

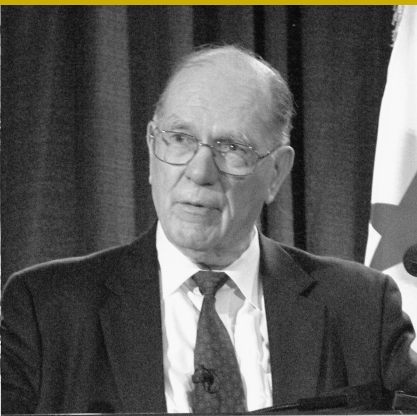
EIR

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Will Anglo-Dutch Use Sterling To Crash Dollar System?
Democrats Throw Down the Gauntlet on Bush 'Surge'
British 'Arc of Crisis' Scenario Extends to Africa

**Old Economics Is Dead,
New Economics Must Begin**



EIR

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From the Managing Editor

Lyndon LaRouche's Jan. 11 webcast, which highlights this issue, took place—by design—at an historic moment, as the new, Democratic-controlled Congress was just setting out to define its agenda. The enthusiasm of the moment enfuses the webcast, with numerous questions submitted by freshmen Congressmen, asking direction from an elder statesman and renowned economist on how to deal with the nation's manifold crises, which all of them perceive, with one degree or another of clarity. The D.C. audience was filled with young people, adding to the excitement of the occasion.

Where else, but in a LaRouche webcast, would the speaker begin by proclaiming, "I think we should begin by declaring this the Year of *Bel Canto* Choral Singing. . . ." and end by tasking his youthful associates to get Congressional staffers—and their bosses—to learn the scientific method of the 17th-Century astronomer Johannes Kepler?

But in between those "bookends," the presentation underlined that "what we're going to have to do, is what the Congress, in general presently, hasn't the slightest intention of doing." They—like most people—don't comprehend the magnitude of the financial-economic crisis that is pressing down hard upon us, and what must be done about it. Once again, as he has many times before, LaRouche patiently and eloquently walked us through the steps of how to put a bankrupt world system into receivership, save necessary productive capacities, write off the "gambling debt," and place the general welfare first—in the tradition of the American System.

Elsewhere in this issue, our news analysis fills in some of the details, such as the British threat to use the pound sterling to bring down the dollar—as has been done before in history. This would not only crash the dollar, but the fragile world financial system along with it. Under current circumstances, LaRouche commented, this would detonate the equivalent of World War III. See also our report on the ongoing demise of the U.S. auto industry, which is being taken apart, piece by piece, by the "vulture capitalist" hedge funds, wrecking the core of the American machine-tool sector which is vital to any future recovery.

We'll have more next week on the takedown of the physical economy, featuring the "biofuels" hoax and the cartelization of agriculture.

Susan Welsh

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LaRouche, Jr.
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Movement
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LAROUCHE WEBCAST

The Old Economics Is Dead, the New Economics Must Begin

Lyndon LaRouche addressed an international webcast on “The Old Economics Is Dead, The New Economics Must Begin,” in Washington, D.C. on Jan. 11, 2007. The proceedings were moderated by Debra Freeman.

Freeman: . . . Obviously, with the paint barely dry on the walls of the new Congress, we have come into a very important moment in American history. And I think that there is little question that what we do, over the course of the next days, will determine not only the immediate future of the United States, but in fact, the future of the world. We have a new Congress, one that many of the people gathered here in this room, and people who are gathered around the United States participating long-distance in this event, played a critical role in bringing about. It’s a new Congress, which is full of promise, and hope, and optimism. But whether or not we can deliver on that is yet to be determined. Clearly, last night, the American people got something of a flavor of what the other side has to say [in President Bush’s address to the nation]. And I think that it’s fitting that today, the American people will have the opportunity to hear a more historically American voice, on what the future should hold.

There’s a lot more that I could say, but I really think that these people have been so anxious to hear what Lyn does have to say in this new period in American history, that the best thing to do, is simply to ask you to join me in welcoming Mr. LaRouche.

LaRouche: Thank you.

I think we should begin by declaring this the Year of *Bel Canto* Choral Singing [applause] which is one of the more important weapons available to us, to change the world, and to transform people who look glum and miserable on the streets, into actually smiling and happy human beings.

But we have to justify that happiness at the same time. We can proclaim it, we can declare for it, we can call for it, but we must make it possible.



The surrender of British General Cornwallis at Yorktown, Oct. 19, 1781, depicted by John Trumbull. The ideas that formed the United States, LaRouche said, were against the oligarchical tradition. "We had to build a republic for the sake of all humanity, which was as free as possible, and as far distant as possible, from the European oligarchical tradition."

Now, what has to be done to save civilization, global civilization, not just here, must be done largely within a span of the coming 90 days, or less. Of course, the first thing we must do, in order to do the other things which we must do, we must put the Vice President into some form of retirement, involuntary or otherwise, and we must put the President of the United States under compassionate care. Because, without the removal of these two impediments, civilization will not continue. You see this madman, who's the unshackled husband of a terrible wife—they have such things in history—you're going to have war. You're going to have a war spreading throughout the entire region from Turkey and so forth, into Somalia, and beyond. The whole world will blow up.

We are entering a period of the greatest financial crisis in all modern history. Because this time, while there are comparable regional cases, such as the 14th-Century New Dark Age, never before has the entire planet been threatened by virtual extinction of its culture and mass depopulation, as now. So therefore, this is unprecedented.

What we're going to have to do, is what the Congress, in general presently, hasn't the slightest intention of doing. But it must be done, if the nation and civilization are to survive. There is no force outside the United States, which has the intellectual capability and influence to do what must be done,

in reorganizing an international monetary-financial system and economic system, which is bankrupt beyond repair. The world will not continue as a civilized world under the present international monetary-financial system, and the prevalent policies which have evolved in the world, as from the United States and elsewhere, over a period from about 1970 to the present time.

Oligarchy vs. Republicanism

We went, during that period, from a nation, which, despite all our errors and follies, still had a residue of the legacy of President Franklin Roosevelt—. For example, look back at the historical setting which leads into the present: When Roosevelt came into the Presidency, virtually with a couple of exceptions, every President since the assassination of President McKinley, had been a national disaster. We allied ourselves with our traditional worst enemy, the United Kingdom, the Anglo-Dutch Liberal system. The killing of McKinley opened the gate, by bringing in the nephew of a Confederate traitor [James Bulloch], Teddy Roosevelt, into the government. Roosevelt marked the change. You had an intervention of a Taft Presidency which was not so bad, but the legacy of Teddy Roosevelt held over that. Then you had a man who was a passionate advocate of the Ku Klux Klan, and who re-



EIRNS/Stuart Lewis

We depend on the new Congress to fix what must be fixed in the United States, working through the major committees of the House of Representatives, within the next 90 days, LaRouche stated.

launched the Ku Klux Klan's building as a mass movement from inside the White House: Woodrow Wilson.

So from 1901 to that time, you had a degeneration of the U.S. political scene, and of the mentality of our people. This was reflected in the 1920s, by the so-called Flapper Age. While the U.S. economy continued to stumble along into the middle of the 1920s, it actually was on the way down, and by the time of 1929, the whole thing began to collapse.

So from 1901, with the date of the assassination of McKinley, until the entry of Franklin Roosevelt into the White House in early March of 1933, our country was run, largely dominated by a corrupt clique centered on London and what was called Wall Street. These were the guys who, at the time that Roosevelt went into office in 1933, the leaders in Wall Street, such as the grandfather of the current President of the United States, were pro-Hitler! It was Prescott Bush, the granddaddy of George W. Bush, who signed the paper issued to a bank in Germany to release U.S.-controlled funds to revitalize financially the Nazi Party in time for Hitler to be made the dictator of Germany. This was typical of the wealthy families associated with Wall Street, all tied to London.

And they weren't doing it on a U.S. initiative. The initiative came from the Bank of England, from the head of the Bank of England, Montagu Norman, in which the British intended to set up a new geopolitical war, on the continent of Europe, focussed upon the issue of an attack on the Soviet Union, and this war was to demolish Continental Europe, as it had not been thoroughly demolished during World War I.

This was a geopolitical move by the Anglo-Dutch financial Liberal circles of Europe. And we had, on Wall Street, and in our political system, we had the patsies who were going along with that.

Roosevelt changed that! Franklin Roosevelt returned the United States to the tradition of the Founders. Among the Founders, of course, was his ancestor, Isaac Roosevelt of Wall Street; an Isaac Roosevelt who was an ally, collaborator, of the Secretary of the Treasury, Hamilton. And that is the Roosevelt tradition. It is not a Roosevelt, as such, tradition, *it's the revival of the principle of the U.S. Constitution*, which had emerged in particular, in response to 1763, when the British Empire was first created at the Peace of Paris in February 1763.

So, this is a *long* American tradition. It goes back to the time that my first ancestors landed on these shores! From England, of all places! And some came by way of Canada, from France, in 1648. So, when my ancestors arrived here, they arrived not because they were running away from something as such, but they were coming to take European ideas, the best European ideas of that time, to bring them to a place at a relatively safe distance from the European oligarchies, in order to plant these ideas on these shores, and develop a new nation, a new civilization. That is our heritage: a heritage expressed by the American Revolution, by the formation of the Constitution, by the all-powerful, superior policy of our Constitution, the Preamble of the Constitution, which is the *fundamental law of our nation for all true patriots!* Because



Members of the LaRouche Youth Movement at the webcast. The principle behind the LYM, LaRouche said, "is to equip a coming, young adult generation, in the 18 to 35 age-group, to become self-consciously responsible, for the future of humanity."

EIRNS/Stuart Lewis

it's a commitment, which I referred to, of course, in this recent paper I've written on the question of Capital Budgets ["The Lost Art of the Capital Budget," *EIR*, Jan. 12, 2007].

All right. So, what Roosevelt did, was to respond to a deeply embedded tradition. Now, some of us know that we weren't born yesterday. That's not talking about our biological youth, it's the fact that our culture is transmitted, and enriched from generation to generation, as a body of ideas which belong to the specific qualities of the human mind, not to the physical characteristics of the body. And these ideas, which reach far back in history, in the form of the transmission of language and other things, determine what is lying within us. So that you could have a period where, of generations, from 1901, with the assassination of McKinley, to 1933, with the entry of Franklin Roosevelt into office in March, you have a period, a span in which the most *rotten kind of ideas*, the *most rotten cultural things*—like the *Charleston*, of all things! It's the orthopedic surgeon's income-promotion game.

But the ideas, which were planted in the United States in particular, in New England and then in Pennsylvania and elsewhere in the 1630s, around the Winthrops and later the Mathers, these ideas which were the ideas that formed our Constitution, with fresh enrichment from Leibniz and others from Europe, these ideas are the ideas of the United States. *This is our soul. This is our character.* We are the perfect sovereign, who, despite the fact we have a lot of fat oligarchs in our country, we do not have an oligarchical tradition. You

don't bow when Von So-und-So comes by your house! You don't fall in awe, when someone says, "The Queen!" You say, "I know people with that sexual preference," you know.

You do not, because you have a sense: *We are an independent people.* The personality of the individual is sacred, and that personality has an equal opportunity. *That's us!* This European stuff, which we moved to get away from, that is, we had to build a republic for the sake of all humanity, which was as free as possible, and as far distant as possible from the European oligarchical tradition. And that's what we are. And whenever you have, in a time of crisis, an able leadership, our people have, so far, been able to respond to an able leadership, to rebuild this nation, even after it has spent drunken decades in a gutter of liberalism.

And here we stand today. And we have people who have entered the Congress. We now have the majority in the Congress, and the majority consists not only of Democrats, but also Republicans who are more inclined to share the general perspective needed to save our nation. Not is either a Lieberman, a so-called Democrat, or McCain, who is out to "raise McCain"—these clowns, I say, advisedly, "clowns," otherwise if you think of them as bozos, you don't have to hate them, you ridicule them; and it's a much better thing to ridicule than to hate.

So therefore, we have a nation which is not accustomed to leadership. We've had some leaders of importance, in the post-war period after Roosevelt's death. Eisenhower tried to

do things. He was actually a product in a sense, a very significant sense, together with Douglas MacArthur, of the Roosevelt machine of the 1930s. He understood these things. But he also understood, when he became President, he was operating within limitations of the time, and had to work within the limitations imposed upon him by things like Arthur Burns and so forth, at that time.

Also, we had Kennedy: and Kennedy promised to be a great President, with some fits and starts. For that, he was killed. Johnson was terrified. And since that time, the time that Johnson was terrified, after the killing of Kennedy, knowing that the fellows who killed Kennedy were on top in the United States at that time, Johnson was cautious, and went into the Indo-China War.

Destruction of the Presidency

So, thus, we had 1968: 1968, the British had collapsed the British pound-sterling in 1967. And the way this had happened, is Macmillan, the British Prime Minister, had been kicked out of his post by an orchestrated Profumo scandal. And after an indecent interval, Harold Wilson's first administration was brought into the prime ministership in England. The Wilson Administration destroyed the English economy, physically, to the degree that in 1967, in the Fall of 1967, the British pound collapsed. And because the United States was being *drained* by this crazy war in Southeast Asia, because of that and the 68ers, Nixon and what he represented, and Henry Kissinger, came into power in Washington.

And from that time, despite what Bill Clinton tried to do—he didn't *touch* effectively, the core of the problem—despite that, we've now reached the point, of another long siege of corruption, of one sort or another, in which the objective of the enemy, from London, from the Netherlands, and even among us, has been to destroy the United States, as a force, because we represent a threat to the kind of empire called globalization, which the Anglo-Dutch Liberal financier interests, the same ones that brought Hitler to power in Germany, are determined to accomplish today.

So therefore, we have a government which has not been trained by experience to live up to the measure of its responsibility on this crisis occasion. We have no President in sight. We have a "thing" called a President. A sick man, who's called a President. A sick, *wicked* man who's called a President. We have a Vice President, who should be called the President of Vice. He's a criminal. He's evil. But he's only a stooge for his wife, who is more evil. If you really look at what she is, and what she represents. They represent, not the United States, they represent their friends in London, who own them.

So therefore, our Presidency has been damaged. There is no sense of a Presidential leadership in the nation generally, except in the bones, so to speak, of some of our leading people, and in the population generally. Therefore, we have an important thing: We're not a parliamentary system. And the center

of what has to be done, is what can be done through, largely, the major committees of the House of Representatives, as backed by a flood of representatives recently elected to the House, who in the majority represent a force which can be rallied behind the leadership typified in the House by the major committees, relevant major committees, starting with the Ways and Means Committee, and others.

So it's on these people, that we depend to have an interim transition, toward a *real* Presidency, which can act as a *real* Presidency according to our Constitution, which can, then, with cooperation with the Congress as a whole, *fix* what must be fixed in the United States, within the next 90 days, to fix the future of humanity as a whole.

The Greatest Economic Crisis in History

I can assure you: There's no country, there's no part of world outside the United States, in which that capacity for that quality of necessary leadership exists. There are many useful and good people, and useful governments in other parts of the world. *But they don't have our Constitutional system.* And it's only under our Constitutional system, that we can, so to speak, turn on a dime, to deal with the greatest financial and economic crisis *in all modern history*: a global crisis, which is coming on, now. The world is ready to go into general bankruptcy.

Now, look at this from the other side. Take an example: Take the case of Joe, who wants a minimum wage. What's the other guy say? "Well, we can't afford it! It'll sink the economy, if we give them a minimum wage."

Joe says, "But I can't live on anything less than a minimum wage."

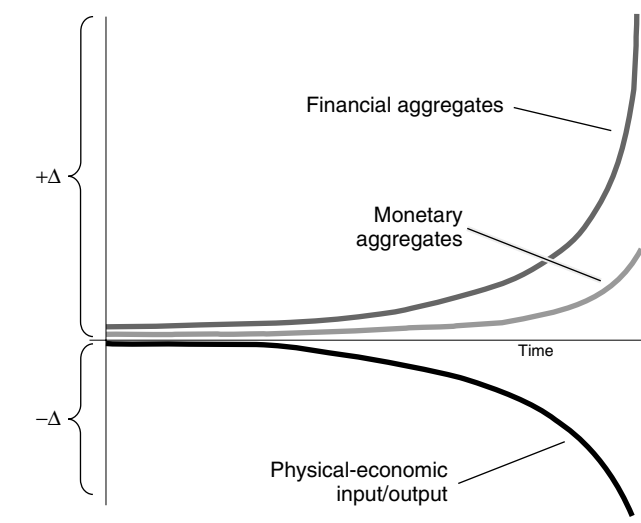
"Well," they say, "go die, for the sake of the economy."

Now, what's the problem? The fact is—two problems: First of all, the tax imposed upon the economy, by the loan sharks such as the hedge funds and similar financial things in Wall Street, is sucking so much blood off the top of the economy, by various methods of usury, that the cost of usury on the economy, is so great—yah, you can't pay the bill for usury and you can't pay the people, too. So therefore, the usurers are going to have to be reformed, and reduced in wealth.

But the problem is also deeper. The fact is, that Joe, who is looking for a minimum wage, at least as a floor on which to walk, is not, on the average, productive enough, to justify the cost to the economy, of that minimum wage. What're you going to do? Well, you have to change something. You have to change a policy. Well, the policy is this: Since 1970-71, we have made a transition, inspired by the 68ers, to go from an agro-industrial economy, producing food, not biofuels—and I mean, "biofools," the people who support that nonsense—so, we've gone to a post-industrial ideology. We no longer produce for ourselves: We shipped our jobs out to cheap labor in other countries, where their conditions of life *there*, on the average, are becoming worse.

FIGURE 1

LaRouche's Typical Collapse Function



LaRouche's famous "Triple Curve" diagram. If you look at the curve, between the ratio of physical consumption per capita, and production per capita, per square kilometer, LaRouche said, you see that the physical output nad consumption has been accelerating downward, while the money part of the economy has been soaring upward!

Take the case of China. Now the recent discussion is that China faces a crisis, because it must sustain its economy, it must have a certain rate of growth. This growth now is dependent upon its *export market*. Who's the export market? Ha! Us, chiefly. So therefore, China is facing a very dangerous crisis, in itself. Because, why? Because it has too many poor people! Not that people should be eliminated. But the point is, the economy has so many people who are poor, and not sufficiently productive, that it does not have a sufficiently developed *internal economy*, and is dependent upon selling the labor of its people as cheap labor, largely *abroad*, to sustain the internal economy of China.

You have a similar situation, somewhat different but parallel, in India. You have a similar situation throughout the world, of the countries which seemingly are growth economies, to which industry and agriculture have fled. So therefore, you have a situation in which the world as a whole, is collapsing. As a matter of fact, you have probably seen in the Triple Curve [Figure 1], which is now again, published in the edition of this report on Capital Budget, in *EIR*: that over the recent period, most emphatically since about 1977, the productivity of the United States, per capita, has been going *down* at an accelerating rate. That is, the physical productivity, per capita, per square kilometer, of the United States has been collapsing, actually since about 1971-72, but visibly in terms of statistics, per capita, since 1977. That is: Since 1977, take the lower 80% of family-income brackets, *their physical*

income, the physical income measured in terms of physical services and other things, *their income has been collapsing*, at an accelerating rate. You have a section of the upper 20%, that is, within the upper 3% of family-income brackets, which is super-rich without actually earning anything. And those who are working, in the lower 80%, are getting nothing for doing all the work that's available.

But in the meantime, we have changed the composition of the economy [Figure 2], from a productive economy, to a failed economy, a so-called post-industrial society economy, a services economy. And therefore, the services economy employment is largely fake makework. It's the dole, it's like the Roman dole, of the Roman Empire. It's a fake.

Go Nuclear!

Now, our problem is, is to restore the United States, in particular, to a major agro-industrial power based on high rates of technological progress, and which will require a very large investment in nuclear fission power. We are going to have to essentially eliminate much of the reliance on other modes of power, and eliminate all these biofuel, and other pieces of nonsense, that will actually destroy the area, and destroy the food supply and destroy the population. We have to go to a high-technology, high-energy-flux-density power system. We have to do this.

