keynote, Gingrich made the shocking state-

ment: "Imagine applying the same scale of improvement we used in defense over the last 12 years to health and health care." He proceeded to reel off pages of meaningless Information Age data: that in the current Iraq War, "our forces accessed nearly 40 times the bandwidth available in Desert Storm" (1991); that the United States used smaller armed forces in Iraqi Freedom than Desert Storm. Finally, there is a table, complete with photographs of airplanes and pictures of bombs, which compares the number of planes and sorties needed to bomb and wipe out an area in 1943, 1970, 1991, and 2003. This, in a report on Medicare.

Meanwhile, Vice President Cheney coordinated with Gingrich to pass the Medicare bill. The Dec. 9 *Wall Street Journal*, which documented Cheney's extensive power on domestic policy, showed how the Vice President moved to push through the Medicare "reform" bill. The *Journal* stated, "The fact that [Cheney's] role has been little discussed is not an accident. In September, for instance, when the White House was trying to give some momentum to the big bill to provide prescription drugs for Medicare, Mr. Cheney joined the President in the Roosevelt Room as he goaded members of the House and Senate to come together. But when it came time to let the cameras in for a ritual photo-op, Mr. Cheney slipped out before reporters could catch a shot of him."

The Bill To Dismantle Medicare

The Medicare Prescription Drug Program will deliver tens of billions of dollars in ripoffs to the giant insurance companies and pharmaceutical companies; destroy Medicare, and crush the elderly. The law is a deliberate deception: its title is meant to lead people to believe that it is concerned almost exclusively with drug prescriptions for the elderly. While one section of the law with that subject, its overwhelming preponderance has a bigger purpose: to profoundly alter Medicare and all health insurance. We look at a few of its features.

- *Prescription drugs for the elderly.* Currently, most seniors have no coverage, under Medicare, for most prescription drugs. Under the new law, if one adds up all the premiums, deductibles, and uncovered portions of the plan, of the first \$5,200 in prescription drug purchases that an elderly person would make, he or she must pay an astounding 75% out of pocket. This is a terrible deal, and a paltry drug prescription program.

But the drug companies, through tens of millions of dollars of campaign contributions, got the Republican leadership in the House to write legislation, which states that the elderly can only buy drug prescriptions through insurance companies, and that Medicare is forbidden to make the purchases in its own name for its 40 million-plus enrollees. Were Medicare to purchase in its own right, it could—like Medicaid (medical assistance to the poor) and the Veterans Administration—use the muscle of its large purchasing power, to tell the drug companies that they must mark down the price of the drugs

they sell to Medicare by 10%, 25%, or 50% (and Medicare could give a subsidy on top of that). The elderly are projected to spend \$1.8 trillion on drugs over the next decade, and the drug companies don't want to lose 10-50% of their mark-up on that bonanza. The drug companies stand to make tens of hundreds of billions in extra dollars because of the way the legislation was written.

- *Health Savings Accounts (HSAs)*. Under this plan, an individual or family can set up a tax-free HSA. The individual or family will decide how much of the HSA account they will spend for hospital and doctor care for themselves. Gingrich states that the individuals or family will be "cost-conscious"; that is, they will ration their own health-care expenditures, in order to have some money left over, which they can accumulate, and "pass on in an estate." This appeals to the Baby Boomer, who will police his family's medical expenses, in order to build up some holdings. This move to privatize Medicare, is included in the current Medicare bill.

There is an additional gimmick here. Wealthy families, which are banned from owning Individual Retirement Accounts (because those with incomes above \$80,000 aren't allowed to invest in them), can put large sums of money into Health Savings Accounts (HSAs), invest them in stocks and bonds, have the accounts grow, and not be taxed. In a word, this is a tax shelter.

- *HMOs*. Already, 12-13% of all Medicare is administered through genocidal health maintenance organizations. The new bill has provisions to set up test districts in four cities, starting in 2010, in which Medicare would have to compete with HMOs, thus lowering the level and quality of care. Along with the HSAs, this is a move to eviscerate and privatize Medicare.

- *Budget-cutting*. The bill states that if more than 45% of the total Medicare funding were to come from the General Revenue budget, then, within a specified time-frame, this would invoke Presidential action to "redress the situation." In most situations, the President would order the slashing of Medicare.

In his Aug. 12 speech to the AEI conference, Gingrich added a touch which shows the direction in which he is going. He stated that about 5% of the Medicare enrollees, in the last years of life, consume "50% of the [Medicare system's] expenses." To cut the expense of these 5% of Medicare patients, Gingrich recommended using laptop computers to reduce by 20% these patients' medication use, forcibly enrolling such patients in exemplary programs such as "Evercare," where the patients are more likely to "write a living will than the norm." Living wills specify that under certain conditions, patients will not be resuscitated, and frequently the plugs are pulled on life-sustaining machines.

The combined measures of the so-called Medicare Reform Bill are intended to increase the death rate. Gingrich's added measure is meant to ensure that the culture of insurance company cost-accounting will govern this nation.

Trans-Asian Trains Run, Koreans Join Rail in April

by Kathy Wolfe

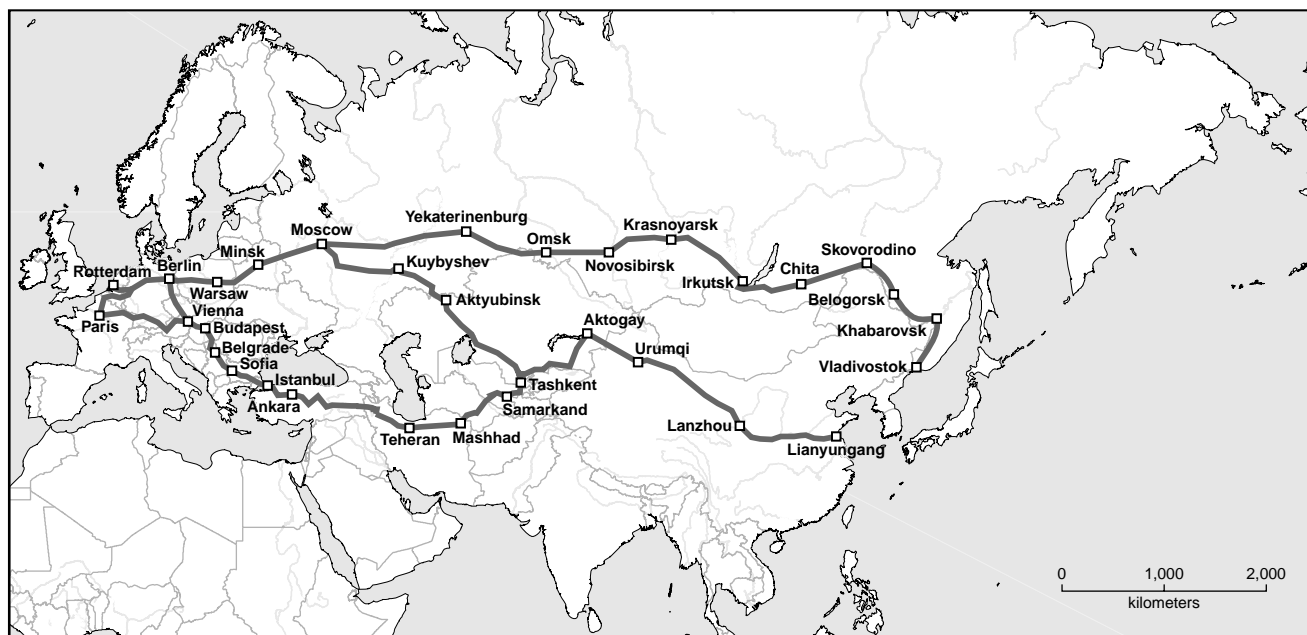
The two Koreas agreed to begin the final phase of construction on the Trans-Korean Railway (TKR) in early April 2004, at a four-day working meeting ending on Dec. 5 in Sokcho on South Korea's east coast. Under a six-point accord, North Korea agreed to the blueprints previously submitted by South Korean engineers, so that the two sides were able to finalize designs for the critical electronic signals, communications and power systems, to allow trains to run on the TKR in 2004. Officials of South and North jointly inspected the progress on construction of rail lines and highway beds on both sides of the Demilitarized Zone (DMZ) on the east coast Donghae Line.

"By agreeing on the timetable for construction, we secured the conditions to push ahead with the project to re-link Inter-Korean railways and adjacent roads in a stable manner," the Seoul Unification Ministry said. An agreement on how to operate trains across the border is due to be signed in January.

Thus, the TKR, also called the Iron Silk Road, is becoming a physical reality—despite all the threats by Washington neo-conservatives, and the furor over North Korean nuclear weapons. "Everything is moving along slowly and steadily," Kim Kyoung-Jung, Director of the Trans-Korean Transportation Division of the Ministry of Construction and Transportation (MOCT), told *EIR* in Seoul on Nov. 7. "The acceptance of the signals and communications blueprints will be a most important step. It means we can go into high gear to actually renovate all the rail lines in North Korea with modern electronics, which is the last step toward the real goal of beginning train service."

It was also announced on Dec. 5 that South Korean engineers will begin to visit the northern segments of both the western Kyongui Line and the east coast Donghae Lines next month, to provide on-site training for technical and construction equipment provided by Seoul. "When the world sees the engineers of North and South working together, shoulder to shoulder, then people will realize that Korea can become a more normal place," Kim said. *EIR* spoke as well as with large companies in both Seoul and Tokyo, whose engineers are already in North Korea, working on the railway. "We won't stop on the ground, for diplomatic monkey business in the air," one construction-related official joked. "We believe a breakthrough is coming in North Korea's relations with all of its neighboring countries."

Eurasia: Currently Existing Main Routes of the Eurasian Land-Bridge (Simplified)



These are the essential Eurasian Land-Bridge corridors over which test container-freight trains are now being run from the Pacific to Europe's Atlantic Coast, over six routes. Routes IV and V are now planned to include crossing the Korean Peninsula from Pusan in the South—all the way to Rotterdam.

Six Eurasian Rail Lines

EIR has also learned that a series of demonstration runs of container block-trains along the full length of the Eurasian Land-Bridge have already begun, to show the commercial feasibility of six new "Trans-Asian Railway Corridors" by shipping large blocks of freight containers from Pacific ports in Korea, China, and Russia, to Moscow, Berlin, Helsinki, and other Western cities.

These demonstrations were planned at an Oct. 6-8 multinational meeting of the UN Economic and Social Commission for Asia and Pacific (UNESCAP) in Ulaanbaatar, Mongolia, organized and financed by the South Korean government and a group of large private sector South Korean and Japanese freight companies. The meeting was attended by 23 participants from the railway organizations of China, Kazakstan, Mongolia, the Republic of Korea, and the Russian Federation, and private sector representatives from Korea, China, Russia, and Japan. Byamba Jigjid, Minister of Infrastructure of Mongolia, in opening the meeting, highlighted the importance of transcontinental transport in bringing social and economic development to the countries along the corridor, stressing that the Mongolian Railway was still the main mode of transport in the country, accounting for 90% and 50% of all movements of goods and people, respectively.

The "test trains" have gone into implementation, with the first container train running from Tianjin, China via Ulaanbaatar and Russia, to Poland on Nov. 8.

According to a Memorandum of Understanding (MOU) signed by the governments along the routes, and obtained by EIR, "The Meeting noted the importance of demonstrating the progress made to date through the actual organization of demonstration runs of container-block trains on important segments of the routes in the Trans-Asian Railway Northern Corridor. In this regard, the following schedules for demonstration runs was agreed:

- "Route I: From the port of Vostochny [near Vladivostok in Russia] to Europe through the railways of Russian Federation, Belarus and Poland, to Berlin—May 2004;
- "Route II: from the port of Lianyungang (China) to Europe through the railways of China, to Almaty, Kazakstan, Russian Federation, Belarus, and Poland—March 2004;
- "Route III: from the port of Tianjin [north of Lianyungang in China] to Europe through the railways of China, to Ulaanbaatar, Mongolia, Russian Federation, Belarus, and Poland—November 8, 2003;
- "Route VI: Brest, Belarus to Ulaanbaatar, Mongolia—June 15, 2004."

Trans-Korean Railway Endorsed

Most remarkable in the MOU were Routes IV and V, which have not yet been assigned a date, but which constitute the first formal international endorsement by a global body (UNESCAP), of the Koreans' plan for the Trans-Korean Railroad and its full connection to Europe. Route IV is planned to

be the first full journey across the Trans-Korean Railway to bridge the Pacific to the Atlantic over land—from Pusan at the southern tip of Korea, to Helsinki, Finland. It would cross the entire Korean Peninsula from Pusan, through South Korea, across the DMZ and across North Korea, then across the entire Eurasian Land-Bridge to Europe.

Route IV, the Memorandum says, is to run “from the port of Busan (Republic of Korea) to Europe,” through a set of alternate “variant” routes. The two major variants are the western Kyongui Line into China, and the east coast Donghae line into Russia. “Variant IV-1” would run a test train “from Busan to Seoul to Pyongyang, Sinuiju, and then from the border of North Korea to Dandong, China, then into Mongolia, the Russian Federation, Belarus, and Poland.”

“Variant IV-2” would run a test train through Russia: “from Busan via railways of the Republic of Korea, and Democratic People’s Republic of Korea, across the North Korean border to Tumangang in Russia, and through Russia to Belarus and Poland.”

Route V, also fascinating, is a fallback option in case the full TKR connection across South and North Korea were to be delayed. It would basically bypass South Korea and the DMZ, and instead commence a test train at North Korea’s port of Rajin near the Russian border, running “over railways of the Democratic People’s Republic of Korea, and railways of the Russian Federation, to Belarus and Poland.”

“The Meeting noted UN ESCAP’s willingness to further facilitate the demonstration runs along the Korean Peninsula after the reconnection of the railways between the two Koreas, subject to the agreement and cooperation of the railway of the Democratic People’s Republic of Korea,” the MOU notes. “Noting the progress made toward the reconnection of the railways of the Korean Peninsula and the need for signatory countries of the MOU to make suitable preparations for operation of all routes of the Trans-Asian Railway Northern Corridor, the meeting welcomed the offer of the Russian Federation to organize a demonstration run originating in Rajin, subject to the agreement and cooperation of the Railway of the Democratic Peoples’ Republic of Korea and the availability of containerized cargo.”

Kim Hak-Su, a South Korean national who is now Executive Secretary of UNESCAP, in his statement to the meeting, stressed that “the continuing surge in the volume of goods being exchanged between countries of the region, as well as with neighboring regions, and the often long distances linking the main points of origin and destination, require a greater utilization of rail transport.” He highlighted the role of rail transport in connecting the economies of landlocked countries, such as host Mongolia and Central Asian nations, to the world’s markets. He noted that “governments are now increasingly coordinating their efforts to link national trunk lines together to create international corridors.”

Kim also highlighted “the regained popularity of the Trans-Siberian Land-Bridge” (which had fallen out of use due to the International Monetary Fund’s destruction of Russia’s



Promise of the future: the newly re-connected Trans-Korean Railway recedes off into the mountains of North Korea, as seen from the Military Demarcation Line at the center of the DMZ on June 14, 2003.

economy some years ago) “as an efficient container land-bridge between Asia and Europe.” He stressed “the high level of cooperation between other countries to develop similar ventures on other Asia-Europe routes.”

Kim also recognized the progress achieved by the Democratic People’s Republic of Korea and the Republic of Korea in reconnecting their rail systems on June 14 this year (see *EIR*, June 27). He stressed that “the completion of work will eventually mark the removal of the only missing link in the Northern Corridor of the Trans-Asian Land-Bridge.”

South and North also opened a second military hotline on Dec. 5, this time to assure DMZ security during the work on the east coast. The first hotline was opened last September for work on the TKR’s western Kyongui Line, which connects Seoul to Pyongyang. South Korean engineers reported holding a successful a two-minute test conversation over the new east coast hotline with their North Korean counterparts. The hotline also opens a direct local east coast channel to discuss equipment and materials needed for the reconnection project, and for and overland trips to the North’s Mount Kumgang by South Korean families.

Two North Korean negotiators, who took part in the inter-Korean meeting Dec. 2-5, returned home using an overland route across the DMZ—just like a “normal commute,” the Korean press reports.

South Africa's Mbeki in Paris, Says 'Free Market' Cannot Develop Africa

by David Cherry

The highpoint of South African President Thabo Mbeki's state visit to France from Nov. 17-19 was his address to the French National Assembly, in which he asked that international "structural funds" be established to help Africa develop. These, he said, would be like the European Union's (EU) structural funds for Eastern Europe, created in recognition that the "free market" cannot overcome the disparity in development between Eastern and Western Europe. Mbeki's proposal is welcome news from the head of sub-Saharan Africa's most important government who, until recently, appeared to think that the "free market" would indeed develop Africa.

But the proposal itself cannot work without the larger measures that deal with the looming global financial collapse—measures comprising a New Bretton Woods system premised on national banking, not on the dominance of privately-controlled central banks over governments.

Use Public Sector Infrastructure Funds

In his Paris address, Mbeki cited the spirit underlying the EU structural funds, saying, "Solidarity, economic and social progress, and reinforced cohesion were objectives all written into the Preamble of 1997's Treaty of Amsterdam," which established the funds.

He concluded, "Reason tells us that it was correct for the EU to decide to intervene in the less-developed regions within the Union, using public sector funds, since it was clear that the market on its own would not be able to solve the problem of underdevelopment.

"Reason therefore also tells us that in our approach to the challenge of African poverty and underdevelopment, we should apply the same correct reasoning. . . . Thus, we should repeat, using the words of the European Commission: 'Solidarity and cohesion should sum up the values behind the policy of the developed world towards Africa: solidarity, because the policy aims at benefitting citizens of a continent that is economically and socially deprived; while cohesion recognizes that there are positive benefits for all in narrowing the gaps of income and wealth between the poor of Africa and we, who are better off.'

"To free the 800 million Africans from poverty is to create great possibilities for the expansion of the world economy, for the benefit also of those who are better off."

Africa, Mbeki said, would work for its renaissance whatever the obstacles, but, "it will be extremely difficult for us to achieve this goal of social and economic renewal of Africa without the support of France and the rest of the developed world."

Mbeki had begun by telling the National Assembly that Africans "have a right to make demands on a nation [France] which cannot but be a great nation"; he ended by calling on France and the rest of the advanced sector to rise above their constraints and act as reason demands.

After the Iraq War, Disenchantment

After Bush and Blair went ahead with Dick Cheney's war on Iraq in March, Mbeki's government and part of the South African establishment quickly reoriented away from the Anglo-American powers. The government, knowing war would divert resources that could go toward African development, had extended itself to the utmost, in Baghdad and Washington and at the UN, to avert it.

Mbeki's immediate reaction to the war appears to have been a withdrawn, but pensive one. When Baroness Valerie Amos of the British Foreign Office came to South Africa for a week in early April, to repair relations damaged by the insistence on war, Mbeki refused to meet her. She only met with cabinet ministers. Mbeki declined to come to Washington for the June 24-27 U.S.-Africa Business Summit addressed by President Bush and Colin Powell; the Bush Administration wanted him there. He stayed home to receive French Foreign Minister Dominique de Villepin.

A shift in economic discussion seems to have followed. "What we need is a permanently stable and competitive exchange rate," but a managed one, South Africa's controversial investment analyst David Gleason wrote in Johannesburg's *Business Day* on May 29, thus rejecting the Washington-dictated floating rates policy. His idea is to keep the rand slightly weak relative to the dollar. He continued, "The best examples are provided by China and Japan. . . . The Chinese take a no-nonsense approach and they do not employ foreign advisers." It is not a new proposal from Gleason, but its prominence in a major Johannesburg business journal is new.

Only days later, on June 2, Peter Draper of the South African Institute of International Affairs authored an attack

on South Africa's promotion of free trade in *Business Day*. Draper, formerly of the Department of Trade, wrote that efforts by Trade and Industry Minister Alec Erwin, to mobilize the support of South Africa's African partners in a bid to liberalize world trade, were not going to work, because "most African countries may have their own agenda, which favors protectionism." Promoting liberalization would only bring South Africa under suspicion, he wrote.

On July 9, the day President George Bush arrived in Pretoria for a visit Mbeki could not avoid, the South African President dropped his own bomb on free-market economics. The London *Guardian* carried his op-ed, "The Icy Ideological Grip," summed up in its teaser: "If progressive politics is to have any meaning, it must start from the reality that you can't overcome global poverty through reliance on the market." South Africa's neoliberal Democratic Alliance party was outraged that Mbeki should treat Bush in such a way. The op-ed marked perhaps the first international airing of Mbeki's Structural Funds idea. Nelson Mandela refused to meet Bush.

In a longer version of the article, appearing in the journal *Progressive Politics*, Mbeki recalled Charles Dickens' warning about the "dangers" of interfering with the market, in his novel *Hard Times*. Mbeki quotes him: "Surely there never was such fragile china-ware as that of which the millers of Coketown were made. Handle them never so lightly, and they fell to pieces. . . . They were ruined, when they were required to send laboring children to school; they were ruined when inspectors were appointed to look into their works; they were ruined, when such inspectors considered it doubtful whether they were justified in chopping up their people with their machinery. . . . Whenever. . . it was proposed to hold [a Coketowner] accountable for the consequences of any of his acts—he was sure to come out with the awful menace, that he would 'sooner pitch his property into the Atlantic.' This had terrified the Home Secretary within an inch of his life, on several occasions."

The Structural Funds Principle at Home

The next step occurred at the late-July Cabinet Lekgotla (Sotho for "meeting of leaders"). Mbeki summarized its decisions in his weekly letter in the online weekly of the African National Congress party, *ANC Today*, for Aug. 22-28. His government, he said, must organize a large-scale "resource transfer" from the country's "first-world" sector to its "third-world" sector, without trusting the lie of economic "trickle down" from one to the other.

Mbeki called this the *internal* application of the EU's structural funds principle. There has to be such a transfer, he argued, because the two sectors are structurally disconnected. But the government must sponsor capital formation in the country's advanced sector to make the transfer possible. Mbeki made the point in Paris that other African countries, not having an advanced sector, cannot do this.

Therefore, Mbeki said in *ANC Today*, we are going to put money into road, rail, and air transport; harbors; and other economic advances; to continue to put the country's first-world economy in the strongest position possible.

A part of this investment will doubtless come from the massive public works program intended to put 1 million unemployed to work. South Africa has perhaps 7 million unemployed, more than a quarter of the workforce. The program was announced June 7, in response to pressure from the Congress of South African Trade Unions. Workers will upgrade and maintain rural and municipal roads, municipal pipelines, stormwater drains and paving, fencing of roads, community water supplies and sanitation, government buildings, housing, schools and clinics, rail and port infrastructure, and electrification.

The South African Cabinet has also addressed another fundamental economic issue by approving a national program for treating HIV/AIDS sufferers, that includes free anti-retrovirals. The program, instead of pulling money from other health needs, will devote more than half of its money to upgrading health infrastructure and recruiting and training of thousands of health professionals.

The Ugly, Larger Picture

Before leaving France, Mbeki called his visit a success, saying, "There is a consensus across the political spectrum in support of that strength of partnership with South Africa and in support of that partnership with regard to meeting the African challenges." He had indeed met with political leaders across the political spectrum. And, business deals were signed amounting to tens of millions of dollars.

But there is a larger picture that casts a pall over these hopes and plans. The ballooning growth in the U.S. current account deficit, now \$550 billion annually, and the real estate and derivatives bubbles, portend an era of global economic misery that national and European investment policies alone cannot defend against. There must be a break—not negotiations—with the institutions of the IMF/central bank/floating-rates system.

How can Europe be expected to help Africa on the necessary scale if it won't help itself by leading away from the Bretton Woods policies? Just before Mbeki's visit, on Nov. 11, the European Commission rejected the Tremonti Plan for a dramatic increase in infrastructure investments, by cutting it to a mere \$12 billion per year.

Will France even support Mbeki's proposal? President Jacques Chirac's comments at the state dinner for Mbeki, and at a joint press conference, were not in tune with it. Chirac praised the growth of South Africa's service sector and spoke of a fairer globalization that provides a place for everyone.

And the French press—Agence France Presse, *Le Figaro*, the Communist Party's *L'Humanité*, and the rest—declined to report that Mbeki had made a proposal of such significance for infrastructure investment in the Third World.

India-Sudan: 'Strategic Energy Cooperation'

by Ramtanu Maitra

For several months, New Delhi has been pursuing vigorous diplomatic initiatives in its quest for national oil security, by seeking cooperation in Sudan's petroleum sector. It achieved a major success last June, when the public sector behemoth, Oil and Natural Gas Corporation Videsh (ONGC Videsh), bought 25% equity from Canada's Talisman Energy, Inc. in Sudan's Greater Nile Project. Later on, India acquired stakes in Sudanese projects from the Austrian oil and gas group, OMV.

On Dec. 8, Sudanese Energy Minister Awad Ahmed al-Jazz told Reuters that ONGC Videsh would be awarded two projects in Sudan worth \$750 million. "One is an oil-products pipeline from Khartoum to the sea-port," he said. "The other is to upgrade the Port Sudan refinery. By January, we hope to conclude [the allocation of] the two projects."

Sudan is estimated to have some of the largest oil reserves in the world, and it could prove to be a major source for energy-starved India, which depends on imports for 70% of its requirements. Indian Petroleum Minister Ram Naik told reporters that the Vajpayee Administration has been encouraging state-run oil firms to take stakes in oilfields abroad, to cut the country's import dependence.

Sudan's Minister al-Jazz and Indian Oil Minister Ram Naik issued a joint statement saying that the two countries would form a joint working group to consolidate "strategic" energy cooperation. Naik said he would travel to Sudan in January 2004 for a meeting of the group. Meanwhile, New Delhi announced that Sudanese President Omar Hassan Ahmed al-Bashir has accepted an invitation to visit India, extended to him by Indian President A.P.J. Abdul Kalam during the latter's Oct. 22-24 visit to Sudan. The date of President al-Bashir's visit to India has not been announced.

Lessening Oil-Dependence

Sudan has emerged as a third major focus, after Vietnam and Russia, for India's state-owned ONGC Videsh, which is also exploring in Libya and Syria, and holds disputed acreage in Iraq. The company says the increased investment in Sudan is part of a wider plan to raise India's oil reserves from 6 billion tons to 12 billion tons over the next two decades.

India's share from oilfields abroad will spiral more than threefold, to 13 million tons of crude by 2007. India imports 78 million tons of crude annually, while its domestic produc-

tion stagnates at around 32 million tons.

The Indian investment in Sudanese oilfields, however, has not met with the approval of the entire nation. Writing for *The Hindu* on June 24, 2003, analyst Ninay Koshy claimed that the Indian government has committed a grave error politically, ethically, and even from a business point of view. He pointed out that Sudan has endured the longest civil war on the African continent, with 40 years of intermittent fighting. More than 2 million people have died in the last 19 years, and twice as many have been displaced, making it one of the greatest humanitarian disasters of our lifetime and one of the least, if not the least, reported. Koshy is also of the view that oil, which is located in southern Sudan, is the *raison d'être* behind the civil war.

On the other hand, there is no dearth of efforts to resolve the conflict. As of now, peace talks between Sudan's National Islamic Front government and the south's Sudan People's Liberation Army Movement are in progress in Kenya. Although, skeptics claim that the talks could fail, U.S. Secretary of State Colin Powell does not think so. On Dec. 10, Powell told a meeting of African officials: "I am optimistic that it is possible to achieve the comprehensive settlement by the end of the month. . . . The United States will do everything we can to help the parties achieve that outcome. It is a moment that must not be lost."

Peace and Cooperation

If peace finally descends on Sudan, it is evident that Sudan would advance rapidly in economic areas, and India is positioning itself to play a major part in that. With fertile lands, a highly educated group of people, and with huge mineral wealth, the only ingredient Sudan lacks from becoming a powerful nation is peace, New Delhi believes.

This was the theme of President Abdul Kalam's visit to Khartoum in October, the first by an Indian President in 28 years, since Fakhruddin Ali Ahmed went there in 1975.

Addressing the Parliament of Sudan on Oct. 22, the Indian President said: "India and Sudan can work together in building capabilities in various areas in the oil sector and exploitation of other natural resources that could fuel economic growth of the North African country.

"The time has arrived for our two nations to consolidate these developments since Independence and forge stronger bonds between planning and implementation institutions, public and private of both nations, to bring prosperity, happiness and freedom from insecurity to the peoples of both the countries," President Kalam added.

During the Indian President's discussions with President al Bashir and other Sudanese officials, scientists, and engineers, the two sides exchanged views on India's vision to become a developed country by 2020, and on Sudan's 25-year strategic plan for development. Both commended ongoing efforts to realize those lofty goals and the need to share experiences and insights.

Does the U.S. Want A Space Program, or Not?

by Marsha Freeman

The U.S. manned space program has not had any long-term goals since President Reagan's 1984 proposal to build a space station. Although this was a limited project, and not an initiative to exploring the Solar System, it at least spanned more than one annual budget cycle, and was intended as an element of infrastructure laying the basis for farther exploration, later on.

As the Columbia Accident Investigation Board (CAIB) pointed out in its Aug. 28 report on the Space Shuttle accident, for decades, NASA has not been allowed to plan around a vision for the future, and adequate resources have been lacking even to keep the Shuttle flying as safely as can be expected.

In response to that CAIB report, Congressmen did their usual posturing, decrying NASA's lack of "vision"; meanwhile, they betrayed their real intent by stating that any such "vision" had to fit within NASA's (shrunk) budget! Other officials in Washington, and in the media, argued: Never mind "vision"; the Shuttle will *never* be safe enough to fly; there is not enough science done on each mission to justify the risk, *ad nauseam*.

Following the accident, President Bush pledged that America would continue the Shuttle program. Following the release of the CAIB report, "space" advisors in the White House, led by Vice President Dick Cheney, started scrambling around for a "vision" for the space program. But in the meantime, they refused to increase NASA's budget even by a paltry \$100 million to help fix the Shuttle.

The most eloquent responses to the latest attacks on science and reason have come from those who actually fly in space and face the risk, and from the families of the *Columbia* astronauts, whose loved ones made the "ultimate sacrifice" in the quest to explore.

Walt Cunningham was a member of the back-up Apollo 1 crew, when its prime crew died in a launchpad fire in 1967. He served on the Accident Investigating Committee that looked into the cause of that fire, and then flew on the Apollo 7 mission. In the September/October issue of *Space Times*, Cunningham made a plea to "get the Space Shuttle back in the air."

Cunningham's major point was that "there will always be risk associated with human spaceflight." Announcing the Apollo program, in May 1961, "President Kennedy did not say, 'We will make this spaceflight absolutely safe in this decade and when it is safe, we will go to the Moon,' " Cun-

ningham pointed out by way of illustration of currently-popular absurdities. There is no such thing as "100% foolproof and absolutely safe."

The Apollo astronaut makes a further point: that efforts to try to make a spacecraft safer can introduce *more* risk. Within hours of the loss of *Columbia*, NASA Shuttle Program Manager Ron Dittmore "was honest enough to say . . . there was absolutely nothing that could have been done to save the crew," Cunningham reported. This announcement stunned the Congress, and horrified the media and even NASA Administrator Sean O'Keefe. "What do you mean there was *nothing* NASA could have done to save the astronauts?" was the hue and cry. Says Walt Cunningham: "Second-guessers have had a field day speculating on what NASA could have done to save *Columbia*. Even if we had known STS-107 was in trouble, all the second-guessing schemes were virtually impossible, took dangerous shortcuts in procedures and training, and violated operating norms and mission rules developed over decades of spaceflight. They would all have introduced more risk to an already hazardous undertaking." He insists: "Let me repeat, there was absolutely nothing that could have been done to get the STS-107 back!"

That does not mean deciding not to fly, or that the space systems involved should not be improved. That means that after doing its best to lower the risk, the space-faring nation accepts it—as does every astronaut and cosmonaut who steps into a spacecraft.

War on Risk

Cunningham wrote: "Considering what it does, the Space Shuttle really has a good safety record. It is certainly the safest habitable space vehicle the United States has ever developed. Its record of two failures in 113 missions translates into reliability greater than 98%, and management decisions probably could have avoided both failures."

The *real* danger to the program, he insisted, is that—as in the political environment after the 1986 *Challenger* accident—"Once more, there is a real risk of overkill, as Congressional Committees, engineers, and managers have concluded they have a duty to take virtually all human risk out of the operation" of the Shuttle. "No country can afford such a luxury."

In order to put human space flight into perspective, Cunningham asks: "How many people died opening up the American West in the Nineteenth Century? How many aviation pioneers lost their lives in the years before commercial aviation took off in the 1920s?" The loss of those priceless human lives did not stop such endeavors. "It's time we acknowledged that space is the most dangerous environment into which humans have ever ventured. There will always be risk associated with human spaceflight. There are also gains to be made from the exploration of space. We should reduce the risk to the point where potential gain exceeds the perceived risk, and then get on with the job!"

Business Briefs

Currency Control

Dominican Republic Out To Stop Speculation

Hiplito Mejia, President of the Dominican Republic, called in bankers, foreign exchange traders, exporters, and tourism operators on Dec. 3, to tell them speculation against the peso had to stop, *ya*—now. They were informed that a council had been set up to oversee the foreign exchange market, which would include the Secretary of the Armed Forces, another Army general, and a police major general. Anyone involved in selling currency without authorization from the Central Bank would be arrested. “For better or worse, the dollar has to come down,” Mejia told them. The value of 30 pesos to the dollar was set as a goal to be reached in December. Central Bank Governor José Lois Malkun, who was present, along with the Bank Superintendent and the Finance Secretary, emphasized that the IMF would not sign any agreement with the Dominican Republic, unless the peso was under 40 to the dollar.

The question floating in the environs of this decision, is the proposal promoted by U.S. Treasury number-two, John Taylor, and the Synarchist interests represented by the *Wall Street Journal*, for the Dominican Republic to dollarize. President Mejia stated on Nov. 29 that dollarization was not immediately possible, because the country—and, in particular, the banks—are not yet prepared for such a step. He does not oppose it on philosophical grounds, he said, but rather that a lot of information is required, to make such a decision.