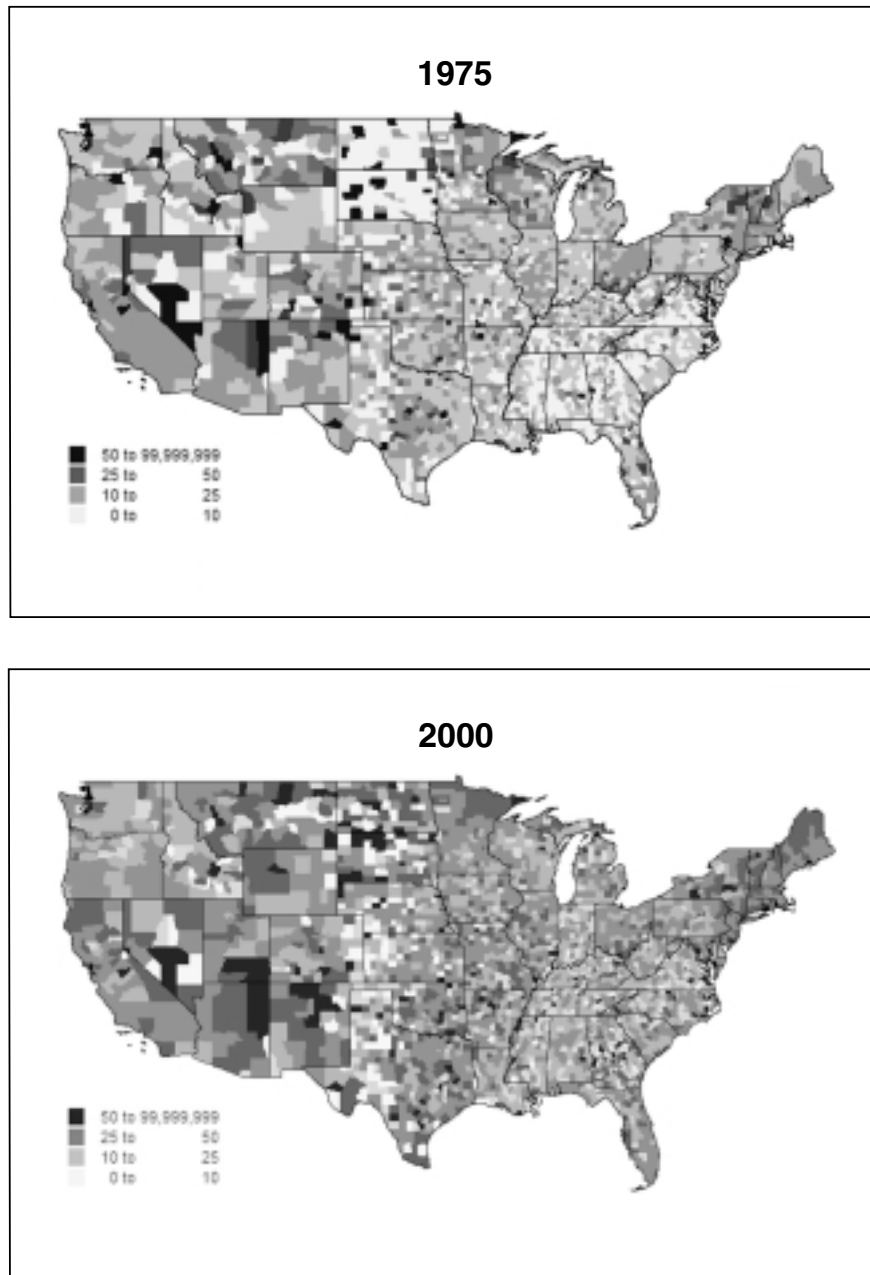
Take the case of the Western states, west of the Mississippi. You have a large area that runs from Dakota, down into Texas, West Texas in particular, it's called the Ogallala aquifer. This is the major water supply for that whole region. This area is now subsiding, especially in the southern part in the United States. This whole area of the United States is doomed, unless we reverse it. Why? Because the combination of fossil water in that area, and the water supply flowing into the aquifer, is such that it's *less* than the rate at which we consume the water in the aquifer. And therefore, you have, in West Texas, for example, and similar areas, you have a very serious subsidence of the territory. A destitution, a desertification, as a result of this. You have a loss of the potential productivity in a large part of the areas serviced by the Ogallala aquifer [Figure 3].

You have, around the world, southern India, and other parts of the world, living on what's called "fossil water." That is, water which was embedded in the crust of the Earth, or the upper crust of the Earth, since about 2 million years. For example, in southern India, one of the largest reserves of water in India, in the Deccan region of southern India, is fossil water, *2 million years old*, left after the melting of the great glaciation.

So now, what's happened, much of the world is living on fossil water. We have to make water. Now, that has two meanings. In this case, take the case of Australia. Australia has abundant water, and much desert inside. Now, how's that possible? Well, the water's outside, it's around Australia. It's saline. And Australia has a *wonderful* opportunity to use this

FIGURE 2

Services Workers by County, 1975 and 2000, as a Percentage of Total Workforce



Source: Bureau of Labor Statistics. Maps produced by Mapinfo.

water! In the oceans around it! But how do you use it? How do you desalinate it? Well, the only efficient means we have for desalinating water, and cleaning up water, on a mass scale, is *nuclear fission power*. It's not the best one for the future, but for the time being, this is what you do.

Also, the fuel problem: If you have the proper type of nuclear fission reactors, you can take water—which we

should be producing by aid of nuclear fission—we can take water, and we can get fuel from water, through high-temperature, high-flux-density temperature operations, through nuclear power. We can generate fuels, hydrogen-based fuels, from water, using certain types of nuclear reactors. That means, in every part of the country, if you have a sufficient water supply, even dirty water, you can process it. What you can do, is you can turn that water into hydrogen-based fuels, and similar derivatives. You don't have to bring oil from Saudi Arabia. You can make a better fuel right here at home!

Fusion: Technology for the Future

Now, this is the direction in which we have to go. We also have to go for the future, down the line, we have raw materials management problems on the planet as a whole. We have rich sources of raw materials in Northern Asia, and parts of Russia. We can generate in that area, a great improvement in the supply of raw materials, at acceptable prices, for Asia as a whole, an area of growing population, and need for growth, technological progress: We can do that.

But to do that, we have to go into thermonuclear fusion *management techniques* for our materials, to reprocess and process materials in a creative way, to ensure that the supply of raw materials, at a reasonable price, reasonable cost, is available to every person on the planet: We can do that.

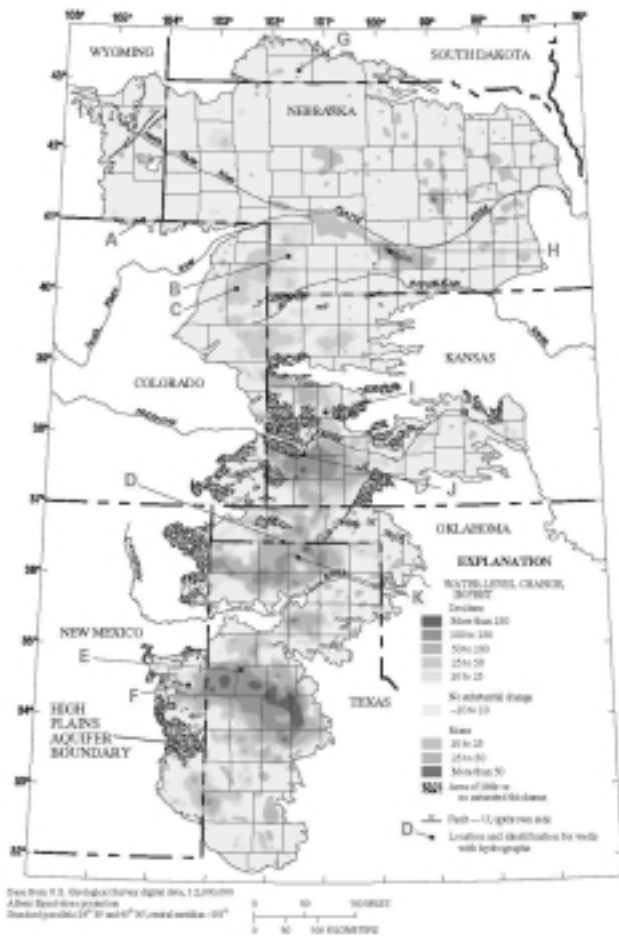
So don't talk about what seems practical because it was done in the past. Progress is existence. Progress is the only future worth having. Therefore, we have to think in terms of an economy which is oriented toward progress, toward technological progress. And to go away from the post-industrial society, which has been killing us. *Reject the*

post-industrial society! Go beyond to the future society, the future-economy society.

Which is what Roosevelt, in a sense, did. He mobilized the people, who were poor, destitute, who'd lost skills, put them to work. And moved, such that, from a nation which had been broken, and destitute, in 1931-33, Roosevelt produced a nation which represented a power beyond the imagination of

FIGURE 3

Significant Drop in Water Level in the Ogallala (High Plains) Aquifer, South to Northward, From 1930s/50s to 2000



The rock formation of the Ogallala, spanning an 111-million-acre area (173,000 square miles), in parts of eight states (Texas, New Mexico, Oklahoma, Kansas, Colorado, Nebraska, South Dakota, and Wyoming), consists of semi-consolidated sand and gravel, from alluvial deposits.

The toned patterns indicate how far the underground water level has fallen, or risen, as of 2000, from the period of earliest measurement available, before extensive ground-water pumping began (termed “predevelopment”). Darkest tones in the southern part, indicate a water level drop of more than 150 feet. (These are red tones in the original USGS color map). The darkened tones in the north (blue in the color map) indicate localized areas of rise in water table.

The earliest dates of measurement—“predevelopment”—vary by locality, from certain years in the 1930s, up through later decades. The median year for earliest measurement is 1957, out of the total of 20,000 wells over the whole area. The pattern clearly shows that the southern part of the aquifer, in West Texas, has experienced the sharpest drop in water level.

The capital letters refer to selected well sites where the Geological Survey provided hydrographs in its 2003 report, of the history of water level measurements at that location.

The 2003 report by the Geological Survey summarizes the situation:

“The average area-weighted water-level change in the High Plains aquifer from predevelopment [prior to extensive pumping] to 2000 was a decline of 11.9 feet. The average area-weighted water-level change by State ranged from almost no change in Nebraska, South Dakota, and Wyoming, to a decline of about 35 feet in Texas. The area within each State with 25 or more feet of water-level decline ranges from small areas in South Dakota and Wyoming, to about 9 million acres in Texas.”

Source: “Water in Storage and Approaches to Ground-Water Management, High Plains Aquifer, 2000,” U.S. Geological Survey, 2003

anybody who had existed before that time! Producing 50,000 planes a year! For war. We won the war! We saved the world from Hitler! Yeah, we had partners in it, but without our role in that, we wouldn't have saved the world. Britain would have joined Hitler, but for the United States, but for Franklin Roosevelt. It was Franklin Roosevelt who got the British to abandon their intention to support and cut a deal with Adolf Hitler! It was Roosevelt! His leadership. And the development of the economy, mobilized under his leadership, which made us the greatest power the world had ever seen. We did it, under Roosevelt's leadership.

We can do it, again. We can do it, with this broken, depleted population. We can do it, again.

What Went Wrong

Now: The problem is, that most people today, particularly Baby Boomers, were trained in the post-war period, not to

think like that. You had the various things like Dr. Spock, who turned your baby into a monster, and gave you a recipe to do it: “Just feed your baby this soup every day, and it will become a monster.” And it did.

So therefore, we have to look at what's wrong, spiritually and intellectually, as well as physically. Because the physical wrongs are a result of intellectual wrongs, mental wrongs. We make mistakes, we make the wrong choice, we vote for the wrong candidate. We vote for the wrong policy. We support the wrong idea. And that's how we get into trouble: Because we are a nation; according to our Constitution, the people can actually control their government, through their influence on the selection of people, and behavior of people in government. We are not an oligarchical society. And when the people move, and have leaders that enable them to move in a unified way, we can accomplish miracles. And we're going to have to pull a miracle out of the hat, right now.

So that's the task before us.

Now, what does this mean? The problem with the Baby-Boomer generation—and this was intentional—the day Roosevelt died, the people who came into power, were largely people who were determined to destroy Roosevelt's life's work. They could not completely destroy it, because of what had happened—the effect on our returning veterans, for example. There were limitations on what the new administrations could do, to destroy the United States from the inside.

So we had a Bretton Woods system for the world, a good system which worked, until it was destroyed in the middle to late 1960s, and absolutely destroyed in 1971-72. We had a good system. There were many legacies. But what happened was, these characters said—as in Europe with the Congress for Cultural Freedom—they said: “We have to destroy the next generation.” And they did! With the aid of Dr. Spock. With the aid of the Congress for Cultural Freedom. With the aid of the theory, which is actually a Nazi-like theory, of the authoritarian personality. The guy who says, “I don't believe in conspiracy theories.” He's a nut! He's been brainwashed! If he says, “I don't believe in conspiracy theories,” what's he saying? He's talking like that Nazi, Martin Heidegger, with his conception of “thrownness” in society. He's saying, the individual is in a conflict with society. That the relationship between the individual and society, should not be affirmative, but is negative: existentialism. This is the book called *The Authoritarian Personality*, through which many of the Social Democrats and others in this country worked to destroy the United States from the inside. This was the program that raised the Baby Boomers.

And the upper 20%, the white-collar section of the upper 20% of the family-income brackets: They were the ones who were going into universities. They were the ones who were destined to go into business, and government, and other influence. They came up, and, as the 68ers, not as a collection of individuals, but as a social formation, a social formation which split the Democratic Party in particular, between white-collar on the one side, and blue-collar on the other side. And it was a split between white-collar and blue-collar, done by the 68ers themselves, under the direction of these clowns, which destroyed the Democratic Party and made the Nixon election possible.

‘Conspiracy Theories’

The problem lies, in a sense, in this direction: that the Baby-Boomer generation was conditioned not to believe in truth. They call it, they're against conspiracy theories. Well, all progress in humanity is done by a conspiracy! People agree to change the way they behave, as in technological progress, as in changing the character of institutions, as going for full adult education programs, developing professionals, bringing in new technologies, changing the relations among nations. These are all *ideas* around which people *organize* to make things better. Everything good in society, is done by a conspiracy. Everything bad in society, is done either by abrasion, or

by conspiracy theories! If you don't believe in conspiracy theories, you're a mental case, and need adult supervision!

Because that's the way history has worked. History works on the basis of ideas! The difference between a chimpanzee and a human being is ideas! Chimpanzees don't have ideas. They can't think. If you want to find a society free of the authoritarian personality, look at a cage full of rhesus monkeys. They are true existentialists.

The problem is, therefore, by denying the importance of principle, the existence of principle, what we did, is we gave a generation which is now empowered, in our institutions, a generation which is empowered to say, “I don't care about the future. I don't like my children. I don't like my grandchildren. I'm tired of supporting them. I don't want to pay for their education. I don't care what they think. I have to live out the remaining few years of my life, in what I consider comfort. I don't care about what comes after me! I care about what I feel in the here and now, today!” Short-term, quick gratification. The sexual behavior and marriage patterns of the American Baby Boomer.

A New Generation Rises

What we have now, the thing we have, which is demonstrated by singing choruses in *bel canto* mode on the streets of the United States, and also in Europe: what we have, is the affirmation of a generation of young adults. These young adults are the same generation which was organized by Benjamin Franklin from about 1763 on, when he knew the nation was in danger; organized by him, which made the American Revolution, fought the American Revolution, led the fighting of the American Revolution, and created the Constitution of the United States. The generation of Alexander Hamilton, for example: a product of Benjamin Franklin's mobilization of the young adult generation, no older than the young people of today, between 18 and 25 years of age, between 18 and 35 years of age.

In all history, all important changes for the better, and sometimes for the worse, in the history of nations, have come from that generation of people who are past adolescence in their character, their outlook on life. They are adults in their orientation, and they're looking forward to two generations, approximately 50 years, of their coming life. These are the kind of people who, when they grow older, look at their grandchildren as their investment in the future.

The Baby Boomer, by this kind of operation that was done to them, in the post-war period by the Congress for Cultural Freedom in Europe and in similar things here, was destroyed. They were destroyed. They destroyed their moral sense that the human being is not a physical thing alone. It also represents a quality of being, a personality, which is immortal. The part that pertains to ideas, of the type that no animal can generate. And if you lose that sense of immortality, then you don't have a sense of living in the future after your own death. If you can say, “I can live in the future, after my own death,” then you *have* morality, you *have* reason. And you can live,



EIRNS/Will Mederski

"What we have now, which is demonstrated by singing choruses in bel canto mode on the streets of the United States, and also in Europe, is the affirmation of a generation of young adults . . . the same generation organized by Benjamain Franklin, from about 1763 on, when he knew the nation was in danger." Here, a LYM street chorus in Washington, D.C. on Jan. 8.

and fight, and risk your life. Because it's not your mortal life that you're defending, *it's your future existence*, as the embodiment of ideas, and the transmission of ideas that makes the future function. And that's what's lacking in that generation.

And that is what we're doing, and what you saw reflected in the results of the recent midterm election. The role, the *crucial, marginal role* played by the increasing turnout of young Americans between 18 and 35 years of age, in two groups—first of all, the 18 to 25, and then the 25 to 35. And if you look at the statistics on the voting, and the turnout patterns with this last election compared with the previous elections, you see there has been a fundamental, revolutionary change, in which a *new adult generation* is providing the basis for new leadership in the policy-making of the nation as a whole, and the policy-making of the world.

And therefore, we get the old Baby Boomers out of their slumbers and their fat dreams, and we tell them, "C'mon! Come back to life. Don't be dead all your life. Come back to life. Commit yourself to the future of this nation." Because the work we have to do, must be done over a period of not less than 50 years to come. And we must have a policy for rebuilding this nation, and the world, over the coming 50 years. And we must realize that, in our time, we must adopt the design, and lay the foundations, for the future of humanity, in the sense that Franklin Roosevelt attempted to do so, when he entered the White House in 1933. That's our mission. And that's what stands before us.

Tasks at Hand: The Next 90 Days

Now: Since we don't have a President right now, we have a "thing," like some comic book character, and sitting there,

babbling lunacy—the poor guy doesn't know any better; he's sick, he's mentally ill. And he needs care. He has not received the parental care he requires; maybe we'll have to get some surrogate parental care for him. But we've got to get him out of what he's doing! We don't want to shoot him—he's a human being. He's just a sick guy. What do you do with a sick guy? We try to help him. Well, the first thing to do, is help him out of that terrible job he has in the White House!

The Vice President: I think we ought to chain him, and his wife, up at night. And get ourselves a bright, new, shiny Vice President.

Now, we don't have those things accomplished right now, though they might come sooner than Cheney likes. But we must have that perspective, and in the meantime, we must say, "What're we going to do in the House of Representatives and the Senate, as those are central focus of institutions—what're we going to do, to get this nation safely through the coming 90 days, or so? Preferably less."

Now, the main thing we have to deal with, apart from this threat of war, which is essentially a byproduct of the general sickness, what we have to do in the main, is, we have to recognize—despite all objections to this reality—that we are now in the down phase, the terminal phase of a general global financial system collapse. This is not a depression. *This is a breakdown crisis*. That, if you don't make certain reforms in institutions, you have a situation in which the world is collapsing, disintegrating *physically*, as a result of the economic situation, financial situation. So that, unless you can change the financial system, you just go into a permanent slide, into a bottomless collapse; a biological collapse as well as a financial collapse.

This is worse than a depression: It's a breakdown crisis,

comparable to what Europe experienced in the middle of the 14th Century, the so-called New Dark Age. That's what the world as a whole faces, unless something is done about it. And what has to be done, can not be done from any other place of origin than right here in the United States. And it must be done essentially in the Congress.

Now, the Congress is not inclined to want to take on that job. They would like to have a list of our priorities—you know that. Priority 1, 2, 3—which way do you arrange them? As if putting each of these pieces together will somehow work—it won't. So, what the Congress is trying to do, in general—the better side of the Congress is trying to do, and more and more Republicans joining, is to try to take some of the pieces, some of the local issues, specific issues, and deal with those one at a time—on the assumption that will work. It will not work!

Physical Economy, Not Money Economy

The specific thing is—two things: First of all, an economy should not be a money economy. An economy requires the use of money, as a way coordinating the relations among particular individuals, regions, and so forth, within a national economy as a whole. But a national economy as a whole is a physical economy, not a money economy. Now the difference here, is the difference between the British System or Anglo-Dutch System, which is a monetarist system. In other words, a system based on the authority of money, money per se. So what you do, is you're going to have to behave in the way money wishes you to behave. That's the principle that rules the British System; that's what's ruling us today.

The American System is exactly the contrary. The American System of economy is a system of *physical* economy, not monetary economy. We use a monetary system, just the way the inhabitants of Massachusetts, before 1688, established a money system, a scrip system, to promote the increase of circulation of goods and production. That's what our system is. This is on the subject of paper money, dealt with by Benjamin Franklin, which is part of what our system is. *We are not an Anglo-Dutch Liberal system!* We are not a Marxist system! And Marx was a student of the British System, and a defender of the British System. A rebellious defender of the British System. So, you're either a Brit, an Anglo-Dutch Liberal, or a Marxist derivative of Anglo-Dutch Liberal, all of which are based on monetary conceptions, the so-called “notion of value,” the notion of *money-value*—as a substitute for physical value. The notion that money-value determines physical value!

Now most of you know this is silly! Because, if you look at the curve, between the ratio of physical consumption per capita, and production per capita, in the United States territory—per capita, per square kilometer—you see that the physical output and consumption per capita, per square kilometer of the United States' territory has been accelerating downward. While the money part of the economy has been

soaring upward! It's passed the Moon a long time ago! It's now left Mars behind, and it's heading we know not where.

All right. Therefore, as a result of this situation, you have a situation which the American economy faces, that the amount of debt, of monetary debt outstanding today, is so great, that the Federal Reserve System has suppressed reporting of M3. Because they suppressed the degree to which pure, wild-eyed inflation, you know, at electronic rates, has been soaring away, in order to keep this economy from blowing up. Now, what they do, by doing that, the economy is not just blowing up, what you're doing is building up an explosive charge, because the discrepancy between physical value, which is downward, and monetary claims, which are upward, as related by the price of things, is such that this system is now finished. *There's nothing that can save the present world monetary system: Nothing!* If you want to obey the rules of the system, you want to keep the present international monetary system, you're going to go to Hell—and probably quite literally. Because you committed a big sin, by doing that.

Put the System Into Bankruptcy

So therefore, we're going to have to liquidate the international money system!

How do you do that? Well, the way you do it is you go to the principles of physical economy, as a way of thinking. Now, you do what Roosevelt did, but you go a little bit further, because the situation's worse. What you do, is you put the whole system into bankruptcy. For example: We in the United States must, if we intend to survive—we're talking about the months ahead, not some far distant program, but months ahead—if we wish to survive, we will have the Federal government put the Federal Reserve System into receivership in bankruptcy! We will put it into bankruptcy to prevent a banking collapse, because we have a super-banking collapse in every major bank in the United States, and relevant system. Every one of them's about to go! They can not be sustained.

Therefore, to prevent a catastrophe, a social catastrophe, and an economic catastrophe, we must put these banks into receivership, for *reorganization in bankruptcy*. We do that, in order to maintain the continued function of these same banks, in their normal function, in respect to the economy and the population. We have to have things paid; we have to have people employed; we have to keep trade in motion. But we're not going to pay this thing on time as demanded. We're going to put it into bankruptcy. And the Federal government can do that, very simply, by putting the Federal Reserve System, itself, into receivership in bankruptcy. And reorganizing it, in bankruptcy. The power of government to conduct bankruptcy.

If we can't do that, you're not going to save the United States, you're not going to save the system. This is not a far distant prospect: *This is now!*

So, within the next three months, we must expect to face, as early as that, we must expect to face the point of crisis,

where you either put the systems into bankruptcy, or *you go straight to Hell!* With no return ticket.

That's our situation.

Okay. You have to have the guts to do that, and you have to have the knowledge to know how to do it. That's number one.

Then you have to realize that economy is not a monetary economy. Money is a mechanism which is realized and regulated, as under what we call the "fair-trade system policy" of the 1950s. There, you had a protectionist system, which recognized that money is an idiot. Money does not know, what is physical value. So therefore, you regulate money by your selective taxations, tariffs, supports, subsidies, all these kinds of things, so that the money system is now trained to try to stay within values which correspond to physical values. And above all, you want to make sure that an industry which is essential, is able to earn enough money through the prices of its goods, and through regulation, *to survive*. You don't want the industry to close. If it's a useful industry, you don't want it to shut down because of price competition! So you have a fair trade system, use tariffs, taxation, other mechanisms, regulation, to make sure that the business is not forced to sell its product at a price below the cost of production. That it's able to maintain and increase its capital investment, that is, *physical* capital investment—so you have regulation. You have regulation, such as protecting wages, wage levels: You don't want families to fail, so you regulate, to ensure that the flow of value through the economy enables families, normal families, in normal communities, in normal areas, to survive, and to progress. And that can only be done by the power of government *to regulate* the economy, including the money economy, the financial economy, to ensure that the *physical effects* we're creating for people and for the future of our society, are what we want.

And we also place a special reward, on *ingenuity*. And we do not like large corporations, particularly. We hate them. Because large corporations have no conscience. Whereas a closely held enterprise, particularly one which is technologically progressive, or performs some essential service under the motivation of its leaders, this economy has a personality. A corporation, a large corporation has no personality. It's not human—it's a monster.

So therefore, what you prefer, is you prefer closely held firms, usually with less than 200 employees—sometimes as high as 500, but less than 200—which are closely held, in which the future orientation is fundamental; in which the leader of the corporate entity, and the leaders have two characteristics: Number 1, they are looking for the future they are building with that production. They are thinking of the future of the community, or the state, in which they operate. They're rethinking of a future leadership of the corporation, to maintain the continuity of development. They're part of a community, of similar, like-minded entities, which work together to ensure that the local needs of the community are addressed. When these corporate factors become crucial in determining,

what's wrong with the school system, the local corporations are part of the process of discussion: "What can we do with our resources in this community to deal with this problem? What can we do to improve things in our community?"

The Traditional American Way

So you have a national approach of policy, top down, but you have, bottom up, the implementation of the same idea, reflected at the local region. You have, not a place where people gather, like a mob gathering at a circus, but you have a sense of people combined in their community, as neighbors, to function together, to take care of much of the requirements of that local community and state. That's our Federal system. It's based on that.

So therefore, what we want is people who are *physically* useful to society, producing, and improving what they do, and gaining in influence as they earn their way, to recognition. People who, as investors, and leaders of industries, are responding to the needs of their community as a whole. Who defend the economic interest of their state, their county, their town, their community; we need that. Who think about the interests of the nation as a whole from that standpoint, recognize they're part of a nation, and are concerned with the leadership of the nation as a whole. This is the traditional American way. This is the traditional way described by Hamilton, in his own terms, in his *On the Subject of Manufactures* report to the U.S. Congress, as Treasury Secretary. That's what we have to get to.

But the objective is physical. Because the increase of the productive powers of labor, does not come from the skill in stealing. Enron is not a good model of economy! Productivity comes from the increase in the productive powers of labor per capita, per square kilometer. For individual labor and individual enterprise to succeed, you must have an economic environment, which enables them to amplify their powers of production in that region. You need water systems; you need power systems; some of these things are private, some of these things have to be public. But you need all the elements of infrastructure, all the elements of government administration, which enable the local producer, as an individual or as an enterprise, to make a contribution which contributes to the productive powers of labor as defined in physical terms, and defined in service to necessary goals in the society.

This is what we had, as our tradition. This is what we had as the Franklin Roosevelt tradition. This is what we had still, in the 1950s, as the idea of a fair-trade system of society. This is what we lost, when the 68ers came into power, and said, "Blue-collar is no good. Post-industrial life is good. Industry is bad, production is bad. Everything stinks." The Great Unwashed, telling us that "everything stinks." And apart from that, bad breath!

So, the question here, which I'm focussed upon with this report on "The Lost Art of the Capital Budget," is to understand *how this kind of system works*.



EIRNS/Stuart Lewis

LYM leader Wesley Irwin (left) talking with then Senator-elect James Webb (D-Va.) at a Jan. 3 Webb campaign event. The LYM method is to bring dynamics to Capitol Hill, and tapping the enthusiasm and commitment of “freshmen” Congressmen.

Stop-Gap Measures Won’t Work

Now, the other aspect of this, which I emphasize there, which is crucial, here, today, is you look at people, the way they think about the economy, they think about society: They think in what is called a “Cartesian” way. Look, for example: Let’s take the case of 1998, August-September 1998. The collapse of the LTCM corporation speculation, a speculation which threatened to blow out the entire U.S. economy. And the government, under Bill Clinton, with the direction supplied by Treasury Secretary Bob Rubin, acted massively to prevent a general collapse of the system, at that time. They did not do what they should have done, because the enemies of reform arranged a constitutionally illegal indictment of a President of the United States. And that disruption of the Clinton Administration, in August, but especially in September of 1998, prevented the Clinton Administration, together with its Secretary of the Treasury Bob Rubin, from acting as they knew they had to act: to reform the system to eliminate this factor from the system. What they did, instead, as Bob Rubin would probably do today, in a similar situation—he’s not a politician, he’s a banker—what they did, was they adapted to the political reality of what they were *not* allowed to do, which they should have done, to come up with the best possible stop-gap arrangement.

But nothing was cured!

When George Bush came in, after the collapse of the Y2K bubble, in 2000, and where you had the prospect of poor Al Gore with this fellow, this sexually interchangeable political

figure Lieberman, there was no optimism in the population. And the voters reflected that in the dubious election of George W. Bush Jr. If you had an ambiguous potential in the Democrats, you had a certain doom in the Republican choice. And therefore, people liked certainty over doubt, and therefore they elected that which was sure to doom them: George W. Bush, under the control of baby-sitter Cheney.

So, the issue was never faced. We’ve come to this point, after six years under Bush, we’ve lost it all. There’s no more hope. It’s gone. Nothing you can do about it, within the terms of the system.

So therefore, you have to go back to the American System. You have to go back to the ideas which were generally accepted under Franklin Roosevelt as we went into war, ideas which worked well, even after Roosevelt’s death, to the extent they were used, through the middle of the 1960s. And we have to go back to that. We have to go back to the

case of the Kennedy launching of the manned landing on the Moon, and things like that. That has to be the measure of policy-making: You always have a physical goal, a generation ahead, which is the model way of reference, of thinking, the benchmark of thinking, which points to the future! Because you mobilize people about their sense of immortality. Their sense of immortality lies in what they think they’re doing today, for the future of the nation and mankind. They’re thinking of people who think in physical terms and in moral terms; it’s not short-term, it’s long-term. Why do you go to a university? For the long-term effect on your life. Why do you reject most universities today? Because they give you no long-term perspective for your life. We need universities which do that, again.

So, that kind of thinking is what’s necessary. And the problem is, again, that kind of thinking is missing.

But people think in terms, not of society as a process. They think of society as a jungle, a Hobbesian jungle. A sea of conflict in which war is natural, natural is inevitable. Everybody makes war as an instrument of policy. Other kinds of idiocies are natural, competition is inherently good, just because it’s competition, even if it’s stealing. That’s the way it goes.

Economic Forecasting

So people don’t think about process. They get a statistical report, like the Myron Scholes design or the Black-Scholes formula, which was used by LTCM. Most economists, today,

who do forecasting, are idiots just like Myron Scholes, because, they're like Cartesian thinkers, in terms of Cartesian mechanical-statistical systems, that you can project the future by taking a trend in bouncing balls, from the present into the future. And statistical forecasting is intrinsically incompetence. Because the way the economy functions, we work within boundaries. And we are always approaching a boundary, a limit. And as we reach toward that limit, a collapse is inevitable unless we change the boundary. And you change the boundary by introducing a new condition, by a political improvement, a social improvement, especially by a physical-scientific improvement in technology. Like the shift into nuclear power, the shift into thermonuclear fusion, the shift into an isotope economy. Recognition of the need that we have to manage the planet's supply, by *improving* the supply of life on the planet. Don't complain about the environment: *Change it!* Don't worship the environment: *Change it!* It stinks! Change the baby, it stinks!

So therefore, the way you forecast, the way I forecast—and remember I've never made a mistake in a long-range forecast yet—but I forecast in ways they don't like. Because I say: Here's a *boundary* condition. Now, let's look at where we are with respect to this boundary condition. And as you converge on a boundary condition, you're headed for a crisis. And you have secondary boundary conditions and primary ones. And I've always forecasted on the basis of seeing the way the system is functioning with respect to a *boundary* condition. This is called *dynamic analysis*, which most economists have no knowledge of. And most people in government have no knowledge of this, of dynamic forecasting, of thinking of processes in dynamic terms.

This is what the younger people, the young adults, in the LYM, are studying. They are working progressively, they worked through, to a large degree, the study of the ancient Greek roots of modern science, among the Pythagoreans and Plato. They've gone directly into reliving, page by page, chapter by chapter, the process of the discovery of modern astrophysics by Kepler! They're reliving it. They're not saying, "I learned this." They are *reliving the moments of tension*, in the work of Kepler, where they get to a chapter, a page, and an *unresolved question* is posed! Now! What's the answer? Well—they've got to apply their minds to thinking what the answer is, and find the answer. They go to the next chapter. "Ah—we still don't understand it, but it's a big problem." They see the problem. And this starts, in the chapter, in the first book—that is, the *New Astronomy*—it starts with this issue of the equant, which breeds a *crisis* in understanding the data of the relative positions, of the Sun, Earth, and Mars. And you try to measure this in terms of an equant, and you got a tilt, boy! *Tilt!* And this became, of course, the basis for Leibniz's creation of the calculus. So now, we're going on from there. We're going through some work on Gauss which is relevant to this, into the continuity of the emergence of dynamics as a scientific method, by Bernhard Riemann.

Now, these fellows coming through this, and they're going to get through it within months, and others will repeat it, and have the same experience, will now have a grounding, in understanding modern physical science. They won't know many things, but they will know the fundamental, central principle of modern physical science. And they will be able to think in those terms, which most people in society *can not*, presently, think in those terms. Most university professors in scientific fields, for example, are not able, today, to think in those terms.

So therefore, the principle here, is to equip a coming, young adult generation, in the 18 to 35 age-group, to become self-consciously responsible, for the future of humanity. And to engage all of the generations of existing society, in an effort to make the physical changes in economy, by introducing new principles, or higher principles, which will enable us to increase the productive powers of man, per capita, per square kilometer. To go to a point of cooperation, rather than conflict. And to base their personality, on finding their personal identity in the future well-being of mankind, the kind of commitment which brought my ancestors, from England and from France, into New England and Quebec, respectively; to find a place on this continent, at a safe or relatively safe distance from the oligarchy of Europe, on which to take the best achievements of all European civilization, and bring them, personified, into a new country, a new territory, from which to organize the elevation of mankind, to free it from the curse of oligarchy, which grips Continental Europe, still today.

Thank you.

Dialogue With LaRouche

Debra Freeman: Lyn, thank you very much for those remarks. . . . As people would expect, a number of questions have come in that relate to President Bush's speech last night, and various things that have developed off of that. I will get to those questions, but I'd like to start with some questions that are more directly related to the principal issue that Mr. LaRouche addressed today.

For those of you who have not yet had the opportunity to read Mr. LaRouche's paper on "The Lost Art of the Capital Budget," let me tell you that it is available both as a separate White Paper, and it is also in the second issue of *Executive Intelligence Review* of this year [Jan. 12]. It is also available on the website. And I would urge people not only to make sure that they study it thoroughly, but that they circulate it among their associates.

How to Raise Up the Unemployable

Now, Lyn, the first question comes from the Senate side on Capitol Hill. It is from a Democrat, from a new Democratic Senator, and his question is the following:

"Mr. LaRouche, as you're probably aware, there are two



EIRNS/Stuart Lewis

LaRouche and LYM members listen to the 95-year-old civil rights heroine Amelia Boynton Robinson after the webcast. "We have to engage all of the generations of existing society, in an effort to make the physical changes in economy, by introducing higher principles, which will enable us to increase the productive powers of man, per capita, per square kilometer," LaRouche stated.

camps that seem to dominate the environment here on questions of economic policy. On the one side, we have the balanced-budget freaks, who insist that every expenditure has to be met by an equal receipt. And they obviously are not a happy group. The other camp takes the position that 'the deficit is damned.'

"Obviously, you've come in with a third way, with your 'Lost Art of the Capital Budget.'

"My question is a specific one, but one that I'd like you to address, and that is: Where do you put the massive cost of supporting that section of our population that has been thrust into near-poverty, and those who are not immediately employable, either because they are children, because they're old, or because they're mothers who would prefer to stay home and take care of young children? They are not, at least as I understand it, reasonably placed in what you are referring to as a 'capital budget.' Yet, their needs obviously have to be met, regardless of the size of the Federal deficit.

"Could you please give us some guidance on this?"

LaRouche: This is a question of thinking in terms of the future, not just the present. Now, first of all, any solution to any of these questions of this type, has to be situated in the knowledge that we are going into a period very rapidly, in which there will be a general collapse of the financial-banking system. And everything will depend upon the willingness of the Federal government to put the Federal Reserve System into receivership for reorganization, and thus to keep the

banks' doors open, and functioning on essential functions, while putting the whole mass of debt through reorganization. Much of it will be cancelled.

For example, we will not be able to pay gambling debts. Now, financial derivatives, for example, are largely gambling debts. They don't originate in a product of production, or useful services; they're simply a form of gambling. The world economy today has become a giant casino, which makes Las Vegas seem very small (although Las Vegas is a part of it).

Look at the number of states in which gambling is considered the way to raise taxes to support the community. Look at the case of Louisiana, where they spent money on gambling, and didn't fix the levees. You see what the result was.

The problem is of that nature. So, we're going to have to reorganize the financial system, and the first thing we'll do, is actually move toward cancelling all kinds of financial claims which are in the character of gambling debts—that

is, investments upon investments in speculation in financial investments: hedge funds. Hedge funds will have to be eliminated. Similar kinds of entities will be eliminated. That is, they will be allowed to sit there, but not do anything.

So therefore, we have to free the economy from this vast parasitical mass, but we have to come to the core economy, the productive economy, which also has a very large mass of capital investment, and we need more capital infused in order to expand the productive sector of the economy. So, we're going into an economic expansion mode, if we are sane. We're going to issue, with the credit of the Federal government, under a reorganized Federal Reserve System, Federal bills—by the authority of uttering, unique to our system, by the Federal government. We're going to create masses of capital budget, masses of capital investment, which will be allocated to build up infrastructure and necessary industries.

Now by this means, we will attempt to change the ratio of per-capita economic activity in the society. We will still have people who are in a sense helpless people. They have nothing presently they can do for themselves. They have to stay alive and raise babies and do things like that. We have to protect them. But the key thing here is to change the *ratio* per capita, per household. We have to decrease services employment, unskilled services employment; cut it down, replace it with increasingly skilled employment in physically productive employment.

That's the general thinking.

We want to bring back the factory. We want to bring back the family-owned farm. We want to do things like that, which built the economy beforehand.

So, therefore, what I proposed during 2005, in dealing with the auto industry, is that the Federal government must move in. The auto industry's going down, so we let the auto production go down. Let it be reduced to a marketable margin. Let's take the capacity, especially the machine-tool capacity, of the auto industry. Let's have the government create a corporation to absorb this capacity, and use it for what it's perfectly capable of doing: for high-tech infrastructure development. Put this as a complement to the kind of thing that I'm sure that the head of the House Ways and Means Committee will approve of: Look for infrastructure development which absorbs youth, in particular, who are unemployed, or unemployable, and absorb them in programs which may resemble in some sense the CCC [Civilian Conservation Corps], and things like that, from the past, the Roosevelt period. Because we've got to get this youth section, in particular, out of destitution. We've got to get them out of degradation. We've got to get them into something where they can build a future for themselves.

So, it's going to be, in a sense, the character of a physical investment in the future of these young people.

The main thing is to increase the ratio of physically productive people in the labor force, to those who are not physically productive. Which means, if every McDonald's in the country closes down, that's not bad. The kangaroos will apply. We don't need most of the services that are being supplied. They're make-work services: We don't need it! So cut it out! And open up opportunities with aid of the Federal government.

For example, take the automobile industry, which has a very important machine-tool-design factor in it, and things which are auxiliary immediately to machine-tool design. Now the auto industry functions on the basis of communities—or did function on the basis of communities. These are communities of people, which depend upon smaller industries, largely, which are actually auxiliaries, or ancillary, to the auto industry. So therefore, all these communities were based around the organization of the factor of the automobile industry's effect in the areas of, say, Indiana, Michigan, Ohio, and so forth.

So therefore, if you want to save these states, you've got to keep the production going.

For example, you had Lockport in New York State. Now, Lockport had a capability: It had produced airplanes in the war. It could produce systems for building locks and dams, and that sort of thing. It had all kinds of capabilities which are there, lying in the capabilities of the type of labor force it had, and the labor force associated with the surrounding community. "Oh, we have to fix the Ohio River system." "Well, there they are! They can do it. They can make a big contribution." It's similar all the way through.

Aerospace and similar areas are related to this. So our high-technology core is there.

Now around these high-technology factors, you have a general labor force, like the auto industry employees, and auxiliary industry employees. These people have families; they live in communities. And the fact that they have the machine-tool-capacity industry there, means that where they go, the people go. But the people are there. Okay, keep the work there. Keep the people there. Rebuild the communities. Don't demoralize them, as is being done today. So therefore, that's the way you organize.

Also, you want to kill outsourcing. We don't want deregulation. *Kill outsourcing!*

Look, what have we done? We ship production to China from the United States. Does it benefit the Chinese? No—it does and it doesn't. It makes them dependent upon us, like an addiction. When you take the increase of productivity in China, net, caused by outsourcing, with the decrease of productivity in the United States caused by outsourcing, you find that the net contribution to the human race is shrinkage.

The same thing is true in all outsourcing. Look at the effect of outsourcing on Mexico—it's lowered the standard of living of the people of Mexico, and the productivity of the people of Mexico, while lowering the productivity of the people of the United States. So, these ideas of globalization—which is an Anglo-Dutch Liberal imperial idea for destroying the United States—we're going to defend ourselves, I hope, against this outsourcing mania, which is a form of imperialism. To take away the culture of the most advanced sectors of the population, in terms of technology, and shift the responsibility to the least skilled section of the population for the sake of cheap labor; look at what the change means: taking productivity *away* from a high-technology productive area to a *low*-technology unskilled area, results in a net lowering of the productivity of the human race as a whole. Not a good idea. And that's what's happening now.

So, therefore, we have to reorient. We have to use protectionist methods. We have to reorient the economy, so that we protect investments in essential industries that we're supporting.

We give this protection, and we aim it in every part of the country, to make sure that every state in the country is on a functional basis, and that the country as a whole is on a functional basis. And we do that by Franklin Roosevelt-style thinking. And we do that. But the objective is always to increase the physical productivity per capita and per square kilometer of the U.S. territory.

So, we invest in the future.

Now the idiot doesn't understand investment. The idiot-think is return on investment, on a stock, or some other piece of paper. You see what's happening with the real estate bubble? The real estate bubble in the United States is now in a process of collapse, and it's headed toward a catastrophic collapse. That alone will wipe out the entire U.S. economy,



National Archives



FDR Library

Depression-era breadlines in New York (left), and Roosevelt advisor Harry Hopkins, who headed many federal administrations for FDR. We need Franklin Roosevelt-style thinking to get the population in gear, LaRouche said, in answer to a question from a freshman Senator about how to meet the needs of those in poverty. "Roosevelt went through, with Harry Hopkins' help in designing this program, he went step by step, to build up the greatest machine the world had ever seen, in a period of less than a decade."

right now, unless it is regulated.

What happens is you have a great speculative appreciation in the normal value of mortgages. But it's all crap. Including most of the construction. You've got nails going from somewhere to nowhere. And they're not even nails—they're tacks. It's junk, it's crap: shacks, tarpaper shacks, 2000-style.

So, this stuff is part of the so-called nominal value of the U.S. economy. But it's crap. And the fact that it's crap is asserting itself every day as this bubble collapses. Therefore, we have to think about the problems this creates. Only the Federal government can, or should be allowed, to create credit in this way. It has to be regulated. We have to regulate the economy to make sure that it doesn't go haywire, that it goes in the right place. We have to look at the performance in terms of people, sections of the country, and the general welfare. We have to think in the long term: Where does this take us in terms of capital ratios, down the line? We want to increase productivity, per capita. We're going to work our way out of this depression. We're going to work our way out of this financial crisis, by building up the physical economy, and we're going to be very inventive, in going through lists of everything we can do. We're going to go through the drawing boards. We're going to go through the places in government, where records of this sort of thing exist. We're going to go through that.

And we're going to have committees in the Congress, especially the House of Representatives, which will be concentrating on getting a facility, in the Congress—the Congress can vote to have one for itself. The kind of facility where this kind of question is faced, where all the resources of the United States records are available, and skills are available, to go through this thing, to develop the year-by-year approach to improving the productivity of the United States.