Predators

Wal-Mart Now Largest Employer in Mexico

The *New York Times* reported on Dec. 6 that Wal-Mart now dominates the Mexican retail sector, as it does the American. Reportedly in 2002, Mexico officially created 16,000 private-sector permanent jobs; of these,

Wal-Mart created half. Wal-Mart is using the 1994 NAFTA accords to restructure the Mexican economy along the lines of extremely low wages, and the utilization of concentration-camp production facilities.

Wal-Mart entered Mexico only in 1991. By now, it has 633 Mexican outlets (of Wal-Mart stores and subsidiary companies), and sales of nearly \$11 billion. Wal-Mart operates 81 Wal-Mart stores and super-centers and 51 Sam’s Clubs, which have combined sales of \$6 billion; but it also owns 52 Suburbia department stores; 267 Vips restaurants, and over 200 Superama and Bodega supermarkets. It controls 30% of all supermarket food sales in Mexico, and dominates in many other retailing sectors.

Wal-Mart enforces its anti-union policies. In the United States, a unionized supermarket worker makes \$13 per hour, and as much as \$19 per hour when benefits are included; but at Wal-Mart where there are no unions, that worker makes \$8.65 per hour. In Mexico, where unions are banned by Wal-Mart, a newly-hired Wal-Mart cashier makes \$1.50 per hour.

Wal-Mart is the front-end of feudalistic globalization: “Part of globalization is adopting the methods and customs of another country,” stated Francisco Rivera, an economic “analyst” in Mexico City. The *Times* comments, “The company that ate America is now swallowing Mexico.”

Unemployment

Productive Labor Force Still Falling in U.S.

Official U.S. unemployment fell to 8.674 million in November from 8.779 million in October, a decrease by 105,000 workers, the Bureau of Labor Statistics (BLS) reported Dec. 5. The *official* U.S. unemployment rate fell 0.1% in November to 5.9%. *EIR*’s Economics Staff estimates that real U.S. unemployment in November was above 19.5 million workers, considerably more than double the official figures.

The BLS calculates its *official* unemployment rate by use of its “household survey.” It also uses and highlights an “estab-

lishment survey,” which reports how many workers work on non-agricultural payrolls. Here there are fireworks. At the start of December, a “consensus” of 60 “leading economists” had predicted that for the month of November, the United States would show a growth in non-agricultural payroll employment of between 150,000 and 160,000 workers. Based on the anticipation of this “growth,” President Bush opportunistically scheduled a photo opportunity Dec. 5 with small businessmen and employees at a Home Depot store in Halethorpe, Maryland, where he would claim credit for the growth of 150,000 or more jobs. Instead, the BLS announced a growth of only 57,000 payroll jobs.

Above all, unemployment continues to strike at the manufacturing sector, showing the devastation of the physical economy. During November, a further 17,000 manufacturing workers’ jobs were eliminated. Of these, 16,000 *manufacturing production workers jobs* were eliminated, those who physically alter nature to improve mankind’s existence. This is the 40th consecutive month in which manufacturing jobs have been axed. Since July 2000, there have been 2.78 million manufacturing jobs eliminated, which includes 2.30 million production manufacturing workers. This is the elimination of 16.0% of the U.S. manufacturing workforce, and 18.4% of its manufacturing production workforce.

U.S. States

Budget Meltdowns Continue Across Country

The National Governors Association’s (NGA’s) “Fiscal Survey of States,” December 2003, reports that budget blow-outs are continuing, despite their having cut spending in Fiscal 2003 by the second-largest amount ever. According to both the NGA and the National Association of State Budget Officers, states are suffering a “continued fiscal plight.” The study found that states reduced spending “significantly” both in fiscal 2003 and already in the current 2004 fiscal year, and most raised taxes, as revenues were

THE U.S. FEDERAL government's credit rating is threatened with lowering eventually, said Moody's rating service on Nov. 24, because of the rising record U.S. budget deficit, unless Congress cuts spending on entitlement programs and/or raises taxes.

BLACKOUTS? Not in the Tennessee Valley. Electricity users in the Valley experienced power outages less than half as often as the rest of the country in 2003, the TVA announced Dec. 2. The still-regulated TVA is now in the midst of a \$1.3 billion program to upgrade its electricity transmission network, and as a result, in Fiscal 2003, the average distributor buying TVA power or industrial customer lost power for only 4.2 minutes. The TVA has also upgraded its training programs, and trains or recertifies nearly 500 electric linemen every year. They maintain and repair TVA's 17,000 miles of transmission lines.

THE U.S. DOLLAR has dropped one-third of its value against the euro since October 2000. Since its low in October 2000, the Euro has now risen from 83¢ to \$1.21; thus the value of the dollar in euros has shrunk by 31%. Just in the last 12 months, the dollar fell by 17%, which means that any European investor holding U.S. Treasuries has suffered losses three to six times larger (depending on the maturity) than all the interest he might have earned on the investment.

TRADE between African countries and China has grown 68% in three years, to about \$18 billion annually, and the growth is accelerating. The first China-Africa Business Conference will be held in Addis Abeba, Ethiopia, from Dec. 14-16. Participants will also attend the opening ceremony of the Second Ministerial Meeting of the China-Africa Cooperation Forum, Dec. 15-16, to be addressed by Chinese Prime Minister Wen Jiabao.

lower than expected, in attempts to balance their budgets.

During the fiscal year ended June 30, 2003, twenty-one states passed budgets with reduced "general fund" spending compared with the previous year. In Fiscal 2004, 13 states already have enacted such "negative growth" budgets.

In Fiscal 2003, forty states—the most recorded in the 23-year history of the *Fiscal Survey*—made either across-the-board cuts or selective program reductions after budgets were passed. The cuts totalled \$11.8 billion—surpassed only by the reductions in Fiscal 2002. Eight states have already made budget cuts totalling \$2 billion, in Fiscal 2004. In Fiscal 2003, thirty-two states made across-the-board cuts; 25 states used "rainy-day" funds; 16 laid off employees. Aid to local governments was also reduced. Layoffs of state government employees has increased again in Fiscal 2004.

Thirty-two states expect they will have a shortfall in their Medicaid budgets for Fiscal 2004, even after having made "aggressive" cuts. And since July, 36 states have raised taxes and fees, by a total of \$9.6 billion.

Debt

BIS Warns on Auto Sector Indebtedness

In its December 2003 *BIS Quarterly Review*, the Bank for International Settlements features the "unusually sharp movements" on foreign exchange markets in recent months, in particular the intensification of the pressure on the dollar. But at the same time, there emerged other "signs of potential problems," which seemed to be isolated events but easily could have far-reaching consequences: "The downgrading of several automobile companies highlighted vulnerabilities in this volatile sector of the corporate bond market. The arrest of a well-known Russian business leader increased doubts among investors about the country's recent promotion to investment grade. And allegations of fraud in the mutual fund industry threatened to undermine the optimism of equity investors."

Concerning the automobile industry, the *BIS Quarterly* explains: "In the last few weeks of October, spreads widened dramatically in the automobile and related finance company sector, following Standard and Poor's unexpected downgrade of Daimler-Chrysler and placement of Ford and its affiliated finance company on credit watch. There was even concern in some quarters over the potential systemic impact on financial markets if Ford were to be downgraded to non-investment grade. Ford Motor Credit, with \$130 billion of unsecured term debt, is among the largest finance companies globally, and its bonds account for a significant proportion of many investors' portfolios."

"Having no access to deposits as a source of funds, the large finance companies rely heavily on the [bond] markets" and are therefore very vulnerable to credit rating downgrades.

Privatization

Uruguayans Reject State Oil Breakup

In a Dec. 7 referendum, the Uruguayan population rejected an attempt to privatize the state oil monopoly ANCAP. A law that would have opened up ANCAP to private foreign investment was roundly defeated by a 60% majority, and the results are now being seen as a foretaste of what to expect in the 2004 Presidential elections. The referendum was organized by the PIT-CNT trade union federation, and the leftist New Majority alliance, in which the EPFA coalition, led by Presidential aspirant Tabare Vázquez, is the leading member. Right now, Vázquez is favored to win next year's elections, with a 46% popularity rating.

This is the second time in two years that Uruguayans have stymied attempts to privatize state-sector companies. In 2001, another referendum defeated the government's bid to privatize the national telephone company. This has enraged the IMF, which has pressured the government of Jorge Batlle to privatize more state-sector companies and impose stringent austerity to qualify for financial assistance.

LaRouche Presents Foreign Policy to Press In Paris

U.S. Presidential candidate Lyndon LaRouche met the Paris media on Dec. 5 in a well-attended session full of lively exchanges. The candidate was introduced by Jacques Cheminade, his ally, former French Presidential candidate and head of the party Solidarité et Progrès; and by press conference host Lancine Camara, President of the International Association of African Journalists. His introductory remarks in French, and most journalists' and other questions to LaRouche, are given as the translator paraphrased them to the candidate.

Lancine Camara: I am very happy and greet those of you who have come. I will tell you a secret: If Europe is going to become reconciled with the United States of America; if there will be no more talk of “Old Europe,” but to the contrary, of the “Europe of the Future”; I believe it will be with LaRouche. But further, as I will tell you, he is the only one who knows how to defend the minorities in the United States of America—the Jews, the blacks, and naturally, the Hispanics, who are there—the *only one* who defends them, seriously—I believe it is LaRouche. If you want change things in the United States, reconcile the United States with Europe, with Africa, with the Third World, I think the only candidate that I would suggest to you, would certainly be Mr. LaRouche.

So, now, Mr. LaRouche will say a few words to you.

Lyndon LaRouche: I'll just state a few preliminary facts, and then a summary statement.

First of all, I am presently the second-ranking Democratic pre-candidate for the Democratic nomination in the United States, on the basis of the number of financial supporters—following Howard Dean, who I don't think is qualified, but has more nominal supporters than I do, at the moment.

The issue is two-fold. First of all, we're in a breakdown of the presently existing international monetary-financial system, especially the system as it was established between 1971 and '72.

Oh, I should also add that we're now in the first of the primary campaigns for the selection for the Democratic candidate, which is occurring in Washington,



Candidate Lyndon LaRouche (right) is introduced to the press in Paris on Dec. 5 by Lancine Camara (center), President of the International Association of African Journalists.

D.C., the capital of the United States. That campaign is now officially under way. I'm one of two leading candidates in that campaign, out of a total of five. The other three are Kucinich, and so forth. So, therefore, this particular campaign is now in full force, and it's occurring under the eyes of the Congress and the President, and therefore will be the most conspicuous campaign to inaugurate the whole process.

But as to the issues of the present: We are, as I said, in the financial breakdown crisis. The monetary-financial system established back with the Azores Conference, is dead. Exactly when the head will fall off the guillotined system, is uncertain, but it will be soon.

The two issues otherwise before the world now: on the one hand, the danger of a spreading war. If Vice-President Cheney is not removed soon from office, together with the so-called neo-conservatives associated with him, the war which we see in the Middle East will rapidly spread, to become a worldwide asymmetric, nuclear-armed warfare in the course of the coming years, ending probably with a war against China.

As a complication of this, the relations between the United States and the rest of the world since January of 2002, have become, during the past two years, the worst in modern U.S. history—since President Bush's January 2002 State of the Union address, in which he set forth the "axis of evil" doctrine. In this connection, the war in Iraq, with the ironic developments in Samarra, has now clearly become an impossible war for the United States. There is no possible way the United States can continue to sustain this kind of military occupation.

We are also on the threshold of the time that Cheney and

his friends would like to use nuclear weapons. As part of this, we have a recent incident involving Taiwan, a potential crisis of Taiwan and China, which would become a major crisis internationally. These wars are unnecessary. There's no need for them. They are dangerous, they threaten civilization. They can be prevented.

The 'Other Shoe'—Bankruptcy

But, the problem lies in dealing with the economic crisis. Over the past 40 years, approximately, the world went—especially Europe and some other parts of the world—went from being the world's leading center of productive power, to becoming post-industrial societies, living on the back and sweat of the poorest people in the world. There has been a change in the cultural values of the people of Europe and the United States, resembling what happened in Rome, in Italy, under the influence of the deterioration of Rome after the Second Punic War. We have gone from the world's leading producer society, to the consumer society, a parasite society, and our people have undergone a cultural transformation in their values.

In the United States and Europe, and in varying degrees, we have gone into a state of bread and circuses, as a substitute for production. This has meant that the people who went into the universities, for example, during the 1960s, and later, have developed the values of a post-industrial society. We have, in the United States and Britain, and to a large degree in Europe, a collapse of basic economic infrastructure, as a result. As the big corporations, or the big financial interests have taken over what remains, the small industries, the farmers and so forth,

have been ruined. The conditions of life of the lower 80% of family-income brackets, in Europe and the United States, have worsened over this period.

Contrary to rumors, the United States has enjoyed no growth in the recent period. The report of a 7%, or 8% growth of the economy from the United States, is nothing but one big lie. The truth is reflected in the current account deficit of the United States. The days that Europe and Japan cease to pour money into the New York financial market, will see the collapse of the U.S. economy.

Europe is also bankrupt. That is, Europe can no longer maintain itself at its present level, with the present level of economy.

So, the point is, we have to face two things. First of all, we must reverse the cultural paradigm-shift, to return to the principles of industrial society. In this connection, there has been some improvement in Europe recently. The breaking of the power of the Stability Pact by France, Germany, and Italy is a positive development. As the case of Chancellor Schröder's visit to China recently—this opens the door for long-term agreements, between Western Europe and Asia, which can lead to growth of capital formation and employment in Western Europe.

That would be beneficial; but, it would be not sufficient. What we need is a reform of the international monetary system, back to a fixed-exchange-rate system, which means 1-2% interest rates for prime lending rates on a global scale, which would be based on long-term trade agreements among nations, of 25-50 years. This, at those rates, would mean we could recover. And if we cooperate on that, we will surely act to prevent these wars from continuing.

A Eurasian Economic Initiative

So, my being in France, in particular today, is to try to promote an understanding of this situation, and to make clear the role of my Presidential campaign in the United States, as part of dealing with this problem. For reasons which I'm prepared to defend, I would say I'm the only person qualified to become President of the United States at this time. And I'm confident that, if I am President, these problems will be solved.

I see the potentiality in Asia, in Russia, in particular, and in Western Europe, for cooperation of the type that's needed to address these problems, together with the United States. And typically, if we can solve this problem in the United States and Eurasia, then Eurasia and the United States together can take the action, which has been overdue, to deal with the problem of Africa, especially Sub-Saharan Africa.

As we in the United States and Eurasia begin to improve our economic situation, we must not only end the genocide which prevails in Sub-Saharan Africa today—and I would say, *intentional* genocide—but we can provide the axis of strength for Africa to recover. Eurasia and the United States together, as combined forces, under conditions of recovery of

the international system, would be in a position to assist Africa, in developing large-scale infrastructure development, among the nations of Africa, and to assist those countries in developing their internal capabilities for solving the infrastructural and related problems within the countries.

That should stimulate the African market, and empower the creation of stable governments in Africa, which are stabilized by the fact that they have now the ability, as governments, to provide people of the country the opportunity for a future.

There's much more I can say, and I will say, if the questions require it. But I think that indicates the temper of where I stand, and what I see my role is, and why I'm here.

Principle of 'The Advantage of the Other'

Camara: We can now take reporters' questions.

Iranian Press Agency: As you know, Iran has had a very important role in the war against terrorism. What would your position be, on restoring Iranian-American relationships?

LaRouche: First of all, what we need is a conception—not only Iran—but we need a conception of how we're going to approach the relationship among nation-states and cultures on this planet. From a European cultural standpoint, I think that the answer is that the United States and other countries, in particular, should take the view of the Treaty of Westphalia agreement, of 1648.

For example, we now have a situation, concretely, in which, since Brzezinski, in particular, and Kissinger and Brzezinski, there's been an attempt to use Islam as a target for fomenting international war. . . .

Follow-up: More like a target.

LaRouche: So, the intention was to use a conflict between, especially Christianity and Islam, as a way of plunging the world into chaos.

Now, we must recognize in Europe, that apart from the Islam differences—and Islam actually is very agreeable to European civilization, both in the origins of Islam, in the role of the Abassid dynasty in Mesopotamia, for example, which played an important part in the recovery of Europe, from the time of Charlemagne; from the role of Islam in Spain—until the Spanish racists took over—which played an important part from Spain, in maintaining the culture of Europe.

So, but the problem is, when you go to Asia, that Asian people have a different culture, cultural background, than we in European civilization. So, therefore, we have to be sensitive to the fact that we can not impose an homogenized world, on other cultures.

So, therefore, my proposal is this: Go to the question of the Treaty of Westphalia—which would include the case of Iran—in which Cardinal Mazarin, from here in France, played a key part in bringing about that Peace of Westphalia. So, rather than trying to settle differences, why don't we settle common interests, and leave the differences alone? That means that the Treaty of Westphalia was based on the princi-



The Presidential candidate answers journalists' question: from left, Jacques Cheminade, President of Solidarité et Progrès; Lancine Camara, LaRouche (with a copy of the U.S. Declaration of Independence before him); and translator Elodi Viennot of the LaRouche Youth Movement.

ple: Instead of bargaining differences, you would try to help something to the advantage of the other. For example, in the case of Iran, the specific case of Iran, that means that our policy must be to find out what Iran wishes, and to see if we can give them that which they wish, from us. And to do the same in every part of the world. To say, that each of us must find what we must do for the other, and we must help give them the advantage of doing what they wish to do for themselves.

The objective should be, to establish a world community of sovereign nation-states, not world government, but a unity around principles of giving the advantage to the other.

Q: I'm a colonel in the U.S. Army. I see no reason for the war in Iraq, today. Shouldn't we worry about ourselves, before we start worrying about others?

LaRouche: No, we have to worry about other people. We are human beings. We live on this planet together. We all have the same ultimate needs, the same ultimate requirements. We all have the same need for the protection of certain kinds of institutional arrangements; those things we must share in common. We also should help each other, as nations, but the problem is, that the Treaty of Westphalia—

See, we in Europe have had the advantage, European civilization, especially from the 15th-Century Renaissance, when we became a distinctive power on the planet culturally, as distinct from—we were just a part of the average world before that—but now, we developed modern industrial society. We developed a society based on the idea of the universality of the rights of human beings. We said, "We are going to end the arrangement on which some people treat other people as cattle." And we tried to do it. The United States was founded on that principle. People in Europe wanted to do it; it didn't succeed for various reasons. We in the United States have made our mistakes, too. . . .

But what we need now is, we've come to the point that if you look at what this war in Iraq portends, we have Dick Cheney and company: They wish to launch—and they call it that—"preventive nuclear warfare" as a way of establishing world government. That's their intention. And the problem with Clinton was, he didn't fight that. He was not for that, but he wouldn't fight it. He was—because of his generation, is his problem. But we've come to the point, that if this continues, what we're going to get, is what we should have understood when preventive nuclear war was introduced by Truman, on behalf of Bertrand Russell: We got the Korean War, as a result of Truman's trying to bluff the Chinese and Russia, the Soviet Union then. So, suddenly, we had the North Korean troops coming down in Korea. Then the Soviet Union was the first to develop a thermonuclear weapon. Then we found ourselves—then we had to quit going to preventive nuclear war! We dumped Truman, finally. We should have dumped him at the beginning, at birth!

But Eisenhower gave us eight years of stability—eight years of escape from the worst. And Kennedy was not ready, then, to deal with what was thrown at him. So, therefore, we found ourselves in the Missile Crisis of '62, the Kennedy assassination, and the beginning of the Indo-China War. This was the result of the same mistake that Truman had made in the 1940s: We provoked a war, a prolonged war in Indo-China, because we thought the Chinese wouldn't intervene, *but the Soviets did.*

Now, today, the idiots in Washington have thought—Cheney has thought, and the neo-cons—that now that [Russia] is weak, they can play this game again. They have not learned that Asia will respond to this kind of attack, with what is called asymmetric warfare! They will say, "Invade our countries. You have the superweapons! But then you will be person-to-person, neighbor-to-neighbor. When you are a

neighbor, we can kill you with our weapons.” But this time, it will be also nuclear weapons. It will be deep-diving submarines, not the obsolete super-submarines the United States has now. It will be the entire electronic domain, of the GPS, will be shutting down from the time the missiles go off.

So, we’re now at a point, that the whole world could go into a Dark Age, as the result of the idiocy of people like Cheney and his supporters.

We’re looking at a kind of war that can kill over a billion people, or 2 billion people. It’s time to say, “Idiots, don’t make such wars!” We need *strategic defense*. We do not need to have a war policy. We need what Lazare Carnot conceived back at the end of the 18th Century, what Scharnhorst taught as doctrine. Not aggressive, “preventive” war.

I believe that there is no condition that warrants anybody to desire war on this planet. We have other interests, which are common interests of mankind. We must unite around a positive affirmation of those common interests of mankind; and we all recognize, we don’t want this war! So, let us work to see to it that we don’t *have this war*. And we have to work to that purpose.

Therefore, it’s not enough to take care of U.S. interests. *The United States must take care for the whole world, not as an empire, but as a partner.* And it’s my job as President, to see to it that happens.

The Mideast and Africa

African journalist: He has three good questions. The first one is, I want to remind you, as an African, that although you’re intellectually perfect, you’re 81 years old. The second one is: Imagine that you’re elected President, and you remove the United States troops from Iraq. In the meantime, Saddam Hussein has been hiding in a hole. And there he comes out, and he does again what he did when Bush, Sr. was around—when Bush, Sr. removed the troops—meaning he massacres millions of Iraqis. What do you say with that? What would be your morality with that?

Thirdly, Mr. President, or future President, the problem of Africa is mainly people who are governing. They’re corrupt up to their hair. So, how are you going to get rid of them? Are you going to send them to Auschwitz, or are you going to massacre them? What are you going to do? You can not do a coup d’état in 54 countries, minus Southern Africa; so you can’t eliminate all these corrupt Presidents, who were all set up by the English and the French 50 years ago. What will you do?

LaRouche: First of all, the 81 years is not a problem for me. I’m fortunate in some respects, and I make use of that. I think one of the reasons I’m healthy, relatively healthy, without the infirmities that do go with the age, is that I work all the time, and if you work all the time, you have no time to sit back and die. My wife also has a part in this. She keeps me alive, and keeps me motivated to remain alive.

But, on the question of this Iraq question. I’m not propos-

ing a distant action sometime in 2005, on Iraq. I’m proposing action be taken immediately, now, by a number of nations. I think if we could get Cheney out, we could do it right now.

In any case, if I were President right now, I would go directly to the United Nations Security Council, and say, “The United States, I admit, is in occupation of Iraq. I want the cooperation of the United Nations to get us out of there.” But since I’m not the President of the United States, and nobody else is around who’s qualified to do that, I have to go to the United Nations now, as a candidate, and say, they should take action to end the U.S. occupation of Iraq. Because there’s no other public figure of the United States, except me, who has earned the respect of the people of that part of that world, who would trust me in a case like that.

We’re in a state where the people of that region, until the United States does something about Sharon, and what he represents, the people of the Middle East region, are not going to trust any U.S. intervention in that part of the world. And no one in the Islamic world is going to trust the United States if Cheney is Vice-President. Because he’s a killer! His policies are well-known. What is done in Iraq, has gone beyond the point of no return. The United States has committed an appointment in Samarra, an old Persian custom.

So, therefore, the United States can not stay there. What has to be done is, *Iraq must be restored to its 1958 Constitution*, And eliminate the Anglo-American intervention, which brought Saddam Hussein to power!

See, the Iraqi people are a nationalist people. I don’t care what their religion is; they’re nationalists, they’re Iraqis. They resisted the Ottoman occupation. They resisted the British occupation under the Ottomans. They resisted the British operation later, at the end of the war. Because they understand that they do not want to become a collection of micro-states. In their unity and collaboration with one another lies their security. They’re intelligent people. They have a high tradition of culture, with a lot of poor people. But therefore, the point is, why not—don’t try to give them a new Constitution. They had a perfectly legitimate Constitution. Saddam Hussein abused it; but he abused it as an agent of the British and the United States! And the time came they wanted to get rid of him, and they set him up.

So, he was a creation of the United States, just like the African situation. From what I know of the African situation, the problem exists because Anglo-American and Israeli forces continue the thing working! Who put child warfare into Uganda? Who destroyed the [Great] Lake region? When Museveni sent his troops through, through a British park, to invade Rwanda, and start the whole process going? Who did what they did in the Congo? Who started the butchery in Liberia in 1980? Who killed Lumumba? Who starts all these wars? It is Anglo-America-Israeli influences that did it!

You have children, 10 and 12 years old, with high-powered weapons, running around killing people. If Europe and the United States decide to do it, this nonsense will stop. The



At the national Assembly of Solidarité et Progrès on Dec. 6, attended by 200 LaRouche activists from all over France.

effects of the nonsense, we'll have to cure. If anyone's going to be shot, by me, it's going to be the guy who tries to keep this kind of thing going. It won't be a war: It will be a trial.

No, the point is, the responsibility for Africa—look, look back to the 1970s: Henry A. Kissinger issued a National Security Study Memorandum 200, in 1974-75. Then Kissinger's buddy, and competitor, Brzezinski, issued *Global Futures*, and *Global 2000* in 1981, January of 1981. The policy is Malthusian. The policy was: "There are natural resources in Africa: These belong to *us*, not the Africans. We must prevent the African population from growing. We must make it less. We must not allow it to have technology."

And under that policy, since the middle of the 1970s, a Malthusian genocidal policy, has been the policy of the United Kingdom, the United States, and Israel. Who created Idi Amin? Who created Museveni? And so forth and so on. I know these guys. And so, we are guilty, not them.

If you do that to people, you will get that result—not Africans, anybody. It's happened in history before. *We* are responsible. We must give them the conditions to get their own countries back. And then, it will not be perfect—but it never is; but at least it will be their country, and they will be responsible, and we will help them.

LaRouche's U.S. Candidacy

Colombian journalist: The first question, is, she doesn't want to ask you about your opinion on the policy of the United States towards Latin America, because that would be an extensive and long subject. But, she nonetheless wants your position on the Latino minority in the United States, which is actually, more or less, the majority; and she wants to know your position on their equality, their equal rights, equal rights of this population of the United States—towards education, towards practicing Spanish in a legal way, since it's the second language after English.

The second question is, she was looking at the French press this morning, and she didn't see that your presence here was announced, in France. And so, why are you being

marginalized like that? Why are people so indifferent? And could it have to do with the fact that people have a politically correct view of history, and that you address very hot questions in current and recent history?

LaRouche: Well, I think that on the second one, easily: In France I'm being treated rather nicely now. Not abundantly, but nicely—I would say the proper treatment. I don't expect to be pushed by France. But I think that my contacts with the French establishment circles—we have correct relations with each other, and they're probably better behind the scenes than they are on the surface. And that's as far as that goes.

It's like the case of Napoleon. I don't compare myself to Napoleon, except in this sense: That when he landed from Elba at Marseilles, he was called, "The ogre has landed." And by the time he'd reached the outskirts of Paris, the same press was saying, "The hero has returned."

When a politician is trying to overturn a policy which is insane, the existing institutions do not welcome him. They like their old policies. It's like the fellow who refuses to change his socks.

I don't have any problem with the U.S. population as such; I have a problem with some people. Many people in politics, who publicly do not associate with me, do associate with me privately.

Everybody of influence in the U.S. political scene knows me. I've had as much as 25% support from the population at various times in the past. There were great efforts by some people to try to eliminate me. They not only didn't like me, but they were afraid of me, and they tried to destroy me. But it didn't work.

So, anyway, I'm rather durable. And right now I am—as I said earlier—I'm the second in terms of popular financial support in the U.S. population, for a position—in which a candidate with that position is not reported in the press, except adversely, mostly, that means they're afraid of him. Obviously in that sense, I've terrified my enemies, which is good.

Now, on the U.S. population. The problem generally,

you're talking about, goes into the fact that we have, it's not really an ethnic problem in the real sense; it's a problem of several things. First of all, the largest component of the Spanish-speaking population in the United States, especially along the borders, in California, Texas, and so forth, is Mexico. And the greatest problem has been increased during the period since 1982, since the destruction of Mexico in October of 1982, by the U.S. intervention, where I was on the side of my friend López Portillo: We were trying to defend Mexico, and the other fellows won. The United States raped Mexico. The first thing they did was devalue the peso, an act of rape; they destroyed Mexico's industry; they took over Pemex, the control of Pemex. Then they reduced the Mexicans to be a supply of cheap labor. They fomented an increase in the drug trafficking across the border: It's not safe to walk the streets of Guadalajara today—a boy with a machine gun may finish you off.

So, then what you have, therefore, is two things: You have on the Mexico side, you have particularly the problem of the *maquiladoras*. Many of these are nothing but slave-labor operations. Then you have a very large population of Mexicans, both illegal and legal, inside the United States; this is largely a product of cheap labor.

Then we have from the Caribbean, and other countries, we have refugees pouring into the United States. The recent generations of immigration, from Hispanic America, are largely 34-odd percent of the population right now—the largest single minority, larger than those of African descent.

A Melting-Pot Country

But they share a problem with the lower 80% of the U.S. population as a whole. And with old people—you just have to be old to be a minority—health care, being destroyed. So, therefore, the whole situation in the United States, for the lower 80% of the population, is one of increasing destitution.

Now, this is not a problem that you just address specifically, by taking one or two points, and trying to cure them. You have to have a much broader approach to this. You have to go to the general conditions of life, and you have to do what Roosevelt did: Return to the policy of the common good, the general welfare. The legal principle, the Constitutional principle of the general welfare, must be applied.

Also, it has to be understood, the United States always was, and *is*, a melting-pot country. We were, from the beginning, a melting-pot country. Therefore, we have no proper racial, ethnic, or so forth distinctions, within the population of the United States. Therefore, everyone has implicitly the same Constitutional rights. But that has to be practically enforced.

Now, what's this mean? My constituency is, largely, the lower 80% of the family-income brackets of the United States. Therefore, my constituency tells you what I'm going to do. My people are going to be there. And when it deals with a Congressional representation, that means, that under my

government, the relevant positions are occupied by the relevant people. So, for example, for affirmative action: I have many people in the United States who've been closely associated with me, who are experts in affirmative action, have been fighting for it. They will be in the relevant positions of government.

On the Spanish-language question, the same thing. We have, in Spanish, we have a love affair with Cervantes. I mean, for Spanish-language people, the best reference for young people is Cervantes, *Don Quixote*: It's the best possible educational program for literate Spanish, because all the problems are there. So, I need a reform of education in general, to quality education, not the junk we have now. And I have a youth movement that's working for that. And I'm determined to *build* the United States back into what it was intended to become: a melting-pot nation.

And south of the border, I have a lot of friends. And they will be well-represented where this thing comes.

But it's not a "fix-it" of one problem. You have to start from a principle, and you enforce the principle, by appropriate methods. It'll work. If you try to make a reform, one at a time, it doesn't work. You have to have the principle, and you have to have the people who will enforce the principle; then the job is done. It's *representative* government.

Q: Mr. LaRouche, I personally wish that you be elected with a great majority of votes, counted electronically, and not by hand.

LaRouche: No—by hand. I would prefer by hand.

Q: I would like your opinion on East European countries, where there has been installed a mafia structure upon the former Communist structures. And how do you plan on fighting this—because this could become as dangerous as the present international terrorism structure?

LaRouche: Well, you know, our friends in Poland were largely Solidarnosc, for example. They were pushed out by the Anglo-Americans, not by the Soviets. They did better under the Soviets than they did under the Anglo-Americans.

For example, in 1986, Gorbachov wanted to kill me, publicly. As a result of that, later, many of the same institutions of the Soviet Union—now under the Russians, now are no longer calling themselves Communists, but Russian Orthodox—welcome me with open arms.

So, I mean, that's the nature of the world. I really don't have much of a problem with any part of the world. Some parts of the world have problems, and some have problems with me, but I really don't have much of a problem with them, because I know human beings. You know, you get to be older, you have a lot of experience worldwide, you understand people, and if they behave peculiarly, you don't get too upset about it. You just realize that's the nature of humanity, and you work with it. So, these things don't frighten me one bit.

If we adjust, if you do the right thing, people do tend to come around.

American Relations With Mexico

Siempre News Agency (Mexico): She was surprised that, you're being a candidate for the Presidency—she understands your interest in Mexico, being as they connect at the border. But she was surprised that you quote López Portillo as a friend. She doesn't know how people in the political networks consider him, but 80% of the people consider López Portillo as having not done a lot of good; because especially his family got out a lot of money from the government, to buy castles in Spain and France. He's not the only Mexican President to have done this—maybe, you know, people can want to live in colder countries—but the money has to come back to the country, for infrastructure, for agriculture, and so forth. So, the people and the population of Mexico ask many questions, and they see many Presidents who didn't bring a solution, but, on the contrary, brought more pain.

And if you are running a campaign, with a lot of the people in the United States that are affiliated to Mexicans, or come from Mexico, that might prejudice you. So, I want your opinion on that.

LaRouche: Well, I go by facts, not prejudices. I often know that prejudices are contrary to facts. And I find that the best thing to do is stick with the facts, and stick with the truth as I know it, and not be swayed by prejudices.

For example, the case of López Portillo. I had a privileged relationship with President López Portillo, from the time, approximately, of his inauguration. It was one of exchange of information, which was fairly frequent, and involved my expression of my opinion and my responses to any expressions of opinion from him. And with many of the circles of the PRI, around him at that time, I had a very close relationship.

Because Mexico was important, not only to Mexico itself, but it was crucial for many other parts of Ibero-America. Many refugees moved to Mexico City, and lived in Mexico City, from many countries, adjoining countries. Central America, for example. Mexico City was full of people from Central America, who were refugees. At a certain point, also from Peru; and then from the Caribbean area generally. In trying to deal with the difficult problem with Cuba, with Fidel Castro, Mexico was crucial. The channel for dealing with Cuba in the worst times, was always through Mexico City.