And by doing that, by regulation, we will get the population in gear. It will take us four, five, six years. We'll improve. Crises will be past. We'll be going ahead, as we did under Roosevelt.

Look back to the Roosevelt years, from the day he entered office; he could barely find a pencil in his office on the day he was inaugurated, and a couple of women in the room outside, and that's where he started. And you're going to have to do it the same way. He went through, with Harry Hopkins' help in designing this program, step by step, to build up the greatest machine the world had ever seen, in a period of less than a decade.

And that's the kind of challenge that lies before us now. And we take a hopeful view of this. These kinds of things can be handled. The problem is, the way of thinking is wrong. And we have to get younger people more and more into this process, as young adults, in the 18 to 35 age group, get more

and more of them involved in this. Because it will rejuvenate the institutions of government, with young people who want to go someplace, not sit and wait to die.

U.S. Trade Policy Toward China

Freeman: Lyn, we have several more questions that actually go right to the heart of what you just addressed. One is a question raised by the leadership of the Joint Economic Committee, which has members from both the House and the Senate. It says: “Mr. LaRouche, as I’m sure you’re aware, we are headed for the fifth annual record trade deficit. In November alone, the trade deficit was well over \$58 billion, and almost \$23 billion of it was from China. On the one hand, we recognize that this problem is a result of the overall collapse of production, and that that has to be addressed; but it is also undeniably the case that it is also due to China’s unfair currency manipulation.

“The Joint Economic Commission will soon open hearings to investigate the appropriate policy response to the growing trade deficit with China and their own manipulation of their currency. Do you agree that as we take the necessary steps to restart American production and to protect it, we must also begin to take a hard line on Beijing and on its undervalued currency?”

LaRouche: We created this problem; it is not something created by China, the government of China. Blame the United States and blame the British. Blame the Anglo-Dutch Liberals; they created the system. We wanted to control China. Originally, the purpose was to control China as a force against the Soviet Union. This was the Nixon mission. Remember that China had many poor people, and they still have a great number of poor people. They require an increase in their employment each year which is rather fabulous. If they don’t get it, they’re in trouble. Now, you can’t approach this as a China-U.S. conflict policy, it’s not. It’s a conflict created by the stupidity of the United States.

Remember what I referred to under the Capital Budget subject. The world system today is still a dollar system. As a result of the 1930s, and a result of measures leading up to the adoption of the Bretton Woods system, the U.S. dollar became the currency denominator for the world as a whole. The meaning of monetary value is defined by the dollar. Although the dollar was allowed to float, and this was confirmed in 1972 at the Azores Conference and elsewhere later, the dollar still remains, until the

present day, the denominator of monetary value in the world system. Thus, this is one of the reasons why only a reorganization under the dollar could get the world out of a plunge now into a general breakdown crisis.

So you don’t have to be worried about what’s going to happen with relations with China during the coming months, because you’re going to have to change the world system in those months, or you can forget it all anyway; it doesn’t mean anything. So, the idea of fighting with China over this issue is a *waste of time*. I know Charlie Schumer [D-N.Y.] has been on this thing—he’s wrong; he doesn’t understand the situation, he doesn’t understand the issue.

Now, what we represent, again, is the only credible existing monetary term of account within the international monetary system as a whole. There is no substitute for the U.S. dollar as a denomination of monetary value in the world today as a whole. The only approximate substitute is the British Empire, the Anglo-Dutch Empire—and it *is* an empire, and it’s our enemy. So therefore, what we have to do is, in a sense, we’re going to have to intervene on this whole thing with one strategy. We are going to organize a defense of the current value of the U.S. dollar in a relative form of fixed-exchange-rate system for the world. *Because*, if you get a 20% to 30% collapse in a short period time in the U.S. dollar on the world market, I guarantee you every part of the world system will disintegrate. Not collapse, *disintegrate*.



PRNews Foto

Glittering Shanghai, wealth amid a nation of poverty. “Blame the Anglo-Dutch liberals,” LaRouche said in answer to a question from the Joint Economic Committee about whether the U.S. should take a hard line on Beijing and its “undervalued currency.” “We created this problem,” LaRouche said, “but you don’t have to be worried about what’s going to happen with relations with China during the coming months, because you’re going to have to change the world system in those months or you can forget it all anyway.”

Because they'll all be sitting there with their own monetary systems, cutting their budgets, cutting their budgets, cutting their budgets, cutting their employees, and going into a Dark Age. Someone has to create a new system based on the U.S. dollar at a regularly fixed-exchange-rate standard, which becomes a standard of reference for every part of the world. Otherwise, the whole world goes to Hell, if you don't do that.

Therefore, any discussion about negotiations with the existing system, before that happens, is a waste of time, totally counterproductive. Because you occupy yourself with something which is a waste of time, when you should be organizing around something which is the only thing which will save the system. The U.S. dollar, as a fixed-exchange-rate denominator, is an arbitrary value; it is not a value in the sense of intrinsic value. It is something which is politically defined. We say, "In order for us to survive, and maintain our credit systems internationally, we must have a fixed-exchange-rate dollar, because there's no other currency that can perform that function." This does not mean that the dollar is entirely an utterance of credit from the United States; it doesn't mean that. It means that the U.S. dollar at parity is the standard of stability for the world, and there is no other instrument that can do that at this time, under these conditions.

If you don't do it, the whole world goes to Hell, so what are you fighting about? Who cares about China/U.S. relations under those circumstances? Either you do it, or you don't. If you do it, then you don't have a problem with China.

Now, the problem is: With us, with our deficit system, our dollar is actually undervalued in those terms. If we look at what the future of the dollar is, and its value, assuming that we take the initiative to restore a fixed-exchange-rate system of a slightly new form, then the dollar becomes immensely valuable, and the problem is fixed. But you've got to think in the right terms.

Right now, China is on the verge of disintegration. If the amount of trade between the United States and China declines, then China will not expand. If China does not expand its production, well, therefore, what's the result? China, instead of exporting to *us*, has to develop itself. Instead of trying to export to us, it has to produce for its own internal needs.

What's its problem? China is the only power in the world which has communist billionaires. They're a dominant factor in the situation—Communist Party billionaires, Communist Party officials, the big fellows of the Communist Party! And on the other hand, you have some of the poorest people in the world in China, in great numbers, as in India. The problem in Asia is that the Asian culture is an oligarchical culture. The advantage of the United States is, that it comes from a European culture in which the struggles since ancient Greece, since the time of Solon of Athens, have been to develop a society based on the people, not the oligarchy. The struggle between Sparta and Athens, in which we had Lycurgus' Sparta and Solon's Athens, was a struggle of oligarchism against freedom. Europe, even though it's gone through terrible oligar-

chies, has been influenced by those revolutions in European policy, which have established the principle that every human being is human, and is therefore intrinsically equal by the virtue of being human.

We are not monkeys. Admittedly, some of our politicians, like some in the White House, are monkeys, but most of us are human, and we recognize that as a principle. In other societies, including China, the idea of the sacredness of the individual personality is not recognized, not in practice. And this is an *Asian* problem; it is not a China problem, it's an Asia problem. Now, our task was, and has been, to assist the nations of Asia in acquiring the basis for establishing for themselves the kind of freedom we, in our best moods, demand of ourselves. And that's our mission.

Therefore, we're going to *increase* the value of the dollar, because by making the dollar the source of the world's greatest influx of public credit, regular credit, suddenly, on the basis of doing that and telling the British to pull their pants up, we will immediately increase the value of the dollar. The value of the dollar, relative to the Chinese currency, is a problem of the U.S. system, not a problem of China, and not a problem of U.S./China relations as such.

If I were President, I guarantee you, I would increase the value of the dollar by leaps, and that would solve the problem. If you aren't willing to do that in the United States, don't complain about China. That's the problem. See, the problem with our politicians is, it's Cartesian thinking. It's the people who believe in these idiot reports about statistical reports forecasting. They're all fake, or incompetent! And our members of Congress are sucked into believing this crap! They have economists who tell them this, they have others who tell them. It's all nonsense! It's gobbledygook!

If I were President of the United States, I could fix this problem without having to argue with China. As a matter of fact, I would get some cooperation from China; I know something about China—not everything, but I know some things, and they're important. I know some things about India, and they're important. I don't know everything, but I know some things. I discussed some of these problems with people like Indira Gandhi, in earlier times. So, I know these kind of things. If I were President of the United States, you would have no problem. Now, I don't intend to become President of the United States, right now. And therefore, I've got to make sure that this job is done *as I would have it done*, and that's the way to fix the problem.

Banker Rubin and the Politicians

Freeman: Lyn, this is another question in a similar vein. This one is from the House side, from a freshman Congressman; the other one was from a senior Senator. This question is: "Mr. LaRouche, when Bob Rubin addressed us, we didn't get a chance to ask him everything we would have liked to, but most of what he was asked had to do with questions surrounding the issue of trade. One of the things he said, was



"You have to understand the difference between me and Bob Rubin" (pictured here), LaRouche said. "He's a banker, who operates from the standpoint of what he must do as a leading banker, as opposed to what I must do, or people like me must do, to solve the problems to which he is trying to apply banking functions."

that while he recognized the problems and the failures of globalization, that at this particular time he would not necessarily favor suddenly shutting down these liberal trade agreements, because it would not help us, and it would also serve to collapse the economies of other nations.

"He also surprised me by saying that he thought that demanding labor and environmental concessions from low-wage countries like India and China, or enacting what he called 'tit for tat' trade policy deals, would ultimately not lead to progress. He insisted that the cure lies in our domestic policy. He talked about better education, a stronger safety net of health-care insurance and economic security in retirement, defense of the dollar, and all of that coupled with policies directed to address our infrastructure needs as the more crucial elements necessary to grow the economy, and also what he said, equally importantly, to induce the kind of optimism that will allow us to compete and prevail, regardless of what the trade environment was.

"In some respects, this bears similarities to what you are saying, but I also recognize there are differences. Can you please address this question overall, from the standpoint that Mr. Rubin did?"

LaRouche: You have to understand the difference between me and Bob Rubin. It's not a concept difference, it's a difference that he is a banker, who operates from the standpoint of what he must do as a leading banker, as opposed to what I must do, or people like me must do, to solve the problems to which he is trying to apply banking functions. In other

words, if the politicians of the United States confront Bob Rubin with what they are willing to do as reality, then he is going to try to adapt to that reality as best he can, within the framework of what conditions they impose upon him by their policy shaping.

On the other hand, he would have entirely, personally and professionally, wishes for what the United States would agree to do, which might be quite different in their implications from what he is supporting. Because, he's saying: "I'm a banker, I'm a banker on the block. I have to operate within in the banking system. And what the government does by its policy, to determine the way the banking system can operate, is the things I must be guided by in my day-to-day policy shaping operations. If, on the other hand, you give me a more opportune set of circumstances, as politicians, then I would happily, enthusiastically, join you in shaping policies which are opposite to those I have now, which I would prefer, *but I don't make those policies.*"

In other words, you have to look at this man as a leading, competent professional, who is not a Baby Boomer, which is one of his sources of genius, and he is adapting to the reality the politicians create. If you are coming into the Congress now, you have to look at the thing from your standpoint, and have an insight into what I just said about Bob Rubin. Don't assume that Bob Rubin is going to play the role of leading politician and banker at the same time. At a roundtable, in a confidential roundtable discussion, he will discuss the whole gamut of what his preferences are, what he thinks we should do, as opposed to what he thinks he can do, based on what we think we will do. He will say, "Give me a better policy than this one." We say, "No." He says, "Then I have to back this policy I don't like very much, but it's my best option as a banker."

That's what the problem is. Therefore, it is up to the people in the Congress now, and especially, in many respects, in the ferment which is going to be erupting and bubbling inside the House of Representatives. It is up to the body there to take up the self-education, the rapid self-education policy process to understand this. Don't try to come in with "common sense," to try to find a common sense solution to common sense problems. It's the *system* that's defining everything, and what is needed is a change in the system. You have to take Myron Scholes and his crowd and take them out. Get them down there collecting garbage or something that's useful, not forecasting (nor hindcasting, either). We have to have competence.

The Vibrancy of Freshmen Congressmen

Look, the way I do it with the Youth Movement: The way competence develops is not by dictating to people what they should believe. It's challenging them, sometimes in a very rough way, to force them to face the realities they must face and problems which they must solve for themselves. I know that process works; it does not work according to formula; it does work according to principles. I know how young peo-

ple's minds are turned on. If they start to do that before the age of 27, they've got a good chance. If they wait until later, they have a difficult choice, because the wrong habits have settled in. You give up on being creative; you try to be professional instead of creative, and that's not very good.

They want to rely upon the younger people coming in as freshmen, into the Congress. They're usually younger (not always), who have not been in the system before, and now they're in the natural situation where they have to ask questions. They have to get a quick education, but it has to be questions; it has to be also challenging.

These young guys, or younger generation, came in, saying, "We want Cheney out. We want Cheney out! *We want Cheney out!*" They all came in singing that song, "The Marching Song of the Soldiers of Congress": "We want out, we want out, we want out!" They also want a solution for the general problems that face the American people. They come in not so much soaked with the doctrinaire character of the Democratic Party machinery, which is sometimes, you know, it's a snuff operation called the Democratic Party leadership, intellectually anyway.

You want to get them in with a fresh view, as representatives of the people, and asking and discussing the questions on which the well-being of the people depends. Challenging the Congress which they've entered, as much as submitting to it. This idea of "go along to get along"—there's a time when that idea has to quit. And you have to come to a time when you challenge these guys, say, "Look, we came fresh from the hustings, buddies. You're out there, you're up there, you think you're running the world. Well, we're out there, and we see the effects of what you think you're doing, and it ain't good! Now, let's have some discussion about this matter, and let's find a way to fix the mess that we came up here to fix. And we need your help and cooperation in the discussion which leads to fixing it."

And that's the way to go at it. The freshmen coming into the Congress now are a very valuable shock factor, because they came in often as Democrats, particularly, in opposition to Howard Dean's national committee. They came in despite Howard Dean. They were elected by the people despite Howard Dean, probably *because* of Howard Dean, because they wanted to spite Howard Dean. And they came in there to change things, to represent what they thought the issues are that occupy the people out there, and the suffering the people experience. They have to be heard, and we need a serious dialogue. We don't want a put-down of the young, of the freshman Congressmen. We want to force the dialogue, which is what the American people want. They want the dialogue forced: Cut the crap out! Get rid of the usual crap, and let's get down to business and face the reality.

Let's not go with "the issues"; forget the issues. Some of those issues stink pretty badly. Go instead with the interests of the people, and go especially for the interests of the two coming generations of the people. What's the interest of the

people and the nation two generations from now? What are the interests of the grandchildren? Those things have to be discussed. You have to reformulate the question first. And from what I see, the key question is, we are in the biggest crisis the world has ever seen in terms of a monetary and economic crisis. It's global, and it's immediate; and if we don't fix it, nothing else is going to work. So you'd better finally get your attention to this issue, and realize this is the number one issue, which you can do something about, providing you put Cheney into retirement—probably in chains—and get adult supervision over the President.

Go Back to a Protectionist Mode

Freeman: Here is question from a freshman Democratic member of the House, from New York. "Mr. LaRouche, I came to Washington largely by virtue of support from people who have not been historically poor, but whose standard of living has been driven down by the collapse of U.S. production. While I agree that an increase in the minimum wage is long overdue, and I will certainly vote to support it, I also don't think it's going to address the problems that are faced by this segment of the population. Even a higher minimum wage will not allow these people to meet their mortgage payments, or pay their kids' tuition. I've looked at your economic proposals, and I happen to agree with them. I mean, really, who lives in this country and could argue against the need to rebuild our decrepit national infrastructure?"

"But my question is, what about those of us who work in private sector industry, things like the garment industry, the shoe industry, things like that, that depend on consumer spending? It would seem that the only way to address those problems is by somehow addressing the issue of trade policy and outsourcing. I don't know any other alternative. I would be interested in your thoughts on this."

LaRouche: First of all, we have to go back to what some people call a protectionist mode. We have to. There's no sane alternative to returning to a protectionist mode.

Now, on the minimum wage thing, look at the history of this proposition. Roosevelt did it in several steps. One of the most important aspects of the minimum wage policy was that in order to secure a Federal government contract—and this then was extended to states—you had to adhere to a minimum wage standard. Trade unions became a significant factor in lobbying for negotiation of this trade condition. That's fine; that's good. Because even the proposed minimum wage does not meet the standard required for creating a family in the United States.

You look around, and you can find a phenomenon like these large, super supermarkets, where you have people who are vastly overweight standing in one position because they have difficulty moving, and they're steering people to counters where merchandise may or may not exist. So, you have people employed in this kind of way, and they become a larger and larger component of the population, and this is a real

problem. The real problem here is, we have cut down the number of productive employment places in the United States as a percentile of the total labor force; that's where the problem lies.

But at the same time, you have to think of the cultural factor of the minimum wage in terms of what a minimum wage buys. And therefore, we have destroyed the ability to maintain a family. We have created problems among young people as a result of the decline of the standard of living in typical households across the United States. We have destroyed the orientation toward a future. So, therefore, yes, we have to do that.

Now, we have to have a sense of national economic security in terms of tariff and trade. National economic security is to ensure that in certain industries, you do have a tariff protection. We're going to have to go out there and bust up the whole operation, the entirety of this recent development, in terms of the globalized economy. It has to be busted up, otherwise, there is no economy for us; no economy for anyone else, either. So therefore, we're going back to protectionist system, which is a traditional American system. And as a matter of fact, the present agreements which the United States has entered into in international tariffs and trade, have been actually unconstitutional violations of the Preamble of the Constitution. And therefore, we find ourselves in a position where we regret very much that we have to announce our withdrawal from these agreements. And we are now entering into new agreements from that point on.

But the key thing flows from the top; we have to reorganize from the top. We must reorganize, first of all, the international monetary financial system, and it has to be reorganized on the basis of a relatively fixed exchange rate for the U.S. dollar, which will stabilize the world.

By the way, if we don't do that, if we do not make that change that I've just indicated, then the whole world is going to blow up very soon, and all these other questions will become irrelevant. So, it has to be done that way. There has to be a tariff and trade tradition, particularly in the garment and shoe industry.

For example, you get cheap garments today, but you can't get good ones. You can't even get a good set of underwear! For example, take an old man like me: You go out and you buy some undershorts, and being an old miser like me, you have some old undershorts you had from ten, twelve years ago, and you take your undershorts out of the drawer. And you look at the recent ones from Honduras, and ones you used to get from mills in the United States, by a very simple standard: What is the gauge of the thread and the gauge of the fabric which you're sitting on? And why are you getting blisters by typing?

Our problems of this nature, require a standard of quality of merchandise as this illustrates. You see, the poor guy down there in Honduras—who are a bunch of slaves—he's down there working like that because he's a slave, working

to make everything cheaper for the benefit of some shark up here, or the international markets. And therefore, in order to make the product cheaper, they take the gauge out of the fabric. And you say, "What am I sitting on, here? *Is there anything there?*"

How About a Freshman Caucus?

Freeman: That should not be taken as an argument in favor of going commando!

Let's see. "Mr. LaRouche, I'm a newcomer to Congress, but not to Washington. And in these opening days, the incoming class has been bombarded with explanations of what can and can not be done. But, the veteran legislators' view of what can and can not be done is precisely what has led to the perception of a do-nothing Congress. Now, individually, the truth is, that not a single one of us has a chance. In recognition of this, some of us have been discussing the idea of forming a Freshman Caucus, so that we actually could address certain issues with one voice, backed up by a significant number of votes. We have been told that this is a *very bad* idea. What do you think about something like this? We're not trying to be disruptive, but we are trying to figure out how we can be heard."

LaRouche: If anyone has studied in recent years, my policies on a young adult youth movement, they know exactly what I think about this. What you need, as I said before in answer to a previous question, is the vitality of ferment. The vitality of ferment is the younger generation saying to the older generation: "This place is kind of screwed up. Maybe you had something to do with that? Why don't you at least listen to and discuss some different ideas from a slightly different perspective? Why don't you—"

You know it's like a man walking down the street. He feels that he's all well-dressed, the front of him is nice, the tie and so forth, but the guy from behind says, "Boy what a wreck he is." So, the fellows coming up *behind* a certain generation, will often see things that the fellow who's looking at himself in the mirror frontally overlooks.

And therefore, this idea of, yes, a Freshman Caucus, is *not* really a controversial issue. It's a normal generational process that people who have gone through, who are the older generation, or have been habituated to think like the older generation, think in a certain way. This way has ruined us!

These guys may have ruined us in a sense, but they're patriots or at least a great number of them. And therefore, because they realize the system is coming down, because they realize that it doesn't work, and it hasn't worked, and it's not going to work if continued, they realize that they have to have a certain openness.

Now, look at what happened in the recent election campaign, particularly with our intervention in it, the youth intervention: Look at the result. And look at what we're doing in terms of the continuation based on the *bel canto* principle of choral singing, in terms of political organizing. We are mak-



EIRNS/Neil Martin

"We must have a policy for rebuilding this nation, and the world over the coming 50 years." Here, the LYM chorus in Washington, D.C. during the "week of action" preceding the webcast.

ing a revolutionary change in politics, and you see that the marginal contribution of that younger generation, with its increased role in the recent midterm elections, has determined the present change which has occurred in the Congress. The landslide character of the Democratic victory in the House of Representatives, is a reflection of the 18-35-year-old younger voter, the increased increment of that vote turning out against the present system.