So, the point was, with this problem, we were dealing not with countries which had the ability, the actual sovereign ability, to solve their problems. We're existing in countries which were living in what was increasingly part of an Anglo-American empire, colonies of an Anglo-American empire. And our basic problem we had, in all these issues, was to try to induce the United States to change its attitude on some of these questions, toward Mexico and other countries of South and Central America.

In this connection, I was privy to a lot of the details of the

life of López Portillo in that period, and later. We tried to do the right thing. The reason we didn't, was because the Anglo-Americans didn't let it happen. From October of 1982, when he made the speech at the United Nations, which was sort of the swan song for Mexico's independence—Mexico lost its sovereignty in October of 1982. Every President since then—Salinas was the worst—has been an agent of the United States.

What happened is, the PRI, which had a lot of corruption in it—it's the nature of the situation—was replaced by a group with fascist antecedents, the PAN. The PAN was created in the 1930s, based on certain conflicts which had arisen since Maximilian. It was created under the influence of the Nazi Party offices in Berlin, through the channel of the Franco government in Spain, and it was through Mexico City, with agents, Synarchist agents, such as Soustelle, through which the Nazi organization was maintained by the Nazis, in parts of South America throughout that period. The PAN is essentially the American party, the American-controlled party in Mexico. There are factions in it, because any large party naturally has factions within it, of different composition and tendencies. But the hard core is a Synarchist organization, dating from its Nazi antecedents.

And the problems in Mexico have been largely the Mexicans in the PRI who have capitulated to U.S. occupation, and those in the PAN who have been instruments of U.S. occupation. And having controlled the country, they have an excellent propaganda machine, to spread discredit upon López Portillo, for example, which popularizes myths which are lies.

I know how he lived in Spain. He went to Spain because he was in danger of assassination from the United States if he didn't. I know how he lived in Mexico—it was not his money. He lived at the sufferance of friends. I've heard the rumors. I know they're untrue. He may have weaknesses. There was a problem with his wife. There are sections of the family that had problems with him; it happens. He's now very ill. He's still essentially López Portillo, as I knew him. He was a true patriot, and he was the last President of Mexico who was allowed to function as a patriot. The others have been under U.S. control.

For example, in his time, take the crucial problems of Mexico. Just to get the picture of what the problems are, and how I deal with the problems.

For example, take Mexico's territory. Mexico is a country—at the south it has high mountains, and a lot of water. In the north, in Sonora and so forth, it has a deficit of water. Between the two, the Sierra Madre, there's a big deficit of water. The railroad system has collapsed. Mexico is a large country, in population. Its conditions of life have become progressively worse, over the past 20 years. What is needed, of course, is to build a water system through the Great American Desert area, down from the Arctic, through the United States, into Mexico in one direction, and from the mountainous area of the south, where the water is, up north in Mexico.



Helga Zepp-LaRouche speaks with young participants following one of the sessions of the Assembly, Dec. 6.

Now, since a long time, Mexico has had the plan to develop two coastal water-canal systems, to carry water from the south to the north. There are also plans to bring some of the water from the south along the mountain line, into the area between the two Sierra Madre branches. With this kind of development, and with power, Mexico can become a modern nation, in terms of industry, in terms of agriculture. And the poverty, which is driving the Mexican population north, can be ended.

These plans, I discussed with Mexicans in the 1970s, and particularly with the López Portillo government. They were intending to do the right thing by the people of Mexico. They were prevented. When I become President, those things will become a reality.

‘Different Politics Than You’re Used To’

Follow-up: After the geographic lesson on Mexico, I would like to remind you that it’s true that Mexico can solve these problems. But if you were to take the money of two Presidents, or former Presidents who are outside the country now, you could solve a lot of these economic problems that Mexico has. And I suppose you know this perfectly.

And the second thing is more of a conclusion than a question, which is, it means that you can see that even with Mexican President Vicente Fox, he also is part of all these Presidents—one of all these Presidents who manipulate countries. And if he’s not in the PRI, and he’s in the PAN, which has been the distributor for Coca-Cola all over Latin America—

he got to power, but he doesn’t have a majority in the Parliament. So we consider that once again, we’re going to have another President who will do the same policy, getting money out of the country, and being an agent of the United States.

LaRouche: Well, the point is, if I’m President of the United States, it’s different. I know these problems. This is a problem of being a part of a semi-colonial country, being dictated policies from abroad. And the one thing you have to look at is the Banco de México, which is an agent of a foreign power, which is the internal occupying power, not the Presidency.

For example, you have in the PRI, left over—Bartlett, for example, the Senator, is still playing a very crucial role in defending the sovereignty, within the limited powers available to the Parliament. Senator Bartlett.

You know, I’m passionately involved in these things, on a more or less daily basis: Mexico, Peru, Argentina, Brazil, Bolivia, Colombia, the problems there—I’m involved in these things on a daily basis, I know these problems. And I have my friends there, and therefore I field many of these things as a personal matter, even though it’s a different country.

But in general, in answer to your follow-up question: I would say, yes, I feel these realities, I know them. I’ve lived through them. I understand them. And I know that if the United States changes its policy, in the way I indicate, the conditions and opportunities in those countries will change. In which case, the people in the country will have the sover-

eignty to make the kinds of decisions they want to make. And they will not have the choice of President dictated to them by the United States. And they won't have the national bank of Mexico, the Bank of Mexico, have its policy dictated to it by the international institutions, including the United States.

And in the United States, we have a lot of Mexicans, who are not merely illegals, but also people who have become citizens of the United States, with families back in Mexico. And I, as President of the United States, have to be sensitive to the interests of my citizens, and the people who live in the country, even if they're illegals.

And the United States, having great power, should not use it as an imperial power; but the United States has the responsibility for neglecting its responsibilities as a result of having power. The main power I can have as President, is, give other countries the opportunity to hope that they might do something for themselves. That they do not feel they have to ask permission, to do what they should be able to do for themselves.

Admittedly, it's a different kind of politics than you're used to.

Presidency and Issues of China Policy

Chinese journalist: I am a Chinese journalist, but what interests me is, the foreign policy of the United States government. I have three questions. My first question, what is your feeling about the Bush policy with respect to China? The second question is, what do you think of the relations between China and the United States, and their perspectives, because there are many problems, such as Taiwan, the problem of trade, human rights? And the third question, if you're elected President, what would be your policy towards China?

And I want to wish you, good health.

LaRouche: Yes, I'll use it. Good health I can always use.

First of all, China is China. It's a different country than any other country on the planet. And therefore, don't meddle too much inside it, because it has its own dynamic.

The Bush policy: Look, let me speak frankly—I do speak frankly, but let me forewarn you that I am speaking frankly—The current President of the United States is an idiot, and everybody knows it! So, don't blame him too much in terms of intentions. He happens to be mean-spirited, which means his intentions are often colored by bad behavior. Do not overrate the intentions of a worm.

And the man is President of the United States. How he became President is a curiosity, but he's President. And therefore, institutionally, he's the President of the United States. And I have to do things, like trying to save his life, if necessary, and so forth, because he is the President. So, he's an institutional fixture in the wrong choice of institution. Better qualified for Charenton. But anyway, so, he's a puppet. He's a puppet of certain financier interests, which are fairly described as pro-Nazi. The same kind of interest that brought

Hitler to power in Germany. The intention of these interests is ultimately to destroy China. And what has happened in Afghanistan, and what is happening in Iraq, is merely part of the stepping-stone intended to end up in places such as China.

So, Bush's father perhaps, has a different problem, a different attitude. His uncle, Prescott Bush, who's more closely associated with the Orient, probably has a different attitude, too: He likes the money from China. The circles around Bush, the senior Bush, are financially hungry, so, therefore, their attitudes are sometimes influenced by that.

So, the question should be, what should China's policy become, or the U.S. policy toward China become, and what is it? Now, I'm concerned about the Taiwan crisis which threatens now. The issue of the referendum is a provocation, by U.S. circles who orchestrated this, who wish to have a provocation. And the referendum proposal in Taiwan, today, should be considered an extension of the war in Iraq by the United States. To understand that, you have to look at the border of China, to the north.

We have North Korea. Under Clinton, during the Clinton period, the government of South Korea at that time opened up the Sunshine Policy. This was for cooperation between South and North Korea, both for humanitarian and economic purposes. This was blessed by Russia. It was recommended by Perry and others from the United States that this policy be fostered. China did not wish to be involved with the North Korea regime, for its own reasons, but is now reluctantly cooperating with Russia, on trying to promote this policy, to prevent a collision in that area.

I am for that Sunshine Policy, and I have a lot of support inside Korea for my views on this. And I think that Japan is coming more and more in that direction, or at least an increasing number of forces in Japan are moving in that direction. We have excellent cooperation with Southeast Asia and China and the North Asia group.

And obviously, one should see that the game—I know the way the game is played in Taiwan—see this as a U.S. provocation. That's the problem.

Strategic Triangle of Eurasia

Now, obviously my policy, which I laid out in other locations at great length—and my wife's policy and my friends' policy—has been for the development of what's called the Eurasian Land-Bridge. This was the policy which was first expressed by me on Oct. 12, 1988 in Berlin, when I warned people that we could expect the immediate prospect, that the Comecon would begin to disintegrate very soon, bringing about the reunification of Germany, with Berlin as the future capital. And I proposed that a new policy of cooperation with the then-Soviet Union develop out of this, which would develop a transportation system to promote an increase of trade and economic development throughout Europe.

After the Wall fell, the following year, we proceeded on



The LaRouche Youth Movement in action in France; here, its members carry signs and banners against Cheney, Ashcroft, and the IMF, at the large Paris demonstration against the impending invasion of Iraq, in February 2003.

the question of extending this kind of process toward the Pacific Coast. We pushed for three routes of rail development, or magnetic levitation developed routes across Eurasia—north, south, and middle.

Today, the policy of Europe is in that direction. The development of transportation routes across Asia, with the idea of development, which includes the proposal to support China's internal development as it is now proposed—which I would say is a long-term trend which goes back to Sun Yat-sen, but was activated by Deng Xiaoping: to move the development of China from the coastal region, toward the inland regions, through infrastructure development.

Therefore it is in the interest today of Eurasia, to proceed with that objective. In the late Summer of 1998, I proposed to the Clinton Administration that that Administration sponsor what I called a Eurasian Triangle agreement: That Russia, China, and India develop a mutual arrangement, under which all of the countries of Asia could come together. That is, these are countries which are important countries, which have different cultures than the other countries; but if they can agree on common principles, then Asia could be united around an idea of countries of different cultures, but common principles.

This is a policy which requires 50 years. It requires the first generation to develop the infrastructure of the interior of China, as led by the Three Gorges Dam development. That's 25 years. The second generation will exploit the development of the interior of this land, so it'll take a capital cycle of

approximately 50 years, or two generations, to bring that to an interim level of fruition.

And this kind of development is the basis for the unity, the economic cooperation, throughout Eurasia. This requires a new system of international credit; a fixed-exchange-rate system; with basic interest rates at 1-2% simple interest. It requires treaty agreements among governments, over 25- to 50-year duration; treaty agreements which will be used to create credit for the promotion of trillions of dollars of infrastructure development across Eurasia; which will require, in the same period, between \$100 and \$200 billion equivalent, or euro equivalent, for scientific development to push this. And the issue is to create the architecture under which this kind of cooperation can occur.

This is probably the heart of the future of humanity, for a century or more to come. And this, to me, is the way to get peace: To have countries committed to projects, on which their future depends, for a long term, for many generations, and to be willing to fight to maintain that cooperation, as if they were fighting to defend national sovereignty.

It's on the basis of that kind of cooperation in Eurasia, with the United States cooperating with it, that I foresee the ability to do the transformation of Africa.

Camara: My dear friends, we have here a supercharged program. We can take only two more questions. . . . We have only the two translators, and if there are still questions, we will hold another press conference.

Did Idiots Elect Idiot President?

Q: You repeatedly said that Bush, Jr. is an idiot with a capital *I*, as if it was written on his forehead. Now, how is it possible that the American people would be so much idiots—with a capital *I*—to elect such a President for four years; and maybe, importantly for the rest of the world, for eight? Maybe you can help us—as an American—to understand what that phenomenon actually was.

LaRouche: Well, they were given no choice. They were given two choices for Presidential candidate in 2000, and they didn't choose either. Now, the choice was: Idiot Number One, George Bush, flanked by a fascist, Cheney, as Vice-President; the other one was idiot Al Gore, who's a nasty person, just like George Bush, flanked by a fascist, Joe Lieberman, who is a product of the Cuban fascists!

It's like going into a restaurant, and on the menu, getting two kinds of manure to eat—that's what the American people were faced with.

The first thing is, to give the American people a choice. And the second point, which is a little more profound, is that we've come to an end of a 40-year cycle of decadence in U.S. politics and U.S. culture. The people who are now approaching 60 years of age, have *failed*, the ones who are running the United States. They have failed miserably. Their ideas have failed. Their instincts have failed. Their sex life is worst of all. All right?

So, you come to a time where I have a generation, 18-25 years of age, university-age generation. They say of their parents, "What gave birth to them?" These young people say, "We have no future under these policies." At the same time, the international monetary-financial system is disintegrating. The international political system is disintegrating. The lower 80% of the income brackets of the U.S. population—and this is characteristic also in Europe—the lower 80% is living in worse and worse conditions, with no future.

I give you two examples of this, exactly what's happening, concretely.

First, we had a mayoral election in the city of Philadelphia, the principal city in the state of Pennsylvania, onetime capital of the United States. And Mayor Street was in trouble because the Attorney General of the United States, this fascist Ashcroft, was trying to overthrow his government. In the meantime, we had a conference, where I was giving an international address in Washington, D.C. And at the end of the conference, we had a meeting with some of our friends, who represented the so-called African-American groups in the United States, political groups. So, one of our friends, a member of that group, Harold James, who's a legislator from Pennsylvania, proposed that we do something about it; said, would I do something? I said, "Of course, we'll do something about it."

So, he organized a press conference, and I gave a statement to the press conference, stating my commitment. So, at that point, Mayor Street was about to lose his re-election

campaign. We moved in. We concentrated some of the youth movement, of the type of youth I've described. We turned the election campaign into a mission-oriented campaign. Mayor Street was elected by what's called a "landslide victory."

My Presidential campaign, in the Washington, D.C. primary now; it has a very large population of so-called African descent, very dominant part. The same youth movement, but enlarged, is organizing the Washington campaign for me. And we have them singing in the ghettos, because they've been neglected. We are administering a shock to the U.S. government and politicians. The Democratic Party has a contingency campaign: What will they do in case I win the nomination? I may not win the nomination—that's a possibility, but the shock is going to be delivered.

The United States is in a crisis. The habits of the Baby Boomers, the 50-year-old people, will no longer control the politics of the United States. The poor, the people in the lower 80% of family-income brackets, are going to be brought back into politics. And the leadership of people in the 18-25 age-group, is going to change, and be the spearhead of changing politics in the United States.

In the meantime, the *whole blasted system* is coming down, so it's going to make it a new time. The present world system of politics is ended, one way or the other, for better or for worse: You might have idiocy in the future, but it won't be the same kind of idiocy we had in the year 2000.

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LaRouche Speaks to a Growing French Movement

by Christine Bierre

Lyndon and Helga LaRouche keynoted the annual party congress of LaRouche's co-thinkers in France, *Solidarité et Progrès*, which took place in the Paris region on Dec. 6. The congress gathered some 200 participants, including 100 youth and students. At a two-day cadre school which followed the congress, leaders of the LaRouche Youth Movement from Rennes, Lyons, and Paris organized a day and a half of pedagogical presentations on science and art. These followed presentations by party leaders Jacques Cheminade and Christine Bierre, which concentrated on the essential differences between the American and the French revolutions.

How to develop citizens worth of that name, and how to communicate the sense of immortality without which nothing great can ever be accomplished by nations, was the major underlying theme of LaRouche's presentation to the Party Congress. Universal in its implications, nonetheless, through his choice of subject LaRouche tried to communicate certain great ideas to the French nation in specific. Here, as at his press conference in Paris on Dec. 5 (reported above in full), he addressed himself to a country whose leaders have insisted on holding up its national sovereignty, on how that great idea of mankind must be understood in order to be upheld in a crisis. This, LaRouche said, starts with understanding the roles of Classical culture, and of a distinct language, in na-

tional sovereignty. Such a language determines how a people's the specific culture understands important ideas.

Spread of the LaRouche Youth Movement

For LaRouche today, as for Plato in Classical Greece, ideas deal with the discoveries of new universal physical principles, discoveries which always occur by challenging information coming from our senses as such. He used the example of Mars' orbit, which we can observe without any difficulty in the heavens, but which seems to make, about once a year, a loop backwards. Had we limited ourselves to our senses, and had Kepler not called upon his cognitive capacities, the laws of planets orbiting the Solar System would have never been discovered.

In order to master the discoveries of universal physical principles, LaRouche has members of his youth movement work on a curriculum based on the scientific conceptions of Karl Friedrich Gauss. That great German mathematician of the 19th Century who revived the geometry and mathematical physics of Classical Greece and the Egyptians, and established a link between those traditions and the current of modern science initiated by Nicholas of Cusa, Kepler, Gottfried Leibniz, and the founders of France's *École Polytechnique*. Contrary to the Aristotelian empiricist tradition, those thinkers work on physical principles, and do not project linear mathematics conceptions onto physical processes.

It is always an *individual* who discovers such a new physical principle, LaRouche stressed, and how it is then communicated, and finally made a part of mankind's mastery of the creation, is the social drama at the core of both Classical art and real politics. When youth are taught to relive the great discoveries of the past, they become joyful, start repeating the experience, and try to teach it to everyone. This is central to the development of LaRouche's rapidly-expanding inter-



LaRouche speaks to the annual Assembly of Solidarité et Progrès—which showed a rapid growth in numbers and activity of his movement in France over the past year—standing before a banner which calls for a French-American alliance to put the Presidential candidate in the White House.



Jacques Cheminade, President of *Solidarité et Progrès* and former candidate for President of France, opens its annual national Assembly on Dec. 6, welcoming an audience of over 200 organizers, including 100 youth.

national youth movement, including in France, and it is this type of communication which is essential to every society which wants to survive and progress.

The American Presidential candidate emphasized that our civilization, like that of ancient Rome, has entered into a period of great decadence; and in that context, his first task as a political figure, is to use real history—especially understood as Classical drama shows it—to enable citizens to understand the situation today.

This history defines the “language” of a people, stated LaRouche; any attempt to create a world government and to destroy those language cultures which express the sovereignty of a nation, would be a complete disaster. But, it is also from within those national cultures, that policies of common interest to all nations must be found, allowing nations to collaborate around a community of principle.

Finally, LaRouche tried to generate in the public that sense of immortality without which great achievements (*grandes querelles* in French President Charles de Gaulle’s words) in politics are impossible. He gave the example of space conquest, of establishing a Mars colony, and of the need to plan humanity’s future long in advance. It only through our ideas and our actions to improve the state of humanity that the individual soul becomes immortal, he insisted. The sense of mission, the Sublime of Joan of Arc which Friedrich Schiller expressed in his drama, is that which each head of state must be able to inspire.

A Hand Extended Towards France

On the afternoon of Dec. 6, Helga Zepp-LaRouche intervened on some of the more burning issues of current politics. She emphasized that in the beginning, LaRouche had found

himself relatively isolated in his denunciations of the preventive war policies of Vice President Dick Cheney, adopted by the Bush Administration. Now, however, there are many indications that some of the more powerful nations in the world are preparing to wage asymmetrical warfare against the “perpetual war” policy of the neo-conservatives. In this context, she pointed positively to ongoing discussions between France and Germany to move towards the constitution of a Franco-German Union in the future, with collaboration in the beginning in the areas of defense, economics, and scientific research. Mrs. LaRouche asked for France’s help, in a campaign to get the German elites to undergo a reform similar to that carried out by Deng Xiao Ping in China from 1977. She compared the “green revolution” in Germany, which stops that nation—known formerly as a nation of scientists and thinkers—from developing nuclear power and other advanced technologies, to the “Cultural Revolution” of the Maoists in China, who forced the return of all intellectuals to the countryside, and who destroyed

generations of scientists. Deng Xiao Ping and the rest of the Chinese elite recognized their major mistakes, and changed policies, adopting a policy of economic and scientific development inspired by Gaullist “indicative planning,” and closer in essence to that of the great Chinese leader, Sun Yat Sen.

Jacques Cheminade opened the Sunday cadre school by going to the roots of the American Revolution. He retraced Leibniz’s contributions to that Revolution, in particular through *The Law of the Nations* of the Swiss Emmerich de Vattel (1758), and of the first publication by the German Rudolph Eric Raspe of the *New Essays on Human Understanding* by Leibniz (1765)—works on the nature of the “pursuit of happiness” which were studied by Benjamin Franklin and widely circulated among the American republicans. Through several quotes of Schiller’s *Letters on the Aesthetical Education of Man*, Cheminade showed the conceptions the French must discover today, which are totally opposed to the inhumane conceptions of man that turned the French Revolution away from what should have been its “American” course.

Christine Bierre’s presentation directly attacked the shortcomings of the French Revolution. She counterposed the model of Plato’s *Republic* to the democratic model proposed by Jean Jacques Rousseau in his *The Social Contract*, showing how that democratic model can only lead to total tyranny. The dictatorship of the “general will,” abundantly aided and supported by the *provocateurs* financed by British Lord Shelburne, led to an avalanche of anarchy which concluded not in a good Constitution and a government of progress, like the American Revolution, but with the fateful dictatorship of Napoleon.

Duma Election: A Phase Change In Russian and World History

by Rachel Douglas

A sweeping victory for forces supporting President Vladimir Putin, and the strong emergence of the Rodina (Homeland) electoral bloc led by economist Sergei Glazyev, made the Dec. 7 elections to the Russian State Duma a milestone in the strategic landscape, not only in Russia. A patriotic reflex was felt in these election results, after Putin's recent steps to drop key officials held over from the destructive Boris Yeltsin regime, and to support a law enforcement crackdown on Russia's foreign-tied raw materials magnates (known as "the oligarchs"). Those domestic developments defined part of the context of the vote; the rest was formed by continuing dismay in the world at the behavior of the war party in Washington, in the face of which Russia is moving to assert itself in a new, independent way.

The process of political change in Russia will accelerate in coming months. There is a new constellation of forces in the Duma, the lower house of Parliament. Presidential elections have been announced for March 14. Before or after that date, there is the prospect of Putin's forming a new government, with a new Prime Minister, and new faces in other key positions, in accord with possible changes in economic policy.

Neo-Liberals Creamed

With 97.87% of the vote counted, the results for the four parties that surpassed the 5% threshold to enter the Duma were as follows, compared with their showings in 1999 (see **Table 1**).

Below the 5% threshold was the Union of Right Forces (SPS), the party of radical economic liberalizers, whose leaders oversaw the disastrous deregulation and privatization policies of the 1990s. SPS made the blunder of running the detested Anatoli Chubais, architect of privatization and now

CEO of the national electricity utility, as a top candidate—on a platform of "liberal imperialism," no less. It got 3.8% of the vote. Grigori Yavlinsky's Yabloko party, also known as liberal, though without the free-marketeer dogmatism of SPS, got 4.3% and failed to enter the Duma for the first time in a decade.

"The liberal reformers are finished," well-known economist Tatyana Koryagina commented to *EIR*. "The Russian population has had enough of liberalism." As a primary target of voters' anger, Chubais may soon find himself out of a job. The entire liberal "fifth column" in Russian politics is being thrown out, she said.

What that means, Koryagina elaborated, is that "the moment is ripe for a change of national policy." The Russian oligarchs are weakened, at a moment that begs for fundamental changes in economic policy. While the raw-materials-producing sectors of the Russian economy have generally remained afloat, crucial strategic sectors of manufacturing, such

TABLE 1
Duma elections, 1999 and 2003

	2003	1999
United Russia	37.1%	36.6%*
Communist Party	12.7%	24.3%
LDPR (Zhirinovskiy)	11.6%	6.0%
Rodina	9.1%	—

*In 1999: 23.3% for Putin's supporters in Unity and 13.3% for the Fatherland/All Russia bloc of Moscow Mayor Yuri Luzhkov and former Prime Minister Yevgeni Primakov; they later merged.



Sergei Glazyev (left) and Dmitri Rogozin of the Rodina electoral bloc, whose strong showing in the State Duma elections represents a revolt in Russian society against the ideology of free-market liberalism.

as aerospace, are now collapsing from chronic lack of investment. A moment of truth is coming for Putin, Koryagina remarked. Can he understand the crucial economic issues facing the country?

The ‘Rodina’ Element

It was on an economic policy platform that Glazyev’s Rodina bloc, created only this past July, surged to a 9.1% showing. “Our victory is the victory of our program for social justice and economic growth, based on scientific and technological progress,” Glazyev declared in a radio interview on Dec. 8 (see *Documentation*). “This is a national program, not a party program, and was developed on a scientific basis at the Russian Academy of Sciences.”

The RAS/Rodina program is familiar to *EIR* readers, as it has emerged from the work of Glazyev, his mentor Academician Dmitri Lvov, and other senior Academy economists. “Russia Needs Productive Investment, Not the Stupid Approach of the IMF,” was the headline on our first interview with Sergei Glazyev, in November 1994. A doctor of economics and a corresponding member of the Russian Academy of Sciences, Glazyev has a decade-long record of opposition to the destructive policies of the existing international financial institutions.

In 1993, the 32-year-old Glazyev resigned as Minister of Foreign Economic Relations, the only member of the Russian government to quit in protest of President Yeltsin’s abolition of the Constitution and the Parliament of that time, the Supreme Soviet. He was elected to the Duma in 1993 as leader of the Democratic Party of Russia, and again in 1999 on the

slate of the Communist Party of the Russian Federation (CPRF). In 1996-99, Glazyev was absent from the Duma, after running with Gen. Alexander Lebed on the unsuccessful Congress of Russian Communities (KRO) ticket. In that period, he worked on national economic policy at the Security Council and at the Federation Council’s research institution. His 1998 book on the implementation of liberal economics in Russia is titled *Genocide*.

During both stints in the Duma, Glazyev chaired its Committee on Economic Policy. In June 2001, he convened special parliamentary hearings on the protection of national economies under conditions of global economic breakdown, inviting Lyndon LaRouche as keynote witness.

In the Spring of 2002, the CPRF was maneuvered out of its committee chairmanships, in a parliamentary coup against opponents of the government’s free-trade policies. Glazyev was a special target, as was the potential for him and the Academy of Sciences grouping to influence President Putin’s decisions—a process that was already under way. Through the newly founded State Council, Putin in 2001 had commissioned a draft alternative economic program, called the Ishayev Report (after Khabarovsk Gov. Victor Ishayev); Glazyev was its co-author. Then, shortly before the Duma reversal, Glazyev was summoned, together with Academician Lvov and other senior Academy economists, to brief Putin on ways in which Russian economic policy could be changed in the national interest.

Glazyev began to explore avenues toward creation of a political opposition movement that would be “prepared to run the country,” as he said, rather than engaging in mere impotent

protest. This would mean reaching out beyond the CPRF's traditional constituency, to those scientists and intellectuals, military men, businessmen, regional leaders, and Russian Orthodox Church activists, who want to restore Russia's dignity and security, but not to march under the Communist flag. In September 2002, Glazyev's vigorous campaign, on a platform of restoring economic sovereignty and industrial growth, resulted in his unexpectedly strong third-place showing as the CPRF candidate to succeed Lebed (who was killed in a helicopter crash) as governor of the sprawling Siberian region of Krasnoyarsk.

In early 2003, Glazyev issued a call to form a broad electoral coalition, a "national patriotic alliance," on this basis. When the CPRF, under Gennadi Zyuganov, declined to join it as an equal partner with other forces, Glazyev and his allies created Rodina.

Rodina's lead candidates were Glazyev; co-chairman Dmitri Rogozin, long-time chairman of the KRO, which is oriented to Russians living outside the Russian Federation, and chairman of the Duma Foreign Affairs Committee, who has also served as President Putin's envoy for Kaliningrad-related diplomacy; Gen. V.I. Varennikov, 79, former Soviet commander of Ground Forces and Hero of the Soviet Union, who was acquitted for his role in the 1991 State Emergency Committee "coup;" Gen. Georgi Shpak, former commander of Russian Airborne Forces; former Central Bank Chairman Victor Gerashchenko; nationalist politician Sergei Baburin; and noted political scientist Natalia Narochitskaya. They campaigned throughout Russia, Glazyev himself spending weeks on the road in the Far East, Siberia, and other regions.

After their electoral success, Glazyev stressed that Rodina is prepared to work with United Russia, especially on economic questions. His website highlighted his answer to a correspondent, who demanded to know why he did not take a more "oppositionist" stance toward President Putin. Glazyev replied that he is not opposed to the economic policy goals, proclaimed by the President: to end poverty, boost the economy, and ensure national security, but that the current government has worked at cross-purposes with those goals. "Two years ago," Glazyev pointed out in his Dec. 8 radio interview, "our program [in the form of the Ishayev report] was supported by the national State Council, but it was not implemented."

Said Koryagina, "Putin could adopt economic ideas from Glazyev. As long as those ideas were associated with the Communist Party, it was difficult for Putin to support them. But since Glazyev has taken a more universal, independent position, there is no longer that political barrier to Putin's adopting the Glazyev program."

The financial news service RBC lamented that "increased state regulation of the economy is the most likely consequence of the elections." RBC noted the convergence between the desire of many Putin and United Russia supporters for



Former Central Bank Chairman Victor Gerashchenko, one of the victorious Rodina candidates, has endorsed the Italian Parliament's call for a New Bretton Woods conference to create a new international financial architecture, as proposed by Lyndon LaRouche.

stronger state control over strategic sectors such as petroleum, and Rodina's more elaborated proposals for collecting "natural rent" from companies that profit from raw materials extraction. The RAS/Rodina package goes far beyond that most publicized of its provisions, calling for large-scale, state-directed investment in the productive base of the economy, with an emphasis on infrastructure and science-intensive industry, as well as credit and trade measures to defend and mobilize the national economy.

Dirty Tricks

Before the vote, published polls were giving Rodina only 2% or 3% of the vote. Political insiders knew it might be much more, though, as evidenced by a rash of dirty tricks and violently-worded attacks against Glazyev's bloc, including on election day. Liberal Democratic Party of Russia (LDPR) head Vladimir Zhirinovskiy and the SPS took the lead.

Sergei Glazyev will file suit for against Zhirinovskiy for slander, according to a Dec. 6 announcement from Rodina. Zhirinovskiy had instigated fist-fights with Rodina members on the set of two televised campaign debates, one of which ensued when he accused Rodina candidate General Shpak, the former Airborne Forces commander, of having caused his own son's death in Chechnya; Zhirinovskiy's bodyguards then physically assaulted economist Mikhail Delyagin, when the latter spoke up to say the insults against Shpak were unacceptable. On Dec. 5, during a campaign debate, Zhirinovskiy accused Glazyev of taking bribes when Glazyev was Minister of Foreign Economic Relations in the early 1990s. Glazyev formally requested that the Prosecutor General open a criminal case against Zhirinovskiy for slander, which carries a possible penalty of three years in jail; and he is seeking damages equivalent to the entire campaign fund of Rodina, or 250

million rubles (approximately \$83 million), to be donated to the families of soldiers killed in Chechnya, if the suit succeeds.

As for SPS, its leaders Chubais and Boris Nemtsov went berserk against Rodina, during their final pre-election press conference. They called Rodina “national socialists” (i.e., Nazis). Glazyev rejoined, “It is difficult to imagine greater raving nonsense, than to accuse me, Rogozin, Varennikov, and Rodina of national-socialism.” Rogozin added, “The fascists are the people who have carried out genocide against the Russian people, discredited market relations and private property, and undermined confidence in the government, which they force to wipe the boots of the oligarchs.” He voiced hope that soon “there will be no oligarches in Russia; at best, they will be in London.”

New Monetary System

One of the most promising dimensions of Rodina’s presence in the State Duma will be the enhancement of Russia’s potential contribution to meeting the urgent need for a new world monetary system. Economists Glazyev and Gerashchenko have thought long and hard about the need for such a change.

In 2002, speaking at a Moscow economics conference, Gerashchenko endorsed the Italian Parliament’s call for a New Bretton Woods conference to create a new international financial architecture, which had just been presented to the conference by LaRouche’s associate Jonathan Tennenbaum. Gerashchenko said he hoped the Russian State Duma would take a cue from the Italians. Now, Gerashchenko hopes to work on the Banking Committee of that Duma.

Introducing LaRouche at the June 2001 Duma hearings “On Measures To Ensure the Development of the Russian Economy Under Conditions of a Destabilization of the World Financial System,” Glazyev located Russia’s economic crisis, within the creation of a worldwide “bubble economy” after the elimination of a fixed-rate currency system in 1971. Since “financial pyramids always crash,” he said, it was essential “to discuss possible ways of increasing the stability of our financial system; guaranteeing economic security in a situation of deepening financial crisis. . . . It is necessary to think about measures which would allow us to maintain economic cooperation with nations abroad, in a situation, when the system of international payments may have been destroyed to a significant extent.”

After the U.S. invasion of Iraq, Glazyev reiterated the importance of shifting away from the bankrupt floating-rates system. In an April 2003 paper called “Economic Consequences of the U.S. Aggression,” he said that countries using the dollar today were, in effect, financing the war against Iraq. “Therefore, if we want to stop the war, we should simply call on the countries that oppose this aggression, to agree to have their central banks jointly pose the question of shifting to a

new world monetary system.” This would not mean “burying the dollar,” Glazyev elaborated, but rather undoing the U.S. actions of August 1971, which “terminated the dollar’s convertibility into gold and began to impose [it] on the entire world by force.”

Rodina’s advocacy of such ideas situates the widely divergent, passionate reactions to its electoral success. A former Russian military intelligence officer, now in the United States, told *EIR* he has already gotten reports of U.S. warnings to Putin, not to appoint Sergei Glazyev as Prime Minister. But in Moscow, one of Russia’s senior economists happily told us that Rodina’s showing meant a revolt in Russian society against the neo-liberal ideology. The next few months will be crucial for deciding the future direction of Russian policy, he said, but the Russian elections reflect a universe that is ripe for a LaRouche Presidency in the United States.

Documentation

Glazyev in Russia’s Press

Sergei Glazyev keynoted a press conference by the Rodina electoral alliance, at Interfax headquarters on Dec. 9, speaking side by side with Rodina co-chairman Dmitri Rogozin:

As we promised our voters, we shall seek unconditional fulfillment of all the state’s obligations to society, a radical increase in wages, expanded rights for labor collectives in managing companies, including private companies, and the implementation of effective procedures to ensure the government’s responsibility before society. Our premise is that social justice and economic effectiveness are interconnected. Among our top priorities are amendments to the Law on the 2004 Federal Budget, amendments to the Law on Currency Regulation and Control, and a new Bill on a Supplementary Tax on Raw Materials Exploitation.

It will not be an easy matter to work in the new Duma. The balance of forces has shifted in favor of the party of power. I hope, however, that we shall find convincing arguments to make other blocs in the Duma fulfill the promises they made to Russians during the election campaign. . . . Everybody who is capable and desires to rise above personal and narrow party interests and promote our program of social justice and economic growth, will be our ally in the Duma. Except for the oddball, Zhirinovskiy. We do not yet know what our “heavy” partner will look like—whether United Russia will remain monolithic, or splinter into three groups, as many people are saying it will. In any event, the profession-

Sergei Glazyev in EIR

Nov. 18, 1994: “Russia Needs Productive Investment, Not the Stupid Approach of the IMF,” interview with Sergei Glazyev.

July 7, 1995: “Sovereignty Is the Crux of Russia’s Political Crisis,” speech by Glazyev during parliamentary debate.

Nov. 17, 1995: “Russia and the U.S. Could Be Real Strategic Partners,” interview.

May 31, 1996: “Growth in a Transitional Economy,” Glazyev’s report to the Scientific Council of the Central Mathematical-Economics Institute, Russian Academy of Sciences.

March 27, 1998: “Key Measures for a Transition to Economic Growth in Russia,” paper by Glazyev, then head of the Information and Analysis Department for the Federation Council of the Russian Federation.

Sept. 18, 1998: “The Price of Incompetence,” Glazyev on the Russian default of August 1998.

Oct. 23, 1998: “‘Serious Changes’ Needed in Russia and the World Economy,” interview.

June 11, 1999: “Primakov Government in Retrospect,” excerpts from an article by Glazyev.

July 23, 1999: “The Russian Economy Can Become a Miracle,” interview.

Dec. 10, 1999: “EIR Publishes Book by Russia’s Glazyev”: announcement of the English edition of *Genocide*, by Sergei Glazyev.

March 2, 2001: “The Ishayev Report: An Economic Mobilization Plan for Russia” by the governor of Khabarovsk; with Documentation: “Strategy for the Develop-

ment of the State to the Year 2010” (excerpts), co-authored by Glazyev.

May 18, 2001: “Reconstruction After the Financial Crash,” speech by Glazyev at the Schiller Institute conference, “The Ecumenical Battle for the Common Good,” Bad Schwalbach, Germany.

May 25, 2001: “How Can the World Get Out of This Crisis?,” interview.

July 20, 2001: “Russia Is Facing Financial Shocks,” opening remarks at Parliamentary hearings “On Measures To Ensure the Development of the Russian Economy Under Conditions of a Destabilization of the World Financial System.”

April 25, 2003: “Russia’s Glazyev: To Stop War, Create New Monetary System,” with Documentation: “Economic Significance of the U.S. Aggression,” by Glazyev.

EIR articles about Glazyev

Nov. 3, 1995: “Privatization: The Looting of Russia.”

Aug. 30, 1996: “Glazyev Named To Post in Russia’s Security Council.”

July 18, 1997: “Russian Academicians, Glazyev Blast Reforms, Call for Growth Policy.”

Jan. 1, 1999: “Russia’s Glazyev Briefs Indian Press.”

June 16, 2000: “Time Is Running Out for the Russian Economy.”

April 19, 2002: “Shakeup In Russian Duma Intersects National Economic Policy Crisis.”

Oct. 4, 2002: “Glazyev’s Success Draws National Attention.”

Dec. 6, 2002: “Will Glazyev Lead Russia Out of Crisis?”

Sept. 19, 2003: “Glazyev at Center of Duma Election Campaign.”

als who have been elected to the Duma with Rodina are well situated to assume positions of responsibility.

Glazyev in Radio Echo of Moscow Round Table, Dec. 8:

I am not inclined to overdramatize the situation. I don’t think so much has changed: Putin already had a Constitutional majority, and this [outgoing] Duma repeatedly demonstrated that the Kremlin could always muster a Constitutional majority when it wanted to, and push through the laws it needed. Therefore, the relationship between the Duma and the Kremlin has not essentially changed, from that standpoint. United Russia won the same level that it has had.

Our electoral bloc, Rodina, does indeed bring something new to the political landscape of the Duma. We are coming in with a concrete program of social justice and economic growth, a national program. This is not a party program, it

is a program developed on a scientific basis at the Russian Academy of Sciences. It is a program oriented toward economic growth in the country, on the basis of scientific and technological progress, premised upon the possibility of building a socially responsible state. Two years ago, this program [in the form of the Ishayev report—ed.] was supported by the national State Council, but it was not implemented. That is because the government and the Duma majority were working in the interest of the people who paid big money for political services—to put it plainly, the oligarchs. Every time we would run up against the interests of the oligarchs, the Duma majority would block our bills, even ones that had been coordinated with the President. I hope that in this Duma, the Duma majority will not be manipulable by government or oligarchical agencies. Then we shall have an opportunity to consolidate the Duma on the basis of a

concrete program of action. The purpose of our Rodina bloc is to do precisely that.

Glazyev to Gazeta, Dec. 9:

Q: The Rodina bloc built up steam suspiciously fast. Wasn't some "administrative backing" activated on your behalf?

Glazyev: What administrative backing? What are you talking about?! I don't see anything surprising in our results! We ran for the Duma with well-known candidates, people of undoubted authority. There is no need to whip up hysteria about "the danger of a national-socialist offensive," as the SPS [Union of Right Forces] is doing. At the end of the campaign, it became clear that [Zhirinovskiy's] LDPR and the SPS are two sides of the same coin, two parties servicing the interests of the oligarchs. That is why they jointly waged a slander and black-PR campaign against Rodina.

Q: SPS leader Boris Nemtsov said that a tectonic shift has occurred in the country. . . .

Glazyev: It may be that a tectonic shift has occurred in the life of Nemtsov, whereas what happened in the country is simply that SPS has ceased to have any influence on policy. The programs that the "rightists" offered the government were programs to service the interests of the oligarchs. . . . At the end of the election campaign, the SPS resorted to outright slanders against us, because they perceived Rodina as the only force capable of opposing the oligarchs. We had excellent candidates. We could not be bought, we could not be intimidated, we could not be bribed.

Q: Who will go along with Rodina? Will you make friends with United Russia?

Glazyev: We can unite all the patriotic forces in the country, although ambitions have hindered that at times. United Russia will act however the President says. In principle, the President supports the idea of a special tax on superprofits [from raw materials exploitation]. Earlier, adoption of such a law was impeded by corruption in the State Duma; the fact that certain government ministers had an interest in the matter was an obstacle. I hope that now, with the crash of the ideology of liberal fascism, which the SPS personified, we shall achieve mutual understanding in the Duma.

From Glazyev's polemical article "How Liberalissimus Shot Himself in the Foot," in Novyye Izvestia, Nov. 4, 2003:

Things must be going badly for United Energy Systems of Russia head Anatoli Chubais, if one of the destroyers of "the Soviet Empire" is talking on the eve of elections not about electricity rates, but about none other than the ideology of imperialism. And not just talking about it; he has urgently called on Russians to adopt a new ideology—the ideology of liberal imperialism. Never mind the population! He has posed this goal to the Russian state itself, saying that it's high time to roll up our sleeves and get to work building a liberal empire.

Enflaming imaginations with such wild fantasies, it would

not be a bad idea to take into account even just the most recent lessons of history. Argentina, for example. Without any verbal bells and whistles, that country has been building a "liberal empire" since 1991; building it together with other Latin American countries, which strictly followed the advice and prescriptions of the United States and the International Monetary Fund. But Argentina was the "star pupil." And the results of neoliberal policy there have been miserable: Since 2000, the country has been shaken by one economic crisis after another. The system of linkage between the local currency and the dollar broke down. Unemployment soared to 18%. According even to official statistics, 36.1% of the population lives below the poverty level, while almost 9% are destitute. Parties and politicians, who yesterday supported the economic reforms, today in a chorus call them "barbaric" and demand a return to the destroyed system of social responsibility on the part of the state.

Is that not like the current situation in Russia?! With the sole difference, that we had a rather larger "stability reserve," so we are still afloat. All that was missing was for us to undertake to build a "liberal empire," then everything would have been destroyed for good, and we would have turned, like Argentina, into a country with the highest conceivable level of banditry, thievery, and street robberies.

LaRouche Interviewed In Russian Magazine

The December 2003 issue of Valyutny Spekulyant (Currency Dealer), the Russian financial monthly, carries interviews with regular authors—including EIR Founder and Contributing Editor Lyndon LaRouche, whom VS asked to answer their questionnaire on behalf of the many EIR authors published in Valyutny Spekulyant.

In the one-page interview, LaRouche zeroes in on the unique role of the U.S. Presidency at a moment of world economic breakdown, and of his own candidacy, given that the Baby-Boomer generation, holding power in most countries, suffers from the debilitating effects of the same 1960s cultural paradigm shift that caused the economic crisis. A return to the policymaking principles of Franklin Delano Roosevelt means "a virtual revolution," LaRouche tells the Russian readers, but it is "the only visible option" for the United States and the world.

Dennis Small's Oct. 10, 2003 EIR article on the vulture funds picking over Argentina appears in the same issue, under the headline, "What Do Vulture Funds Eat?" An editorial note of introduction reminds readers that the (now soundly defeated) Russian neo-liberals attempted to impose the "Argentine model" on Russia in 1998.

The December issue of VS, which went to the printer on

the eve of Russia's Dec. 7 State Duma elections, also carries an article on the initiative by Rodina (Homeland) electoral bloc leader Sergei Glazyev, to increase the "natural rent" fees for companies exploiting Russian raw materials.

Excerpts from LaRouche's interview follow below.

Valyutny Spekulyant's authors are not geographically limited to Russia and the CIS. Our magazine regularly publishes articles written by citizens of Australia, Germany, the Netherlands and the U.S.A. Of special interest are the contributions from analysts at the American weekly *Executive Intelligence Review* (www.larouchepub.com). During 2003, *VS* readers could enjoy the offerings of Lothar Komp, expert in European economics and finance; Cynthia Rush and Dennis Small, whose lessons on "bankers' arithmetic" demonstrate why the foreign debt of many countries will never be paid; Jeffrey Steinberg, with his unrivalled knowledge of the U.S. political scene; banking analyst John Hoefle; Marsha Freeman, expert on energy policy and space exploration; and Richard Freeman, known for his exposés of fraud in official economic statistics. At the request of these authors, Lyndon LaRouche, director of *EIR*, agreed to answer our questionnaire.

Lyndon LaRouche is a U.S. candidate for the 2004 Democratic Party's U.S. Presidential nomination, editor, and economist; born Sept. 8, 1922 in the U.S. Federal state of New Hampshire; married to German national and political figure Helga Zepp-LaRouche. Since the end of wartime military service, in 1946, has been a dedicated opponent of the policies of nuclear-warfare utopian Bertrand Russell, and also an opponent of those changes, away from the policies of President Franklin Roosevelt, associated with Presidents Truman, Nixon, Carter, Reagan, both Bushes, and also Clinton.

1. [Omitted. Question about *Valyutny Spekulyant*, as such.]

2. What is your forecast for the Russian [American] economy in 2004 (as well as the next two-three years)? What do you view most positively, what puts you on guard? Will the upcoming Parliamentary and Presidential [in the U.S., Presidential] elections affect the Russian [American] economy?

LaRouche: The existing world monetary-financial system (e.g., IMF floating-exchange-rate system) is in the end-phase of a process leading toward an early, general breakdown-crisis, unless a new, fixed-exchange-rate monetary-financial system is installed to prevent such a political-economic breakdown from reaching maturity.

This breakdown, while formally datable from the 1971-72 changes in the monetary system, developed as a by-product of a cultural paradigm-shift which was brought about by the combined after-effects of the succession of the 1962 missiles crisis, the 1963 assassination of President Kennedy, and the launching of the official U.S. 1964-1972 Indo-China war. The result of those 1962-1972 developments, was a shift of the social values of a growing, younger portion of the emerging

adult population, away from the values of a U.S.A. as the world's leading producer society, to a U.S. descent into the role of an increasingly economically predatory, "post-industrial"/consumer society, echoing the post-Second Punic War decadence of ancient Rome into an predatory imperial power relying upon the substitution of bread-and-circuses for production in Italy itself. This cultural paradigm-shift devolved into the self-doomed, hyperinflated world monetary-financial system of today.

Since the end of the 18th Century, the world has been repeatedly threatened by a banker-directed force which became known as that Synarchist International which gave us the Mussolini, Hitler, Franco, etc. fascist regimes of the 1922-1945 interval. Today, U.S. Vice-President Cheney's self-styled "neo-conservative" circles represent the leading U.S. element of that same Synarchist network. This Synarchist current, long identified with that Bertrand Russell-like nuclear-utopian circles within the U.S.A. and London which President Eisenhower termed a "military-industrial complex," is the most immediate, most dangerous threat to civilization as a whole today.

For various reasons, the way in which the U.S. political institutions turn during the immediate weeks and months ahead, will largely predetermine history, as much or more than Hitler's assumption of dictatorial powers during late February 1933 determined much of the trend of world affairs over the 1933-1945 interval. The only visible option, would be a return to the policy-shaping outlook which President Franklin Roosevelt brought to the U.S. government in March 1933.

3. What is your forecast for world markets in 2004 (you may choose the sector you are most interested in—stock, commodities, spot or currency markets)?

LaRouche: Virtually all of this will be swept away, in one form or another.

4. What would you personally desire for yourself in 2004?

LaRouche: As the only Presidential candidate who has a grasp on the current realities, I must become President. During 1962-2003, the U.S.A., and also much of the world at large, has undergone a profound cultural paradigm-shift. The habituated values of most of those in the 30s-50s age-interval in the U.S. (as elsewhere) are the political-cultural knee-jerk reflexes which have caused the present world crisis; only a leader who recognizes that the long-term cultural trend of the 1962-2003 era is virtually dead and rotting, is capable of making the kinds of crucial responses to crises which would address any of the leading problems now facing the world at large. Any workable solution will therefore appear to most observers, as President Franklin Roosevelt's actions did, as a virtual revolution. Only such a revolutionary is of much use to either the U.S.A. or humanity at large under the presently erupting circumstances.

Russian Ministry Holds Berlin-Paris-Moscow Meet

by Jonathan Tennenbaum

Much to the displeasure of American neo-conservative Richard Perle and his ilk, the initiatives among European and Asian nations to establish a global alternative to Washington's imperial insanity, continue to pick up steam. A week after Perle had lashed out in Germany against the rapidly-developing Franco-German alliance in Europe, an extraordinary "triangular colloquium" was held in Germany's capital, Nov. 27-28, to discuss coordination of economic, security, and foreign policy among France, Germany, and Russia.

"Berlin-Paris-Moscow—Locomotive for Strategic Cooperation between Russia and the European Union?" was organized under the auspices of the Russian Foreign Ministry, with cooperation of the German Council of Foreign Relations and other German, Russian, and French organizations. In many respects, it echoed the Eurasian strategy set forth by Lyndon LaRouche and propagated by his collaborators throughout the world. One thing, at least, became clear: The "triangle" Berlin-Paris-Moscow, which emerged in the effort to prevent a U.S. invasion of Iraq, is very much alive today.

'NATO Is Obsolete'

The Russian Ambassador to Berlin, Sergei Krylov, opened the colloquium with a series of provocative questions concerning the future of relations between Russia and the European Union: Russia's role in a potential partnership for European defense; the situation around Iraq, Iran, and Chechnya; and how to change what he characterized as "a false image of Russia" propagated by many Western media. Krylov declared that the present uncertain period in the world calls for "paradoxical, non-standard approaches." He pointedly asked the French and German representatives to comment on "very interesting" recent statements by French Prime Minister Pierre Raffarin, concerning a future "French-German Federation."

German Bundestag member Gerd Weiskirchen, foreign policy speaker for the Social Democratic Party (SPD) parliamentary faction, said a French-German union is "indeed a possibility," opened up by the new Constitutional Agreement. But like many of the other German representatives, Weiskirchen cautioned against the term "axis" to describe increased cooperation among Berlin-Paris-Moscow. Instead, he spoke of "a status of equality of interests," and "a common interest in strengthening multilateralism." We should especially keep the door open to the United States, he urged. Expressing the

hope that the "reality shock" of the mess in Iraq might lead to a rethinking of U.S. policy, Weiskirchen said "nothing would be more desirable for us, than if Washington would draw lessons from experience." Otherwise, "We will have to go through a difficult period, which could last several years."

The French speakers were much less cautious. Especially remarkable were statements by two senior military representatives, Gen. Bernard de Bressy de Guast, an expert on European defense, and Gen. Henri Paris, President of the Federation of Officers of the Republican Reserve. De Bressy began with a historical reference to the close ties between France and Russia, even into the Cold War period, when "French generals never accepted the idea that Russia was really an enemy." De Gaulle always insisted on a "Europe from the Atlantic to the Urals," he noted. In his view, Russia must be understood as a key element of a "Great Europe," extending across Eurasia, and interacting with the "Islamic World," the "Chinese World," the Americas, etc.

While France, the U.K., and Russia all possess nuclear weapons, de Bressy said, "The idea of a war occurring among the nations of Great Europe is absurd." At the same time, those nations face common dangers of terrorism and of unstable nations that might possess or come into possession of dangerous weapons. Besides coordination of intelligence and military measures, he recommended common efforts to eradicate the political and economic sources of these threats.

"NATO is obsolete," declared Gen. Henri Paris. "We need something completely new, such as an alliance of the Northern Hemisphere, that would associate the European Union and Russia with the U.S.A. in a new way." France's relations with the United States, while always those of an ally, he said, "have been very complicated." So also in Europe: "Already now, with 15 nations, it is difficult to reach any common decision; with 25, it will be impossible. . . . Deepening Europe is more important than expanding it," was his controversial conclusion.

That "deepening," Henri Paris made clear, is pivoted on the core roles of France, Germany, and Russia. The "strategic line" Paris-Berlin was created by de Gaulle and has continued, despite changes of government, and is expressed today concretely by the common stand of France and Germany vis-à-vis the EU bureaucracy in Brussels and the Maastricht agreements. And France has long pursued the concept of Russia as an ally in the East. On the other hand, "our view is not the same as that of the U.K." which under Blair helped the Bush Administration drive a wedge between the "New Europe" and an "Old Europe." Particularly significant, according to General Paris, is the establishment of a European military force of 60,000 men, under a separate European command and which is not subordinated to NATO.

Critical Response to 'Preventive War'

The development of an independent European security policy and military/police capability was presented by Gernot

Erler, deputy chairman of the SPD faction in the German parliament. He emphasized that this process has already advanced far beyond a mere “theoretical” stage, as evidenced by the Europe police operations in Bosnia-Herzegovina, operations in Macedonia, the “Artemis” operation in the Congo, and the planned transfer of crucial responsibilities of the UN security force in Afghanistan, into European hands next year. Erler stressed the conceptual and methodological contrast, in the approach to security issues, between the Europeans and the present U.S. Administration. On the one side, Europe, and Germany in particular, insist on a “balance between civilian and military” components of security policy. This includes much stronger emphasis on “conflict prevention,” on multilateral approaches, on the role of the United Nations, and on the necessity for poverty alleviation and developing “strategies for regional stabilization,” as in the Balkan conflict.

These are all important elements in a new “truly European security strategy” which is being formulated as a conscious, critical response to the “new” National Security Strategy of the Bush Administration, and are contained in a draft document entitled “A More Secure Europe in a Better World” now under discussion for official adoption by the European Union. Erler stressed that the new European security strategy includes “a closer relationship with Russia,” which is seen as “sharing common values” with the EU.

Speakers from the Russian delegation included Vladimir Ivanov, head of the Information and Analysis Center of the Russian Foreign Ministry; Svetlana Shvetsova, Deputy Head of the Center for International Scientific and Cultural Affairs of the Russian Foreign Ministry; Prof. Sergei Bolshakov of the Diplomatic Academy of the Foreign Ministry; Prof. Sergei Silvestrov, Deputy Director of the Institute for World Economy and Politics (IMEMO) of the Russian Academy of Sciences; and Maria Kutshchinskaya, Europe expert at the Russian Institute of Strategic Studies.

Ivanov emphasized the necessity of a “multipolar” world, opposed to the present “unilateralist” American Administration, but not to the United States *per se*. Ivanov, for example, spoke of the necessity of “cooperation among all civilized nations.” Despite the dreams of some for a “unipolar world,” reality is already moving in another direction, exemplified by the rise of influence of Europe, of China and India as major powers. It is important to realize, Ivanov emphasized, that the unilateralist policy is putting the United States into conflict with the entire rest of the world. Events have shown that mere military power does not guarantee security.

The Russian speakers all emphasized Russia’s identity as a European nation, while at the same time Russia for various reasons does not seek membership in the European Union. The Russian side clearly sees a strengthened, “triangular” relationship with Germany and France as key to outflanking what are seen as harmful and sometimes directly hostile policies from the EU. “Brussels does not understand Russia’s problems. We ask for more patience and support,” said Pro-

fessor Bolshakov. The Russians bitterly complained about what they saw as an anti-Russian attitude on the part of the EU concerning Chechnya, Moldova, the issue of transit to the Russian enclave in Kaliningrad, and a variety of economic issues. Kutshchinskaya spoke of a “crisis of identity” in the EU connected with “the inadequacy of present institutions.” She expressed the hope that the combined leadership of France and Germany would push through better policies over the heads of the “Eurocrats” in Brussels.

Development of Russian Rails

Lacking, in most of the presentations, was a clear strategy for the economic development of Eurasia, along the lines of the “Eurasian Land-Bridge.” In response to an intervention by this author, raising the Land-Bridge issue, the director of the Commission for the East (Ost-Ausschuss) of the Association of German Industry, Oliver Wieck, replied that transcontinental infrastructure development is now being “hotly discussed.” As an example, he mentioned that the German railroad company (Deutsche Bahn) had reached a memorandum of understanding for large-scale cooperation to modernize the Russian rail system. “This involves concrete projects and has enormous potential,” he said. Wieck had also stressed the key role of Germany as Russia’s closest economic partner in the EU, and the importance of the “Energy Alliance” of Europe with Russia.

Prof. Peter Schulze, former head of the Friedrich Ebert Foundation in Russia, noted that the EU currently imports 70% of its total consumption of natural gas, and 30% of its oil consumption, from Russia. Another crucial dimension of European-Russian cooperation is in the area of advanced technology, including space. Both Russian and French representatives repeatedly referred to the recent agreement to provide for the launching of Russian Soyuz rockets from the European space base in Guyana.

In a closing statement, Russian Foreign Ministry representative Svetlana Shvetsova declared, “We are seeing the first outlines of a new Great Europe. Its principles include democracy, multilateralism, recognition of the key role of the UNO, and preventative diplomacy. . . . Russia is a key part of Europe, including in economic, security, scientific, and cultural terms.” She stressed that Russia would like to see a larger cooperative “triangle of Russia-EU-U.S.A.,” but said that this colloquium had established that “Berlin-Paris-Moscow is indeed the locomotive for strategic cooperation between Russia and the European Union.”

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Schröder Trip Boosts German Ties to China

by Rainer Apel

Visiting China Dec. 1-3, for the second time this year, German Chancellor Gerhard Schröder had his first official meetings with the new Chinese President Hu Jintao and Prime Minister Wen Jiabao, who took office several months ago. Schröder's talks in Beijing served the continuity of German-Chinese cooperation within the broader alliance with Russia, India, and France, against the Bush Administration's war drive. And it also served the building of a sound economic base for this strategic alliance.

The congruence of Chinese and German views—on diplomacy over war in solving conflicts; on the United Nations' leading role; and for multilateralism—was stressed by the German Chancellor and China's Prime Minister at a Beijing press conference. Schröder praised the decisive role of Chinese diplomacy in making the six-party talks on North Korea possible, thereby documenting how conflict prevention can and should work.

Schröder announced that he would join France in the effort to lift the 1989 European Union (EU) weapons embargo against China, because "the China of today no longer is the one of the Tiananmen Square events." No less important was Schröder's reassurance that Germany will stick to the "One-China Policy" and not engage on the side of those who intend to provoke Beijing by escalating the Taiwanese issue. He stressed that "unlike other countries," Germany remained committed not to deliver offensive weapons systems to Taiwan, in order not to contribute to any escalation.

Huge Economic Potential

In terms of economic relations between China and Germany, the two other stations of Schröder's China visit—Guangzhou in the South and Chengdu in the West, underlined Germany's interest in substantial industrial engagements in these regions. In the Pearl River Delta around Guangzhou, where the center of China's light industry is situated, and one-third of the world's microwave ovens and even more of some crucial categories of computer hardware are produced, China counts on German assistance in building up other industrial branches, especially automobile manufacturing and machine building. Germany's annual trade with the Guangdong province is already one-sixth of its total turnover with all of China—and it is expected that once the industrial modernization of the Pearl River Delta takes off, the role of that region as a market for high-tech goods from Germany, but also for

numerous new joint ventures between German and Chinese manufacturers, will rapidly increase.

In Chengdu, German assistance in the transformation of mostly agrarian production structures into industrial production (of which some already exists) is desired by the Chinese. For the time being, the emphasis there seems to be on the light industrial sectors, though; Schröder visited the electronics parts producer Maipu.

Special attention is to be paid to nuclear technology: the planned sale to China of the German plant in Hanau for production of mixed oxide from plutonium and uranium for nuclear power fuels—which the ecologist Greens shut down in 1995—is of enormous benefit to China. The plant is one of the world's most modern in this category, and had it begun operation in 1995 in Germany, it would have been the world's largest facility of this kind. It fits well with the fast-breeder technology which China is giving high priority in its national program for civilian nuclear power development. Beyond that, the deal is a door-opener for high-tech deals between the German and the Chinese nuclear industry.

The German share in the EU-China agreement on cooperation in the European space-based positioning system Galileo (signed in Beijing at the end of October), which is more developed than the American GPS technology, mirrors what is developing in the civilian nuclear technology sector. China will help to put at least four satellites of the system into space on Chinese carriers; but beyond that, fascinating perspectives are opening up for cooperation between China and Germany in crucial sectors of satellite technology, such as life-support systems for manned space missions—sectors of technological know-how in which German scientists stand in the first rank, internationally.

A concrete follow-up to the successful German-Chinese project of the world's first commercial magnetically levitated train, in Shanghai, has not been reported, but the Chinese railway ministry stated on Dec. 2 that it wants German assistance in upgrading 20,000 kilometers of rail grid for the use of modern, conventional, high-speed trains. This is the equivalent of more than half of the existing national railway grid of Germany.

No Eurasian Policy Breakthrough Yet

But the real potential of economic-technological cooperation between China and Germany is still untapped. What is still missing in the German policy toward China is an outspoken Eurasian Land-Bridge development design, of the kind proposed in mid-November by Helga Zepp-LaRouche on behalf of the German LaRouche movement (see *EIR*, Nov. 28). This would involve proposals for big, long-term development projects with state-backed long-term financing at low interest rates; it would involve *domestic* German investments matching those that one sees in China now; and it would require a German-Chinese initiative for a New Bretton Woods reorganization of the global financial and monetary system.

India, China See 'Window Of Strategic Opportunity'

by Mary Burdman

During the pivotal, crisis-ridden year of 1998, Lyndon LaRouche pointed to the emergence of the "survivors' bloc" of nations. These nations, especially the Eurasian giants Russia, China, and India, would act, LaRouche said, to defend themselves from the cataclysm that U.S. financial and military policy was imposing on the world. Despite go-slow tendencies, the "survivors' bloc" nations have been moving since then to protect their fundamental national interests. Among the most dramatic recent developments are the decisive moves by India and China—who together include one-third of humanity—to clear the decks of historic conflicts and move on to a new level of cooperation.

The turning point was the historic visit of Indian Prime Minister Atal Bihari Vajpayee to China in June, as New Delhi's Minister of External Affairs Yashwant Sinha said in a remarkable speech delivered on Nov. 22. In the Admiral R.D. Katari Memorial Lecture in New Delhi, Sinha said that Vajpayee's visit "marked the beginning of a new phase in the India-China relationship." Both nations "look upon the next 20 years as a window of strategic opportunity to raise the living standards of their peoples." If they can achieve a "quantum jump" in their relations, and overcome "a deficit of trust," the two countries can "move towards their shared vision of a constructive and cooperative partnership." Vajpayee in China "represented a major step forward in that direction," Sinha said.

India and China, between them, have some 1 billion people living in some degree of poverty, some of it terrible. Both nations urgently need to develop large-scale water and energy, transport, and social infrastructure. "India's fundamental national goal is the pursuit of a better quality of life for its people," Sinha said. "What we seek the most is economic progress and prosperity, the development of art, culture, literature, and sports, and the emergence of a plural and multifaceted society that utilizes the natural talents and versatility of our people to the full. I believe China also has a similar motivation. Peace and stability in the neighborhood is of critical importance to both of us, in order to be able to pursue these goals, and it is in this context that we must see India-China relations over the long term."

'Paying Great Attention' in Beijing

Beijing responded warmly to Sinha's speech. Foreign Ministry spokesman Liu Jianchao said Nov. 25 that China is

paying "great attention" to what Sinha said. "We extend our welcome and appreciation of the speech," and China is satisfied with the positive growing momentum of Sino-Indian ties, Liu said.

The next day, Chinese Foreign Minister Li Zhaoxing met with Indian Ambassador Nalin Surie, to express his appreciation of Sinha's China policy statement. There are "great changes" taking place in the international situation, and great opportunity for development of Sino-Indian relations, Xinhua cited Li Zhaoxing. "I am confident in the future development of bilateral relations between China and India."

These developments are "very positive," Prof. Ma Jiali of Beijing's Institute of Contemporary International Relations, one of China's top-level scholars of India, told *EIR* on Dec. 10. "Relations between China and India have been improving—the result of efforts by both sides, especially since India does not now consider China as a threat." India's view of China, he said, has "become positive." The assessment in New Delhi is that China is focussing on its own national construction, and cannot pose a threat to India for at least the coming 15 years, Ma Jiali said. The speech by Yashwant Sinha was "very important." Also, bilateral trade is expanding faster even than projected. This is going on in the context of growing cooperation among Russia, China, and India, both on the government level and among policymakers and scholars, Professor Ma said.

A South Asian banker with close ties to both nations told *EIR* recently that China and India are working "to create a totally new structure of relations, based on their mutual interests." The two sides want to make the border question "history," and move on to immediate issues such as expanding trade and economic ties, and to establish a "balance between Asian countries and the United States," he said. The U.S. dominance of economic and strategic affairs in the Asia-Pacific region is a big problem for India and China, the banker noted. The two nations "want to be able to indicate to Washington that it cannot do much in this region by itself, but would have to consult both of them. . . . There is an increasing understanding between India and China on this."

This was exactly the point made publicly by former Indian Prime Minister Inder Kumar Gujral, at the Boao Forum for Asia, held in Hainan, China on Nov. 3. Gujral, who made leading efforts to stop the U.S. war against Iraq, called on Asian leaders to make "creative initiatives to build an effective structure of Asian peace and stability in the spirit of the UN Charter, which endorses a regional security system." As a first step, he urged the Boao Forum to "deliberate if [the] widespread military presence of America would [at all] enhance Asian security." Gujral said that "a paradigm shift" in the current American strategic policies is needed. Identifying the "disturbing security doctrine . . . [of] preemptive wars" as a key factor behind the current uncertainties in Asia, he said it was time now for Asians to "collectively meet [the] challenges of destabilization."



New Delhi's Minister of External Affairs Yashwant Sinha (center) used a New Delhi lecture on Nov. 22 to point to "The beginning of a new phase in the India-China relationship." Said Sinha, the two nations "look upon the next 20 years as a window of strategic opportunity to raise the living standards of their peoples."

Vajpayee's Initiative on the Border

To do this, India and China must transform their relations. A key to achieving this strategic goal, is to resolve their long-standing border dispute, which originated in British imperial adventures into Tibet and Central Asia a century ago. Despite the fact that large pieces of territory—and even the alignment of the Line of Actual Control in some areas of extreme terrain—are still disputed, Indian-Chinese relations along the disputed boundary have been peaceful and even cordial for years now.

Until Vajpayee went to China, policy in both capitals was to continue the slow, detailed—and generally unproductive—negotiations on the boundary, while trying to move forward on other, more important issues. But that has changed. Now, the border issue is what the Germans call a "*Chefsache*" (to be dealt with from the top), and high-level special representatives—Indian Security Advisor Brajesh Mishra and Chinese Executive Vice-Foreign Minister Dai Bingguo—were appointed.

After their first meeting Oct. 23-24 in New Delhi, Vajpayee launched a new initiative. Speaking to a Combined Commanders Conference of the Indian military on Nov. 1, the Prime Minister announced that a "final resolution of the boundary question will release considerable military energies and finances for other more purposeful activities." It is "therefore a strategic objective, and to achieve it, we should be willing to take some pragmatic decisions. . . . The decision of the two Governments to appoint Special Representatives to discuss the boundary question from a political perspective was a particularly significant measure."

The official Chinese *People's Daily* had already published an extensive, positive commentary on the Special Representatives' meeting, which concluded: "Under the present compli-

cated world situation, men of vision of the two countries have come to realize that developing stable pragmatic relations . . . is not only helpful to the two countries to concentrate their resources on economic construction, but also is conducive to maintaining peace and stability in the Asian region."