So, therefore, you find that the freshmen Congressmen, who are new to that part of the system, are reflecting that as a group. This is the way the Democratic Party has come back into existence after a long slot sitting in a sort of suspended animation, and that's the way this country will go forward. You find the reflection of that as not simply the anti-Bush war and so forth from Republicans. The important thing you're seeing in the legislative process in the United States today, is a reflection of the fact that a new, younger generation has manifested itself as a force in politics, an increasing force in politics, has changed the mood and thinking among older generations of politicians.

So, that's the coming generation. The Democratic Party is now in the process of virtually regaining what it lost in 1968. And so, therefore, an older generation screwed this thing up, a new generation will fix it.

Behind the U.S. Policy Toward Somalia

Freeman: Lyn, there are more questions on some of these issues, from both members of Congress and from, a couple

from professional staffers whom we have been working with. I will get to those questions, but we are also being bombarded with questions on the situation right now in the Middle East and in Africa. I do want to take a couple of those questions, because there are so many of them, and they're coming both from the United States, and internationally, from young people and old people, as well—not old, just older. I don't want to get in trouble by saying somebody's old.

The questions actually cover two areas that are related. One is characterized by a question that was submitted from Mr. Abdulrazak Abdulrahman, who is in the audience here. He says, "Mr. LaRouche, what is the current Ethiopian administration doing in Somalia?" And the other questions are all asking you to please comment on the recent U.S. bombing in Somalia.

LaRouche: Well, the recent bombing in Somalia is a reflection of the extension of Cheney's intention behind the surge in Iraq and Cheney's intention to have a war against Iran. This is a long-term process, and it's all evil.

The policy on Africa, you can date from 1898 and British Lord Kitchener. That's the secret, if you look at Kitchener and at what British policy was after the victory in Sudan, then you'll see exactly the whole trend in the policy of today. This is an imperial policy you're dealing with. To understand this: Our enemy is the British government, or the Anglo-Dutch Liberal forces behind that government. Since 1763, since February 1763 to be specific, the intention of the British East India Company, which is now, essentially the core of what has been transmogrified as the current British Establishment, Anglo-Dutch Establishment, has been to create a world empire based on—not a copy of, but modelled on—the Venetian control of the Norman chivalry during the so-called medieval period.

That's the policy, that kind of empire. Not a Roman empire in the sense of ancient Rome or Byzantium as such, but something that is based on the same principle, but has a different form. That is where a consort of bankers, like a slime mold, different groups of bankers, who quarrel with each other, but also as a unit have certain common policies, certain parameters, who run private and other military forces, set up wars and other ways of controlling masses of people. And the intent of this crowd has been, since 1763, to establish a British Empire, which is actually an empire of the Anglo-Dutch Liberal circles, which would control the British and Dutch monarchies, and things like that. So now, Africa has been part of

that imperial policy. Two policies are part of that: One is, well apart from the enemy; the British have always been the enemies of the existence of the United States since 1763. But the policy has been, in respect to Africa and Eurasia, since Abraham Lincoln's victory over the British puppet called the Confederacy—the policy has been called geopolitics.

The British Empire came to power by orchestrating the Seven Years' War, leading into the 1763 Treaty of Paris. The British Empire perpetuated its power and increased it through its agent, Napoleon Bonaparte. Napoleon Bonaparte didn't know he was a British agent, but what he did in destroying Europe, continental Europe, with his wars on Europe, weakened Europe to the extent that the British Empire has controlled—with the exception of the Roosevelt Administration—world politics, in Europe especially since the assassination of President McKinley.

Now, Africa policy is a special policy which is part of that. The policy of the British toward Africa is that expressed by Henry Kissinger in 1974. His proposal, specifically on Africa, was: The African population is too large, it is consuming too much of its own natural resources, which *we want for our future*. We don't want Africans using that up. We do not wish to have the African populations increase; we wish to cause them to decrease. We do not want Africans to increase their productive powers of labor; we want to prevent them from developing independent productive powers of labor in their own territory, so they will not use up raw materials which we think *we own* for the future, by actually applying technological progress in that part of the world.

What we have now, which is also very ancient—we don't have a conflict with Iran, we don't have a conflict with this; that's all nonsense, that's all secondary. What the issue is, the way to destabilize the world, is by taking an area called Southwest Asia, which is the junction point of Africa and Asia, and the reference point for Europe and northern Asia, and destabilize that entire area. Look at it! Ever since there was documented European history, that cockpit around Southwest Asia, Egypt, etc. has been the determinant of imperial policy—before the Roman Empire, under the Roman Empire, during the Byzantine Empire, under the medieval *ultramontane* system, and under the British Anglo-Dutch Liberal system. So what's happening now is an attempt to disrupt and destabilize the region by causing a general conflagration extending all the way from Central Asia, through Iran, Transcaucasia, from Turkey, down into the area of Lake Victoria. And the whole area is an area of geostrategic intentions.

Now, this is not Cheney's policy; this is a British policy which Cheney works for as a dumb thug, working for his wife, who is not so "schmart," but a little more intellectual. And she's a fascist, and Cheney's the dog she has on a leash, which she sometimes unleashes. (She unleashed him in the bedroom at least twice.) This is what we are dealing with.

You have to deal not with a conflict like a comic book story conflict, or Hollywood scenario. What you have to do

is, look at the fact that we're dealing with human beings, and human beings are creatures of culture, of transmitted and developed culture, using the power of human beings to generate ideas, which no animal can develop. An animal is born and dies, and that's the end of that animal; it has no personality. A human being never dies, because when the body dies, the impact of ideas transmitted through them, or developed by them, continues to radiate in society. A human being is intrinsically and implicitly immortal, and what they represent as immortality is ideas, the domain of ideas, rather than the domain of flesh as such. Therefore, when you're looking at this from the standpoint of human conduct, of human behavior, of culture, you see that the conflicts of this planet are *cultural* conflicts.

As Henry Kissinger professes to be a Hobbesian, that bestial mental conception about man, Henry Kissinger is not a human being. He has denounced it and torn up his membership card in the human race with these kinds of policies. Anybody else who has a similar policy, has a similar thing. People who tear up their membership cards in the human race become what we call *evil*. It takes the form—a Biblical form in a sense—of a struggle between good and evil. And what you're looking at with Cheney, with that poor, brainwashed idiot President, or Liz-biz Cheney, what you're looking at is a struggle by the forces of evil. Not evil because they represent an empire of evil as such, but because they represent a cultural tendency within civilization whose characteristic is to do evil.

This is not normal; evil is not something natural in the human race. It's a question of a degeneration of human beings. Human beings are naturally good; they're born good. But conditions and culture can turn a good person into a degenerate—bad culture can do that. So, we're fighting that culture.

What you're seeing here, in this operation, is the force of evil. Take Ethiopia. Ethiopia had a war with Somalia. How did this happen? Well, Henry Kissinger did it. How did he do it? Going into the 1970s, before Kissinger really took a hand at this, Somalia had been supported by the Soviet Union, and Ethiopia had been supported by the U.S. and the Europeans. And the conflict was arranged.

Henry Kissinger *switched!* He switched back and forth: The Soviets were now on Ethiopia, and the United States moved in with Henry Kissinger on Somalia. A war between Somalia and Ethiopia was orchestrated. At the same time, a war between Eritrea and Ethiopia was orchestrated. A war to control the waters of the Nile, from Lake Victoria to the Mediterranean Sea, was orchestrated. An agreement was reached among nations—Ethiopia, Sudan, and Egypt—on water regulation. If you destabilize that area, as was done before, which is what is being done from the outside, then the water agreements are broken. Then, the British take the water from the Nile, which was going to Egypt, put it in a pipeline, a plastic pipeline, and deliver the water to Israel.

That's what's going on, and that's only part of the story, but that's the way to understand this. You have a force of evil,

habitual evil, which Henry Kissinger really merely reflects and typifies, which engages in these kinds of operations—not because they have a passionate cause which is endemic in certain governments, in certain nations. It's not that. Somebody plays them.

Look: The Seven Years' War in Europe, which made the British East India Company Empire, was played. The British supported Frederick of Prussia, Frederick the Great, against all the enemies of Prussia in Europe. And you had a Seven Years' War, regarding France, Russia, Austro-Hungary, and so forth, against Frederick the Great. The British gave him marginal financial support, so he could deploy an army, with his particular skill, to repel the attacks on Prussia. Once the British had achieved what they wanted, they shut off the assistance to Frederick the Great, and went back to other arrangements. As a result of this, Europe was so weakened, relative to British power, that the British have maintained power over Europe ever since that time.

They reinforced it by orchestrating the Napoleonic Wars. It was the British intelligence service which put Napoleon into power in France. He was nominally their enemy, but he fought the wars they wanted him to fight. He weakened all of Europe, to the point that from the Vienna Congress on, Europe is dominated to the present day (except for the intervention of the United States) by the Anglo-Dutch Liberals. This is the way these guys operate. Don't think in the childish terms, the comic book terms of history, of thinking that because so-and-so hates so-and-so, that's why the war starts. The war starts because, usually, somebody is orchestrating a war among people, but a third party is orchestrating that war, and usually it's an imperial force. Like globalization, like what happened in 9/11—that's the way things happen.

Iraq War: Emergency Action Is Necessary!

Freeman: Lyn, this is a question from a veteran Democrat in the United States Senate. He says: "It is clear from Bush's remarks last night that he believes he has the authority as Commander-in-Chief, to order a massive increase in the number of U.S. troops deployed to Iraq. Senator Kennedy challenged this idea before the fact, in what I thought were eloquent remarks delivered on Tuesday, in which he announced that we have now introduced legislation into both Houses of Congress, to stop this suicidal escalation. At the same time, Senator Biden has opened what he said would be four weeks of hearings on the Administration's Iraq policy.

"However, within hours of Bush's address, U.S. troops conducted a raid on an Iranian consulate, in one of the Kurdish areas, and took a number of Iranians into custody. When we have an Administration that is prepared to trample on all accepted diplomatic norms and agreements, do we really have the time to conduct four weeks of hearings, or is emergency action necessary?"

LaRouche: Emergency action is absolutely necessary, otherwise, everything else is a waste of time. What you have

is, an Administration which is acting as a dictatorship, just like Adolf Hitler. The forces behind this Administration are the same interests which are represented by Adolf Hitler, for whom he worked. Only, after punishing the people who had worn uniforms of the Nazi service, we protected those at a discreet interval, and we restored to power those who had been behind Hitler in the United States, and in Europe, and in Germany itself. The interests which did that, which created the Hitler dictatorship, against which Roosevelt mustered a defeat, those forces still exist today as a social force, as a social continuity. They have similar aims today to those which the British and the Bank of England and Company had, and some people like Averell Harriman and Company had in New York.

Those people were behind Hitler. Many of them had been, like Churchill, behind Mussolini, and Churchill was backing Mussolini until 1939. And you had magazines like *Liberty*, and so forth, which had some of these featured articles by people on that. And it was a fact. And I had a friend of mine who was serving up in that area as the chief of OSS [Office of Strategic Services] in Italy on the ground, and he was chasing Mussolini, who was headed toward the border for a meeting with Churchill. Churchill was scared stiff, because Mussolini was going to try to blackmail Churchill, to "improve," shall we say, Mussolini's conditions in life.

So, somebody killed Mussolini, and the papers he was carrying with him disappeared until later, somewhat diminished in number and magnitude; and Mussolini's and his girlfriend's bodies were found hanging upside down at a gas station. And my friend, who had been chasing him with a .45 on his hip, knew that this was a big hoax. But those forces, which were behind Hitler and Mussolini and so forth, the forces which were behind the Liberty League here in the United States, and similar kinds of people—*these guys wanted Hitler*. Not because they loved him, but they wished to *use* him, like toilet paper, which they threw away afterwards—and they got new toilet paper, some of which is named Cheney, and some of it's named Bush.

The Biggest Terrorist Threat Is Cheney

Freeman: And that should not be taken as an excuse not to use toilet paper. Lyn we have a couple of more questions on this topic, and then we're going to come back to these questions of economy.

This is a question from a freshman member in the House of Representatives. "Mr. LaRouche, as a prelude to President Bush's speech, and I think not accidentally as such, the U.S. used massive force, supposedly in pursuit of three alleged al-Qaeda terrorists in Somalia. Last night, it seems we did something similar in a raid against an Iranian consulate. It seems that these days, absolutely anything is permissible in pursuit of al-Qaeda. Will you please give me your assessment of the actual terrorist threat that the U.S. faces, and the best way of addressing it?"



Afghan anti-Soviet guerrillas. Al-Qaeda was created, essentially, under the direction of then-Vice President George H.W. Bush, and Jimmy Goldsmith, an agent of the British, LaRouche said, "to launch asymmetric warfare in Afghanistan against the Soviet Union as a monkey trap. . . . So, al-Qaeda was a throwaway for somebody to use as a distraction and cover-up for actual authorship of what became known as 9/11."

LaRouche: Well, the biggest terrorist threat we have right now, is Vice President Cheney. It's a fact. Now, as to al-Qaeda: Al-Qaeda was created, essentially, under the direction of then-Vice President George H.W. Bush, the father of the present incumbent, and Jimmy Goldsmith. What happened is, Brzezinski was the one who started this war in Afghanistan to hit the flank of the Soviet Union, in repayment for what had been done in Indochina, where the Soviet government, when the United States had started the war in Indochina, had assisted the Vietnamese in designing strategies of irregular warfare, or asymmetric warfare. So therefore, the United States decided to return the favor by launching asymmetric warfare in Afghanistan against the Soviet Union as a trap, as a monkey trap for the Soviet Union.

Now, in this process, the United States and Britain, as typified by the cases of Jimmy Goldsmith as an agent for Britain, and George H.W. as the Vice President of the United States, were involved in what was called the Iran/Contra operation. So the Iran/Contra operation, as associated with George H.W. Bush, was involved in running terrorist operations against the Soviet forces in Afghanistan. They relied on cooperation with certain Saudi families, and others, to recruit a certain type of Islamic believer, to become a fanatic fighter against the devil of Soviet ideology in Afghanistan. Among these, was a member of a family, the bin Laden family, which is very close personally to the Bush family. The person who was involved most prominently was Osama bin Laden.

Osama bin Laden created a terrorist organization, which was deployed by the Anglo-American forces in Afghanistan against the Soviet forces. After the war had concluded, and the fall of [Berlin] Wall and so forth, this al-Qaeda organization still existed, and the bin Laden family maintained very close relationships, to the most recent time, with the Bush family in Texas.

So, al-Qaeda was a throwaway for somebody to use as a distraction and cover-up for actual authorship of what became known as 9/11. This was a coup d'état intended against the United States. At the time I knew *something like that* was intended. As I said before the inauguration of President George W. Bush, in January of 2001: On the basis of the indications of the incompetence of the Bush Administration coming in, and the fact that we had already gone into a new phase of a general financial crisis with the collapse of the Y2K bubble in the course of 2000, I said that George W. Bush would be incapable, with his policy orientation, of dealing efficiently and competently with that issue. And therefore,

we must expect that, somewhere in the woodwork, someone would do what Hermann Göring had done to make Hitler a dictator, by setting fire to the Reichstag in 1933.

So, what happened was, we were looking for a Reichstag-like event. We had one which was staged out of the Italian protest against globalization, which was a terrorist-type event where Bush himself was threatened, and we then were looking at a prospective October security problem for Washington, D.C., which was being staged largely in Northern Virginia and other areas. So, we were monitoring that, and we knew that something was up.

So, on Sept. 11, of that year, before what we were looking at as the potential of a Washington, D.C. terrorist event, 9/11 happened. And since the United States and others, and the British had assets which were terrorist assets from the operations in Afghanistan during the 1980s, there was no shortage of talent to decorate the environment to attribute this thing to an Islamic target. The Islamic target comes from Samuel P. Huntington, who is a Kissinger associate, from their time in Boston under William Yandell Elliott, who is a British agent, who trained a whole group of British agents, including Henry Kissinger, at Harvard University's School of Government, and so you have that kind of situation.

This is the kind of problem we face. Now, we're looking at the use of what are methods of asymmetric warfare in place of, or in supplement of, actual acts of conventional warfare.

That is, you start an asymmetric war, the way Hitler started the Polish event, which led to the beginning of official World War II. You stage an act of asymmetric warfare as a provocation to create an issue which then becomes a pretext for general warfare.

So, that's what they've done always since. Osama bin Laden has never been taken. There's never been a serious attempt to take him, despite bombing of all holes in sight. Osama bin Laden has never shown up. We wonder if he's at a place called the Crawford Ranch?—one place that has not yet been bombed! (Even by a certain lady who is terrifying George.) So what you're dealing with is what would be considered diplomatically as criminal acts such as this Iran consulate event, on the pretext of al-Qaeda, which is an operation created under the co-patronage of George H.W. Bush in this area. What you have is someone playing games! They're trying to incite the situation, through asymmetric conflict, which leads to the launching of an aerial bombardment, using nuclear weapons, in Iran. At the point that that occurs, which is what the meaning of the "surge" is in Baghdad—the surge in Baghdad is a flanking operation to support something in Iran, a bombing of Iran. That's what it is! The President probably doesn't know that, but there's many things the President doesn't know. Probably where his shoes are, eh?

We must not overestimate the intelligence of George W. Bush. If you wanted to destroy the United States, the first thing you would do from London is make George W. Bush the President and Cheney the Vice President. That's happened, hasn't it? The United States has never been so discredited, so low in its diplomatic influence, its credibility, its influence on world affairs, as now, as a result of the administration of George W. Bush and the actions of Cheney. The United States is being destroyed from within, by the installation of these clowns and their supporters inside our institutions of government, and people in the Congress ought to understand that. These bums have to be put out, because they're worse than traitors.

Tax the Richest, and the Speculators

Freeman: You know, in all the years I've been associated with you, you've put on the table a number of things that were incredible challenges, but probably the biggest challenge that I think Lyn has ever put before us, was what he just said, which is to not overestimate the intelligence of George Bush.

Lyn, I think this is a question that the questioner probably knows the answer to, but I think she wants you to be on record as saying it. This is from a senior staffer on the House side, and a good friend. She says, "Lyn, I'm sure you know, we have a \$9 trillion overall deficit, and there is no question that Bush's tax cut exacerbated that problem greatly. I'd like you to just address for a moment what you think can and should be done, vis-à-vis our tax policy to deal with the situation."

LaRouche: Well, first of all, the upper income brackets of the population should finally take their fair share of the

burden. Also, there should be a heavy tax, accompanied by criminal measures, against speculation of the type of hedge funds. The world is being destroyed by this kind of financial speculation, which is contrary to the intent of our Constitution. U.S. banks are involved with that. The U.S. banks have put the United States dollar into jeopardy through their hedge fund operations internationally. As a result of hedge fund operations conducted by these banks, condoned by the U.S. government presently, every major U.S. bank in the United States is currently, in fact, bankrupt. There's not a solid major bank in the United States tonight. That's why I think Bob Rubin would agree with me—he doesn't like to say it, but he would agree in effect—I say, put the entire Federal Reserve System in receivership.

Now, what has happened by these hedge funds and similar kinds of operations of financial derivatives, with the housing bubble, the Y2K bubble, all these other bubbles: The United States dollar has incurred a debt beyond belief. There is no possible way of scheduling the amount of outstanding claims against the financial system in the world today. None. Therefore, much of this debt must be cancelled. Therefore, it should be the finding of the Congress, that this practice of allowing the hedge fund and related financial derivative operations introduced heavily under former head of the Federal Reserve System, Alan Greenspan, that this practice was wrong and should be considered, because of its effect, as criminal by effect and also by intent.

Therefore, what do you do in a case like this? You pass two laws which are the same thing, or two sets of laws. One, you ban it. Two, such activity becomes now a subject of criminal law. In other words, it's like raping children. It's a crime. Stop it! This is raping nations, raping people, raping the banking system. This is a crime. Stop it!

And that's, essentially, the way you have to look at it. The U.S. dollar is our asset. It's a U.S. government asset under our Constitution. Someone who tampers with the dollar, who counterfeits the dollar, should be a Treasury Department target for enforcement. Now, who is the biggest counterfeiter in recent history? Well, one candidate is Alan Greenspan! Look what he did! Look what he did! He created the housing bubble. How did he do that? Mortgage-based securities! Using his flood of phony money through Fannie Mae and other institutions. How was the whole operation run during the 1990s to the present time? By him! Since 1987, by him, Greenspan. The whole system was rotted out by this use of financial derivatives, by him, and speculative instruments.

Take the case of Loudoun County, Virginia, an area with which I have some familiarity. This area is hopelessly bankrupt. The county was sucked into being stupid by some of the residents, who prevailed. What they did was they promoted a housing bubble expansion in a bedroom community called Loudoun County, without infrastructure. You have fancy housing in the million-dollar class, and you've got sewage coming up through the lawn, which means that the county



EIRNS/Stuart Lewis

In answer to a question on the budget deficit, LaRouche responded that “first of all, the upper income brackets of the population should finally take their fair share of the burden” and that speculation had to be taxed. The housing bubble in areas like Loudoun County, Virginia, where this McMansion is located, has the potential to create chaos in the country.

planning ain’t so good! Because there are no sewage systems. You have some Irish moss or something or other, which helps the sewage get to the grounds more quickly.

Now, what’s happened is that Loudoun County is the most vulnerable target, in terms of scale, in the nation, of a complete blowout of the mortgage housing bubble. If this goes down, what happens to the country? First of all, you have a lot of housing of people who are in debt, housing they occupy, where they have less than zero equity in the home. As the price of housing value on the market declines, and as the accumulated unsold housing for sale rises, you reach a point where there’ll be a general blowout of the housing bubble, including the particular Loudoun County center. What happens then to expenses of maintaining the government functions of Loudoun County, under those circumstances? The county itself goes bankrupt, and you have potential chaos in the county, insoluble chaos under present regulations.