'Breaking Out of the Past'

As Sinha said in his Nov. 22 speech, both sides realize that "the time has perhaps come to deal with some of those outstanding issues in a determined manner, without postponing tough decisions for the next generation. We believe the relationship has reached a level of maturity where we can discuss those issues with a greater sense of urgency."

When India and China resolve the border issue, it "will also send a powerful signal to the rest of the world that India and China have broken out of the shackles of the past," Sinha said.

Another break with the past was the first-ever joint naval exercise held by India and China in the East China Sea off Shanghai, on Nov. 14. The two navies had begun exchange visits in 2000, but had never before held joint exercises. These were planned during the June visit, and officially confirmed on Nov. 6, when the Indian Navy announced that a naval task force had set sail for Shanghai. The task force of three ships, commanded by Vice Adm. O.P. Bansal and Rear Adm. R.P. Suthan, with 672 sailors aboard, was to conduct search-and-rescue exercises with People's Liberation Naval units; the Indian Navy called it a "stepping stone in enhancing interoperability between the two navies."

The "non-traditional security" exercises were aimed to protect maritime trade in a region where piracy is a fast-increasing danger. The South China Sea and Malacca Straits are crucial for maritime traffic from South Asia, Southeast

Asia, and all the way to Northeast Asia. While en route, Vice-Admiral Bansal told the Press Trust of India (PTI) that there is a real threat that terrorists might take dramatic actions such as hijacking a supertanker or ships carrying sensitive cargo. This requires enhanced cooperation and coordination among navies in the region, he said.

In Shanghai, Bansal told PTI that “high-level political, military contacts, and discussions with the Chinese leadership and military has led to this visit. . . . It signals a growing interest in one another, and also a realization that we need to understand one another and cooperate in the new security environment that prevails in this part of the world, . . . and also the international environment.”

The exercises were hailed on both sides as a total success. Almost at the same time, a high-level Indian Army team was in China, continuing ongoing military exchanges between the two sides. This time, the Indian officers made the first-ever visit by an Indian military delegation to Tibet, a critical confidence-building measure. China and India are also considering holding a joint air force operation, involving Sukhoi 27 fighter jets of China’s People’s Liberation Army and the Indian military’s Sukhoi 30 MKI war planes.

In another demonstration of warming relations, Jia Qinglin, chairman of the National Committee of the Chinese People’s Political Consultative Conference (CPPCC)—the leading non-Communist organization—on a good will visit to New Delhi Nov. 24-25, called for increasing exchanges among youth and political and non-government institutions. In discussions with Prime Minister Vajpayee, Jia Qinglin said that 2004 will be the 50th anniversary of the Five Principles of Peaceful Co-Existence, jointly formulated by Indian Prime Minister Jawaharlal Nehru and Chinese Prime Minister Zhou Enlai. Jia said that it is of “realistic significance” to carry forward the spirit of these principles, and the two agreed to a joint celebration next year.

Trade Sets New Record

In January 2002, then-Chinese Prime Minister Zhu Rongji was in India, and urged that the two nations rapidly triple their bilateral trade—then worth only some \$3 billion. This goal is now in sight. Already this year, trade will surpass \$7 billion, and rise to \$10 billion worth in 2004. In the first nine months of this year, bilateral trade was up almost 55% from the year before. Most dramatic is the fast increase of Indian exports to China, which increased by 85.3% during that time. India, which had been unduly concerned about the impact of imported Chinese consumer products, now has a favorable trade balance with China, due to increasing Chinese imports of iron and steel, ores, fuels, and machinery.

The two nations have agreed to take things further, by setting up a “Joint Study Group on Economic Cooperation.” This was confirmed when Vajpayee met his Chinese counterpart, Wen Jiabao, during the ASEAN nations summit in Thailand in mid-October. Vajpayee told the press that “my meet-

ing with the Chinese Premier touched on the substantive forward movement in our bilateral relations since our last meeting [in June]. To continue the process, we have agreed to expedite establishment of a joint study group on economic cooperation.”

There is another, very important implication to these developments, which is the potential for easing the 50-year-long, bloody confrontation between India and Pakistan. Pakistan and China have an “all-weather” friendship and close military ties. Before the Chinese-Indian exercises, the Chinese and Pakistani navies held joint exercises in “non-traditional security” near Shanghai in late October.

However, in recent years, China has taken a balanced approach to the Subcontinent, calling on both sides to peacefully resolve their conflict over Kashmir, which has cost some 100,000 lives. Amidst the new phase in Indian-Chinese relations, Pakistani President Gen. Pervez Musharraf visited China beginning Oct. 31. This was Musharraf’s first meeting with the new Chinese government of President Hu Jintao and Prime Minister Wen Jiabao, although the less powerful Pakistani Prime Minister Zafrulla Jamali had visited in March. In what was likely a reflection of the security concerns of China, Musharraf stressed in his public statements in Beijing at the Boao Forum, how Pakistan is effectively fighting against terrorism.

Implications for Pakistan

Islamabad’s decades-long ties with the “Afghansi” networks, who continue to play a key role in worldwide terror operations, and to the Taliban, are well known, and its ongoing collaboration with U.S. military operations in Afghanistan have raised many questions among Eurasian nations. Musharraf said Pakistan is gathering effective intelligence on al-Qaeda, and has deployed many troops along its border with Afghanistan—the center of drugs, arms, and terror operations in the Eurasian region. Bringing the chaos in Afghanistan under control, is a key security issue for western China, as well as for the nations of Central Asia, Russia, India and Iran. It is also notable, in terms of Pakistan’s overall orientation, that the government has *not* yielded to heavy U.S. pressure, to send troops to Iraq.

The China-India border question also has big implications for Pakistan. China’s approach with India, is to make the current Line of Control the border, and India would agree with this. “No one is wants to re-start negotiating where the border goes,” a well-informed South Asian analyst told *EIR* at the end of November. “Also, this is meant to stop Pakistan from meddling.” Pakistan had finalized its disputed border with China soon after independence, and the two nations built the famous cross-border Karakoram Highway. The China-Pakistan border, however, is still involved in the fraught Indian-Pakistani conflict over Kashmir. Were India able to end its dispute with China, this could contribute to eventually resolving the fight between India and Pakistan.

In Cheney's WMD Fraud, Israel Was 'Full Partner'

by Dean Andromidas

A prestigious Israeli institute has confirmed what *EIR* readers have known for months: Israel was a “full partner” with U.S. Vice President Dick Cheney and British Prime Minister Tony Blair in cooking up a totally false intelligence picture of Iraq’s alleged weapons of mass destruction. The massive disinformation campaign was launched by all three governments, in concert, to justify the unprovoked invasion of Iraq.

The report, “The War in Iraq: An Intelligence Failure?”¹, was published by the Jaffee Center for Strategic Studies at Tel Aviv University, and released this month. It cites the establishment of commissions of inquiry in both America and Great Britain, to probe intelligence operations to determine whether “governmental bodies falsely manipulated the intelligence information in order to gain support for the decision to go to war in Iraq, while the real reasons for this decision were obfuscated or concealed.” The report states that such inquiries are appropriate because “sending a country to war based on false pretenses constitutes serious injury to the democratic process.”

“The third party in this intelligence failure, Israel,” concludes the Jaffee Center report, “has remained in the shadows; and yet, Israeli intelligence was a full partner to the picture presented by American and British Intelligence regarding Iraq’s non conventional capabilities.” The false picture “also assessed that Iraqis were apt to use these capabilities against Israel. In actuality, of course, Israel was not attacked, either because Iraq did not have the capability, or because it had no intention of doing so.”

Author of the report, Gen. (reserve) Shlomo Brom, told the BBC on Dec. 4, that not only was Israel a “full partner . . . in developing a false picture,” but it “reinforced the American and British belief that the weapons existed. If Israeli intelligence had argued Iraq did not have these capabilities and there was no real threat, it would have had some effect.”

Within hours of the release of the report, Israeli Knesset Member Yossi Sarid, of the pro-peace Meretz party, called for independent investigation of the charges. Sarid told *EIR*, “Listen, I was never a supporter of Saddam Hussein, but for the last seven or eight months, I publicly opposed this war. I

said it was clear that the U.S. would defeat Iraq, but the severe problems will come after the war. I said the war would, in fact, encourage the terrorists.” As for the intelligence failure, he said, “It was clear to me that all three—Israel, the U.S., and Great Britain—were exaggerating the Iraqi threat for their own purposes.”

While the report does not name any individuals nor detail how this “partnership” worked, U.S. Presidential candidate Lyndon H. LaRouche has been in the forefront of exposing the role of Vice President Dick Cheney and the cabal of neo-cons he has placed throughout the Bush Administration. Many of these operatives—including Doug Feith, the Undersecretary of Defense for Policy who ran the notorious Office of Special Plans (OSP), and Richard Perle, of Defense Secretary Donald Rumsfeld’s Defense Policy Board—were key in the massive disinformation campaign during the build-up to the Iraq invasion. They are also notorious for strong ties to Israeli right-wing causes, and have been even been accused of divided loyalties.

EIR, in its Aug. 22, 2003 issue, revealed that a “parallel Office of Special Plans was quietly established in the office of Israeli Prime Minister Ariel Sharon, to coordinate with the Pentagon’s ‘secret team’ ” in charge of this disinformation campaign. That office was overseen by Sharon’s Bureau Chief Dov Weisglass. Weisglass, who is also Sharon’s lawyer, and also implicated, along with Sharon in several corruption investigations, has served as Sharon personal contact with the Bush Administration, particularly Vice President Cheney.

Incompetence or Duplicity

The Jaffee report is a stinging critique of the Israeli intelligence “failure,” that could be applied to the Bush Administration as well. So complete was this failure, one finds it hard to call it merely incompetence and unprofessionalism, as the report does; it must, in fact, have involved willful duplicity.

The report calls for an investigation: not only because of the damage caused to the public trust in official assessments which turn out to be widely false; but also because of the the damage to Israel’s international relations. “Foreign intelligence services might stop trusting intelligence received from Israel, and foreign countries might suspect that Israel is giving them false intelligence in order to influence their political positions. Indeed, in the past, Israel has been accused of disseminating false information that serves its own interests. Such suspicions, for example, could harm Israel’s efforts to convince others that the intelligence on Iran’s nuclear project is solid.”

Identifying the “unprofessionalism” of the Israeli intelligence services, General Brom’s report states that they adopted a “dogmatic conception based on a one-dimensional image of the enemy” which meant a perception of Saddam Hussein as “an embodiment of evil, a man possessed by compulsion to develop weapons of mass destruction in order to strike

1. Strategic Assessment, Vol. 6, No. 3, November 2003; “The War in Iraq: An Intelligence Failure?” by Shlomo Brom.



Gen. Amos Gilad may have been the head of the parallel Israeli Office of Special Plans. Just as the U.S. OSP was established in an obscure corner of Defense Secretary Rumsfeld's office, but run by Vice President Cheney and his chief of staff Lewis Libby, Gilad's "public diplomacy" shop at the Israeli Defense Ministry was run by Prime Minister Sharon through his staff chief Dov Weisglass.

Israel and others, regardless of other considerations." In reality, after Saddam's defeat in the 1991 Gulf War, "it was reasonable to assume that survival was his number one objective and motivation," and that any illegal weapons program would be a "factor that threatened his survival rather than insured it." The report goes so far as to say that Saddam Hussein believed he had done everything asked of him "but to no avail, since the real aim of the United States was regime change and not Iraq's disarmament of weapons of mass destruction." It focusses on the question of how such a one-sided analysis could have gotten past the established system of checks and balances in the Israeli intelligence establishment.

Brom attributes these failings to "excessive intelligence anxiety" which he claims has its roots in the intelligence failure in the October 1973 War, when Israel's intelligence assessment was that neither the Egyptians nor the Syrians would attack Israel. He attacks a "lack of sufficient professionalism" reflected in the assertion that Iraq possessed missiles that could strike Israel, despite the fact that after the intensive work of the UN weapons inspectors up until 1998, "it was estimated that Iraq had between zero and ten missiles." He documents that "in the years that followed, a surprising phenomenon occurred: No additional information was gathered, but the intelligence assessment changed; the possibility that Iraq had zero missiles disappeared, and the top number continued to increase until it reached dozens of missiles by the eve of the war in Iraq. There was also the ridiculous phenomenon of establishment spokespeople attempting to calm the Israeli public by stating: 'There is no reason to worry. The Iraqis have a small number of missiles, merely a few dozen.'

It is difficult to understand why this would be a reassuring message. During the Gulf War, Iraq launched 'only' 39 missiles at Israel."

Refuting the claim that Saddam Hussein would attack Israel, the report says, "All signs indicated that on the eve of the war, Saddam was trying to convince the international community that he did not possess weapons of mass destruction and that there was therefore no reason to go to war. . . . A pre-emptive strike [against Israel] would have given the United States the ultimate excuse for war."

The report also refutes the so called "back to the wall" thesis where Saddam would launch a suicidal attack on Israel so as to find a place in history after his demise. This thesis "disregards the fact that a survivor like Saddam would strive to resurface even after defeat, especially given the not-infrequent phenomenon among Arab dictators of surviving severe losses and bitter defeats. Would the gruesome act of attacking the Israeli civilian population with weapons of mass destruction have increased his chances of surviving? Or would it have only strengthened his enemies' determination to liquidate him physically as well? How would he had been written up in Arab history after Israel's inevitable retaliation against Iraq?"

Faction Fight Over Sharon Government

"You have to remember that the Jaffee Center is almost a civilian mouthpiece for the Israeli security and military establishment," a senior Israeli intelligence source said. "This report is part of a faction fight within the military over the policies of Sharon's government." Three years of Sharon's hardline policies and a Middle East destabilized by the U.S. war in Iraq is creating serious concern within Israel's military and security establishment. "It started a few weeks ago when Israel's Chief of Staff General Moshe Ya'alon called for a change in policy towards the Palestinians," another Israeli military source said. "That statement made Israel Prime Minister Ariel Sharon quite angry." Countering this faction, the intelligence services, for the time being, have the upper hand because of support from Sharon.

"The very same officials who concluded emphatically that Saddam possessed chemical-biological weapons, and who even warned about the possible use of such weapons against Israel, warn today that Yasser Arafat's master plan is to destroy Israel," wrote columnist Uzi Benziman in *Ha'aretz* on Dec. 7. "The same officials who forecast definitively that the 'ground will shake' when American troops reach Iraq and uncover weapons of mass destruction, are today warning with great internal conviction, that Arafat views himself as a latter-day Saladin, whose purpose is to drive the Jews from the Holy Land. . . . This raises questions about the empirical foundations of intelligence reports that purport to unveil Arafat's inner world, his aims, goals and hopes."

Benziman identifies Maj. Gen. (reserve) Amos Gilad as one of the officers responsible for this failure. He was "the man who in the last decade delivered military intelligence estimates about trends in the Palestinian Authority, and who

was also largely responsible for shaping intelligence estimates about developments in Iraq.”

Who Is Amos Gilad?

Benziman’s naming of Gilad hits very close to the mark. One of the IDF’s ultra-hawks, Gilad served as “national spokesman” just before and during the first phase of the Iraq War, terrifying Israeli citizens with the baseless claims that Saddam Hussein would attack Israel with weapons of mass destruction. The campaign led to mass distribution of gas masks, and ordering citizens to set up “sealed rooms” in their homes against poison gas attacks. (One entire family suffocated and died when they fell asleep in their sealed room.) It also cost millions Israel’s collapsing economy could ill afford.

An initial investigation demonstrates that Gilad has been involved in pushing these wild assessments, and sharing them with the United States, as far back as 1997, especially in 1998 when the Clinton Administration was being manipulated to launch a war against Iraq.

In 1982, as a young intelligence officer, Gilad was on the scene at the Sabra and Chatilla Palestinian refugee camps in Lebanon, when Sharon gave the order to send in the Lebanese Christian Falangists to massacre thousands of Palestinians. Gilad is one of Sharon’s favorites. Upon his retirement earlier this year, Weisglass saw to it that a new Directorate of Political and Security Affairs was created within the Israel Ministry

of Defense for Gilad to head. This is the same Weisglass who a set up Sharon’s parallel operation to Doug Feith’s OSP.

Gilad now serves as chief political adviser to Defense Minister Shaul Mofaz. Last November, he was with Mofaz when the latter visited the United States, attending Mofaz’ meetings with Rumsfeld, Secretary of State Colin Powell, National Security Advisor Condoleezza Rice, and Cheney.

All of Gilad’s assessments seem to parallel those of Washington’s neo-con chicken-hawks. In this latest position, he made many of the official public statements after the Israeli bombing of Syria last October. On Oct. 19, the publication of the Jerusalem Center for Public Affairs, of Dore Gold, a media advisor to Sharon’s government, ran an article by Gilad entitled “Undermining the War on Terrorism: The Role of Yasser Arafat and the Syrian Regime.” There, Gilad claimed that by peace, Arafat “means one big Palestine from the Mediterranean to the Iraqi desert—including Jordan, the West Bank, and Israeli Arabs.” As for Syria, he writes, “Syria’s main efforts now are designed to cause total failure of the United States in Iraq and increasing terror inside Israel.” This is precisely the line Feith has been pushing in Washington.

Prior to being national spokesman during the Iraq War, Gilad was Coordinator of Israel Government Activities in the Territories—Israel’s proconsul in the West Bank and Gaza. He came to this position just as Sharon came into office, and was fully complicit in the brutal occupation policies for that period. Before this, Gilad was head of the research division of Israeli military intelligence, where as early as 1997, he was passing on information to U.S. authorities. In 1999, former Mossad agent Victor Ostrovsky wrote in the *Washington Report on Middle East Affairs* that Gilad was part of a policy faction which “foisted their view on the government that the Iranians are striving hard to attain nuclear [weapons] capabilities.”

It is notorious that when Gilad visited Washington just days before Russian Prime Minister Viktor Chernomyrdin was to meet with Vice President Al Gore on Feb. 6, 1999, Gilad claimed that Russia had sold Iran the means to produce an SS4 missile with a 1,250 mile range. Gilad and his delegation gave briefings on this not only in the Defense and State Departments and various intelligence agencies, but to the Senate and House intelligence committees. The fuss was so great that Gore also met with him and is said to have brought up the missile-technology question with Chernomyrdin.

Gilad is cited in a press review on Israeli intelligence on Iraq which accompanies the Jaffee report.² As early as 1998, he claimed that if “Saddam Hussein finds himself on the brink of destruction, he may definitely take suicidal steps, including sending missiles towards Israel.”

Gilad is a key Israeli liaison to the Jewish Institute for National Security Affairs, a hotbed of neo-con war propaganda and disinformation.

2. Strategic Assessment, Vol. 6, No. 3, November 2003; “Intelligence on Iraq: Selections from the Media.”

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International Intelligence

Violence as Chávez Battles Recall Mobe

The Dec. 1 launching of a second nationwide recall by the anti-Chávez forces in Venezuela proved highly successful, with Venezuelans massing at the recall booths and turning the mobilization into an anti-Chávez festival in various parts of the country. When its booths closed Dec. 1, the opposition Democratic Coordinator claimed to have 3.6 million signatures, 30% more than the 2.4 million required by law. The National Election Council—which has a 3-to-2 majority in favor of President Hugo Chávez—now has 30 days, according to the Constitution, to validate the signatures; and then up to three months to convoke the recall referendum. The Coordinator is searching for legal ways to accelerate that timeline. The next scheduled Presidential elections are in 2006.

While some media are reporting on the popularity of the recall and on the probability that Chávez will lose the referendum, the Chavistas are gearing up for battle, as Chávez has no intention of stepping down. First, they have charged that the opposition committed a “mega-fraud” in collecting the recall signatures, and that they really only have 1.9 million in hand. When OAS Secretary-General César Gaviria defended the petitions as successful and relatively free of fraud, Chávez publicly denounced Gaviria for “overstepping the mark.” Secondly, the President’s forces have launched a recall vote of their own, targetting 37 leading opposition congressmen, and exaggerating the number of signatures they’ve collected.

On Dec. 3, violence broke out in the streets of Caracas as Venezuelan police and national guard troops battled rioting “street vendors” who were shouting pro-Chávez slogans, firing weapons, and throwing rocks.

Geneva Accord Gets On ‘Road Map’ Agenda

UN Secretary General Kofi Annan announced on Dec. 5 that the “Geneva Accord” peace initiative would be on the agenda of the next meeting of the “Quartet”—UN,

U.S., EU, Russia—which designed the Middle East Road Map for peace. The meeting will be in early 2004.

This follows the statement by U.S. Secretary of State Colin Powell, after a longer-than-expected two-hour meeting with the Geneva Accord’s negotiators, that the United States would maintain a “channel of communication” with Yossi Beilin and Yasser Abed Rabbo, its leading organizers. Rabbo, after the meetings with Powell and Annan, said that the Geneva Accord was “complementary” to the Road Map, and that the Road Map was the “mother of all initiatives.”

From the side of the government of Prime Minister Ariel Sharon, Israel’s Deputy Prime Minister Ehud Olmert called the Powell meeting with the Geneva organizers “an incorrect step by a senior representative of the American Administration.” But the Likudnik complaints have not slowed the process as yet.

Al-Qaeda Now Moving To Iraq?

According to *Newsweek*’s Dec. 15 issue, the magazine’s Taliban contact, Sharafullah, during his weekly meeting with *Newsweek* reporters at Qissa Khwani Ka Bazaar (it literally means “the story of dreams”) in Peshawar, Pakistan, said that Osama bin Laden’s three representatives had met with the Taliban supremo Mullah Mohammad Omar’s representatives the week before, along the Pakistan borders in Khost. At the meeting, bin Laden’s people supposedly said that al-Qaeda would be shifting some of its fighters over to Iraq, and reducing by half its \$3 million monthly contribution to Afghan *jihadi* outfits.

The reason? “The spilling of American blood is easy in Iraq. The Americans are drowning in deep, rising water. . . . I’m giving men who are thirsty a chance to drink deeply.”

Sharafullah, whose reliability has been strongly defended by the *Newsweek* reporters, said that bin Laden’s men pointed out that raising and distributing funds have been complicated by the U.S. crackdown on *ji-*

hadi charitable foundations, bank accounts of terror-related organizations, and money transfers. Bin Laden, however, had sent the message that he would not cut further the \$1.5 million monthly help to the Taliban: “We will never leave you alone,” the terror chief allegedly told the Taliban supremo’s representatives.

LaRouche Again All Over Arabic Press

A new round of intensive press coverage emerged in the Arab world in early December. This time the themes are Lyndon LaRouche’s visit to France, *EIR*’s analysis of “Cheney-gate,” and the reaction by Cheney and the neo-cons to LaRouche’s successful campaign.

In Dec. 7, Egyptian press, both official and opposition, carried a wire from the official Middle East News Agency (MENA) correspondent in Paris. The wire was titled “An American Presidential Candidate Supports Egyptian Media Opposition to Sharon” to maximize the attention. Most importantly, the story appeared in the official *Al-Ahram* daily. It stated: “Lyndon LaRouche, one of the candidates for the Democratic nomination for the 2004 presidential elections . . . stressed that ‘the Egyptian press’ opposition to the neo-con policies is actually in the interest of the United States itself, whose security currently relies on getting rid of the neo-cons.” The significance of this is, that the Egyptian media is in an open, furious battle with U.S. Ambassador to Cairo David Welsh, who has imposed himself as imperial viceroy of Cairo to dictate to the Egyptian press what to write and what to censor.

The MENA wire concluded: “LaRouche expressed his strong rejection of the idea of imposing democracy on the nations of the Middle East by force. He demanded that democracy should come from within the peoples of the region. He accused the neo-cons of abusing the question of democracy as a pretext to carry out their strategy.”

Meanwhile, the Arabic translation of two *EIR* articles by Jeffrey Steinberg, “Plumbers Are Under Investigation in

ZIMBABWE formally pulled out of the British Commonwealth, according to its government newspaper, the *Herald*, on Dec. 8, "over its continued unfair treatment by the group of mostly former British colonies. President Mugabe told the leaders of Nigeria, South Africa, and Jamaica that Zimbabwe had quit the 54-nation club." The *Herald* reports that the three leaders tried to persuade Mugabe not to take the step. Nigeria is the new chairman of the Commonwealth Heads of Government.

SOUTH KOREAN engineers working on Iraq's electricity grid are getting out. After the killing of two of their associates in early December, the remaining 60 engineers held several meetings with their managers, protesting the lack of security. They said that information concerning the security danger had been withheld, they were not given the necessary protective equipment, were deployed without security guards, and were even forced to work at night in war zones. It is the largest exodus of reconstruction workers since the war ended.

GERMAN senior Foreign Ministry official Michael Gerdts said on Dec. 4 that he considered Iran a model for developing democracy in the Middle East. "We, in Germany, regard Iran as a 'key country' for the future of the Near and Middle East," Gerdts stated. "Iran's democratic structures and its civil society are more developed than other countries in the Middle East."

DRUG company majors on Dec. 10 accepted a 5% ceiling on royalties they will charge South African generic manufacturers of their patented AIDS drugs. GlaxoSmithKline and Boehringer Ingelheim have reached the deal with AIDS activist groups, thus sparing the companies prosecution by South Africa's Competition Tribunal, *Business Day* reported Dec. 10.

Cheney-Gate" and "Neo-Cons Geek at LaRouche's Campaign," were published in several Arabic newspapers in Dubai, Oman, Bahrain, Syria, Lebanon, Egypt, and in London's *Al-Arab International*. In addition, they have been circulating on Arabic Internet websites.

Discussion Proceeds On Iran-India Pipeline

Iranian Deputy Minister of Oil and chairman of the National Petrochemical Company Mohammad Reza Nematzadeh said on Dec. 3 that a proposed India-Iran gas pipeline would cut down the cost of gas in the Indian market. According to a press release of India's Confederation of Indian Industries, a copy of which was received by IRNA, Nematzadeh said that the India-Iran gas pipeline would to a great extent mitigate the shortages, at a price which would prove to be beneficial in the long run.

Earlier, welcoming the Iranian minister and his delegation, Surajit Chaliha, chairman of Ogexpd and President (oil and gas) of Jubilant Enpro Ltd, said that India is deficient in oil and gas and that existing oil reserves will not meet future requirements. Chaliha said that India would require 3.2 million barrels a day by 2010, and her only hope lies offshore. Chaliha added that the India-Iran pipeline could be a dream project as far as India was concerned. He said that India-Iran bilateral trade had increased encouragingly since 1998 and stood at \$2.2 billion in 2002.

Japan Mission to Mars Fails on Way

Japan's space agency, JAXA, announced on Dec. 10 that it had officially given up on inserting its *Nozomi* (Hope) spacecraft into orbit around Mars. It was Japan's first interplanetary mission, and has suffered a number of failures during its five-year journey. Japan is not alone—more than half of the U.S. and Soviet/Russian missions to Mars have failed. It is quite impressive that the Japanese spacecraft survived as long as

it did.

Nozomi was launched in July 1998, and was supposed to reach Mars in October 1999. But a thruster problem during its December 1998 swing-by of Earth, in a gravity assist for its long journey to Mars, left *Nozomi* low on fuel. Engineers reconfigured its trajectory, and shot the spacecraft around the Earth twice more, in December 2002 and June 2003, for a velocity boost, still hoping to get it to Mars. But these exposed it to the effects of a massive solar flare, which damaged its electrical system.

Now, as the spacecraft is closing in on Mars, ground controllers cannot slow it down to be captured into orbit around Mars by firing its engines, because they are low on fuel. So, after its long journey, on Dec. 14 *Nozomi* will whiz by Mars, and go into orbit around the Sun.

On Christmas Day, Europe's *Beagle* lander, carried on its Mars Express spacecraft, is to land on Mars, followed by two U.S. rovers in early January.

OPEC Discusses Trading Oil in Euros

At early December's meeting of the Organization of Petroleum-Exporting Countries in Vienna, there were calls, in particular from Saudi Arabia, to cut OPEC's oil production due to the rapid decline of the dollar. So far, OPEC has set a preferred target range for the average oil price between \$22 and \$28. But, as the value of the dollar is shrinking, this target is no longer enough.

On Dec. 8, OPEC Secretary General Alvaro Silva, still in Vienna, gave an interview to the Venezuelan state news agency Venpres, saying: "The band is not set in stone, and if there is a decision to change its levels, they would be changed above all because of currency circumstances."

Other potential moves by OPEC to deal with the declining dollar are being discussed as well, Silva said. He noted: "There is talk of trading in euros. It's one of the alternatives . . . either that or a basket of currencies. It is possible that the organization will discuss this and take a decision at a given time."

Empire for Democratic Dummies, Soros-Style

by Stuart Rosenblatt

The Dust of Empire

by Karl E. Meyer

New York: Century Foundation, 2003
237 pages, hardbound, \$26

This book sells itself as a guide for confused Americans trying to figure out what United States policy is all about in Central Asia, and looking for some history of the region in which the “war against terrorism” is being contested. But in reality, *The Dust of Empire* is a thinly-veiled call for the creation of a liberal imperial world order modelled on the less disgusting aspects of the British Empire of the 19th Century. While claiming, quite falsely, to rest upon centuries of change in America’s role in the world, the book rests in fact on a “coup d’état” in American policy and government which is only three years old.

“Clearly limned on the post-9/11 screen,” writes Meyer, “is a reality that many Americans are reluctant to face or acknowledge. Like it or not, Washington is the seat of an empire, whose awesome economic power has given it an unparalleled global reach. True enough, America is not an empire in a formal sense; our official creed is republican and our schoolbooks celebrate our anti-colonial origins. . . .”

Meyer is no neophyte to the policy establishment. He currently sits on the editorial board of the *New York Times*, is the editor of the *World Policy Journal*, and is a former foreign correspondent for the *Washington Post*. His book was sponsored by the Century Foundation, a “liberal” policy group associated with billionaire financier George Soros, which was also involved in the recent launching of the Soros-funded

Center for Progress in America. The board of directors of the Century Foundation includes John Podesta, the Soros ally who runs this Center, by which the mega-speculator is seeking to buy and take over the Democratic Party.

Publication of this book now reflects the ongoing faction fight in Synarchist political circles, between the neo-conservative grouping around madmen such as Dick Cheney, Donald Rumsfeld, Richard Perle, Paul Wolfowitz, and their ilk, who advocate “preventive nuclear war,” and the more Liberal-Imperialist tendency by which Soros, his pet Presidential candidate Gen. Wesley Clark (ret.), Zbigniew Brzezinski, the New York Council on Foreign Relations, and others *also* support a U.S. imperial domination and looting of most nations in the world, but by other methods. This book represents, financially as well as literarily, the U.S. imperialism of Soros, Clark, et al. Meyer’s “model” to reform the disasters of Afghanistan and Iraq, is the bungled intervention in the Balkans conflict under NATO Commander Wesley Clark.

The False Axiomatics of Empire

While purporting to offer a historical perspective that can successfully guide U.S. policy in Central Asia, Meyer instead starts from a set of false assumptions, and reasons to conclusions that would land the United States squarely in the imperial camp. While condemning historical illiteracy as a disease common to Americans, Meyer exposes his own historical blindspots.

He begins the book with the false assertion that the United States itself is an empire, and has been an empire for well over one hundred years. This brazenly lying statement has been echoed repeatedly in the pages of *Foreign Affairs* magazine, starting with an article by Sebastian Mallaby prior to the Iraq war, and continuing in the recent several issues of that

publication; it is espoused by many “scholars” in many other so-called liberal imperial publications. Meyer, for example, quotes both historical Ronald Steele (*Pax Americana*, 1967) and Arthur Schlesinger, Jr. to the effect that Americans should see themselves as rulers of an empire, and adds, “Americans tend to resent these simple truths being uttered.”

Meyer insists that we inherit the mantle of the fallen British Empire. He enthuses on what he says is the might of the American-dominated English-speaking world in economic and military terms, and claims that all of this emerged from the 20th-Century demise of the British Empire. “In a real sense, America now sits where Britain did in the 1890’s, only the old empire is squared. Even at her apogee, Britannia had nothing like America’s economic and military preponderance. . . . The thesis of this book is that the moral and diplomatic dilemmas confronting Washington today differ in degree but not in kind from those that confronted Britain before World War I.”

However, conveniently skips over the mass of evidence disproving his thesis. He omits virtually all reference to the republican and sovereign origins and tradition of the United States. He fails to mention John Quincy Adams’ Monroe Doctrine, Lincoln’s heroic war against the British Empire (American Civil War), Franklin Roosevelt’s waging of World War II against the Synarchist beast-men Hitler, Mussolini, Tojo, et al., and also FDR’s polemical denunciations of Churchill’s post-war imperial plans. Likewise, Meyer neglects to mention Eisenhower’s denunciation of the Israelis and the British in the Suez Crisis, or John F. Kennedy’s moves to disengage the United States from the Indochina war.

Hatred of the Nation-State

Meyer’s second major false premise is his equation of nations with empires. In this assertion he proves to be a pathetically ill-informed enemy of the sovereign nation-state republic. With barely concealed rage, he despises the origins and history of the United States. He spends a bit of time rhapsodizing about the origin of the British Empire as a great nation—though his praise is for the Empire—and then he launches into ridiculous characterizations of the United States and its mission:

“What took centuries on the British Isles happened figuratively overnight in the New World. On June 7, 1776, the Continental Congress resolved that ‘these United Colonies’



ought to be free and independent. On July 4, less than a month later, Jefferson’s pen magically changed the name to ‘the Thirteen United States of America.’ Not long after the Treaty of Paris formally ended hostilities in 1783, Americans had contrived the half-mythical ingredients of nationhood: Old Glory, ‘Yankee Doodle,’ Paul Revere’s ride, Valley Forge, Betsy Ross, the Boston Tea Party, Nathan Hale, and Washington crossing the Delaware. By 1800 the consolidation of American national identity was complete. What made this possible was an exceptional skein of circumstances—a gifted generation of rebels, British preoccupation with France, the swift adoption of an elastic Federal system, and George Washington’s decision to retire after two terms as president, thereby sparing Americans a senescent liberator-for-life.”

Meyer quickly follows this diatribe against the principles of the Founding Fathers, as embedded in the Preamble to the Constitution, with denial of the existence of higher ideas in human history. He gives a wild reductionist/bestial characterization of nations as combinations of four common attributes—ethnicity, language, territory, and religion—but then admits that these markings inevitably break down. He resorts to symbols, such as recognized items like flags, but tosses that out as too flimsy; and then turns to appeals to hatreds,

prejudices, primal lusts, common enemies as ways to unite a people.

At no point does he ever pose the more crucial issue, as does Presidential candidate Lyndon LaRouche, of the distinction between man and beast, and the origin of the modern nation-state as a unique creative innovation during the Golden Renaissance.

The entire book is dominated by his antagonism to the principle of the nation-state and his fascination with empire, which causes him to continually mis-estimate both the history of Central Asia and the implications for current policy-making.

Eurasia, for Example

Among the higher ideals of humanity whose existence Meyer absolutely denies, is the idea of Eurasian development—the new, Vernadskian “Silk Road” that LaRouche has discussed. For example, in his analysis of the history of Russia, the crucial nation in Central Asia, Meyer has no problem evaluating the autocratic tradition inside of the country and the history of expansionism that spanned the era of the tsars and the soviets. However, an understanding of the great scientific and artistic accomplishments of Russia, and their connection to the Renaissance and Republican movements in Europe, is nowhere to be found. There is virtually no compre-

hension of the influence of Leibniz or Pushkin on the national character, no appreciation of the great scientific achievements of Mendeleev or Vernadsky, and nothing of the profound collaborations of Lincoln, FDR, and other American leaders with the Russian government.

Hence, when he tries to evaluate the current thrust of Russia, he fixates on the prospects for exploiting the vast oil reserves—a typical fascination of imperialists—but misses the immense new arrangements being orchestrated by LaRouche and the governments of India and China to construct a durable peace based on the Eurasian Land-Bridge concept. Meyer foolishly cites Dmitri Trenin, the author of *The End of Eurasia: Russia on the Border Between Geopolitics and Globalization*, as the best source for the answer to the age-old question, “Whither Russia?” “Russia-Eurasia is over. To the west of its borders, there lies an increasingly unified Europe, a natural place for Russia’s own integration as a European country in an appropriate form. To the east lies an increasingly interconnected Asia, where Russia must either establish itself as a country in Asia or face the mounting pressure to withdraw west of the Urals. . . . Yet the end of Eurasia, a real catastrophe, is no tragedy. It is merely the end of a long era. But it is not the end of Russia, for which a new and potentially happier era can now start.”

Meyer’s views of Iran, Pakistan, Afghanistan and other nations in this region have similar shortcomings, and it is no accident that Meyer casually endorses Bernard Lewis’, Samuel Huntington’s, and Brzezinski’s Clash of Civilizations dogma as axiomatic truth. For Meyer, the issue is managing the region more effectively in a globalized world order, not establishing a community of sovereign nations in the tradition of John Quincy Adams.

Multilateralism, New Name for Liberal Imperialism

In the conclusion, Meyer outlines the Liberal Imperialist military agenda. He laces into the unilateralist approach of President Bush and his puppeteer Dick Cheney, though refraining from ever naming the latter. He compares the Splendid Isolationism that brought down the British Empire in the late 19th Century to Bush’s unilateralism today. Because his book was published just prior to the attack on Iraq, Meyer references the unilateralist fiasco in Afghanistan as a developing disaster, and warns of similar consequences were America to invade Iraq without allies. He never decries the intention to overthrow Saddam Hussein, merely the likely form of the intervention: the lack of allies in an imperial endeavor. When analyzing the failure in Afghanistan, Meyer compares the deepening disaster of this “war on terror” to the “great success” achieved by NATO forces in the Balkans War in 1997. His expert analyst is none other than Gen. Wesley Clark, formerly supreme allied commander in Europe, now Presidential candidate: “This is a fundamental misjudgment. The longer this war goes on, and by all accounts it will go on

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for years, the more our success will depend on the willing cooperation and active cooperation of our allies to root out terrorist cells in Europe and Asia, to cut off funding and support of terrorists and to deal with Saddam Hussein and other threats.”

Meyer then goes on to praise the NATO apparatus and recommend it as the intervention vehicle of choice, quoting Clark: “NATO itself acted as a consensus engine for its members. Because it acts on the basis of such broad agreement, every decision is an opportunity for members to dissent—therefore every decision generates pressure to agree. . . . This process evokes leadership from the stronger states and pulls the others along. . . . NATO worked. It held political leaders accountable to their electorate. It made an American-dominated effort essentially their effort. It made American success their success.” General Clark is also his Afghanistan expert: “We could have simply phased this operation and turned over what had begun as a U.S.-only operation to a NATO mission, under U.S. leadership.”

To underscore his point, Meyer then develops a series of scenarios under which a new “multilateral” imperium could be sustained. “What is to be done? If ever a region called out for a multilateral approach, in which America’s presence would be one among many, it is Central Eurasia. If military bases are needed, let them be NATO bases, thereby making good use of an alliance whose nineteen members, for the first time ever in 2001, evoked the one-for-all mutual defense clause in the founding charter. . . . As it happens, five of Central Eurasia’s eight countries have signed up for NATO’s Partnership for Peace program, so that links already exist with the alliance. For Americans, a NATO presence offers a prudent means of securing military facilities in the region, while diluting Washington’s identification with repressive regimes.”

The problem, finally, is axiomatics. At no point does Meyer offer a solution that could work. Rather than embrace a policy similar to that of LaRouche’s Eurasian Land-Bridge—which an erudite geopolitician like Meyer is undoubtedly aware of—he simply proposes a different type of imperialism. In defending his call for a multilateral military force like NATO, to intervene in the Central Asian region, he hearkens back to the memory of an earlier disaster, the Trojan Wars. “This point is as old as the Trojan War. It was the joint appeal of the allied Greek commanders that finally coaxed the sulking Achilles from his tent and back into the field, thereby opening the way to victory in the ten-year war, albeit gained through a covert trick.”

Like his other imperial co-thinkers, Meyer is blind to the outcome of that war: A dark age descended over Greek civilization that was not to be lifted until the renaissance ideals of Solon of Athens achieved predominance hundreds of years later.

We do not need a repeat performance to know where Meyer and his Soros-funded ilk are leading us.

The Story of the Casino World’s Front-Man

by John Hoefle

Running Scared: The Life and Treacherous Times of Las Vegas Casino King Steve Wynn

by John L. Smith

New York: Four Walls Eight Windows, 2001
352 pages, paperback, \$15

Running Scared is a carefully written book which its subject, Steven Wynn, nominally one of the most powerful men in Las Vegas, tried hard to stop. Upon reading it, it is easy to see why, for it portrays Wynn as a rage-driven, megalomaniacal front-man, with a reputation for womanizing and cocaine abuse, whose career was steered by mobsters and bankers, funded by dirty money, and aided by the thick layer of corruption which pervades America’s casino capital. The picture painted of Wynn is that of a petty tyrant prone to terrorize his underlings, using his mob connections in private to intimidate, while publicly presenting himself as just another brilliant businessman.

That there are higher powers behind Wynn was made clear in a meeting which occurred shortly after Wynn took over the Golden Nugget casino. Wynn owed \$6,000 to a New Jersey man named Milton Stone, who was having trouble collecting. Stone arranged a meeting with Wynn, but was concerned that he might have trouble with Wynn’s Sicilian bodyguards, so he asked a Sicilian friend to accompany him.

“Milton Stone was uncomfortable, to the amusement of his Sicilian friend,” Smith wrote. “At this point the companion looked at the three men standing about 15 feet away. He spoke to them with a few very private words in Sicilian dialect. Then he focussed his eyes on them and repeated his words.

“Steve Wynn’s heads and eyes turned back and forth as though he was watching a tennis match. It was obvious the little speech in Sicilian was causing the bodyguards concern.

“The bodyguards backed away, showing respect. Suddenly Wynn seemed to soften,” offering his guests lunch and handing Stone a check. “As for the Sicilian bodyguards, they were tripping all over their feet to shake hands with Stone and his companion as the two men departed.”

Wynn’s connection to organized crime was cited by Scotland Yard, which shot down Wynn’s attempt to enter the casino business in London in the early 1980s.

“The strong inference . . . is that Stephen Wynn . . . has been operating under the aegis of the Genovese family since he first went to Las Vegas in the early 1960s. . . . The connections are so numerous and significant that it would be impossible to accept coincidence as a reasonable explanation,” Scotland Yard said in a blistering 1983 report.

The report cited connections between Wynn’s father Mike Wynn and the Genovese family, and also cited two meetings between Steve Wynn and Genovese family boss Anthony Salerno in 1982. Scotland Yard cited the FBI as its source for the meetings, though the Bureau remained silent as to whether its surveillance of Salerno’s social club showed evidence of the meetings. Wynn denied the meetings ever took place, and later claimed it was a case of mistaken identity. If Scotland

Yard’s claim is correct, it provides clear grounds not only for denying Wynn a gambling license in England, but also a case for yanking his Nevada gambling license, and putting him out of the casino business entirely.

“If you get into bed with the American gambling industry, you’re getting into bed with the mob,” Scotland Yard Inspector Frank Pulley told CBS News’ “West 57th” TV magazine broadcast in a subsequent feature on Wynn. “The man has made an untold fortune in an industry which historically has proved to be replete with organized crime. It was invented by the mob, it was modernized by the mob, the mob have put money into it, and they’ve taken vast amounts of money out of it.”

Fronting for the Mob

Steve Wynn got his start in Vegas in 1967, when at 25 he was lent enough money to allow him to buy 3% of the Frontier casino. In 1964, Wynn had met in Chicago with Bankers Life & Casualty President John D. MacArthur, seeking a loan to buy some land. MacArthur turned him down, but called him weeks later to put him in touch with Maurice Friedman, who was putting together investors to expand the Frontier. Friedman, who had known Mike Wynn, was connected to Johnny Roselli, the Chicago mob’s man in Vegas, and to Anthony Zerelli, the son of Detroit mob boss Joseph Zerelli. While Wynn put \$45,000 into the casino, the Detroit mob put in \$500,000 for a hidden 30% stake.

In March 1971, a Federal grand jury in Los Angeles indicted Zerelli and several others, including the infamous Em-



Drexel Burnham Lambert’s organized-crime specialist, Michael Milken, and the Bellagio Casino in Las Vegas owned and operated by Steven Wynn’s MGM Mirage. Wynn and Drexel represented successive steps up on the ladder which links organized crime since Lansky, to the international financial oligarchy which enables it. “If the Teamsters’ pension fund funded the old Vegas, Drexel funded the new one” of which Wynn became a leading denizen.

prise Corp. of the Jacobs brothers, for their hidden ownership in the Frontier. All were found guilty. Wynn appeared before the grand jury, but was not indicted.

Before the indictments were handed down, the group sold the Frontier to Howard Hughes. Just days before, Wynn borrowed \$30,000 from the Valley Bank and increased his holdings in the Frontier to 5%, giving him a tidy profit on the sale. Out of a job, Wynn managed some lounge shows for a while, then did a stint as the Vegas distributor for Schenley, the liquor company once owned by bootlegger Louis Rosensteil; Rosensteil and Sam Bronfman had been partners in the liquor business with Meyer Lansky, the chairman of the board of American organized crime and a silent partner in virtually every Las Vegas casino. At the time of Wynn’s involvement, Schenley was owned by Meshulum Riklis, the gangster who later figured prominently as one of the so-called “Milken’s Monsters.”

Thanks to some sweetheart land and business deals that served to build up his bank account and reputation, Wynn began buying stock in the Golden Nugget. By the time Wynn’s gambling license was approved in 1973, he was the largest stockholder in the Nugget, followed by El Cortez casino owner Jackie Gaughan and well-known mob figure Jerome Zarowitz, an associate of Anthony Salerno and New England crime boss Raymond Patriarca. Zarowitz and three accomplices had been caught years earlier conspiring to fix the 1946 National Football League championship game. Zarowitz soon sold his shares to Wynn, and Wynn became the boss of the Golden Nugget.

Using the Nugget as his base, and backed, as we shall see, by some very big money, Wynn set out to transform the casino business. Under Wynn, the Golden Nugget would establish a casino in Atlantic City, and play a major role in turning Las Vegas into a family resort. In 1989, he opened his first megacasino, the 3,000-room Mirage, followed by the 2,900-room Treasure Island in 1993. In 1994 the company, now renamed Mirage Resorts, announced the Monte Carlo, a joint venture with Gold Strike, and began work on the Freemont Street Experience. He also announced his plushest casino to date, the Bellagio.

Wynn was not the only one building resort-casinos. The 5,000-room MGM Grand, built by Kirk Kerkorian, opened in 1993, and a year later announced New York, New York in partnership with Primadonna Resorts. Circus Circus, which opened the 4,000-room Excalibur in 1990, was followed by the Luxor, while Bally built Paris. By 2002, Las Vegas had some 126,787 hotel and motel rooms—up from 90,000 in 1995—and over 35 million visitors a year, giving the casinos a reported \$6 billion in gambling revenue.

Follow the Money

To say that organized crime controls Las Vegas is to state the obvious, but organized crime itself has undergone a striking transformation since the days of Prohibition, and therein lies the real story. The casino business is basically the money-laundering arm of what *EIR* identified in 1978 as Dope, Inc., and as the market for illegal drugs has expanded, so has the laundry. The driving force of this transformation inside organized crime was Meyer Lansky, the godfather of both Las Vegas and Atlantic City, who helped forge competing crime gangs into the National Crime Syndicate on behalf of the international financial oligarchy. Some of the gangsters turned “legit,” like Sam Bronfman and Louis Rosenstiel, while others were put out to pasture. This process was aided by the arrest of many top mobsters at the infamous 1957 Apalchin mob summit, which wiped out much of Lansky’s opposition in one convenient swoop, and by the 1967 change in Nevada law which allowed corporations to own several casinos. That allowed Howard Hughes to move into Las Vegas in a big way, eventually owning seven casinos; Hughes, at the time, was a recluse whose operations were run by Robert Maheu, an FBI/CIA agent closely tied to Lansky’s Resorts International casino in the Bahamas. The Maheu/Hughes incursion was aided by the FBI, which created a task force to bust up the opposition to the transformation.

The second wave of corporate gambling began in the late 1970s, with the rise of Michael Milken and the Drexel Burnham Lambert junk-bond machine. Drexel funded a virtual Who’s Who of Las Vegas: Bally’s, Caesar’s Palace, Circus Circus, Harrah’s, Holiday Inn, Sahara Resorts, Sands, Showboat, Riviera, and Tropicana. As Smith put it, if the Teamsters’ pension fund funded the old Vegas, Drexel funded the new one, and one of the primary beneficiaries

was Steve Wynn.

After being vetted by John D. MacArthur in 1964, Wynn was taken under the wing of E. Parry Thomas of the Bank of Las Vegas. Thomas was a Mormon who had served in intelligence during World War II, and his bank lent to casinos when others would not. Smith, a reporter for the *Las Vegas Review-Journal*, calls Thomas “the single most important banking figure in the history of Las Vegas.” “In some circles,” Smith said, “he was considered Mr. Las Vegas; in others, a hoodlum banker.” Thomas was Wynn’s mentor, helping him buy into the Frontier, getting him the Schenley distributorship, and helping orchestrate the takeover of the Golden Nugget.

By 1978, as the established boss of the Nugget, Wynn was looking to expand into Atlantic City, and his college pal Stanley Zaks of Zenith Insurance introduced him to the man who could help make it happen, Zaks’ cousin Michael Milken. Over the next two years, Milken provided Wynn with \$160 million in financing to upgrade the Nugget, and supplied half a billion dollars to build the Mirage. Wynn became one of the stars at Drexel’s annual “Predator’s Ball.” By the time it collapsed, Drexel had poured some \$5 billion into Las Vegas and Reno, and another \$2.5 billion into Atlantic City.

While much effort has gone into creating the myth that Milken ran the junk-bond business, the real controllers of the operation were the Rothschild and Morgan banks, whose dope and dirty-money networks provided the cash which fuelled the junk-bond machine. Milken and Wynn worked together, because they were both fronts for the same operation, junior partners in a much larger organized-crime family.

Crash and Burn

The building boom in Vegas inevitably resulted in overcapacity, with each new palace taking business from its predecessors. By the end of 1998, the building of the Mirage and the Bellagio had nearly doubled Mirage Resorts’ debt load, and the revenue was falling short. The Bellagio took business from Mirage, and the Venetian, Mandalay Bay, and Paris took business from Bellagio, leaving Mirage Resorts ripe for takeover. In 2000, Kirk Kerkorian’s MGM Grand “appeared like an invading army on the horizon” and made a \$6.7 billion hostile offer for Mirage. Within 12 days, Mirage belonged to Kerkorian, and Steve Wynn was pushed out.

Wynn subsequently announced he would build an even more lavish casino than Bellagio, to be named La Rève. Ground was broken on the \$1.85 billion project in November 2002, and the opening is scheduled for 2005. La Rève will include a man-made mountain, in addition to its mountain of debt. To pay for it all, Wynn Resorts plans a \$408 million initial public offering and \$1 million in bank loans from a consortium led by Deutsche Bank, Bear Stearns, and Bank of America. Bear Stearns is the investment bank of Meyer Lansky’s Resorts International and of Wynn’s arch-rival, Donald Trump.

Dick Cheney Is Caught In Yet Another Lie

by Jeffrey Steinberg

Vice President Dick Cheney has been lying for months about his role in peddling fake “intelligence” to sell the Iraq War to a gullible Congress and American public. On several occasions, he has denied that he was receiving “raw” intelligence from Ahmed Chalabi’s Iraqi National Congress, and using that “unvetted” fakery to shout down military and intelligence community professionals who disputed his claims that Iraq under Saddam Hussein represented an “imminent threat” to the United States and its allies. Drawing on disinformation willingly served up by Chalabi’s army of “defectors,” Cheney led the Bush Administration Big Lie campaign, charging that Iraq possessed arsenals of biological and chemical weapons of mass destruction, was on the verge of building nuclear weapons, and was behind the Sept. 11, 2001 attacks on the World Trade Center and the Pentagon, through its alleged sponsorship of al-Qaeda.

When experienced analysts at the CIA and other intelligence agencies continued to produce assessments, blowing holes in his Chalabi-fed disinformation, the Vice President, his chief of staff Lewis “Scooter” Libby, and Defense Policy Board “Chicken-hawk” and former Speaker of the House Newt Gingrich, stormed the barricades at Langley and directly confronted Agency intelligence officers, demanding that they fall in line.

Now, *Newsweek* magazine has obtained a June 2002 Iraqi National Congress memorandum to a U.S. Senate committee, which identified two top Cheney aides as the official “U.S. government recipients” of intelligence, generated by an INC team funded by the U.S. State Department. The memo reported that, under the program, “defectors’ reports and raw intelligence are cultivated and analyzed,” before being passed

on to the designated officials.

The two Cheney aides named in the INC memo, written by Entifadh Qunbar, were John Hannah and William Luti.

Hannah, a former analyst at the Washington Institute for Near East Policy (WINEP), the think-tank arm of the American Israel Public Affairs Committee (AIPAC), is one of Cheney’s top Mideast policy aides. He was also the organizer of a series of policy seminars at which Chalabi and Dr. Bernard Lewis, the British Intelligence author of the “clash of civilizations” insanity, were brought to the White House and to the Vice President’s official residence, to pitch for a U.S. overthrow of Saddam Hussein.

Luti may be fairly described as Dick Cheney’s “Ollie North.” A retired Navy captain and onetime military aide to Speaker of the House Gingrich, Luti began the Bush “43” Administration as a top aide to Cheney. After Sept. 11, 2001, Luti was deployed into the Pentagon, to take charge of the Near East South Asia (NESA) policy shop, under Doug Feith, the Undersecretary of Defense for Policy who is the Bush Administration’s most outspoken follower of the late Vladimir Jabotinsky, the Likud godfather whom Israeli founder David Ben Gurion denounced as “Vladimir Hitler,” for his unabashed fascist views.

Numerous Pentagon and Congressional sources say that Luti transformed the nearly invisible NESA unit into a secret parallel intelligence and operations unit, dedicated to drawing the United States into a war with Iraq, Syria, Iran, and a string of other “axis of evil” regimes, stretching half-way around the globe. At the peak of the Iraq War planning, the NESA office, which housed the Office of Special Plans (OSP), had as many as 100 private contractors on the pad, most of them

leading fixtures in the Washington neo-conservative think-tank scene.

While formally under the supervision of Feith, who also, along with Richard Perle and David Wurmser (now another Mideast policy aide to Cheney) authored the 1996 “A Clean Break” war plan prepared for Israel’s Likud Prime Minister Benjamin Netanyahu, Luti, in fact, reported directly to the Vice President’s chief of staff and chief national security aide, Scooter Libby. Lt. Col. Karen Kwiatkowski, the retired Air Force intelligence officer who served in the NESAs office for eight months in 2002-03, confirmed that at staff meetings, Luti made it clear that he was working for Cheney and Libby.

Colonel Kwiatkowski, who retired from military service earlier this year, has now written a three-part series of articles on her harrowing experience in Luti’s world of neo-con and Likud ideologues, which began appearing in the Dec. 1, 2003 issue of *The American Conservative*. She concluded Part I of her account with a chilling condemnation: “By August, I was morally and intellectually frustrated by my powerlessness against what increasingly appeared to be a philosophical hijacking of the Pentagon. Indeed, I had sworn an oath to uphold and defend the Constitution against all enemies, foreign and domestic, but perhaps we were never really expected to take it all that seriously.”

Tenet Speaks Out

Director of Central Intelligence George Tenet, who has personally bent over backwards to shield President Bush from the charges that he took the United States to war on the basis of disinformation, has, nevertheless, told members of the Congressional intelligence committees that he believes that the Luti unit, and its Office of Special Plans (OSP), the Iraq War planning cell in Defense Secretary Rumsfeld’s office, violated Federal law, by conducting overseas covert operations, without Presidential authorization.

One clue about those suspected illegal covert operations surfaced in the *New York Times*, in a Dec. 7 article by James Risen, detailing secret contacts between OSP personnel and discredited Iran-Contra figure, Iranian arms dealer Manucher Ghorbanifar.

In December 2001, Ghorbanifar made contact with former Iran-Contra operative Michael Ledeen, now at the American Enterprise Institute and, reportedly, a “personal service contract” employee of the OSP. Ledeen subsequently arranged a series of secret meetings between Ghorbanifar and NESAs Iran Desk officer Larry Franklin and Pentagon Office of Net Assessments official Harold Rhode, a close ally of Ledeen and Deputy Defense Secretary Paul Wolfowitz. Ghorbanifar and Ledeen both make no secret of the fact that they are promoting a U.S. covert operations program to destabilize and overthrow the Islamic regime in Tehran. And neo-con think-tank allies of Ledeen, Rhode, and company, including Daniel Pipes, have been aggressively promoting the idea that



Vice President Cheney has led the Big Lie campaign about supposed Iraqi weapons of mass destruction. Two of his top aides, William Luti and John Hannah, are now exposed for funnelling disinformation from Iraqi exiles, into the Bush White House.

the United States should employ the Mujahideen E-Khalq (MEK), an Iraq-based group of Iranian terrorists, formally on the State Department’s list of Foreign Terrorist Organizations, as a covert destabilization force, targetting the regime in Tehran.

The question still on the agenda of Senate intelligence committee investigators is: Did NESAs/OSP and other allied neo-con units at the Pentagon and in the Office of the Vice President, engage in unauthorized covert operations against Iran, Syria, Lebanon, and other targets?

Indictment of El Hage

That question will be further scrutinized by Congress, as the result of yet another OSP operation gone astray. On Dec. 11, the *New York Times* reported that, on Nov. 6, the Department of Homeland Security informed a Lebanese arms dealer and wanna-be head of “liberated Lebanon,” Imad El Hage, that he had been indicted on illegal weapons possession charges. El Hage had been detained at Dulles International Airport in Virginia on Jan. 28, after Transportation Security Administration inspectors found a 45-caliber gun and four stun-guns in his luggage. Although he was allowed to travel by plane to Beirut, a criminal case was opened, and several months later, El Hage was indicted.

Simultaneous to that indictment, El Hage’s contact point

in the OSP, Michael Maloof, was suspended with pay from his Pentagon job, and had his security clearances stripped. Sources report that El Hage and Maloof were working together on schemes to install Gen. Michel Aoun and others in power in Beirut, following a U.S. and/or Israeli military attack on Syria, aimed at overthrowing the Ba'ath regime there, and removing Syrian forces from Lebanon. This scheme, which Pentagon and Cheniac neo-cons planned to implement, immediately following the Iraq invasion, came right out of the pages of the Perle, Feith, Wurmser "A Clean Break."

A number of U.S. intelligence community sources have told this author that the Maloof probe goes beyond his dealings with El Hage, and may involve the passing of U.S. war plans against Iraq to Israel. The sources point out that, in the 1980s, Maloof served in the Pentagon under Perle and Steven Bryen, and was suspected, at the time, of ties to Jonathan Jay Pollard, who was convicted of spying for Israel.

The El Hage indictment puts a fresh spotlight on the OSP machinations against Syria and Lebanon, at a time when there is growing action in the U.S. Congress to prevent Cheney and company from burying the Iraq intelligence hoax scandal. On Dec. 11, it was announced that Rep. Henry Waxman (D-Calif.), the ranking member of the House Government Reform Committee, will be opening a hotline, to solicit intelligence community whistleblowers to come forward, with new evidence of the falsification of intelligence prior to the Iraq War. According to a news story posted on www.TomPaine.com, an Internet journal, by Robert Dreyfuss, Waxman is to announce the hotline in a letter to committee chairman Rep. Thomas Davis (R-Va.). The same letter will call on Davis to open a full committee probe into who leaked the identity of Valerie Plame, the CIA "non-official cover" officer and wife of former U.S. Ambassador Joseph Wilson. Plame's name was leaked to syndicated columnist Robert Novak in July by "two senior Administration officials," in a flagrant attempt to muzzle Wilson, a critic of the Iraq War, who was sent by the CIA to Niger in February 2002, to probe what later proved to be forged documents, purporting that Iraq was seeking uranium ore to make nuclear bombs.

The January 2004 issue of *Vanity Fair* magazine contains a feature story on the Wilson-Plame leak, which reports that Vice President Cheney began scheming against Wilson in March 2003—shortly after International Atomic Energy

Agency head Dr. Mohamed ElBaradei told the United Nations Security Council that the Niger uranium documents were shoddy forgeries. Cheney's office officially denies the report, but intelligence community sources insist that Cheney's office launched the "Get Wilson" campaign, months before the former Ambassador published his eyewitness account of the mission to Niger in the *New York Times* in early July. According to one source, members of the Defense Policy Board may have played a role leaking Valerie Plame's identity.

One senior Congressional staffer who insists on anonymity, bluntly declared that, when the truth about OSP comes out, it will make the Iran-Contra scandal of the 1980s look like child's play.

Targetted Assassinations

As the Vice President was being hit with the latest evidence of his lying to the Congress and the American public about the fabrication of intelligence to get support for the Iraq War, another major scandal was hitting the Bush-Cheney team: American military collusion with Israel, to conduct "targetted assassinations" in Iraq.

The Dec. 8 issue of *New Yorker* magazine featured a story by investigative journalist Seymour Hersh, revealing that Israeli commandos are training U.S. Special Forces teams at Fort Bragg, North Carolina, and in Iraq, to carry out targetted assassinations of suspected members of the Iraqi resistance. The idea that the U.S. military is adopting Israel's illegal, discredited, and ineffective "pre-emptive assassination" tactics (euphemistically called "pre-emptive manhunting" in Rumsfeld-speak) has outraged many military professionals.

This morphing of U.S. and Israeli personnel and counter-insurgency methods also leads back to the same Cheney-led Pentagon outhouse.

As reported by the *Washington Times*, and eyewitnessed by Colonel Kwiatkowski, shortly after 9/11, Undersecretary of Defense Feith began a series of secret meetings—first, in Israel, and later at his Pentagon office—with Israel's Interior Minister Uzi Landau and Gen. David Tzur, to establish a permanent interface office between American and Israeli counter-terror warriors and spooks. Under the program, Pentagon lawyers began meeting with Israeli jurists who had come up with the legal rationale for Israel's targetted assassination policy—a policy soundly denounced by the U.S. State Department, but now, apparently, adopted by the Cheney crowd.

It is widely reported that Feith maintains his job at the Pentagon because Cheney and Libby have stepped in to prevent his being fired on more than one occasion. A retired U.S. intelligence official described the situation: "The real axis of evil runs between Lewis Libby and Doug Feith—and even [White House political advisor] Karl Rove is aware of this. But to do anything about it, means taking on Dick Cheney."

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'We're Out To Change America's Destiny'

In a webcast speech in Washington, D.C. on Dec. 12, Lyndon H. LaRouche, Jr., candidate for the 2004 Democratic Presidential nomination, said that the world is now in a crisis “fully as serious as that which Franklin Roosevelt faced in March of 1933.” Not only is the U.S. financial system bankrupt, but our infrastructure has collapsed, our health-care is disintegrating, and our educational system is practically worthless. But with bold leadership, an inspired sense of mission, and using the precedent of Roosevelt’s successful policies, the crisis can still be overcome, and the nation and world put back onto the track of recovery and peace. “I’m uniquely qualified to carry out a mission,” he said, “the mission of a President of the United States within the kind of emergency circumstance which we face now. My mission is rather unique to me, because of my experience, and I’ve been tested by fire a few times. I’m prepared to face the issues that others are not willing to face. I’m prepared to take the risk, which others will not take.”

The candidate situated the current crisis facing residents of the city of Washington, within the last few millennia of history, emphasizing the decline in American culture after World War II, by which we shifted from being a “producer nation,” the most powerful and innovative on Earth, to a “consumer nation,” parasitizing off the rest of the world in order to buy the goods we can no longer make ourselves. (The audio and full text of his speech, with the questions and answers, are available at www.larouchein2004.com.)

The D.C. Primary

LaRouche was addressing a D.C. audience of about 180 people, one-third of whom were youth; many more listened over the Internet. Seven foreign embassies were represented, as well as activists and supporters from all walks of life. The situation in the nation’s capital is particularly hot right now, since the D.C. primary on Jan. 13 is the first in the nation—even though the leadership of the Democratic National Committee is boycotting it, and four of the nine Democratic Presidential candi-

dates are toeing the DNC line by refusing to place their names on the ballot. LaRouche, naturally, is not one of them. The ordinary residents of the District of Columbia, the majority of whom are African-American, typify what FDR called the “forgotten man”—those who have been ground down by the economic crisis, and swept aside by a government no longer dedicated to the general welfare.

Barbara Lett Simmons, a DNC member and long-time D.C. political activist, who attended the webcast conference, commended LaRouche for his stand, pointing out that the city’s decision to go ahead with the primary, to uphold the civil rights of its citizens, was itself in defiance of DNC Chairman Terry McAuliffe’s dictate. The no-show candidates, she said, “opted to ingratiate themselves with the status quo and the leadership of the DNC, rather than to take a principled stand and participate in an opportunity which is given to them, to show that we aren’t proud, as the greatest democracy on planet Earth, to have, in fact, a colony as its capital! There’s a great paradox there!”

The LaRouche Youth Movement (LYM) is organizing intensively for the D.C. primary, with motorcades and literature distribution throughout town, notably in its poorest neighborhoods, and an ongoing series of town meetings to build support for the campaign. Their polemical attacks on Vice President Dick Cheney and his neo-conservative “Chicken-hawk” confederates have become famous throughout the city. Indeed, LaRouche’s campaign spokeswoman Debra Hanania-Freeman, who moderated the webcast, pointed out that some have commented that a recent LYM rally outside Cheney’s office was quickly followed by a fire that completely destroyed the LYM/EIR Washington office; and that some people were unable to attend the current webcast because the city’s Metro system was temporarily shut down by a bomb scare. Coincidence?



Candidate LaRouche addresses his live audience at the Washington webcast on Dec. 12, which launched the final month of mobilization of his campaign in the Capital. The District Presidential primary election is Jan. 13.

Perils Pile Up on Perle

by Michele Steinberg and Scott Thompson

Defense Policy Board (DPB) member Richard Perle has been tarred as a central figure in yet another major financial scandal, this one centered around the Boeing Corporation. Perle and five other DPB members are all implicated in a pushing through a plan to have the Air Force lease 100 Boeing refueling tanker aircraft (767s) for \$26 billion, an amount that is several times greater than the cost of upgrading the fleet, and billions more than the bid by European competitor Airbus.

By Dec. 9, 2003, the Boeing Corporation, the company which provided the majority of the “smart bombs” used in Afghanistan, and which is on the Iraq War gravy train in a big way, had fired three top officials because of questionable operations in the tanker refueling deal; Deputy Secretary of Defense Paul Wolfowitz had put the entire tanker deal on hold; and Air Force Secretary John Roche was calling for a far broader investigation of the Boeing deals. A timeline of events around the Boeing scandal, being prepared by *EIR*, makes clear that Richard Perle personally, Perle’s DPB, and other centers of the neo-conservative cabal at the Pentagon are involved in operations that could make Enron and Halliburton blush.

The Boeing scandal is certain to ignite a reaction in Congress, which is already unhappy about the stonewalling and coverup of Perle by Pentagon Inspector General Joseph Schmitz, whose report “cleared” Perle of criminal conflict after Rep. John Conyers (D-Mich.) requested the investigation. Now the same Schmitz whose reasoning Conyers called “absurd,” is responsible for investigating the *much bigger* scandal that involves not only Perle but five other members of the DBP, whose names were revealed in a Dec. 8 exposé in the *Financial Times* of London. The following day, the *Financial Times* called for the DPB to be abolished or radically reformed.

Time-Line of ‘Tanker-Gate’

November-December 2001: In the aftermath of 9/11, neo-conservative/Likudnik insider Dov Zakheim, the Pentagon Comptroller, pushed through a policy of “leasing” capital assets instead of buying them. One of the biggest deals to go through was the leasing of 100 “gas stations in the sky” from Boeing, at a cost of about \$26 billion. At least one report states that Zakheim had been a consultant to Boeing in the 1990s.