Therefore, findings of this kind of fact, as in California, and elsewhere, the same kind of thing. And also in London. It’s a worse thing in the London area, a terrible situation in Spain, and so forth and so on. So, therefore, here we have a pestilence which is a threat to life and well being, generally, of humanity, called hedge funds and related financial derivatives. *This* should be banned. Certainly, we banned opium traffic, cocaine traffic. This should be banned. It’s criminal traffic. It’s a drug traffic of this form! Therefore, we ban it, we confiscate the illegal assets, and we tax it, all at the same time, just as we have taxes on criminal income. We put ’em in jail, and we tax ’em at the same time. It’s a double penalty.

So that’s the way you have to approach this kind of thing, if you want to be serious, because we’re never going to pay those debts, never! We never could. Try to pay them, you’ll collapse the system. So, you can never pay the existing outstanding debts, largely denominated in dollars. The only thing you can do is disavow them.

Educating Congress—With Kepler

Freeman: That’s what I keep telling my creditors. They’re not friendly to the idea, though. Lyn, this is a question that was submitted by Heather, who is one of the leaders of the LYM here in D.C., and I think it’s a useful question to have addressed. She says, “Lyn, in your recent paper, you outlined clearly the type of curriculum which some professional staff and members of Congress have to take up, in order to think more clearly about the long-term cycles of economics. The LYM, spearheaded by the animation crews, are slowly but surely working toward understanding the basis of modern science and Classical modes of communication. This, I believe, can be seen in the qualitative improvements in our deployments overall. What my worry is, is that

these people need to take your scientific core curriculum more seriously, if they wish to make real economic policy for the future of this country and the world. So, we’re thinking about how to integrate this teaching into the Congress itself, and I was wondering if you had any advice on how we might approach this question.”

LaRouche: Yes, sure. This is what I’m interested in. I’m interested, of course, very much in the progress of certain projects. Now, for the next two or three weeks, we’ll be having a report on the second series of Kepler’s discoveries. The first one was on the discovery of gravitation and the inner planet relationship, the subject of his book *The New Astronomy*. The second one is on his *World Harmonies*, which is the organization of the Solar System from the same standpoint, and what they’ve been doing, of course, is going through each part. . . .

You see, as I’ve said a number of times, the peculiar thing about Kepler is he’s actually the founder of the application of modern physical science, and for years most people in universities have known nothing about Kepler. Therefore, many people who consider themselves scientists are actually incompetent in astrophysics and other related things, for just that reason. The peculiarity of Kepler, apart from the originality of his work, as Albert Einstein emphasized later, is that, in his writings, he takes the reader through every step and definition and data of the problem. So the reader has to go through the experience and make the discovery himself or herself, contrary to what you get from learning the formula, with a little fast pitch, in a university today.

Now, this then leads to a mind which, with the help of going back to the Pythagoreans and Plato and the method of *sphaerics*, is capable of understanding the fundamental principle of scientific work, fundamental scientific work, leaving aside a lot of things which are very important, but let's get the mainstream first. Eh? So, you get to the mainstream, then you go through the work of Gauss, which in respect to astronomy and other things, is based on Kepler and Leibniz, and then you go from Gauss to Riemann's conception of dynamics, and if you don't understand Riemannian physical dynamics, you don't understand anything really, functionally, about how an economy actually works.

So therefore, what we're getting so far is, that the young people, the LYM people who are working on these projects, are producing at the end of each cycle of the project, a report, a presentation back to others, and various kinds of discussions as well. They are also, in a sense, spreading a capability throughout the ranks of the LYM, a capability of dealing with the concept of science in a way which is superior to the presentation of science in aspects of universities today.

So therefore, this is immediately replicable for application to questions of economy from a physical-economic standpoint today. So yes, that's what must be done. Exactly. And you find some people in the Congress, either staff members or others and so forth, who would like to participate in the reports that we generate from these sessions. Make those available to them, and get some kind of clinical process of discussion with various people in the Congress, to strengthen the staff capability of the relevant Congressmen. If you get a number of Congressmen who increase their capability through the improvement of their staffs' capability—huh!—you get a nice benefit. I think that's the way to go.

The Pursuit of Happiness, and Legislation

Freeman: The last question that I'm going to ask, Lyn, is a question that's been asked both by a new member of the House and also by a LYM member. And I'll read each of them, because they're both the same question, just addressed in slightly different ways, and I'll let Lyn answer it. What I won't ask Lyn, but I think he will answer at some other time, in some other place, is the one topic outside of Iraq and the economy, that we have gotten more questions on from the United States and from Europe, but gratefully from only two people on Capitol Hill, a question regarding Al Gore's movie "An Inconvenient Truth." I don't want to take up the time here, even though it would give Lyn a lot of good comic material. I think one inconvenient truth from Mr. Gore is that he's not any better at making movies than he is at politics.

Here's the question that was submitted by a freshman in Congress, and then I'll read you the LYM question: "Mr. LaRouche, when Bob Rubin came to talk to us, the first thing that he said was that he wasn't licensed to practice politics, but I get the sense that you are. There are some very complex and technical issues that clearly we have to address with legis-

lation, but the fact is that very few Americans are interested in or follow Congress's legislative agenda. My own view is that nevertheless, we owe it to our constituents to find a way to educate them on the details, without boring them to death, and I'm not sure exactly how to do that."

Now, a related question came in from Betiana González, who's here from the Argentine LaRouche Youth Movement, and we'd like to welcome her. Her question addresses the same issue, I just think she does it more eloquently. She says, "Lyn, the subject of my question is the pursuit of happiness, in terms of the general welfare, and how to actually organize the population with ideas and with beauty, instead of just bombarding them with mere information."

LaRouche: Well, let's go to the happiness first. The pursuit of happiness is the same thing, in a sense, a concept which was presented by Gottfried Leibniz, as featured in his *New Essays on Human Understanding*, a rebuttal of John Locke. And in this, in contrast to the utilitarian, vulgar attitude of Locke, Leibniz signified that, essentially, happiness lies in the immortality of the individual soul. That, are you doing something with the mortal life you have, which you are persuaded is going to be of merit for the benefit of coming generations? If so, and if you die in the effort to do that, then you have happiness.

One of the best examples of that is the case of a student, a famous student of Abraham Kästner, the famous mathematician and also an expert on areas of culture, Gotthold Lessing, of the famous Mendelssohn-Lessing alliance which launched the great Classical renaissance at the end of the 18th Century. Lessing led a life which was inherently very bitter, in terms of the circumstances. After years of trying to get married to his wife, she died very quickly after that, and so forth, and yet he maintained a positive attitude about life, no matter what he went through. His dramas are especially notable for that particular quality.

That is happiness: to be able to face death with a smile on your face, because you've made a contribution to the future of humanity, which affirms you as a human being, as opposed to a mere mortal animal. That's the issue.

The problem has been, the introduction of existentialism—which of course is all throughout Ibero-America, as well as in the United States. Existentialism, the idea of what this Nazi Martin Heidegger called "thrownness," that you are a thing thrown in a jungle called society, and you interact as jungle creatures against each other. The ideas of Horkheimer, or Hannah Arendt, and people like that, express this. So the idea that you are *not* a person in a human jungle, as the fascists think, as the Nazis think: You are a person in society, playing a role as an immortal intellect in the future of humanity, and your goal is not what you get in your pocket, not your essential satisfaction. Your goal is to live a life, which at the end, you can smile and say, the future of what I've done seems to be virtually assured to someone who comes after me.

This is what is lacking in the Baby-Boomer generation,



Library of Congress
Gotthold Lessing (1729-1781)



Gottfried Leibniz (1646-1716)



Martin Heidegger (1889-1976)

The pursuit of happiness, as elaborated by Leibniz and embodied in the U.S. Constitution, denotes that happiness lies in the immortality of the individual soul. Lessing and Moses Mendelssohn embodied this in their Classical renaissance at the end of the 18th Century. But existentialism, exemplified by the ideas of Nazi Martin Heidegger, places man in a human jungle.

especially the upper 20% of family income brackets in the United States today. This is what the Baby-Boomer problem is. And it comes out as they get older. Because if you are an existentialist by inclination, in this sense, as you become older, you become bitter, you become mean, you become resentful against everything. You want your way! "It's my life, I'm going to die! Who cares about you? It's not your time, it's my time! I want what I got coming to me *now*!" And that's the Baby Boomer.

So therefore, you're facing a Baby-Boomer-dominated culture which has been infiltrated by the influence of existentialist doctrine, as in the case of Argentina or Brazil and so forth. You find this in Mexico. You find existentialism all over the place, in art, and so forth. That's where the problem lies. And the motivation on which society is built is by the dedication of the individual and the existing generation to the future of mankind. This used to be expressed as: Immigrants to the United States would come here, live under difficult circumstances, work under difficult circumstances, and look forward to the future of their grandchildren. They came in as immigrant labor. Their grandchildren became the physicians, the scientists, and so forth of the United States,

The way to set the agenda, is to not just fight against what is going on now under Nancy Pelosi's leadership, in terms of their special agenda, which can become a trap, because it seems good, but it leads nowhere. The fundamental issue of determining the future of the existence of the nation is not discussed. So therefore, what do you have to do? You have a parallel track. Let that track go on. Let them discuss this. Fine, all of these are all interesting issues to discuss. Let them

discuss them and vote them up or down. But let us, at the same time, make sure that we don't lose track of the vital issue: Is this nation, is this civilization, going to survive? That's the question! That's the fundamental question. Once you understand what you mean by that, and understand what you mean by a solution to that challenge, now you can legislate. If you haven't faced that question first, you don't have a yardstick to measure what the true results should be. And that's the point.

So therefore, what we do is, let's not fuss with these guys who insist on going with a small-minded agenda of point by point. Don't fuss with them. What we do is take the people who reveal themselves to be real leaders, by the fact that they can go to the higher level of the agenda. What are the issues? What is the legislation which should determine the future existence of this nation, and its role in the world? Start from that. Now, look at every one of the issues that come up, from *that* standpoint, and you will probably get it pretty nearly right.

Freeman: Well, we've accomplished bringing in the New Politics, and now we've got quite a job on our hands bringing in the New Economics. But I think that, if you take the quality of the discussion that has been presented here today, it's clear that we have the best shot that we could possibly hope for, in doing that. The LYM has been extremely effective this week, and I'm sure that they will continue to be extremely effective as this week progresses, and even as they go back to the various areas that they came here from.

I'd like to thank all of you. You've been a very good audience.

Democrats Throw Down the Gauntlet on Bush's 'Surge'

by William Jones

Anticipating President Bush's psychotic babbling to the nation on Jan. 10, Congressional Democrats decided to throw down the gauntlet to the Bush Administration, showing clearly that they are prepared to wield the independent power of the Legislative branch to stop the mad rush to war.

When the Senate Democrats held their retreat on Jan. 5, senior party leaders Bill Clinton and George Mitchell attended, and emphasized the need for the Democrats to take the offensive and set the agenda, rather than react to the White House. The result was Massachusetts Sen. Edward Kennedy's hard-hitting speech on Jan. 9 at the National Press Club—a preemptive attack on Bush's anticipated "surge" proposal, on the eve of the President's address to the nation. As expected, Bush called for an additional 21,500 troops to be deployed in Iraq; not expected, was Bush's virtual declaration of war against Iran and Syria.

Kennedy should be seen essentially as a point-man for a Democratic strategy that includes a mobilization for a non-partisan resolution opposing the surge, which is now broadly identified by members of Congress and others, as a spearhead for war against Iran. Senators on both sides of the aisle are also loudly warning against an impending strike on Iran, and indicating that it would be a trigger for impeachment. Whether the Democrats are prepared to take the follow-up steps, toward impeachment, which White House intransigence demands, is still a wide-open question.

Kennedy Takes the Point

In his Press Club address, Kennedy announced that he was putting forward legislation which would require the President to come to Congress before increasing the number of troops in Iraq. "Our bill will say that no additional troops can

be sent and no additional dollars can be spent on such an escalation, unless and until Congress approves the President's plan," Kennedy said.

The measure is a clear attempt to reassert some Congressional authority over the Iraq War. While the Founding Fathers gave to Congress the awesome responsibility to declare war, no military conflict since World War II, not even the decade-long war in Vietnam, has been a declared war. Congress's only effective means of influencing the shaping of war, therefore, resides in its power of the purse, its constitutional responsibility to authorize and to appropriate the funds necessary to conduct a war. And many voices have been raised calling for cutting off funding in order to stop the conflict. Those who have done so have been accused of depriving the troops of needed body armor and equipment, but the fact is that such accusations are merely "smoke and mirrors," aimed at confusing the public and striking fear into the hearts of legislators who are even contemplating the use of the funding power to stop a war that should have never been fought in the first place.

Kennedy rejected the bogus arguments: "Our proposal is a straightforward exercise of the power granted to Congress by Article I, Section 8 of the Constitution. There can be no doubt that the Constitution gives Congress the authority to decide whether to fund military action. And Congress can demand a justification from the President for such action before it appropriates the funds to carry it out," Kennedy said. (See box for precedents.) However, he added, "No troops will be placed in harm's way by depriving them of the protection they need, but any 'escalation,' will require the President to justify his policy before Congress before funds will be spent on it."

Kennedy was asked during the question-and-answer period why he was not working through the appropriations process to cut off the funds through amendments to the appropriations legislation. Kennedy said that, with the urgency of the crisis and the slow pace of the appropriations process, "The horse will be out of the barn before we get there." "By that time the troops will already be sent there," he added. "We have to take action now before we reach that point."

George Bush's 'Vietnam'

Kennedy also drew the obvious analogy with Vietnam. At one point, he referred to comments made by what he called a "high-ranking American official. "It became clear that if we were prepared to stay the course, we could help to lay the cornerstone for a diverse and independent Asia," the official had said. "If we faltered, the forces of chaos would scent victory and decades of strife and aggression would stretch endlessly before us. The choice was clear. We would stay the course. And we shall stay the course." And again, "The big problem is to get territory and to keep it," Kennedy quoted the official as saying. "You can get it today and it will be gone next week. That is the problem. You have to have enough people to clear it and enough people to preserve what you have done." Then, to the surprise of the audience, Kennedy revealed the source of the quotes. "That is not President Bush on the need for more forces in Iraq," he said. "It is President Johnson in 1966, as he doubled our military presence in Vietnam."

Kennedy returned several times to the image of Vietnam. "Those comparisons from history resonate painfully in today's debate on Iraq," Kennedy said. "In Vietnam, the White House grew increasingly obsessed with victory, and increasingly divorced from the will of the people and any rational policy. The Department of Defense kept assuring us that each new escalation in Vietnam would be the last. Instead, each one led only to the next. . . .

"There was no military solution to that war. But we kept trying to find one anyway. In the end, 58,000 Americans died in the search for it. Echoes of that disaster are all around us today. Iraq is George Bush's Vietnam," Kennedy said.

During the Vietnam War, Congress had also been totally frustrated by its inability to effect military operations short of cutting military spending and leaving U.S. troops in a precarious situation. In the aftermath of that war, Congress therefore passed, over the veto of President Nixon, the War Powers Resolution. This allowed the President to introduce U.S. military forces into hostilities or imminent hostilities *only* under conditions of a) a declaration of war; b) with specific statutory, i.e. Congressional, authorization; or c) in "a national emergency created by attack upon the United States, its territories or possessions, or its armed forces." The proponents justified the resolution under the "Necessary and Proper" clause of the Constitution which provides that, "Congress shall have the power to make all laws necessary and proper for carrying into

execution, not only its own powers but also all other powers vested by the Constitution in the Government of the United States." Congress had the power to appropriate funds. They ought, therefore, have some say in how these funds were spent.

The War Powers Resolution called for "consultation" with Congress by the President before taking the country to war. Democratic Senate Leader Harry Reid referred to the total lack of such "consultation" after a meeting with President Bush on the day Bush was to give his Oval Office speech to the nation. "We have not been called here to be consulted," Reid said, but "only to be informed of what the President has already decided."

Precedents for Congressional Action

In support of his resolution, Senator Kennedy provided supplemental material on his website on the precedents for Congress, over the past several decades, exercising its "constitutional authority to limit the President's ability to escalate existing military engagements by capping the number of American military personnel available for deployment and by refusing to release appropriate funds." We summarize a number of instances:

- In the Foreign Assistance Act of 1974, enacted during the Vietnam War, Congress limited the number of American military personnel in South Vietnam to 4,000 within six months and 3,000 within a year of the Act's enactment.
- The Lebanon Emergency Assistance Act of 1983, P.L. 98-43, required the President to "obtain statutory authorization from the Congress" before any substantial expansion in the number of U.S. forces in Lebanon.
- Congress authorized the use of U.S. Armed Forces in Somalia in the Department of Defense Appropriations Act of 1994, P.L. 103-139, but set a deadline after which appropriated funds could no longer be used to pay for their involvement.
- The National Defense Authorization Act for Fiscal Year 1998, provided that no funds appropriated for fiscal year 1998 or any subsequent year could be used for the deployment of any U.S. ground combat forces in Bosnia and Herzegovina after a specified cutoff date unless the President first consulted with Congress and then certified to Congress that certain conditions existed in the field.

LYM Stiffens Democratic Spines

The new feistiness among Democratic Congressmen is not solely due to the overwhelming mandate given them by the American people in November. Still unaccustomed to holding the reins of power, the Democrats exhibited clear signs of treading on thin ice in their first days at the helm. The mobilization of the LaRouche Youth Movement in Washington, which has established a veritable hegemony on the streets of the nation's capital, has served to give Democratic Congressmen the guts to stand up to a mentally ill President. There is literally not a soul who has attended any of the innumerable events arranged by the incoming Democratic Majority in Congress since it took over on Jan. 4, who has not run into the LYM at least once, probably several times, and heard their clarion call for the immediate impeachment of Cheney and Bush.

In 1995, Senator Kennedy had warned Democrats that they should stand for their traditional values, and not pretend to be a second Republican Party. In his comments at the National Press Club on Jan. 9, Kennedy reiterated that message: "We campaigned as Democrats in 2006. And we must govern as Democrats in 2007," Kennedy said. Asked what that meant, Kennedy said, "It means we put the agenda of the American people front and center."

Both the House and Senate will be voting initially on rather symbolic and non-binding resolutions opposing the President's "surge" policy. They will not be as muscular as the resolution proposed by Sen. Kennedy, but the Democratic leadership hopes to get enough votes from Republicans to clearly show that there is a significant majority in both the House and the Senate opposed to the planned escalation.

During the week before the President's address, many on the Republican side were jumping ship, including Senators Sam Brownback (Kan.), Gordon Smith (Ore.), and Norm Coleman (Minn.), who said they were opposed to any "surge." This adds to the dissenting voices of Republican Senators Chuck Hagel (Neb.) and George Voinovich (Ohio). The vote on this resolution will clearly indicate that the shift in the mood of the population also has resulted in a shift in the mood of Congress. (See article on Senate hearing.)

Since a non-binding resolution will not, however, deter the Cheney-Bush plunge into Hell, further steps must immediately follow. The Kennedy resolution will also be brought to the floor for a vote. While the current media "hype" is giving the Kennedy resolution short shrift, the media has proven itself to be well behind the curve in understanding the reality of the "New Politics" that were initiated with the last election, which effectively changed the rules by which Washington works.

While many Congressman might prefer to "posture" on the subject by voting on a resolution that has no teeth, President Bush is moving forward to send thousands more American soldiers into the cauldron of the Iraq civil war. As more and more American soldiers come back in bodybags and as

the American people begin to vent their pent-up anger over this blatant rejection by the President of the clear message sent by the American people in November, Democrats—and Republicans—will be forced to move in the direction indicated by Kennedy and use the power vested in the Congress by the Constitution to stop the Cheney-Bush war plans.

Similarly in the House, Speaker Nancy Pelosi (D-Calif.) has clearly indicated that there will also be action taken of a more muscular variety to stop the push toward escalating the war in Iraq. In comments to the Center for Strategic and International Studies on Jan. 8, Rep. Ike Skelton (D-Mo.), the chairman of the House Armed Services Committee, indicated that he might also seek "limitation language" on the Defense Appropriations bill which would restrict the President from using the funds for a major escalation of the war. Speaker Pelosi has indicated that she will appoint Rep. John Murtha (D-Pa.), to head the Defense Appropriations subcommittee of the Armed Services Committee, which will primarily have responsibility for the appropriations bill. Murtha has indicated that he intends to act to prevent the funding from leading to an escalation of the war in Iraq. This former Marine veteran was largely responsible for sparking the debate prior to the 2006 elections in a somewhat cowed Democratic caucus, calling for a withdrawal of U.S. troops from a situation that had devolved into civil war.

While the present debate has been primarily focussed on the issue of stopping the war, members have also been made conscious of the fact, by the deployments of the LaRouche Youth Movement, that there is also another, more comprehensive, arrow in the quiver of the U.S. Congress, and that is the power of impeachment. Few would contest that the gravity of the abuses committed by Cheney and Bush in taking the country to war based on false premises, attains the level of "high crimes and misdemeanors." The relatively trivial pretext which brought the Republican House to call for the impeachment of President Bill Clinton pales in comparison to the incredible damage done to the national interest of the United States by Cheney and Bush. Given the total contempt that the Administration has shown for the expressed will of the American people, and its clear intent to expand the Iraq War against Iran, the impeachment weapon remains the most powerful tool in the Congressional armory to deal with a palpably insane Administration.

In that light, Democratic legislators should bear in mind an important point made by Senator Kennedy at the conclusion of his Press Club address, as they contemplate action on this all-important issue in the days and weeks to come. "We have the solemn obligation now to show the American people that we heard their voices," he said. "We will stand with them in meeting the extraordinary challenges of our day not with pale actions, timid gestures, and empty rhetoric, but with bold vision, clear action, and high ideals that match the hopes and dreams of the American people. That is our duty as Democrats and as Americans on the war in Iraq."