December 2001: Boeing invested \$20 million in Richard Perle’s *Trireme* company—which was created to profit from the growing security business after 9/11. Perle was, at that time, Chairman of the DPB. Perle’s partner Gerald Hillman and *Trireme* strategic advisor Henry Kissinger were also on



Richard Perle epitomizes the “war and profit” motivations of the war party in Washington; Boeing Corp. has increasingly become attached to it.

the Defense Policy Board.

February-March 2002: Members of the House and Senate Armed Services Committees protested that the Department of Defense had presented the tanker lease to them as a “done deal,” because it was pushed through without the customary discussion about appropriations with Congress, and also without competitive bidding. A report for Congress from the General Accounting Office (GAO) showed that the existing tanker fleet could be modernized at a cost of \$5-7 billion by upgrading it, instead of leasing from Boeing at \$26 billion (Office of Management and Budget estimate). Purchasing the aircraft would also be cheaper, and there was also a lack of competitive bidding. Questions raised by a number of Senators, including John Warner (R-Va.), Carl Levin (D-Mich.), and John McCain (R-Ariz.), began at that time, and have continued through the current year. McCain, the chairman of a Senate subcommittee, received some 8,000 pages of documents from Boeing relating to its Pentagon contracts.

January-November 2003: Boeing was pouring money into the Defense Policy Board. In addition to the \$20 million to Perle’s *Trireme*, Boeing hired as consultants, DPB members Adm. (ret.) David Jeremiah and retired Air Force Gen. Ronald Fogelman. In January, Jeremiah and Fogelman got urgent e-mails from Boeing to push the tanker deal through as soon as possible. Then another DPB member, former Director of Central Intelligence James Woolsey, received a multimillion-dollar investment from Boeing for his *Paladin* Capital investment group. Both Jeremiah and DCI Woolsey are board members of the Jewish Institute for National Security Affairs, whose founder, Stephen Bryen, had worked under Perle in the Reagan Defense Department. Both were suspected members of the “Mr. X Committee” that steered the espionage of convicted spy Jonathan Pollard.

March 2003: In an exposé of *Trireme*’s operations, Perle was forced to resign as DPB Chairman, though he remains one of the its most powerful members.

July 2003: McCain’s Senate subcommittee began demanding more records from Boeing and the Department of Defense on the tanker deal, but was stonewalled.

July 14, 2003: According to a Dec. 8 statement by Boeing,

they had top officials of the company brief Perle on the consequences for the firm—that had so far only paid \$2 million of the \$20 million it had pledged to Trireme—if the tanker leasing deal did not go through.

Aug. 14, 2003: Perle and Thomas Donnelly, from the neo-con *Weekly Standard*, wrote an article for the *Wall Street Journal*, defending the Boeing leases, and implying that anybody who opposed it was endangering our troops in Iraq. The article had been cleared by Boeing.

September 2003: McCain's subcommittee threatened to subpoena records from both the Department of Defense and Boeing.

Nov. 6, 2003: Senators Warner and Levin cut the lease deal by 80%, with a "compromise," which allowed only 20 aircraft to be leased, and 80 to be bought, cutting out about \$7 billion. The compromise resulted from probes that went on from March 2002–November, 2003.

Nov. 24, 2003: Boeing suddenly fired Executive Vice President and Chief Financial Officer Mike Sears, and Darleen Druyun, whom Sears had hired out of the Pentagon in 2002. Druyun was one of the top Air Force officials at the Pentagon working on pushing through the tanker lease deal for Boeing. She, along with others, is accused of passing classified and confidential information to Boeing, giving it insider information about a rival bid from the European company Airbus.

Nov. 25, 2003: Defense Secretary Donald Rumsfeld, feeling the heat of the scandal, announced that the firings of the Boeing executives had convinced him that there should be a review of the tanker deal. However, the deal was still going through.

Dec. 1, 2003: Boeing dumped its Chairman and CEO, Philip Condit. Under Condit, Boeing had gone from 20% of

its business in defense and space, to over 50% in that field, as it failed to compete with Europe's Airbus for commercial airplane contracts. Boeing had bought defense-oriented McDonnell-Douglas, and shifted its management to Chicago, away from production facilities in Seattle.

Dec. 1, 2003: Neo-con Deputy Defense Secretary Paul Wolfowitz sent a letter to the Senate and House Armed Services Committees to say that there would be a "pause" pending investigation of the Boeing deal. However, Congress had already passed the money for the purchase of 80 Boeing 767s and lease of 20 more in the \$401 billion Defense Authorization Bill, signed by the President.

Where Matters Stand

There is a real question whether Boeing, which appears to have become a camp follower of the "War Party," can survive without a mix of commercial and defense production, and capital outlays for new passenger carrier planes. As for Perle, he denies that he was paid to lobby for the tanker deal, and claims he just wrote the Aug. 14 pro-lease commentary, because it was an important issue. It is quite possible that Perle faces yet another inquiry. In 1969, Perle first came to Washington, D.C. as an aide to the late Sen. Henry "Scoop" Jackson (D-Wash.), who was known as "the Senator from Boeing."

And, Perle's "perils" deepen in terms of the case of Lord Conrad Black's Hollinger International, Inc. (HII), where now former Securities and Exchange Commission Chairman Richard Breeden heads the investigation of Hollinger's so-called "related-party transactions." As *EIR* has reported, Lord Black had HII invest \$2.5 million in Trireme Partners LLC., while both Lord Black and Sir Henry Kissinger (KCMG) sat until recently on Trireme's strategic advisory board.

Conyers Demands Legislation

Rep. John Conyers, Jr. (D-Mich.) issued a statement on Nov. 14, in response to the report issued by the Department of Defense's Inspector General, whitewashing allegations of conflict of interest and misuse of public office by Richard Perle. Conyers said: "The IG's report confirmed what I have suspected for some time—that Mr. Perle has benefited financially by working for firms with major business before the very agencies he was entrusted to advise. In one case, Perle was even willing to tout his government position and ties as part of his consulting business. While the IG concluded this course of behavior did not technically violate the law, it is clear too that his conduct constitutes a breach of faith with the American people. As a

result, I intend to introduce legislation that would eliminate the legal loopholes identified in the report."

The statement criticized the IG's whitewashing of Perle on a string of business deals involving Loral Corp., Global Crossing, and efforts to shake down several Saudi businessmen. Conyers concluded: "My legislation will include several provisions to respond to the abuses highlighted in the report. Among other things, the law needs to include a hard and fast rule preventing high-ranking officials such as the Chairman of the DPB from profiting from their positions, and we also need to increase disclosure of these business ties to the public. There is no reason the public cannot scrutinize these relationships for conflict of interests on their own. To bring these conflicts to light, I will consider language that requires advisory committee members to make conflict of interest and ethics disclosures to Congress. The last thing we need is profiteering by our own trusted advisors at a time of war."

Bush Restates One-China Policy, Riles Neo-Cons

by William Jones

Like a gaggle of hens suddenly caught in the farm's sprinkler system, the neo-conservative armchair warriors from the Cheney-Rumsfeld stable furiously scolded President George Bush for his restatement of the one-China policy of the United States on Dec. 9. The President, sitting with Chinese Prime Minister Wen Jiabao in Washington, warned in no uncertain comments against the attempts by Taiwan President Chen Shui-bian—a virtual creature of the neo-con crowd—to hold a referendum which would move the island toward independence.

Speaking to reporters in the Oval Office, during Prime Minister Wen's first official visit since assuming his post, Bush made a point of reprimanding President Chen. Asked if he wanted Chen to cancel his referendum plan, Bush replied, "Let me tell you what I've just told the Premier on this issue. The United States government's policy is one China, based upon the three communiqués and the Taiwan Relations Act. We oppose any unilateral decision by either China or Taiwan to change the status quo. And the comments and actions made by the leader of Taiwan indicate that he may be willing to make decisions unilaterally to change the status quo, which we oppose."

While Bush was simply reiterating what has been U.S. policy since relations with China were re-established in 1979, there was an immediate outcry from the neo-con "cowboys" on Capitol Hill, led by the fire-breathing dragon Rep. Dan Burton (R-Ind.), and backed up by the scribblers of the "New American Empire" such as the *Weekly Standard's* William Kristol and Robert Kagan, and Gary Schmitt of the Project for a New American Century. These "three stooges" issued a statement before Dec. 9 was over, that "standing with democratic Taiwan would secure stability in East Asia. Seeming to reward Beijing's bullying will not."

Only hours after President Bush's statement, President Chen said that he intends to go ahead with his referendum. He was speaking to a delegation of U.S. lawmakers, led by none other than the arch-conservative Burton, one of the prime movers of the so-called Congressional Taiwan Caucus. Chen is waxing desperate, running in a very tight election against Lien Chen, the candidate of the Kuomintang, and desiring to mobilize his base by some dramatic moves such as the referendum. But President Chen's independence cause has always been championed by the talking heads at the neo-con American Enterprise Institute and Heritage

Foundation, and he has been encouraged at each step by the Cheney-Rumsfeld crowd, to "push the outside of the envelope" closer to independence for Taiwan. Their attempt to create a crisis across the Taiwan Straits further proves the oft-repeated warning of U.S. Presidential pre-candidate Lyndon LaRouche that the neo-con attempts at "splendid little wars" in Iraq, Iran, Syria, and so on are pointed toward a general military conflict with Russia and China during 2004. The rapidity with which the referendum crisis reached a boiling point indicates how, under present international conditions of war mobilization, such a major war may emerge.

A Real War Danger

The Administration was given due warning. Both privately and publicly, the Chinese authorities, including leading military figures, reiterated again and again that the Chen referendum would provoke decisive counter-measures by China which would not accept such a development. One Chinese general warned that Chen Shui-bian was pushing the region into the "abyss of war," making clear that no threat of economic sanctions, diplomatic reprisals, or possible loss of the 2008 Olympics would deter China from doing what it had to do to prevent separatism from gaining the day in Taiwan.

From the time he arrived in the United States, the Chinese Premier was issuing his own very clear warnings. Speaking after meeting UN Secretary-General Kofi Annan in New York on Dec. 8, Wen said, "We understand the aspiration of people in Taiwan for democracy. However, the essence of the problem now is that the separatist forces within the Taiwan authorities attempt to use democracy only as a cover to split Taiwan away from China. This is what we will never tolerate." It was rumored prior to Wen's visit that he was primarily looking for an unequivocal U.S. statement which would prevent President Chen from taking such a measure.

President Bush had deployed James Moriarty, the NSC's Senior Director for Asia, to inform President Chen of Bush's opposition to the proposed referendum. Moriarty was, according to reports, delivering a letter from Bush in which he personally expressed his disapproval.

On the eve of Wen meeting with Bush, a senior Administration official held a briefing with reporters in which he indicated that the White House would drop the "strategic ambiguity" on the Taiwan independence issue. "I will tell you that we are giving the Taiwanese the message very clearly and very authoritatively that we don't want to see steps toward independence, and we don't want to see moves taken, proposals made, that a logical outsider would conclude are really geared primarily toward moving the island in that direction." In a briefing following the Bush-Wen meeting, a senior Administration official reiterated that point. "Were either side moving unilaterally to change the status quo, we oppose that, we don't want to see it, we think



President George W. Bush showing the White House to Chinese Prime Minister Wen Jiabao before their Dec. 9 meeting. Bush's restatement of the American commitment to one China, and his warning against a Taiwan "independence" referendum, set neo-cons off like firecrackers in Washington.

it's dangerous. I'm like the robot going off, 'Danger, danger, Will Robinson!' " the official said (an allusion to the 1950s movie *Lost in Space*).

And yet there is no sign that President Chen or his neo-con backers are prepared to heed these warnings. Speaking at a dinner arranged by the U.S.-China Business Council before leaving Washington, Prime Minister Wen again underlined the overriding importance of the Taiwan issue. Citing his visit to the White House room where Abraham Lincoln had his office, Wen referred to Lincoln's "House Divided" speech—underlining the Chinese wish for reunification. "The separatist activities aimed at Taiwan independence carried out by the Taiwan authorities are seri-

ously undermining the political basis of China-U.S. cooperation, and our common interests, and putting peace and stability in the Asia-Pacific region in jeopardy," Wen said. "We hope that the U.S. government will handle the Taiwan question appropriately and support China's peaceful reunification."

Cheney-Rumsfeld Problem Remains

While the Bush comments may have averted war for the time being in the Taiwan Straits, the neo-cons still reign supreme on the issues of the Korean Peninsula. While Bush thanked the Prime Minister Wen for the valuable help China has given in trying to advance the diplomatic talks on the North Korean nuclear program, there is little leeway being given on the demand of the neo-cons that North Korea must dismantle its nuclear program unconditionally. Recent revelations in the *Washington Post* also indicated that the State Department point-man on the critical six-party talks among China, Japan, South Korea, Russia, North Korea, and the United States, Assistant Secretary of State James Kelly, has been hamstrung by the restrictions imposed on the entire negotiating procedure by Richard Perle-protégé Robert Joseph, the senior director for nonproliferation at the National Security Council. This highly unusual diplomatic straightjacket has even been imposed on Kelly, a senior U.S. diplomat and retired admiral, in his talks with U.S. allies Japan and South Korea, whenever it is a question of the North Korean program.

This tug-of-war has been endemic ever since the beginning of the Bush Administration, when Secretary of State Colin Powell was forced to "eat his words" after he had remarked that the Bush Administration would build on the gains made with regard to Korea during the Clinton Administration—an Administration which was virtually anathema to the Cheniacs who were intent on "regime change" even in the heavily armed North Korea. At a certain point there was a freeze put on all contacts with North Korean officials. The "coincidental" meeting of Colin Powell with the North Korean foreign minister in July 2003, during an Asian forum in Brunei, was the result of an end-run by State around the neo-cons.

The hard-line attitude on the part of the Bush Administration has served to harden the positions of the North Korean leadership, convinced that Bush is out to conquer them rather than to negotiate with them. Those infamous interagency memos of Defense Secretary Donald Rumsfeld, who has made North Korea one of his pet themes, have also served to disrupt any progress in the talks.

Bush's major problem is in his own ranks. Reading the riot act to Chen Shui-ban, while well-deserved, will not solve the fundamental problem. Bush will have to send a clear-cut message to those right-wing fanatics eagerly looking for new wars to launch, by putting out to pasture the Godfather of them all, Vice President Dick Cheney.

From the Golden State To the Third World

by Harley Schlanger

The recent bipolar behavior of California's new Governor, the Beast-Man from Hollywood, Arnold Schwarzenegger, makes clear that the warnings issued during the Recall campaign by Lyndon LaRouche were right on the mark. Democratic Presidential candidate LaRouche said that the operation to remove Gov. Gray Davis and replace him with Schwarzenegger was a dirty trick run by Vice President Dick Cheney and his allies, aimed at squeezing the last bit of loot possible from the declining state economy.

The now-famous pamphlet put out by the LaRouche campaign, *Who Robbed California?*—of which more than 500,000 were distributed by the LaRouche Youth Movement during the short campaign—documented that the same networks and even the same individuals whose imposed policies opened the state's economy to unprecedented looting by the Enron-led energy cartel, were behind the Recall and the candidacy of the mumbling actor Schwarzenegger, whose resumé was built up by steroids and the fantasy-ridden escapism of the movie-going public.

Since assuming the governorship, Schwarzenegger has followed the script written by the allies of Cheney; in particular, free-trade fanatic George Shultz and former Governor Pete Wilson. Schwarzenegger's assignment is to ram through legislation which destroys the state's constitutional mandates for adequate funding of health care and education, while eliminating the state's role in developing infrastructure and regulating businesses such as electricity, crushing the labor movement, and further reducing wage scales and living standards.

Campaign Pledges Discarded Fast

Schwarzenegger embraced this assignment in an interview to CNN on Dec. 9, during which he quickly dispensed with two promises he had just made during the campaign. As a candidate, he said he would repeal the tripling of the vehicle license fee, which Davis and the legislature had passed to bring in more than \$4 billion in additional revenue to cut into the \$38.2 billion budget shortfall. Since most of the money from the license fee goes to local government, he pledged he would find a way to replace it. But less than a month later, he told CNN's Judy Woodruff that he had no intention of

replacing funds to local government which had been cut by the repeal. Funds will be slashed from already-squeezed county and municipal governments—they just cut \$254 million in December, and *no state funds* will go to localities during the first quarter of 2004. Most of these funds are for law enforcement, fire protection, parks, and libraries. Rick TerBorch, president of the California Police Chiefs Association, warned that there will be “significant layoffs of public safety personnel” from the cynical manipulation of tax-payers by Schwarzenegger.

Then the Governor trashed his promise of no cuts in funding of education. He had pledged, during the campaign, that such cuts would occur only “over my dead body.” Well, he told Woodruff, these funds now have to be cut, because the legislature rejected his proposal to massively increase the state's debt by putting on the ballot an initiative for a \$15 billion, 30-year bond issue, and also refused to put on the ballot his proposal for a mandatory spending cap. Schwarzenegger thus surfaced the hatchet job planned by his Finance Director Donna Arduin, who had called education in the state “overfunded.” Arduin, whose promise to find the “fat” in the budget has thus far yielded nothing, nevertheless proposed \$1.9 billion in budget cuts, which included \$252 million in services to those with “developmental deficiencies,” and \$358 million from in-home support services which keep disabled adults out of institutions.

It appears that the warning of Senate majority leader John Burton—who said that Arduin would take the false teeth out of the mouths of the elderly poor, and the dog food out of the bowls of seeing-eye dogs for the blind—is being fulfilled in short order by the austerity freak. Arduin took eye exams away from pre-schoolers on her last assignment, for the President's brother Jeb in Florida.

Since his effort to charm reluctant legislators has failed even with some Republicans, Gov. Beast-Man has resorted to threats of massive cuts, while growling that there will be “severe casualties” among legislators who refuse to capitulate to his agenda because he will unleash angry Jacobin mobs against them. Schwarzenegger has dropped the genial mask and replaced it with a snarling demeanor, more in keeping with his Hollywood roles such as Conan the Barbarian and the Terminator. He has targeted key Democratic legislators by visiting their districts, with pre-scripted rallies in bustling suburban shopping malls, during which he gives a 12-minute speech and signs autographs. He is again appearing on radio talk shows hosted by foaming right-wingers, to deliver the message: Back me now, or you will be ousted in 2004.

Schwarzenegger may not understand that the policies given him by his controllers are not meant to succeed in restoring real economic growth to the state. Shultz, et al. are instead using the former Terminator as part of a “new Hitler project,” to obliterate, once-and-for-all, resistance to a new financial order, modeled on the global slave labor

policies of the Roman Empire, designed to save their bankrupt banks and financial institutions.

The Decline and Fall of California

The once-Golden state has lost its luster, and is already far down the path toward financial and economic disintegration. Thirty-plus years of post-industrial society have taken a toll, destroying both the state's physical economy and, increasingly, the well-being and spirit of its people. The solution to the crisis will not be found in legislative proposals of tax cuts or tax increases, nor in budget cuts. Nothing short of a reversal of three decades of national economic policy, by Lyndon LaRouche's proposals for an infrastructure "Super TVA" and a New Bretton Woods, can save state and nation from plunging to Third World economic levels.

The economic paradigm shift wrecking the state was initiated by a team led by synarchist George Shultz, who back on Aug. 15, 1971, manipulated the soon-to-be-Watergated President Nixon, through Shultz' stooge John Connally, to sever the relationship between the dollar and gold, putting an end to FDR's Bretton Woods global economic system. The present level of collapse of California's once national-powerhouse economy is directly attributable to Shultz' actions of August 1971, as they precipitated the replacement of the advanced industrial base of the state—with its relatively high-wage employment—by a service economy and low-wage manufacturing. Parallel diseases attacked the role of government, with "tax revolts" and deregulation.

The California economic miracle was, from its inception, the result of what today's neo-conservatives denounce as "big government." Water and power projects, along with ports and rail capabilities begun in the early part of the 20th Century, were enhanced by FDR's anti-Depression New Deal projects in the 1930s. The state's ability to produce wealth was further increased by the governors and legislatures of the post-war period, through investment in freeways, aqueducts, public schools and universities.

As a result of these investments, California became the center of the nation's most productive agriculture, and the home of technologically-advanced industries. From the end of World War II until the 1970s, Los Angeles had the nation's most significant concentration of aerospace factories, and was the second-largest center of auto and tire production. These industries created jobs that paid well (and most of which were unionized); the higher pay for labor meant more tax revenues for the state, which enabled state government to continue to make improvements in hard infrastructure, health care and education.

This trend was dramatically reversed by the post-industrial, free trade economic policies imposed by Shultz' policies after 1971. Los Angeles, in particular, experienced a rapid deindustrialization, losing the auto and related plants in the late 1970s-early 1980s, then the defense and aerospace plants at the end of the 1980s. These industries were replaced by low-

wage manufacturing, e.g., textiles, and service sector jobs, which also offered wages far below the previous levels. The final blow was the inevitable collapse of the so-called high-tech sector bubble in 2000.

The crisis of 2003, with a budget deficit which ballooned to more than \$38 billion—used by the friends of Shultz and Vice President Dick Cheney to remove Davis from office—was the result of the cumulative effect of deindustrialization and deregulation. The looting of California of over \$70 billion by the Houston-centered energy cartels, protected by Cheney, was the final straw which pushed the state into bankruptcy.

Beast-Man Will Fail

All of Schwarzenegger's snarling, growling, and flexing will not change the fact that this new Hitler project is doomed to fail. When asked about the growing difficulties facing Schwarzenegger, Lyndon LaRouche said, "Arnie is doomed, it's just a matter of time." A battle is being waged by a small number of traditional FDR-style Democrats in the legislature in Sacramento, with full backing from the LaRouche Youth Movement (LYM), to defeat Arnie's plans for Nazi-style austerity to balance the state's budget. LaRouche called Schwarzenegger a killer, a real Beast-Man. "His failure in California," he concluded, "will contribute to bringing down the Bush election campaign, and Shultz as well."

The latest offensive by Schwarzenegger is causing some Democrats to waver, according to the press. While such reports are unreliable, especially from reporters in Sacramento who have fallen victim to Arnie's campaign of seduction, there is a lack of backbone among many Democrats. This was clear during the Recall, when Governor Davis decided to fight, and the forces of the LYM mobilized to defend him from Cheney's dirty trick. However, Davis' caution, combined with active sabotage by the Democratic National Committee and its allies in California, such as organized crime-connected Cruz Bustamante, led to Schwarzenegger's victory.

There is no reason, however, for Democrats to be cowed by this phony. As the LYM showed during the recall campaign, when they worked with key Democrats to defeat the Recall in Los Angeles County and the Bay area, the aura of invincibility created around Arnie can be demolished. Shultz, Warren Buffett, and Pete Wilson backed this New Hitler project for the same reason Wall Street joined with British bankers to back Hitler in 1933. Provided that a serious alternative economic policy is put forward, an anti-Depression policy of investment in infrastructure, industry, and agriculture to resurrect the now-moribund California economy, it will fail.

With the California primary coming up in March 2004, and with LaRouche on the Democratic ballot in California in the Presidential race, the LYM will continue to provide the out-front leadership needed to send Arnie back to Hollywood.

Creating Roman Legions For Donald Rumsfeld

by Carl Osgood

In his 1957 book, *The Soldier and the State*, Harvard professor Samuel Huntington presented a Hobbesian vision of what the U.S. military should look like. “The man of the military ethic is essentially the man of Hobbes,” wrote Huntington, and the military man has no responsibility to judge the ends for which his skills are to be put to use by the civilian authority who employs him. Although the partisans of today’s military transformation, such as Secretary of Defense Donald Rumsfeld’s director of force transformation, retired Admiral Arthur Cebrowski, speak the language of futurist Alvin Toffler, the ends toward which transformation is pointing are not far from Huntington’s vision, nor that of Hobbes, for that matter.

Cebrowski presented that Hobbesian vision as the lead-off speaker on the second day of a Dec. 2-3 conference in Washington, D.C. jointly sponsored by the Institute of Foreign Policy Analysis, the International Security Studies Program of the Fletcher School at Tufts University, and the U.S. Navy. Cebrowski said the technical requirements of transformation include such things as nonlethal warfare, directed energy weapons, the capability to maneuver into a theater of operations from strategic distances, and the conduct of urban operations. But he put those technical requirements into a strategic outlook that divides the world into two zones: a “functioning core,” where countries function within the structures of globalization; and the “red zone,” or “gap,” where they are unwilling or unable to do so.

Most U.S. military operations since 1990 have been in Cebrowski’s red zone. “Our business,” he said, “is exporting security from the core into the gap.” Cebrowski based that view, he noted, on the work of Thomas P.M. Barnett, a professor of warfare analysis at the U.S. Naval War College in Newport, R.I., who has been giving advice to Rumsfeld. In an article published in the March, 2003 *Esquire*, Barnett wrote that the real reason for going to war in Iraq was that “the resulting long-term military commitment will finally force America to deal with the entire Gap as a strategic threat environment.”

Exporting ‘Private Sector Security’

“The Gap,” of course, encompasses Africa, the Middle East (with the exception of Israel), and Central Asia, and includes countries in East Asia and South America which

are on the periphery of the Gap, either geographically or in economic terms. The Gap countries are characterized by their lack of “connectivity” to the globalized world, and are the breeding grounds for terrorism, drug trafficking, and all sorts of other global threats, say these war planners. “Until we begin the systematic, long term export of security to the Gap,” Barnett writes, “it will increasingly export its pain to the Core in the form of terrorism and other instabilities.”

The purpose of exporting security is not to give governments a chance to develop their countries, however. “The integration of the Gap,” Barnett argues, “will ultimately depend more on private investment than anything the Core’s public sector can offer.”

Barnett writes that dealing with this world “means reshaping our military establishment to mirror-image the challenge we face.” From this come the information age warriors that Cebrowski is working so hard to create. “The objective” of exporting security, Cebrowski said, “is to keep the world system up and running, and to enforce the rules.”

In his view, the concept of the citizen-soldier, with its roots in American colonial history, is being replaced by a warrior ethos. This warrior sees himself as an enforcer of the rules of the world system, as well as an exporter of security. “The warrior,” Cebrowski said, “prides himself on being responsive, but responsiveness tends towards being punitive. Our national strategy calls on us to be not only responsive, but also preventive, and we must do that.”

Just what are the rules of the world system that the transformed U.S. military is supposed to enforce? The U.S. economy is subsidized by the rest of the world at a rate reaching \$50 billion per month, resulting in a monstrous current account deficit that will exceed \$500 billion in 2003. From Cebrowski’s and Barnett’s own language, it would appear that the mission of the transformed U.S. military is to ensure that those capital flows continue, in order to prop up the present bankrupt global financial system, much as the Roman legions kept Rome afloat by ensuring the continued flow of tribute from Rome’s conquered territories. This ongoing reorganization of the U.S. military runs counter to the tradition established by our Founding Fathers of a development mission for the U.S. military, based on engineering principles.

Marine Corps Commandant Gen. Michael Hagee, speaking on the panel that followed Cebrowski, indicated no disagreement with Cebrowski’s notion of a “functional core” and a “red zone.” He spoke of an “arc of instability” that coincides with the red zone, characterized by countries that are unable to provide for the basic needs of their populations. “That’s sort of the strategic environment as we see it in the Marine Corps,” he said.

By allowing itself to see the world in such globalist terms, the U.S. military establishment is accepting a world of perpetual warfare. The only alternative is a community of principle among sovereign nation-states, to defend the general welfare of their populations.

Why Is the Cato Institute Desperate To Bury the Truth about FDR?

by Nancy Spannaus

It was a cozy little group of approximately 60 people, most of them male, which gathered in the Friedrich von Hayek Auditorium at the Cato Institute in Washington, D.C. on Dec. 3, to listen to author Jim Powell present the highlights of his recent book, *FDR's Folly, How Franklin D. Roosevelt and His New Deal Prolonged the Great Depression*. Having permitted FDR admirer Michael Barone to present a mildly critical commentary on Powell's presentation, moderator David Boaz, vice-president of the libertarian Cato Institute, was not about to brook any other criticism of Powell's specious diatribe against FDR. Thus, this author, sitting directly in front of Boaz in the second row, and raising her hand immediately to confront Powell, was ignored for half an hour. Apparently, the chairman had noticed that I was not applauding the drivel coming from the podium.

When asked after the forum ended why he only called on his friends in the audience, Boaz acknowledged the fact: "Yes, I guess I did," he said, with no apology. Apparently, these Cato "scholars" do not feel comfortable having to defend their rabidly free-trade, literally pro-fascist conclusions from trenchant opposition.

Thus the exposé will have to be presented in these pages—with an even wider audience than the webcast the Cato event provided.

Powell's Assertions

While I have not read Powell's book, his presentation undoubtedly stressed his major conclusions. In addition, there is circulating on the Internet a set of self-proclaimed "tough questions for defenders of the New Deal," which corresponded almost precisely to the points which Powell made in his opening presentation.

Perhaps not so coincidentally, Powell's questions had been submitted to Presidential pre-candidate Lyndon LaRouche, the leading representative of the FDR tradition in the United States today, only a couple of days before. These questions, and LaRouche's answers, are included with this report, in full. LaRouche was relatively harsh with the interlocutor—an attitude more than fully justified, as the lies Powell tells about FDR will show.

I asked Powell after the event, whether he had been the one to submit the questions to LaRouche. He denied it; I referred him to the [larouchein2004](http://larouchein2004.com) website, in order to

review the replies.

LaRouche did not know the character of his interlocutor when he answered these queries, but he clearly smelled a rat. The reality is that the Cato Institute, for whom Powell is a "senior fellow," is a direct descendant to the monetarist school of the Austrian Friedrich von Hayek, whose economic theories call for a de facto return to feudalism, through the abandonment of nation-state controls over the economy. The means which von Hayek chooses is ultra-free trade.

Although Powell only hinted at this fact, what has the Cato coterie so upset about FDR is the fact that the current financial-monetary breakdown crisis is creating the conditions for that great President's approach to be revived. This crew—which is represented as well by *Wall Street Journal* former editor Robert Bartley, a frequent critic of LaRouche—understands that LaRouche has put an FDR-style alternative to their fascist prescriptions on the world's agenda; and they are deathly afraid that this might catch on. The fact that Western Europe is making moves away from free trade, that Asian nations are advancing along the lines of LaRouche's Eurasian Land-Bridge, and that even notable "conservatives" such as Conrad Black and George Will are expressing positive views toward FDR, makes these ideologues' hearts tremble.

Thus, Powell began by pounding Black, Will, and even Irving Kristol for being soft on Roosevelt. Why this is relevant he didn't say, trying to stick instead to the question of "scholarship" on FDR. He tried to convey the idea that the academic world is coming around to agreeing with him that FDR's measures didn't work, and that they should never be tried again.

Barone's Critique

Michael Barone, a noted editor of political almanacs, was given 15 minutes or so to comment on Powell's blatantly incompetent presentation. He didn't attack the substance; his basic point was that FDR's economic "failure" didn't matter, because Roosevelt showed his fundamental greatness in leading the nation to victory in World War II. FDR simply wanted to stabilize the U.S. economy in order to prevent a revolution from occurring, Barone said, and in this he was successful.

Barone also argued that there was no reason to be concerned that FDR's approach would be revived today, since the World War II generation was dying out, and the regulatory



As the need for revival of Franklin Roosevelt (right)-styled recovery policies becomes so clear that even conservative pundits are waking up to it, the Friedrich von Hayek faction—the Cato Institute in Washington, for example—has launched a new book and campaign traducing FDR’s legacy. LaRouche has answered some of these lies on the Internet.

measures which FDR had put into effect—particularly the Glass-Steagall Act and the Public Utilities Holding Company Act—have now been largely repealed.

Sure, FDR was not a believer in market economics, Barone said, because he was actually part of the upper crust of American society. But he did succeed in “saving capitalism” and winning the war, and therefore should continue to be appreciated as a great President.

A Little Reality

Barone provided the perfect foil for what I wanted to say, had Boaz strayed from calling on his male friends. I had four points to make.

First, the gentlemen were totally wrong in claiming that FDR’s policies were never coming back. In fact, LaRouche, as the leading representative of FDR’s mode of thinking today, is rapidly gaining support internationally for his policies. In addition, I would have said, LaRouche has already answered Powell’s specious economic analysis of Roosevelt’s term, and the answers are available on his website, www.larouchein2004.com.

Second, Barone was right in asserting that FDR did not believe in market economics. In fact, FDR came from the tradition of Alexander Hamilton, through his great-grandfather Isaac Roosevelt, and shared with Hamilton the commitment to the American System of Economics. The American System directly contrasts with the von Hayekian free-trade system, in proposing that government control credit to the end of promoting the general welfare. Roosevelt returned to

that approach in both phases of the New Deal: first, with his broad-reaching infrastructure programs of the 1930s; and later, with his science-driver program during the war buildup of the 1940s.

Third, I proposed to confront Powell with the reality of what would have happened if, as he continually suggested, FDR had simply “let market forces take their course.” rather than intervene with the system of regulation which he did during his first Hundred Days. What FDR was doing, was battling the economic royalists—the Morgans, Mellons, and du Ponts, especially—who had created the Depression collapse. If FDR had not successfully done this, these financiers’ program would have gone into effect unimpeded. And the example of what that program would have looked like is readily available—in Hitler’s Nazi German state. In other words, what Powell and his Cato colleagues are proposing, is fascism.

My fourth point was even more extensive. Look at what Powell criticizes FDR for doing, I would have said, and look at what that criticism shows that Powell *advocates* for the economy. (This argument assumes, for the moment, that Powell is accurate in what he blames FDR for doing; so I only take those points where Powell’s assertions have some correspondence to reality, unlike that about FDR “failing to reduce unemployment.” In fact, as Powell indirectly admitted, if the millions of public works jobs which FDR created are taken into account, FDR did reduce unemployment rather dramatically.)