Senate Dems, GOP Throw Down Gauntlet to Rice

Probably not since Vietnam has an Administration been as isolated as the Bush-Cheney Administration is today, judging by the responses of the Senate Foreign Relations Committee on Jan. 11 to an appearance by Secretary of State Condoleezza Rice, who had come to defend President Bush's "surge" plan.

"Today marks the bipartisan end of the rubber-stamp Senate," said Sen. Barbara Boxer (D-Calif.). And indeed, there was very strong convergence between the questioning of Rice by Democratic or Republican Senators.

Especially significant was the open recognition that the Administration intends to escalate not only within Iraq, but to extend the war throughout the region—particularly into Iran and Syria. Even more important, was the fact that committee chair Joseph Biden (D-Del.) and Chuck Hagel (R-Neb.) explicitly warned the Administration that it does not have the authority to attack Iran, with Biden declaring that any move against Iran will trigger a "constitutional confrontation."

Leading off for the Republicans, Ranking Member Richard Lugar (Ind.) outlined his view of broadened regional diplomacy and a regional dialogue, which Cheney-Bush adamantly oppose. Lugar also sharply questioned Rice about a David Brooks column, which reported that the Maliki Plan is to have U.S. troops on the periphery of Baghdad to fight the Sunnis, while Shi'ites and Kurds take charge of (i.e., ethnically cleanse) Baghdad itself.

"This is an escalation," charged Hagel, "and I don't agree with that escalation." The Senator asked Rice if we will cross the border into Syria and Iran; when she evaded, Hagel said, "no one in our government can sit here today and tell Americans that we won't engage the Iranians and the Syrians cross-border." Hagel reminded Rice: "Some of us remember 1970 . . . when our government lied to the American people and said we didn't cross the border going into Cambodia. In fact we did."

"The President's speech represents the most dangerous foreign policy blunder since Vietnam, if it's carried out," Hagel declared, "and I will resist it."

Another Republican, Sen. George Voinovich of Ohio, expressed his skepticism both with respect to the "surge," and with regard to Iraqi Prime Minister Maliki. "I've gone along with the President on this, and I bought into his dream," Voinovich concluded, "and at this stage of the game, I don't think it's going to happen."

Among Democrats, the opposition was unanimous, in-

cluding among early supporters of the war, such as Bill Nelson (Fla), who told Rice: "I supported you in this war, but I can't support it any longer. . . . I have not been told the truth, over and over again."

The toughest questioning of Rice came from Senator Boxer, who told her, "You are not listening to the American people, or the military, or the ISG [Iraq Study Group]; then you wonder why there is this dark cloud of skepticism and pessimism over the war." Boxer displayed a blow-up of a quote from Rice in 2005 about how "I have no doubt" that the Iraqis would be soon able to take over the effort, and U.S. could begin to withdraw. Then Boxer confronted Rice over "who pays the price?"—"not me, not you," but the troops and their families, which she illustrated with dramatic quotes from interviews with families who had lost loved ones. Boxer then demanded to know from Rice if she knew—or if anyone knew—how many casualties will result from this "surge." When Rice could not answer, Boxer pronounced it "really appalling."

Chairman Biden, at the end of the hearing, told Rice that she should convey to the President, that what occurred there was "fairly profound . . . that you heard 21 members—with one or two notable exceptions—expressing outright hostility, disagreement, or overwhelming concern, with the President's proposal."

The Iran Issue

The fact that Cheney and Bush are moving ahead for war against Iran was a clear concern for many of the Senators. Biden told Rice that the 2002 authorization for the use of force in Iraq, "explicitly denies you the authority to go into Iran." He said a move on Iran "will generate a constitutional confrontation here in the Senate," and if not, Biden promised, "I will make it a constitutional confrontation."

Just before this, freshman Sen. James Webb (D-Va.) had asked Rice if the Administration believes that the Authorization to Use Military Force for Iraq, authorizes the Administration to take action against Iran, or if any action against Iran would require Congressional approval. When Rice demurred, Webb demanded that Rice give him a written answer. Webb also attacked the Administration's doctrine of pre-emptive war, and said that President Bush ought to get on a plane and go to Tehran, the same way Nixon went to China.

There is concern on the House side as well. "President Bush appears to be setting the stage for a wider war in the region," Rep. Dennis Kucinich (D-Ohio) said after the President's speech. "He has blamed Iran for attacks on America. The President is vowing to disrupt Iran. He is going to add an aircraft carrier to the shores off the coast of Iran. He has promised to give Patriot missiles to 'our friends and allies.' Isn't one war enough for this President? It is time the media and the Congress began to pay attention to this President when he talks aggressively about Iran and Syria."

Rep. Peter DeFazio (D-Ore.) is gathering signatures for a

resolution identical to a prior resolution he authored, H.R. 391, which requires the President to seek Congressional approval before initiating military action against Iran. The resolution firmly concludes that Congressional approval of any military action is “not discretionary, but a legal and constitutional requirement.”

Documentation

Kennedy Bill To Reassert Congress’s Power Over War

In a speech to at the National Press Club in Washington Jan. 9, Sen. Edward Kennedy (D-Mass.) announced that he was introducing a bill requiring the Congress to vote before the President escalates troops levels in Iraq, and to reassert Congressional authority over the Iraq War, as required by Article I, Section 8 of the U.S. Constitution. We reprint a summary of the legislation as it appears on Senator Kennedy’s website.

The legislation claims the people’s right to a full voice in the President’s plan to send more troops into the Iraq civil war. It says that no funds can be spent to send additional troops to Iraq unless Congress approves the President’s proposed escalation of American forces.

The Iraq War Resolution of 2002 authorized a war against the regime of Saddam Hussein because he was believed to have weapons of mass destruction and an operational relationship with al-Qaeda, and was in defiance of UN Security Council resolutions.

The mission of our armed forces today in Iraq no longer bears any resemblance to the mission authorized by Congress.

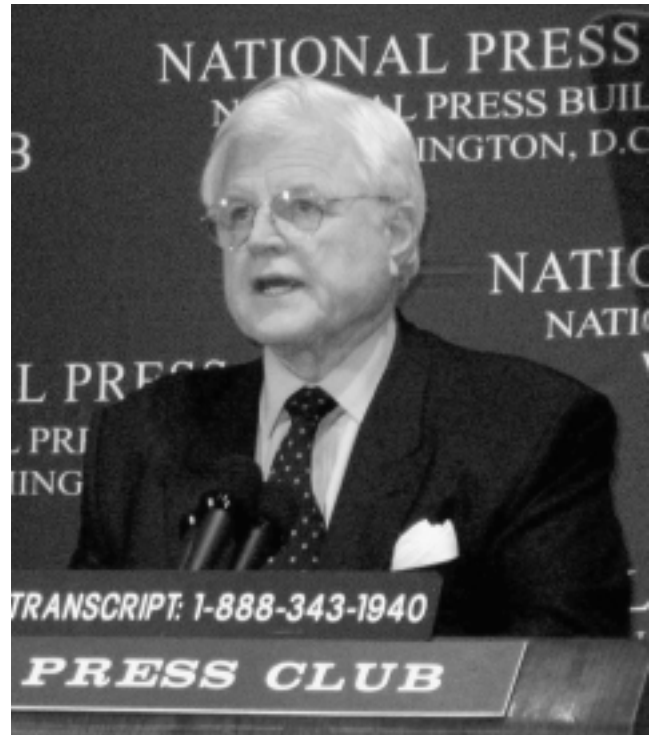
Iraq has descended into civil war, and sectarian violence continues to escalate.

On March 5, 2006, General Nash said, “We’re in a civil war now; it’s just that not everybody’s joined in.”

On Dec. 3, 2006, UN Secretary General Kofi Annan said, “When we had the strife in Lebanon and other places, we called that a civil war—this is much worse.”

On Dec. 17, 2006, former Secretary of State Colin Powell said, “I am not persuaded that another surge of troops into Baghdad for the purposes of suppressing the communitarian violence, this civil war, will work.”

Iraq needs a political solution, not a military solution. The open-ended commitment of our military forces continues to enable the Iraqis to avoid taking responsibility for their own future. Tens of thousands of additional U.S. troops will only make the Iraqis more dependent on America, not less.



EIRNS/William Jones

Sen. Ted Kennedy speaks at the National Press Club on Jan. 9. His proposed legislation states that the President should not be permitted to increase U.S. troops in Iraq “without a specific new authorization from Congress.”

On Nov. 15, 2006, General Abizaid was unequivocal in stating that increasing our troop commitment is not the answer. He said, “I’ve met with every divisional commander. General Casey, the corps commander, General Dempsey—we all talked together, and I said, “in your professional opinion, if we were to bring in more American troops now, does it add considerably to our ability to achieve success in Iraq? And they all said no.”

On Dec. 29, 2006, General Casey said, “The longer we in the U.S. [armed] forces continue to bear the main burden of Iraq’s security, it lengthens the time that the government of Iraq has to take the hard decisions about reconciliation and dealing with the militias. . . . They can continue to blame us for all of Iraq’s problems, which are at base their problems.”

More than 3,000 American soldiers have died in Iraq, and more than 22,000 have been wounded. America cannot wait for the next President to resolve the problems in Iraq. A military escalation in Iraq would not strengthen our national security.

President Bush should not be permitted to increase the number of United States troops in harm’s way in the civil war without a specific new authorization from Congress.

The legislation requires a vote before funds are spent to deploy more troops and escalate our military presence. It does not cut off funding for our troops already in Iraq.

Obituary

In Memory of a Fighter: William P. Robinson

by Stuart Rosenblatt

Longtime Norfolk lawyer and member of the Virginia House of Delegates William P. “Billy” Robinson, Jr. passed away on Dec. 19, 2006. Robinson had been battling cancer, but succumbed at the age of 64. Ever the fighter, Robinson was at court only days earlier, winning a dismissal in a murder case.

Robinson was a longtime friend and ally of the LaRouche political movement in Virginia and nationally. He authored an *amicus curiae* (friend of the court) brief in the appeal of the 1988 Federal trial of Lyndon LaRouche, and represented several of LaRouche’s associates in cases in Virginia that stemmed from the same Federal-state task force that ran the witchhunt against LaRouche. This action on behalf of justice for someone who was politically persecuted, in the Commonwealth of Virginia, where the media-hyped lynch-mob atmosphere against LaRouche was the most rabid, says volumes about Robinson’s character as a man of principle.

As well, Billy helped advance many political initiatives with LaRouche’s allies, signing statements on legal exoneration and other topics. He held press conferences defending the right of LaRouche delegates to participate in Democratic Party precinct caucuses, and spoke at public events in the Tidewater area on various initiatives with friends of LaRouche, including a national effort to halt the fraudulent impeachment of President Bill Clinton. He also participated in national conferences sponsored by the LaRouche political movement, and joined in plotting strategy to stop the actions of the Bush Administration and its allies.

Strong Impact on Virginia

In Virginia, Robinson was a trailblazer, who provoked the ire of the state’s oligarchical establishment. The first black Commonwealth’s Attorney in Norfolk, Robinson went on to be-

come a 20-year member of the Virginia House of Delegates, chair of the House Transportation Committee, chair of the Legislative Black Caucus, chair of the Virginia Association of Black Elected Officials, and board member of numerous other organizations.

He was also a trial attorney second to none, who would routinely win the most difficult criminal cases in the Tidewater community. Clients lined up outside the door to retain the flamboyant and talented counsellor, who was also known as a true friend of the African-American community.

However, his numerous enemies, invoking various chicaneries, continuously attacked Robinson until they succeeded in stripping him of his law license, although he would eventually win it back. A mentally out-of-control former judge, who envied Robinson, nearly pistol-whipped him to death, but Robinson survived the attack, after which he was more resilient than ever. Allies of Dick Cheney, “Diamond” Pat Robertson, and the right-wing establishment worked hand-in-glove with the media to drive Robinson out of his Delegate seat, and succeeded, when he was on the verge of being elected the Minority Leader in Richmond. He was the very last person they could ever tolerate representing the Democratic Party in the legislature.

Despite what it cost him politically and legally, Billy Robinson always stood up for the truth, whether it was publicly defending “my friend Lyndon,” or battling injustice in the communities of Tidewater. He never flinched, and never backed down. And for those many who had the privilege of knowing him, they also know that the effervescent Robinson passed away with that trademark smile on his face.



EIRNS/Chris Schmid

Longtime LaRouche ally and Virginia Delegate William Robinson passed away last December. Robinson, shown here addressing a LaRouche movement meeting in Norfolk, Va., Oct. 18, 2001, was a courageous fighter for justice.

The 'Surge': Tragedy Replayed as Farce

by David Shavin

Frederick Kagan's power-point paper on victory in Iraq, a sort of Viagra-driven two-year surge of troops, presented at the American Enterprise Institute Dec. 14, proves nothing about war-fighting or strategy—though it does lend credence to the theory that the nuts don't fall far from the tree.

As *EIR* reported in "'Chickenhawk Down': The Real Target Is Iran," by Jeffrey Steinberg (Jan. 5), President Bush and Vice President Cheney, in response to the Baker-Hamilton report, "turned to their chickenhawk allies at the American Enterprise Institute to craft a counter-plan, based on the fantasy premise that a 'surge' of American troops could secure victory in Iraq before the next Presidential election in November 2008."

The father of neo-cons Frederick and Robert Kagan is Donald Kagan, a supposed expert on the Peloponnesian War. Papa Kagan argues that war is the natural condition of man, and that the real mistake in Athens' disastrous Sicilian adventure of 415 B.C., was that the realist, General Nicias, advised against the adventure! By doing so, and by stating how much greater forces would actually be needed for victory, he turned the youthful Alcibiades' modest adventure, with limited lia-

bility, into a monumental disaster.

In 2000, Frederick and Donald combined to write their *While America Sleeps: Self-Delusion, Military Weakness and the Threat to Peace Today*, described as a fervent call to arms, which required increased military preparedness, so that the United States could fulfill its mission as the world's policeman. On Feb. 27, 2003, three weeks before the bombing of Baghdad, Donald was at the White House to receive a National Humanities Medal from George W. Bush, for his ability to draw lessons from Greek history for modern strategic planning.

The Peloponnesian War

The elder Kagan wrote, in his 2003 *The Peloponnesian War*: "The Athenian expedition to Sicily in 415 has been compared with the British attempt to seize the Dardanelles in 1915 or the American war in Vietnam in the 1960s and 1970s, undertakings whose purposes and feasibility remain controversial, and which ended in defeat and different degrees of disaster." Rather than identifying the underlying cause of these disasters as the attempt to impose imperial policy around the globe, the Yale professor, instead, proceeded to "correct" the famous account of the Peloponnesian War, by the Greek general Thucydides.

General Nicias had led the effort to end the disastrous Greek civil war, also known as the Peloponnesian War, after a decade of useless bloodshed. An unstable peace found Nicias and Alcibiades in conflict over Athenian policy. Under the influence of Alcibiades, in March of 415 B.C., the Athenian Assembly voted for 60 ships to be sent to Sicily. Thucydides identified the flight-forward nature of Alcibiades' adventure.

However, Kagan thinks he knows better: that there were local conflicts in Sicily that Athens needed to police. Athens had to fight Syracuse there, said Kagan, before Syracuse could come and attack Athens.

General Nicias, the author of the Peace of Nicias that had quelled the recent Greek civil wars, appeared before the Assembly a few days after the vote for the invasion of Sicily, to throw cold water on the proceedings. He recalled the weakness and instability on the Greek mainland in the uncertain armistice. Or, as Kagan put it, "Nicias offered a grim evaluation of Athens' current diplomatic and military situation, one that raises serious questions about the wisdom of his policy in making the peace that bears his name." Kagan discounts any reality orientation, implying that a military leader who is interested in peace is not competent.

Thucydides recounted Nicias' reasoning: that Athens "must not reach out for another empire" when Athens' affairs were



White House photo/Eric Draper

President Bush (left) congratulates neo-con Donald Kagan for winning the 2002 National Humanities Medal. He and his son Frederick Kagan are pushing a disastrous "Peloponnesian War" in Southwest Asia.



The Greek historian Thucydides (shown here in a 16th-Century fresco, with his famous History of the Peloponnesian War, tried to warn the Athenian Assembly against an imperial adventure in Sicily.

not secure; and that a Syracuse running a stable Sicily was much less a threat to Athens than one of constant strife. Kagan calls these arguments by Thucydides, “vain and specious rebuttals.”

Kagan then hones in on what Thucydides’ account left out: “The most striking aspect of Nicias’ speech is what it omitted, for it made no clear reference to any proposal to conquer and annex the island. Instead, he launched a personal attack on the main architect of the plan. Alcibiades, he said, was a member of a dangerously ambitious younger generation, and sought to endanger the state for his own glory and profit.” In other words, one need not hear Nicias’ warning, because he failed to offer the “conquer and annex” plan that he was arguing against! (It seems that the only purpose of such sophistry is to so disorient the reader, so that the next wild assertion can be swallowed.) In fact, the “personal attack” was the most useful part of Nicias’ speech, targetting Alcibiades’ drive for “glory and profit,” which was supported by a section of the Athenian population. Or, as Thucydides put it: “It was just this, that later on, did most to destroy the Athenian state. For the many were afraid of the extent of his [Alcibiades’] lawless self-indulgence in his way of life and also of his purpose in each and every affair in which he became involved.”

But, Kagan writes, Alcibiades had better arguments than

Nicias. Athens would have little opposition: “Sicily’s Greek cities [were] seriously unstable and lacking patriotic determination. [T]he Spartans [were] without hope or initiative.” And to maintain her empire, Athens must actively intervene as the world’s policeman. According to Kagan: A “peaceful policy of limited ambition [with] arbitrary parameters for the boundaries” would be disastrous. Alcibiades concludes that: “A city that is active would quickly be destroyed by a change to passivity, and those people find the greatest safety who conduct their affairs in the greatest harmony with their existing character and customs.” In short, there is no safety or stability outside of permanent war.

Kagan identifies this last argument as a “remarkable rhetorical trick, lending a conservative coloration to what was in fact a daring departure.” He suggests that Alcibiades might have learned this from the Sophists. Unfortunately, it would appear that he and his sons don’t condemn, but admire this trick.

Nicias Warns the Assembly

After the Assembly voted to back Alcibiades, General Nicias appeared before them, and laid out the cold facts as to what increased level of ships and forces were necessary from a military standpoint, to succeed in Sicily, based on its size and population. Thucydides assumed that Nicias’ hope was to dissuade the Assembly by presenting it with the formidable numbers required. But Alcibiades’ oligarchic colleagues, led by Demostratus, instead of heeding Nicias’ warning, launched a massive expedition. Kagan concludes that Athens could have survived a military defeat which would have resulted from the original, smaller expedition, but because the Assembly took Nicias’ “advice, it suffered a major disaster. Hence, according to Kagan, Nicias never should have presented such realities to the Assembly.

Such Classical scholarship has earned Kagan the Sidney Hook Memorial Award for Distinguished Contributions to the Freedom and Integrity of the Academy, given by the National Association of Scholars.

Finally, Kagan credits Prof. John R. Hale, a former student, for the inspiration for his 2003 *The Peloponnesian War*. It turns out that Hale is best-known for his role in originating the 1996 study of the Oracle of Delphi, to provide a defense of Plutarch’s theory that the secret of the Oracle stems from gaseous emissions. The oracles still came from Apollo, but the god worked through pedestrian causes; and that today, Hale argues that we should appreciate Plutarch’s approach for combining religion and science. His teacher, Donald Kagan, as judged by his work, evidently approves of the gaseous emissions approach.

Kagan’s acknowledgment for his *The Peloponnesian War* is extended “to my sons Fred and Bob, historians both, who have taught me so much in their written work and in countless wonderful conversations.” Clearly, they did not fall far from the tree.

Will Anglo-Dutch Use Sterling To Bring Down Dollar System?

by Mary Burdman

The most remarkable fact about the following report on the menace to the United States from circles in the City of London, is that the U.S. government appears to be completely ignorant of such an immediate and massive present, potentially devastating strategic threat to the United States, from European Anglo-Dutch Liberal circles tied to U.S. President George W. Bush's closest European crony, the United Kingdom's Prime Minister Tony Blair.

Notably, this immediate strategic threat to the U.S.A., will not be surprising to anyone who has paid close attention to Lyndon LaRouche's warnings, this past Jan. 11 (see *Feature* in this issue), about the continuing threat from our republic's most ancient enemy, the Anglo-Dutch Liberal circles whose ancestors brought Adolf Hitler to power in Germany, and against which we fought our War of Independence, the War of 1812, and London's puppet known as the Confederate States of America.

On Jan. 5, *EIR* received a very interesting piece of intelligence from a senior City of London financial analyst. Asked about the risks posed by the ever-expanding real-estate bubble in the United Kingdom, the analyst responded that the housing bubble is not that important. The real financial issue, he said, is the potential that the pound sterling will fall sharply. Sterling is now, at about \$1.95, at its highest rate against the U.S. dollar since the "Black Wednesday" crisis of Sept. 16, 1992.

"This assessment is correct; this is the issue," responded LaRouche immediately. This is a *strategic* matter, LaRouche said. What must be understood, is that a collapse of the pound would actually be used to create the conditions to pull down the dollar and the world financial system with it. Critical is the danger that the Anglo-Dutch financiers behind this operation, would try to do it now, in the coming few months, before the new Democratic Party-led Congress can really take charge of the U.S. government and U.S. policy.

One other critical aspect of this situation—one that Wash-

ington has to grasp—is that the Chinese government is continuing to *support* the dollar to prevent such a crash, knowing full well that a collapse of the dollar will bring down their economy.