1. As opposed to what FDR did, Cato fellow Powell would

have had him maintain taxes low, or even reduce them. While Powell in his speech made a point of FDR's regressive taxation—such as FICA and unemployment—his major concern was FDR's taxing of corporations, inheritances, and undistributed profits. In other words, these free marketeers object mightily to any distinction being made between investment in productive plant and equipment, and speculation—through the tax system or otherwise. The financiers are to get a free lunch. (By the way, Cato is consistent—it also offers those attending its fora a “free lunch.”)

2. As opposed to what FDR did, Powell would have had him maintain a system of *non-regulation*. Powell complained about the regulation of utilities, banks, securities, and just about anything else you can think of. He advocated an unrestricted opportunity for looting by all of these institutions—Enrons everywhere, with no government check. This is the cartel system which already was in place prior to FDR's coming to office—and precisely the kind of cartel-dominated government which characterized the Nazi state.

3. One of Powell's most vociferous complaints was that President Roosevelt took measures to raise both wages and profits, out of the deflationary spiral in which they found themselves when he took office. Powell prefers that business and workers be forced to sell themselves cheaper and cheaper (“competition”), in a struggle to survive. Such a system, of course, guarantees that many will simply die—or workers will be literally forced into slavery.

Were these von Hayekians honest, they would present their “theory” as the direct outgrowth of the British System of economics described by Henry Carey in his 1850 book *Harmony of Interests*. Carey counterposed the American System of economics and the British imperial system specifically on the question of wages and farm products: While the American System raises the value of labor, and its compensation, the British System reduces man to little more than a talking, working beast.

4. Lastly, and most strikingly, Powell lashed out at FDR's infrastructure programs, not only the public works in transportation, schools, and parks which still sustain a major portion of the U.S. economy, but also the Great Projects, such as the Tennessee Valley Authority. Powell was at pains to try to discredit the TVA as the major step forward in the development of the South, and the nation, which it was. He went so far as to argue that residents of the Tennessee Valley didn't really gain that much, because many lost land, and they really needed tractors and trucks, not electricity!

Very telling, in terms of the “grab the wealth as quick as you can” outlook of the von Hayekians, was Powell's complaint that the TVA didn't pay for itself for a full 40 years! This is true of most major infrastructure worth building, but it's too far ahead for these Leporellos of the oligarchy.

So, if Powell, and the von Hayekians generally, had had their way, the Federal government would not have had the

ability to build the great dams and electrification projects which raised living standards all around the United States, and served as an inspiration to nations around the world.

Add it all up, and look at the world these free traders wanted to create: a world of huge cartels, free to dictate terms to everyone, large and small; able to lower wages and prices as much as they want; and undeterred by government moves to uplift the population, and the land, with great infrastructure projects for the benefit of the population as a whole. Sound familiar? It's either Nazi Germany, or feudalism—take your pick.

The Significance of FDR

The reality is that if LaRouche's proposals for a global recovery plan—along the lines of the principles established by FDR—are not implemented, we are headed for a global fascism under the prescriptions put forward by the likes of those at the Cato Institute. It is worth summarizing those principles once again, here, as they are so habitually trashed, or omitted, in the Establishment press.

Franklin Delano Roosevelt's economic recovery program was based upon a reassertion of the Federal government's role in the defending the general welfare, as prescribed in the Preamble to the U.S. Constitution. This role was reflected in the immediate application of regulation of private banking

DO YOU KNOW

- that the American Revolution was fought *against* British “free trade” economics?
- that Washington and Franklin championed Big Government?
- that the Founding Fathers promoted partnership between private industry and central government?

READ

The Political Economy of the American Revolution

edited by
Nancy Spannaus and
Christopher White

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and business interests; the adoption of measures of social support for the “forgotten men and women” of the society; and a shift toward a large-scale increase of public and related employment in the building and maintenance of essential forms of both “soft” and “hard” basic economic infrastructure. These latter measures not only put people to work, but provided the basis for reviving private entrepreneurship, and for the later leap in productivity through investment in scientific and technological projects which depend upon that infrastructural basis.

In effect, FDR reasserted American national sovereignty, along the lines defined previously by the first Treasury Secretary, Alexander Hamilton, and by Presidents George Washington, John Quincy Adams, and Abraham Lincoln. He applied the same principles of support for the general welfare and national sovereignty in relations with other nations, by proposing to rid the world of colonialism. As such, while his measures were by no means perfect, FDR provided the indispensable leadership for preventing a global fascist dictatorship in the 1930s.

For this, the likes of Friedrich von Hayek, and the Synarchist bankers generally, will never forgive him or his leading advocate today, Lyndon LaRouche.

LaRouche Replies to Slanders Against FDR

Here are Lyndon LaRouche’s replies to an e-mail set of questions he received at the end of November.

I reply *seriatim*. My replies will also be useful, not only to the sender of the request, but also by others who swallow the circulation of the the same false, right-wing assumptions embedded in each and of these questions:

Tough Questions for Defenders of the New Deal

<http://www.cato.org/research/articles/powell-031106.html>

1. Why did FDR triple Federal taxes during the Great Depression? Federal tax revenues more than tripled, from \$1.6 billion in 1933 to \$5.3 billion in 1940. Excise taxes, personal income taxes, inheritance taxes, corporate income taxes, holding company taxes, and “excess profits” taxes all went up. FDR introduced an undistributed profits tax. Consumers had less money to spend, and employers had less money for growth and jobs.

LaRouche replies: The question is typical of criticisms of FDR based upon the challenger’s fallacy of composition. Roosevelt inherited a global, 1928-33, systemic collapse of the Versailles monetary system. The U.S. role in bringing

about that collapse had been Woodrow Wilson’s and Secretary of State Lansing’s bungling and worse at Versailles; but the immediate cause of the 1929-33 collapse of the U.S. economy by more than 50% was chiefly the stubbornly persisting, monetarist “free trade” policies of the successive Coolidge and Hoover Administrations. Even during the last months he was in office, Hoover continued the brutish policies of Andrew Mellon and the Mellon-du Pont-Morgan gang generally, even attempting to prevent the incoming Roosevelt Administration from taking any of those measures which saved the U.S. from joining Germany in a plunge into a fascist regime here.

The complaint in the first question is a defense of those follies of Mellon, Coolidge, and Hoover which plunged the U.S. into an avoidable general financial-economic collapse.

2. Why did FDR discourage investors from taking the risks of funding growth and jobs? Frequent tax hikes (1933, 1934, 1935, 1936) created uncertainty that discouraged investment, and FDR further discouraged investors by denouncing them as “economic royalists,” “economic dictators” and “privileged princes,” among other epithets. No surprise, that private investment was at historically low levels during the New Deal era.

LaRouche replies: U.S. investment was plunged to low levels by, chiefly, the Anglo-American direction of the Versailles monetary system. Roosevelt consistently raised the levels from the bottom, where the policies of the Republican administration had left the U.S. economy in 1929-33.

3. Why did FDR channel government spending away from the poorest people? Little New Deal spending went to the South, the poorest region; most went to political “swing” states in the West and East, where incomes were more than 60% higher. The South was already overwhelmingly on FDR’s side.

LaRouche replies: That question is based on false premises, and is thoroughly mistaken in its allegations as a fallacy of composition. FDR brought about a general recovery of the national economy, chiefly by emphasis on development of long-term investment in basic economic infrastructure, and a policy of improving the economy of all of the territory and all of the people. We are faced presently with a situation in which the monetarist policies of the Nixon, Carter, Reagan, Bush, Clinton, and Bush Administrations to date, have put the U.S. economy presently in a far worse peril than Coolidge, Hoover, and Mellon accomplished in 1928-1933.

4. Why did FDR make it more expensive for employers to hire people? By enforcing above-market wages, introducing excise taxes on payrolls and promoting compulsory unionism, the New Deal increased the costs of employing people about 25% from 1933 to 1940—a major reason why double-digit

private sector unemployment persisted throughout the New Deal era.

LaRouche replies: It was not easy to overcome the economic ruin and related unemployment which had been created by ten years under Coolidge, Hoover, and Mellon.

5. Why did FDR destroy all that food when millions were hungry? FDR promoted higher food prices by paying farmers to plow under some 10 million acres of crops and slaughter and discard some six million farm animals. The food destruction program mainly benefited big farmers, since they had more food to destroy than small farmers. This policy, and subsequent programs to pay farmers for not producing, victimized the 100 million Americans who were consumers.

LaRouche replies: You don't understand American agriculture. The gut of American agriculture, especially since President Abraham Lincoln's reforms, has been the family farm, or extended family farm, of typically 200 to 400 acres for farming, or larger for ranching. To defend these farmers against the predatory free-trade practices of the international financial cartels, it is essential to provide parity support as a weapon against the international grain cartel. People who are ignorant of real economics are easily taken in by the type of propaganda underlying your question on this point.

6. Why did FDR make everything more expensive during the Depression? Americans needed bargains, but FDR signed the National Industrial Recovery Act to establish some 700 industrial cartel codes that forced consumers to pay above-market prices for goods and services. Moreover, he banned discounting by signing the Anti-Chain Store Act (1936) and the Retail Price Maintenance Act (1937).

LaRouche replies: It sounds as if you are defending international predators such as Wal-Mart.

7. Why did FDR break up the strongest banks? FDR broke up the strongest banks, which diversified with both commercial banking and investment banking. FDR's Federal Deposit Insurance didn't stop bank failures, but it transferred the cost to taxpayers. About 90% of bank failures occurred because of unit banking laws that prevented small banks from diversifying through branches. Canada, free from branching restrictions, didn't have a single bank failure during the Depression.

LaRouche replies: The cause of the banking crisis was the massive swindle run by the financier circles of Mellon-du Pont-Morgan throughout the 1920s and into the 1930s. Your argument is a reflection of your victimization by the continuing spread of long discredited, utterly false propaganda spread by the likes of Synarchist Robert Mundell around *The Wall Street Urinal*.

8. What was the point of New Deal securities laws that made it harder for employers to raise capital and didn't help investors to do better? Employers desperately needed to raise capital, but FDR made this harder. New Deal securities laws led to costly regulations for issuing stocks. These laws impeded the raising of capital. The rate of return from new stock issues failed to improve after the SEC was established.

LaRouche replies: Your implicitly alleged facts are simply false, like a grave-robbers' exhumation of the Piltdown Man.

9. How did the Tennessee Valley Authority become a drag on the economy? FDR taxed 98% of the American people who didn't live in the Tennessee Valley, then used this revenue for the TVA power-generating monopoly, exempt from Federal and state taxes and regulations. But non-TVA Southern states such as North Carolina and Georgia grew faster than TVA states, because there was a faster exodus out of farming and into manufacturing and services, which offered higher incomes.

LaRouche replies: The TVA was the single biggest factor in laying the basis for the FDR recovery from which the U.S.A. appeared as not only the world's leading economy, but virtually the only world economic power, from World War II. The misinformation you received on the TVA was really wildly outside of the known universe.

10. Why did FDR disrupt companies employing millions? In 1938, FDR authorized an unprecedented barrage of anti-trust lawsuits against about 150 employers and industries. FDR had big employers tied up in court, discouraging investment for growth and jobs.

LaRouche replies: Bunk. The causal relationship attributed to such factors never existed in the real universe. It is almost as if you had been seduced by dangerous right-wing fanatics such as the Siena gang's Robert Mundell.

Not only are the assumptions underlying your queries based on assumptions floating outside the real universe; but any candidate foolish enough to adopt the point of view of those mythical versions of history would tend to transform the present economic disaster into the death of the U.S.A. Read my website for an introduction to real economics. The best and worst thing about a Hoover brand of product, is that it sucks.

—Lyndon.

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Byrd Blocks Omnibus Spending Bill

The House and Senate returned on Dec. 8-9 to consider the omnibus Appropriations bill sprung on the Congress just before it recessed for Thanksgiving; and while the House passed it by a vote of 242-176, Sen. Robert Byrd (D-W.Va.) made good on his threat, and prevented the Senate from passing it without a roll-call vote. While the actual formality of objecting to consideration of the bill by unanimous consent was carried out by Minority Leader Tom Daschle (D-S.D.), Byrd castigated the numerous absent senators who apparently did not have enough time to come back to Washington for the consideration of the bill. The Senate's responsibility, he said, "is to debate and vote on this conference report. We should not have postponed this matter until next year." He said Senators were being asked to "buy a pig in a poke, unknown, unseen."

In the House, Democrats complained of the load of 7,000 earmarks in the package. Rep. David Obey (D-Wisc.) told the House that the appropriations bills "used to provide an opportunity for a debate on priorities." Instead, members are being bought off by the large amount of pork in the bill, which, Obey said, "fundamentally corrupts the process."

The bill combines seven of the 13 annual spending bills, and totals about \$820 billion in spending, including \$328 billion in discretionary spending. Besides the earmarks, Democrats' major complaints were on the provisions removed from the bill after both Houses had actually approved them in earlier votes. These included language limiting media ownership concentration, and blocking a proposed Labor Department rule on overtime eligibility, which Democrats said would take overtime pay away from 8 million

workers currently eligible for it. Also decried by Democrats was the lack of an extension of unemployment compensation benefits, in spite of the fact that unemployment has been growing for three years.

Democrats Charge Abuse of House Rules

Within minutes of the final vote on passage of the omnibus appropriations bill, House Minority Leader Nancy Pelosi (D-Calif.) introduced a privileged resolution calling on the House to denounce the Republican leadership's holding open of the Nov. 22 vote on passage of the Medicare bill for three hours "for the sole purpose of circumventing the will of the House." In remarks on the floor, Pelosi noted that at least six times prior to the Medicare vote, House Republicans had rammed through crucial bills in the middle of the night, usually Friday nights between midnight and 4:00 a.m. Furthermore, the Republican leadership consistently excludes Democrats from the legislative process. "It is not for this," she said, "that our Founding Fathers sacrificed their lives, their liberty and their sacred honor, so that we could have government of the few, by the few, for the few, behind closed doors."

The Republicans brought out Rep. Nancy Johnson (R-Conn.), one of the authors of the Medicare bill, and House Rules Committee chairman David Dreier (R-Calif.) to defend the GOP's conduct. Dreier argued that the holding open of the Medicare vote for hours was in compliance with the House rules, because the rule at issue only specifies 15 minutes as a minimum, but no maximum. But a careful reading of the rule shows that it exists to ensure sufficient time for all members to vote in roll-call votes, not to

give time to influence the outcome of a vote. No Republicans were willing to challenge the GOP leadership, and Pelosi's resolution was tabled by 207-182.

Blumenauer Says Investigate Wal-Mart

Rep. Earl Blumenauer (D-Ore.), whose own state has been hit hard by the collapse of manufacturing jobs, fired a blast at Wal-Mart during a five-minute speech on the floor of the House on Dec. 9. He began by noting that Wal-Mart's cost-containment strategy drives down wages and costs jobs. The jobs that people do get after a Wal-Mart moves into a community, he said, are \$2-10 less [per hour] than those destroyed." Then there is the impact that a Wal-Mart has, operating on the outskirts of a community, "drawing away the vitality of the main street where business, slowly, is strangled."

Blumenauer noted that this cost-cutting strategy "appears to be a corrosive impact on Wal-Mart itself. . . . There is illegal coercion of their own employees who may be interested in unions, and illegal roadblocks to people who would organize." He then took on Wal-Mart's use of contractors who hire and abuse illegal immigrants, as well as their refusal to allow auditing of their overseas suppliers.

Blumenauer called on Congress "to start now investigating the practices of America's largest retailer, particularly as it relates to labor and employment." He also suggested that consumers "should begin to consider whether the lowest price is worth any cost: to the poor of the world, to suppliers here at home, to the health of our main streets, and the abuse of Wal-Mart workers and Americans denied basic organizing rights."

National News

Wal-Mart Case Goes to Grand Jury

A grand jury in Pennsylvania will meet Dec. 11 to consider a case against the largest U.S. employer, accused of violating immigration laws by knowingly using illegal immigrants to clean floors in its stores. U.S. Assistant Attorney Wayne Samuelson, whose office in Williamsport, Pennsylvania is prosecuting the case, said that “it’s going to take a long time” for the grand jury to decide on any indictments against Wal-Mart officials. He declined to comment on what charges the government is seeking.

Janitorial companies hired by Wal-Mart were the focus of a 21-state raid by Federal agents of 60 Wal-Mart stores on Oct. 23. About 250 workers were arrested, ten employed by Wal-Mart itself. Some of the workers have sued Wal-Mart, alleging that it and the contractors carried out a criminal enterprise that violated the civil rights and wage protections of immigrants who cleaned Wal-Mart stores—treating them, in effect, as indentured servants. The lawsuit, filed in Federal court in New Jersey, seeks class-action status for thousands of immigrants who were hired by companies providing janitorial services for Wal-Mart.

Ashcroft Dragnets Yield Few Terror Cases

In the two years since the 9/11 attacks, Federal investigators have recommended the prosecution of more than 6,400 people on charges related to terrorism. However, actual charges were filed against only 2,000, and of these, 879 were convicted. For those categorized as “international terrorists,” the median prison sentence was 14 days! Only five were sentenced to 20 years or more.

In fact, says the special report from Transactional Records Access Clearinghouse (TRAC) released on Dec. 7, the number of individuals sentenced to more than five years in prison on terrorism charges ac-

tually fell after 2001. What has risen, is the number of individuals convicted, but sentenced to little or no prison time; this is true even when taking the more serious category of “international terrorism.” Which means that people picked up on “terrorism” charges are being prosecuted for minor infractions.

A spokesman for the American Civil Liberties Union (ACLU) said “This punches a huge hole in the hype the Justice Department has been engaged in. They are calling people terrorists, on a massive scale, who aren’t terrorists.”

The same report shows that the Eastern District of Virginia (the Federal court known as the “rocket docket”) is by far “the Justice Department’s favorite venue when it comes to terrorism.” In the past two years, the Eastern District has heard nearly 20% of all terrorism prosecutions in the nation. Of the 90 judicial districts in the country, the next highest, in North Carolina, had less than 4%. The Southern District of New York, where the World Trade Center is located, had less than 2% of all such prosecutions.

Video Game Ordered, ‘Kill All Haitians’

On Dec. 9 the makers of the popular, violent “shooter” video-game Grand Theft Auto agreed to remove from the game, a command to “kill all Haitians.” The Haitian community in New York, in an uproar, pressured New York’s Mayor Bloomberg to speak out against the game company, New York-based “Take-Two Interactive Software,” whose publisher is Rockstar Games. The company is the second largest publisher of video games in the United States.

Last February a group of young men in San Francisco were arrested for robbing dozens and killing five people. The group “got high” during the day playing “their favorite game. . . Grand Theft Auto,” according to the *San Francisco Chronicle*. Rockstar executives defended themselves saying that they market their games “responsibly” by submitting each game to the Electronic Software Rating Board (ESRB).

Also on Dec. 9, Democratic Presidential

candidate Sen. Joe Lieberman boasted that one of his major accomplishments in Congress was authoring the legislation which created the ESRB. In contrast, the wife of Democratic Presidential candidate, Lyndon LaRouche, Helga LaRouche, called for the banning of such violent video games, after German schools were struck with a wave of video-game-inspired killings in 2002.

Halliburton Iraq Gas Scandal Doubles

New documents obtained by the *New York Times* on Dec. 10 show that the scandal of the prices paid to Halliburton, for bringing inadequate supplies of gasoline from Kuwait into Iraq, is worse than previously known. It was already the subject of a call for investigation by Reps. Henry Waxman (D-Calif.) and John Conyers (D-Mich.).

The U.S. government is paying Halliburton an average, not of about \$1.60 as previously thought, but \$2.64 a gallon to import gasoline and other fuel from Kuwait into Iraq—two to three times what others are charging for the same fuel. Iraqi’s state oil company, SOMO, pays 96¢ per gallon for imported gasoline. The Pentagon’s Defense Energy Support Center pays \$1.08 to \$1.19 per gallon for the gas it imports from Kuwait, Congressional aides said.

Halliburton has the exclusive contract to import fuel into Iraq for the American occupying forces. Halliburton subcontracts the work to a Kuwaiti firm, but gets 26¢ on every gallon, which includes a 2¢ fee and 24¢ in markup. Under the terms of the contract with the Army Corps of Engineers, Halliburton will receive an additional 14¢ per gallon retroactively, if the Army is satisfied with Halliburton’s administration of the contract. The \$2.64 a gallon is only an average. In recent weeks costs have risen, and Halliburton was charging as much as \$3.06 per gallon in late November. The money for Halliburton’s contract has come principally from the United Nations Oil For Food program thus far. Soon, it will begin to come out of Congress’s \$87 billion “Iraq reconstruction” appropriation.

Israeli Tactics Will Defeat U.S.

The Cheney Administration is determined to lose in Iraq. That is the only conclusion that can be drawn from the fact that U.S. forces adopted an escalation of Nazi-like violence against not only the insurgents, but the population which is supporting them. While Lyndon LaRouche is broadly circulating a proposal for U.S. withdrawal in favor of the UN and the revival of elections and government based on Iraq's 1958 Constitution, the U.S. military, under neo-con fanatics run by Cheney and Rumsfeld, are repeating the disastrous tactics of the Israeli occupation.

For decades, sane forces in Israel, like the deceased Abba Eban and Yitzhak Rabin, have argued that there is no possible solution to the crisis with the Palestinians, as long as Israel remains an occupier. Ariel Sharon has tried to bury that question in an ocean of blood, reviving the "terror against terror" strategy of the 1970s and '80s, which called for maximum repression. In February 2002, it was revealed—and acknowledged by Sharon's spokesman—that Israeli officers were even studying Nazi General Jürgen Stroop's detailed 1943 report on the extermination of the Warsaw Ghetto, as a guide for the IDF's combat with Palestinians on the West Bank.

For the U.S. military to adopt the Israeli approach, which it is now openly doing, points to doom for the U.S. in Iraq. As Seymour Hersh details in the current issue of the *New Yorker* magazine, the U.S. military has brought in Israeli consultants, and is explicitly following Israeli "counterinsurgency" tactics in the Iraqi theater. Despite an official denial by Defense Secretary Donald Rumsfeld on Dec. 9, the evidence is not credibly deniable.

Wrote Brig. Gen. Michael A. Vane, the Deputy Chief of Staff for Doctrine Concepts and Strategy at the Army's Training and Doctrine Command, in the July issue of *Army*, "Experience continues to teach us many lessons, and we continue to evaluate and address those lessons, embedding and incorporating them appropriately into our concepts, doctrine, and training. For example, we recently travelled to Israel to glean lessons learned from their counter-terrorist operations in urban areas."

Reflecting the Israeli attitude, Lt. Col. Nathan Sassaman, the American battalion commander responsible for the area that includes Abu Hishma in Iraq, said, "With a heavy dose of fear and violence, and a lot of money for projects, I think we can convince these people we are here to help them." This "doctrine," if among U.S. officers in Iraq, is a recipe for disaster.

The tactics U.S. forces are copying from the Israelis were described, in broad brush, by the *New York Times* on Dec. 7. U.S. troops are surrounding an entire town, Abu Hishma, with razor wire, and requiring all male residents of the town to have ID cards before they can come and go through the only checkpoint. A U.S. Army captain of the 4th Infantry Division is quoted, "You have to understand the Arab mind. The only thing they understand is force—force, pride, and saving face." Even prior to creating such ghettos, the occupying forces had taken to razing houses in towns where guerrillas are suspected, and even arresting their relatives, including children, in order to "encourage" those being sought to come forward. This "strategy" is taken from the Israelis, who knock down whole apartment buildings as "collective punishment" for families of suicide bombers.

Hersh reported that the Pentagon is bringing in the Israelis to help the U.S. military carry out this policy. "According to American and Israeli military and intelligence officials, Israeli commandos and intelligence units have been working closely with their American counterparts at the Special Forces training base at Fort Bragg, North Carolina, and in Israel to help them prepare for operations in Iraq. Israeli commandos are expected to serve as ad-hoc advisers—again, in secret—when full-field operations begin." Hersh quotes an adviser to the U.S. civilian authority in Iraq: "The only way we can win is to go unconventional. We're going to have to play their game. Guerrilla versus guerrilla. Terrorism versus terrorism. We've got to scare the Iraqis into submission."

For those who want to actually win the peace, Treaty of Westphalia principles of working for the "advantage of the other" as expressed in LaRouche's Nov. 29 statement of proposed policy, are the key.

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CAMBRIDGE

US Cable Ch.10
Wednesdays—2 pm
• COLD SPRING
US Cable Ch.10
Wednesdays—5 pm
• COLUMBIA HTS.
MediaOne Ch.15
Mondays—8 pm
• DULUTH—Ch.20
Mondays—9 pm
Wednesdays—12 pm
Fridays 1 pm
• FRIDLEY—Ch.5
Thursdays—5:30 pm
Saturdays—8:30 pm
• MINNEAPOLIS
PARAGON Ch.67
Saturdays—7 pm
• NEW ULM—Ch.14
Fridays—5 pm

PROCTOR/HERMANTOWN—Ch.12

Tue: Btw. 5 pm-1 am
• ST.CLOUD AREA
Charter Ch.10
Astound Ch.12
Thursdays—6 pm
• ST.CROIX VLY.
Valley Access Ch.14
Thursdays: 4 & 10 pm
Fridays—8 am
• ST.LOUIS PARK
Paragon Ch.15
Wed. Thu, Fri:
12 am, 8 am, 4 pm
• ST.PAUL (City)
SPNN Ch.15
Saturdays—10 pm
• ST.PAUL (N Burbs)
AT&T Ch.14
Thu: -6 pm & Midnight
Fri: -6 am & Noon
• ST.PAUL (NE burbs)*
Suburban Ch.15
• St.PAUL (S&W burbs)
AT&T-Comcast Ch.15
Tue & Fri: -8 pm
Wednesdays—10:30 pm
SOUTH WASHINGTON
ATT Ch.14—1:30 pm
Mon, Tue, Wed, Thu

MISSOURI

• ST.LOUIS
AT&T Ch.22
Wednesdays—5 pm
Thursdays—12 Noon
• NEBRASKA
LINCOLN
T/W Ch.80
Citizen Watchdog
Tuesdays—7 pm
Wednesdays—10 pm

NEVADA

• CARSON—Ch.10
Wednesdays—7 pm
Saturdays—3 pm
• RENO/SPARKS
Charter Ch.16
Wednesdays—9 pm

NEW JERSEY

• MERCER COUNTY
Comcast*
TRENTON Ch.81
WINDSOR Ch.27
• MONTVALE/MAHWAH
Time Warner Ch.27
Wednesdays—4 pm

NORTHERN NJ

Comcast Ch.57*
PISCATAWAY
Cablevision Ch.71
Wed—11:30 pm
• PLAINSBORO
Comcast Ch.3*
NEW MEXICO
• ALBUQUERQUE
Comcast Ch.27
Mondays—3 pm
ANTHONY/SUNLAND
T/W Ch.15
Wednesdays 5:05 pm
• LOS ALAMOS
Comcast Ch.8
Mondays—10 pm
• SANTA FE
Comcast—Ch.8
Saturdays—6:30 pm
• TAOS—Ch.2
Thursdays—7 pm
NEW YORK
• BRONX
Cablevision Ch.70
Fridays—4:30 pm
• BROOKLYN
T/W Ch.34
Cablevision Ch.67
Tue: 12 Noon & 8 pm
• BUFFALO
Adelphia Ch.20
Thursdays—4 pm
Saturdays—1 pm
• CHEMUNG/STUEBEN
Time Warner Ch.1
Mon & Fri: 4:30 pm
• ERIE COUNTY
Adelphia Intl. Ch.20
Thursdays—10:35 pm
• LLION—Ch.10
Mon & Wed—11 am
Saturdays—11:30 pm
• IRONDEQUOIT Ch.15
Mondays—7:30 pm
Thursdays—7 pm
• JEFFERSON/LEWIS
Time Warner Ch.2
Unscheduled pop-ins
• MANHATTAN—MNN
T/W Ch.34; RCN Ch.109
Alt. Sundays—9 am
• NIAGARA COUNTY
Adelphia Ch.20
Thursdays—10:35 pm
• ONEIDA—Ch.10
Thu: 8 or 9 pm
• PENFIELD—Ch.15
Penfield Comm. TV*
• QUEENS QPTV Ch.34
Fridays—5 pm
Tuesdays—9 pm
• QUEENSBURY Ch.71
Thursdays—7 pm
• RIVERHEAD Ch.70
Thu—12 Midnight
• ROCHESTER—Ch.15
Sundays—3 pm
Mondays—10 pm
• ROCKLAND—Ch.71
Mondays—6 pm
• STATEN ISL.
Time Warner Cable
Thu—11 pm (Ch.35)
Sat—8 am (Ch.34)
• TOMPKINS COUNTY
Time Warner Ch.13
Sun—1 pm & 9 pm
Saturdays—9 pm

TRI-LAKES

Adelphia Ch.2
Sun: 7 am, 1 pm, 8 pm
• WEBSTER—Ch.12
Wednesdays—9 pm

OHIO

• CUYAHOGA COUNTY
Ch.21: Wed—3:30 pm
• FRANKLIN COUNTY
Ch.21: Sun—6 pm
• LORAIN COUNTY
Adelphia Ch.30
Daily: 10 am; or
12 Noon; or 2 pm;
or 12 Midnight
• OBERLIN—Ch.9
Mondays—10 pm
• REYNOLDSBURG
Ch.6: Sun—6 pm

OREGON

• LINN/BENTON
AT&T Ch.99
Tuesdays—1 pm
• PORTLAND
Tue—6 pm (Ch.22)
Thu—3 pm (Ch.23)
• SALEM—Ch.23
Tuesdays—12 Noon
Thursdays 8 pm
Saturdays 10 am
• SILVERTON
Charter Ch.10
Mon,Tue,Thu,Fri:
Betw. 5 pm - 9 am
• WASHINGTON
Comcast Ch. 23
Wed:7 pm; Fri:10 am
Sun:6 am; Mon:11 pm

RHODE ISLAND

• E.PROV.—Ch.18
Thursdays—6:30 pm
• STATEWIDE
RI Interconnect
Cox Ch.13
Full Ch.49
Tuesdays—10 am

TEXAS

• AUSTIN Ch.10
T/W & Grande
Wednesdays—7 pm
• DALLAS Ch.13-B
Tuesdays—10:30 pm
• EL PASO COUNTY
Adelphia Ch.4
Thursdays—8 pm
Thursdays—11 am
• HOUSTON
Time Warner Ch.17
Tuesdays—5:30 pm
Saturdays—9 am
Wed, 12/17: 4 pm
Wed, 12/24: 7 pm
Fri, 12/26: 4 pm
• KINGWOOD Ch.98
Kingwood Cablevision
Tuesdays—5:30 pm
Saturdays—9 am
Wed, 12/17: 4 pm
Wed, 12/24: 7 pm
Fri, 12/26: 4 pm
• RICHARDSON
AT&T Ch.10-A
Thursdays—6 pm

UTAH

• E.MILLARD
Precis Ch.10
Tuesdays—5 pm

SEVERE/SAN PETE

Precis Ch.10
Sundays & Mondays
6 pm & 9 pm

VERMONT

• GREATER FALLS
Adelphia Ch.8
Tuesdays—1 pm
• VIRGINIA
• ALBERMARLE
Adelphia Ch.13
Fridays—3 pm
• ARLINGTON
ACT Ch.33
Mondays—4 pm
Tuesdays—9 am
• BLACKSBURG
WTOB Ch.2
Mondays—6 pm
• CHESTERFIELD
Comcast Ch.6
Tuesdays—5 pm
• FAIRFAX—Ch.10
Tuesdays—12 Noon
Thursdays—7 pm
• LOUDOUN
Adelphia Ch. 23/24
Thursdays—7 pm
• ROANOKE—Ch.9
Thursdays—2 pm

WASHINGTON

• KING COUNTY
AT&T Ch.29/77
Mondays—7 pm
• KENNEWICK
Charter Ch.12
Mondays—12 Noon
Thursdays—8:30 pm
• PASCO
Charter Ch.12
Mondays—12 Noon
Thursdays—8:30 pm
• RICHLAND
Charter Ch.12
Mondays—12 Noon
Thursdays—8:30 pm
• SPOKANE—Ch.14
Wednesdays—6 pm
• WENATCHEE
Charter Ch.98
Thu: 10 am & 5 pm

WISCONSIN

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

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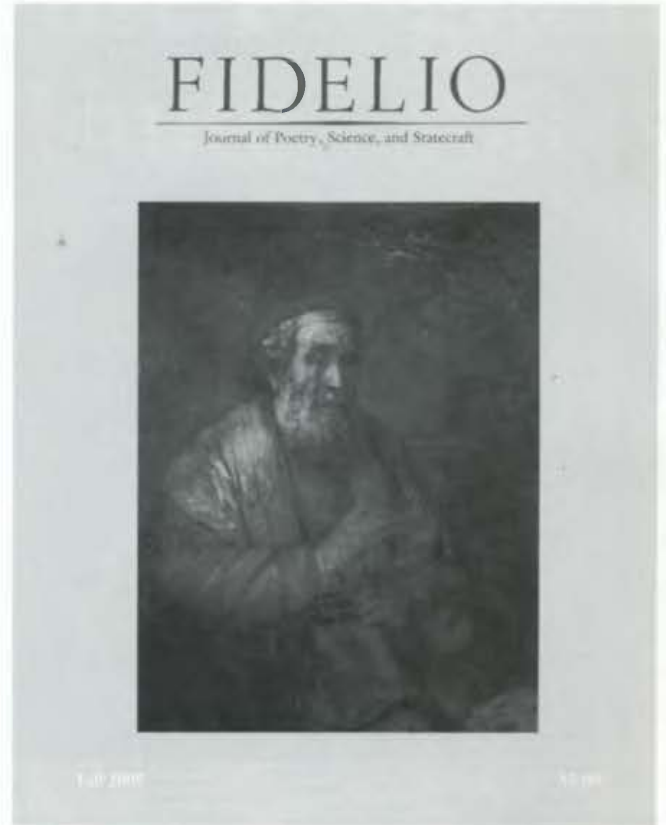
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