British Imperial Finance

Using the pound against the dollar has been done before in history, most notably by the government of Labour Party Prime Minister Harold Wilson in 1967. Wilson's policies, taken from the ultra-liberal, actually fascist Fabian Society, destroyed the British economy. The resulting devaluation of the pound strained the already stretched post-war Bretton Woods fixed-exchange-rate system, and brought on a crisis of the U.S. dollar, the world's reserve currency. By 1968, the process of devaluing the dollar was under way; this led directly to President Richard Nixon de-coupling the dollar from the gold reserve, in August 1971, and, a year later, to Treasury Secretary George Shultz's conference which took the world into the current floating-exchange-rate debacle. At the same time, the U.S. was discrediting itself politically, by pursuing the disastrous war in Indo-China.

The parallels to the current situation are all too clear. While the Cheney-Bush regime is discrediting the United States internationally at a level never seen before, especially with their insane war policy in Southwest Asia, the Anglo-Dutch Liberal financiers—the current generation of the British Empire—are threatening to bring down the dollar, at a time, LaRouche emphasized, when the dollar is "highly vulnerable." The whole world monetary system is based on the dollar; there is *no* alternative for international reserve calculations. If the dollar is brought down, say, to 80% of its current level, *the whole world monetary system will go into a breakdown crisis*. That is just what those pushing this pound operation are trying to do. If the largest single currency in terms of reserve *potential*—sterling and associated currencies in the

British Commonwealth (Empire)—are taken down, this will set off a chain reaction which will crash the dollar and plunge the world financial system into collapse.

LaRouche pointed to the current fall of oil prices. To get together the liquidity needed to cover their own positions when they dump the pound, Anglo-Dutch financial interests are likely selling some oil contracts, affecting the price.

Vulnerable Sterling

The City of London analyst said that central banks outside Britain have been accumulating sterling as an alternative to dollars, but if the dollar continues to fall, they could dump their sterling to buy up cheap dollars. Sterling itself is vulnerable, since it has been sold to other central banks at the rate of some \$5 billion per quarter for the last couple of years; Britain's net foreign and gold reserves are only about \$20 billion. After almost ten years of Labour Party rule, Britain is also the most-indebted nation in the European Community, weighted down with a total personal debt of 1.27 trillion pounds in mortgages and unsecured loans; whatever industry was left standing by Margaret Thatcher, is now gone.

Over the course of the past two years, central banks have been buying sterling, leading financial commentators in London's conservative *Daily Telegraph* to exuberantly claim that "Britannia rules currency waves at the dollar's expense" and that "sterling is once again the queen of global currencies," as Damian Reece wrote on Dec. 1, 2006.

A series of articles in the *Daily Telegraph* from August-December 2006, based on reports from the Bank for International Settlements, reveal that "sterling accounts for a staggering 12% of foreign bank deposits [are] held by the world's governments," as Ambrose Evans-Pritchard wrote on Nov. 9, 2006. The BIS quarterly report noted that the "share of sterling doubled between 1995 and 2006, from 5% of deposits to almost 12%." But the Swiss franc has "fallen out of favour," from 6% of deposits in 1980 to just 1% now, while the yen share has collapsed, because of the zero-interest-rate policy, the BIS reported.

The International Monetary Fund has reported that the British pound had overtaken the yen to become the world's third-biggest reserve currency, after the dollar and the euro. Known global reserves of the pound sterling have risen from 55 billion to 111.5 billion over two years.

Key players in this operation have been the Banca d'Italia, the Persian Gulf state oil-exporters, and some Asian central banks. Evans-Pritchard reported that there are more deposits held in the pound sterling than in the Swiss franc, the Japanese yen, Australian and Canadian dollars, and the Scandinavian currencies combined.

Already in 2004, the Swiss central bank had shifted 10% of its reserves to sterling, and in 2005, the Banca d'Italia changed a full 20% of its reserves from dollars into sterling bonds. Russia has also been buying sterling, the *Telegraph* reported. An official said the Italian central bank was making this move in advance of a dollar slide, adding: "There are not

many places to go once you decide to get out of the dollar. Japan is always a question mark. At least the British economy is humming along okay and UK bonds offer a decent yield [4.63%]. At the end of the day, Britain is still the biggest single trading partner for the eurozone." The Banca d'Italia closely coordinates policy with the European Central Bank, the German Bundesbank, and the Banque de France, and it is possible that other eurozone banks were also selling dollars, although most of the rest do not reveal the exact breakdown of their foreign currency holdings.

The Uncertain Note

But then came the uncertain note. In mid-December, analysts of both Lehman Brothers and Goldman Sachs put out warnings that sterling could fall in 2007. Goldman Sachs has told some investors to take out a "short" position against the pound on derivatives markets: A client note stated that the "UK remains the largest current account deficit country in Western Europe, with a substantially overvalued currency—about 13% on a trade-weighted basis." Lehman Brothers' U.K. economist Alan Castle is saying that the pound would fall to \$1.82 in 2007 and to \$1.68 by the end of 2008, amidst concerns about the property market and Britain's current account deficit, which could "could widen to 4% of GDP in 2008."

While central bankers had been making sterling "a favourite choice for global central banks switching reserves out of dollars over the last two years," now, the British Office for National Statistics shows, private investors are the main foreign sterling buyers.

The Lost Art of The Capital Budget

Lyndon H. LaRouche Jr.'s in-depth study, published in *EIR*, Jan. 12, 2007, addresses the crucial economic policy question facing the new Congress. This document is circulating among members of the House and Senate.

LaRouche writes: "What has been lost, is a sense of the meaning of 'indispensable capital investment in the physical conditions of progress'; it means a loss of the meaning of the investment required, not only to rescue the U.S.A., but to secure the civilized future existence of the world as a whole."

Order from *EIR*: 800-278-3135.



In Failing Auto Supply Sector, 'Big Three' Means Hedge Funds

by Paul Gallagher

A shocking measure of the disintegration of the strategically vital auto-supply industrial sector—the largest and most versatile store of machine-tool skills in the modern economy—was given in early January. The firm Hedge Fund Research published its finding that at the end of 2006, hedge funds and private equity funds (the distinctions between these two varieties of financial locusts have been disappearing) controlled auto-supply industrial assets worth \$1.1 trillion internationally, and about \$400 billion in North America. The magnitude of this control has doubled in just three years.

The auto industry, until recently, continued to be the largest center of industrial research and development investment in the economy. Auto supply firms have frequently received R&D contracts from NASA, for example, as Delphi Corporation recently did to develop welding methods for NASA's Space Power Development Program. Hedge fund control of, or speculation in, these firms—always contingent on continual reduction in their costs invested in production and research, in order to maximize their profits to investors—is as far as one can get from the entrepreneurial model of closely held firms which have created this industry's unique capabilities since the first days of Henry Ford.

The auto industrial sector is moving under increasing control of hedge funds as it is shrinking more and more rapidly, and as Congress has failed to act on well-known and completely feasible legislative proposals to intervene and save auto for a national infrastructure mission.

Over the period 2000-06, total auto and auto-parts employment in the United States has shrunk from 1.33 million to 1.047 million, a drop of about 22%; clearly, Toyota, et al. production and suppliers coming in, have in no way offset the massive loss of jobs in existing producers. And that shrinkage rate is accelerating. MLive.com published a comprehensive survey of the auto industry in the Western New York region, which shows that there, from mid-2005 to early 2007 alone, auto employment will have dropped by 27%, from 10,400 to 7,630 or less. In neighboring Ontario, the largest center of auto and parts production in North America, employment fell by 10% just during 2006, from 135,000 to 122,000, with most of the loss coming in auto supply firms rather than major automakers. In Michigan, the second-largest production and design center on the continent, another 12,000 auto jobs were lost during 2006. Further south, the metropolitan area of Nor-

folk-Hampton Roads, Virginia is a typical example: It is likely to lose about 3,000 auto jobs in 2007 from Ford and suppliers Visteon, Johnson Controls, Tenneco, TDS/US, and truck hauler Allied Systems. TDS's and Visteon's plants, likely to close, are brand new, opened in 2003 at a total investment of more than \$20 million.

It is just this shrinkage process that the hedge fund and private equity vultures are watching, pricing, and buying up.

Three-Headed Hedge-Fund Dog

Commenting on the ongoing takeover of control of the biggest U.S. parts producer, bankrupt Delphi Corp., for \$3.4 billion by the Cerberus and Appaloosa hedge funds, an equity fund analyst in Chicago, quoted in the *Detroit News*, epitomized the tearing up of the auto industry: " 'If they can buy in on the cheap, lower wages, and cut costs, the deal might make sense. There are attractive growth opportunities for parts suppliers globally in places like China, Eastern Europe, and other emerging markets.' " These motivations make clear that even after the loss of over 20,000 Delphi workers in 2006 through early-retirement buyouts—some, replaced by new hires making half as much and earning no benefits—the United Auto Workers will still confront demands for further wage cuts. And the process of closing or selling off three-quarters of Delphi's U.S. plants will continue. A half-dozen of the the plants may be sold to a private equity shark firm with a 20-year bottom-feeder rap sheet, megalomillionaire Ira Rennert's Renco Group, Inc. Another 15 or so Delphi plants have closed or will shut down.

Cerberus, the three-headed dog of Hell, started out in 1992 with investments inclusively from the organized crime-linked first funder of the Democratic Leadership Council, Mike Steinhardt. It went from the "distressed debt" market to private equity takeovers, and is now so large it's no longer called a "fund," but a "New York-based financial conglomerate." With its purchase of Austria's BAWAG bank, Cerberus controls two banks and America's seventh-largest financial institution, General Motors Acceptance Corp. (GMAC), and a total portfolio of 50 companies with employment of over 250,000. Hard on taking control of Delphi, Cerberus is heading into a bidding war for what may turn out to be the largest "leveraged takeover" of the current takeover bubble, of Equity Office Properties for something like \$40 billion in new



PRNewsFoto

"Vulture capitalist" Wilbur Ross, Jr. commands tens of billions in takeover capital and "leverage." He is also a moneybags for the New York Democratic Party.

debt. The conglomerate has been involved in a number of Enron-like conflicts of interest and illegalities in previous takeover battles. But since taking over Air Canada in 2004 with the help of Trilateral Commission insider Brian Mulrooney, Cerberus has put forward an Establishment face, hiring Treasury Secretary Jack Snow, as its CEO, for example.

Expecting to continue to return 15-20% annually to its investor-speculators, Cerberus has nothing but a short-term financial-return interest in any of the companies it controls: Yet, it is now dominant in what was the world's largest auto company, GM—which recently included Delphi as a division, as well as GMAC.

The WL Ross & Co. group of hedge funds run by Rothschild, Inc. bankruptcy expert turned "vulture capitalist" Wilbur Ross, is a smaller beast than Cerberus, but with Ross's recent link up with London-based AMVESCAP, he can command tens of billions in takeover capital and "leverage."

Ross was expected by many to take control over Delphi from his old looting partner, Delphi's pirate CEO Steve Miller. Instead, WL Ross's funds during 2006 took control of other big auto-supply firms: the large auto interiors and supply business of Lear Corp.—26 production plants employing 10,500 workers—and the European operations of Collins & Aikman, while apparently walking away at the last moment, from a takeover investment in Collins & Aikman's primary production operations, in North America.

The result: Collins & Aikman suddenly announced in December that it would not emerge from bankruptcy, as it had anticipated with the purchase by WL Ross, but rather liquidate one of America's premier auto-supply and R&D firms.

A Second Delphi Disaster

Collins & Aikman was sunk by rapidly falling orders combined with enforced price-cutting by major automakers, in

particular, Ford (its Ford revenue fell from \$710 million in 2005 to \$540 million in 2006, leading to a production breakdown-cutoff in October); and by Ross's hedge funds' apparent decision not to pick up more of the pieces.

The firm's liquidation is "a second Delphi disaster" for the auto industry and for U.S. machine-tool capabilities, but a more rapid one. This is a 163-year-old family-owned firm, with a high proportion of R&D, machine-tool, and product development in acoustical materials, instrument panels, turbines for small aircraft, etc. The firm has three tool-and-die centers and three other design centers, comparable to GM or Ford with 5-7 times the workforce. C&A owns at least 45 plants in North America with 14,000 employees, and through a partnership with Dura Automotive (also in bankruptcy), as many as 60 plants with 20,000 employees being impacted by the breakup/liquidation plan. In rapid order, six plants will close by March, with the loss of 1,560 jobs: in Americus, Georgia this month; Gananoque and Scarborough, Ontario in February; in Dover and Farmington, New Hampshire and Kitchener, Ontario in March.

As for Lear, it has indicated since WL Ross's December takeover, that it would also likely have liquidated its auto supply division, had the hedge fund not taken it over. Bruce Raynor, the head of the UNITE HERE union which represents its 10,000 employees, says the workers "will be called on to make sacrifices" under the hedge fund's control. But Raynor credits Ross, a big New York Democratic Party and Democratic Leadership Council (DLC) funder, with "saving" Lear—as did Steelworkers President Leo Gerard when Ross took over Bethlehem Steel, "sacrificed" its pension and retiree health-care plans, and sold it off to Mittal Steel.

Thus, big hedge funds and private equity funds are gaining the apparent power of life and death over the most important auto supply companies and their industrial capacity.

Another major, bankrupt auto-parts firm, Tower Automotive, announced on Jan. 12 that three hedge funds had walked away from a \$250 million equity purchase on which was based Tower's plan to exit bankruptcy—just what happened to Collins & Aikman. The three are Ripplewood Partners, Strategic Value Partners, and Stark Investors. The result is not yet definitive, since Tower is in other, now-desperate negotiations for capital. But it is likely to default this month, and this hedge fund decision, too, may result in a major auto supply liquidation. Tower has been operating 60 plants with 12,000 workers, including 20 U.S. facilities and 12 in Europe.

Ripplewood will control another large U.S. auto supply firm with 6,500 employees, Metaldyne, whose takeover by Japan's Asahi Tec should be final on Jan. 15. Asahi is controlled, through a Japanese bank, by Ripplewood.

The number of machine-tool-capacity plants in North America and Europe, at the mercy of month-to-month profit and junk-bond "leverage" decisions by hedge funds and private equity funds, is now well up in the hundreds.

U.S. Congress Must Forge Ahead With Nuclear Power

by Marsha Freeman

Globally, a nuclear renaissance is under way.

On Jan. 9-10, a conference on the peaceful uses of nuclear technology in Africa was hosted by Algeria and the International Atomic Energy Agency (IAEA). "Algeria has the right to benefit from atomic energy without constraint or undue interference," stated Ramtane Lamamra, Algerian secretary general of the Atomic Energy Ministry, expressing the sentiment of those in attendance, who represented 45 African nations. The results of the deliberations will be presented for action to the summit of the African Union at the end of January.

In December 2006, Tunisia announced that it plans to have its first nuclear plant on line in 2020. Russian President Vladimir Putin discussed cooperation on civilian uses of nuclear energy with King Mohammed VI of neighboring Morocco last Fall.

During the Summer of 2006, Nigeria's President Olusegun Obasanjo pledged that his oil- and uranium-rich nation would build its first nuclear power plant within 12 years. In August, Obasanjo inaugurated the Board of the Nigeria Atomic Energy Commission, to advise the government on nuclear policy.

In Ibero-America, General Electric was awarded a contract by the operator of Mexico's Laguna Verde nuclear power plant at the end of 2005, to provide the engineering analysis required to boost the plant's electricity output by up to 20%. On Dec. 30, 2006, General Electric announced that, together with Japan's Mitsubishi Heavy Industries, a \$300 million bid will be submitted for the Laguna Verde upgrade.

The new government in Mexico also has before it a proposal for building new nuclear power plants. In the Fall of 2006, Energy Minister Fernando Canales told reporters that Mexico should build at least two new reactors. The Laguna Verde plant supplies 5% of Mexico's power consumption. The IAEA, Canales reported, recommends that nuclear power should provide about 20% of a nation's power usage.

Argentina has committed its resources to complete the Atucha II nuclear plant, left unfinished for two decades, and will consider construction of its fourth nuclear power plant. In October 2006, Argentina's National Atomic Energy Commission announced that it had begun hiring engineers, chemists, physicists, technicians, and other experts to "jumpstart"

its nuclear industry.

More than half of the approximately 30 nuclear power plants now under construction globally, are being built in Asia. In addition to plans to add dozens more reactors in India and China over the next two decades, plans for first nuclear power plant projects are in various stages of maturity in Vietnam, Turkey, Malaysia, and Indonesia. Even the Philippines, New Zealand, and Australia have reopened the door to discussion of going nuclear.

The first new nuclear power plant built in Europe in decades is under construction in Finland. Even in Germany, where the previous Social Democratic/Green government made it the law to phase out of all of that nation's nuclear power plants, Chancellor Angela Merkel has cautioned that this policy must now be reconsidered, in view of the vulnerabilities of relying on oil and gas. Great Britain has put the possibility of new nuclear plants on the table, and Russia is embarked on an ambitious project of adding up to 40 new nuclear power plants, and rebuilding and modernizing its nuclear research and development enterprises, and manufacturing industry.

Where's the United States?

But in the United States, which was a pioneer in nuclear science, technology, and manufacturing, but has squandered that leadership for the past 30 years, allowing itself to fall victim to a well-organized "post-industrial" campaign to destroy civilian nuclear power, the process which has been slowly and inadequately under way (see, for example, *EIR*, July 7, 2006), is in danger. The Democratic Party majority, which now assumes its legislative leadership responsibilities, has promoted the most unscientific energy policies, driven principally by environmental hoaxes. In fact, halting the growth of commercial nuclear power over the past three decades has severely *damaged* the environment by increasing the use of coal, as well as worsening the standard of living of the majority of this nation's citizens.

Lobbying on Capitol Hill for anti-nuclear policies, under the guise of promoting a "sustainable" energy future, began before the 110th Congress was even sworn into office. On Dec. 27, a letter was delivered to Congressional leaders by 102 "business, environment, energy policy," and consumer groups, urging that the Federal government shift money out of nuclear energy research and development programs, in to "cleaner, safer, and sustainable energy sources." This is a proposal for national economic, as well as environmental, suicide.

In the last session of Congress, Democrats rallied around a bill drafted by the staff of now Senate Majority Leader Harry Reid (D-Nev.), and introduced by Sen. Maria Cantwell (D-Wash.), with 23 Democratic sponsors. The bill was titled, the "Clean Energy Development for a Growing Economy (Clean EDGE) Act." The bill set a target of 10% of the production of electricity from "renewable" sources, and called for

accelerated development of the infrastructure to distribute gasoline “alternatives,” such as ethanol. Meanwhile, Democratic political has-been Al Gore, has been barnstorming the country, advising the public to invest in swimming lessons for the coming global warming deluge.

Six months ago, and continuing into the November 2006 mid-term elections, Democrats had the gall to describe their anti-science plan as a “new Apollo Program for energy independence.” The ten-point program, based on the “biomass, wind, and Sun” policies that have flopped since the mid-1970s, despite more than \$20 billion in Federal R&D and tax breaks and incentives, would have made pro-nuclear President Kennedy, who initiated the Apollo program to land a man on the Moon, turn over in his grave.

The excuse for this Luddite, back-to-nature “energy” policy cannot even be that the Democratic Party is reflecting the will of “the people.” In poll after poll taken over the past year, considerably more than half of the respondents indicated that they believe new nuclear plants are needed and should be built. The highest pro-nuclear sentiment is in the communities where nuclear power plants are in operation.

Through political horse-trading, whereby Democrats were willing to support increased Federal funding for nuclear energy in return for companion increases in “renewable” energy and conservation, the United States has set out on a path, albeit tentative and too slow, to once again become a leader in nuclear technology. It is time for energy policy to be based on science, not Cheneysque corporate stealing, or Gorey tales of environmental catastrophe.

Saving the Environment?

One irony in the Democrats’ “bold energy plan” is that a primary goal is to end the Federal subsidies to the oil industry. All well and good. But apparently, Congressional staffers with short memories are unaware that it was these same big oil companies, such as Exxon, Standard Oil, and other friends of Dick Cheney, that created the anti-nuclear “environmental” movement 30 years ago, from which the Democrats are taking their cue. Grants from corporate trusts and foundations were the moving force behind the protests and lawsuits that led to the cancellation of more than 100 nuclear plants—not concerned mothers and bird watchers.

For those who protest that “benign” sources of “natural” energy, such as windmills and solar, are needed to protect the environment from the effects of burning fossil fuels, should consider that it was the dead stop in building new nuclear plants in the 1980s that led to the *massive increase* in the use of the most polluting method of producing electricity: burning coal. States, such as California, that had planned to go entirely nuclear, found themselves forced to continue to rely on fossil fuels for power, instead.

In other countries, the continued reliance on burning coal, which resulted from pressure from the United States against nuclear power, has a directly life-threatening impact. In

TABLE 1

Energy Flux-Density

(Megawatts per Square Meter)

Solar—biomass	.0000001
Solar—Earth surface	.0002
Solar—near-Earth orbit	.001
Fossil	10.0
Fission	50.0 to 200.0
Fusion	trillions

The measure that must be used to compare various sources of energy production is energy flux-density. The more concentrated the energy produced, the more economical and efficient it is. As is seen here, there is a five-fold increase in energy flux-density using nuclear fission as compared to fossil fuels, and solar energy should not even be seriously considered.

China, cities that burn coal suffer from pollution which affects the health of all residents. Each year, more than 5,000 miners lose their lives, producing the more than 1 billion tons of coal that fuel the Chinese economy.

Why didn’t U.S. utilities just build windmills and solar energy farms, when they were politically prevented from going nuclear? Despite any “feel good” emotions attached to using the “free” energy of the Sun and bio-waste from animals, the fact is, these “soft” energy sources are uneconomical and waste energy.

Table 1 explains why. The efficiency, and therefore economic viability, of any source of energy is measured by its energy flux-density. This refers to the amount of energy produced that passes through a cross-section of the surface of the energy-producing process, such as a boiler, and is measured in megawatts per square meter. The more concentrated, or dense, the energy produced, the more efficient, less wasteful, and more economical it is.

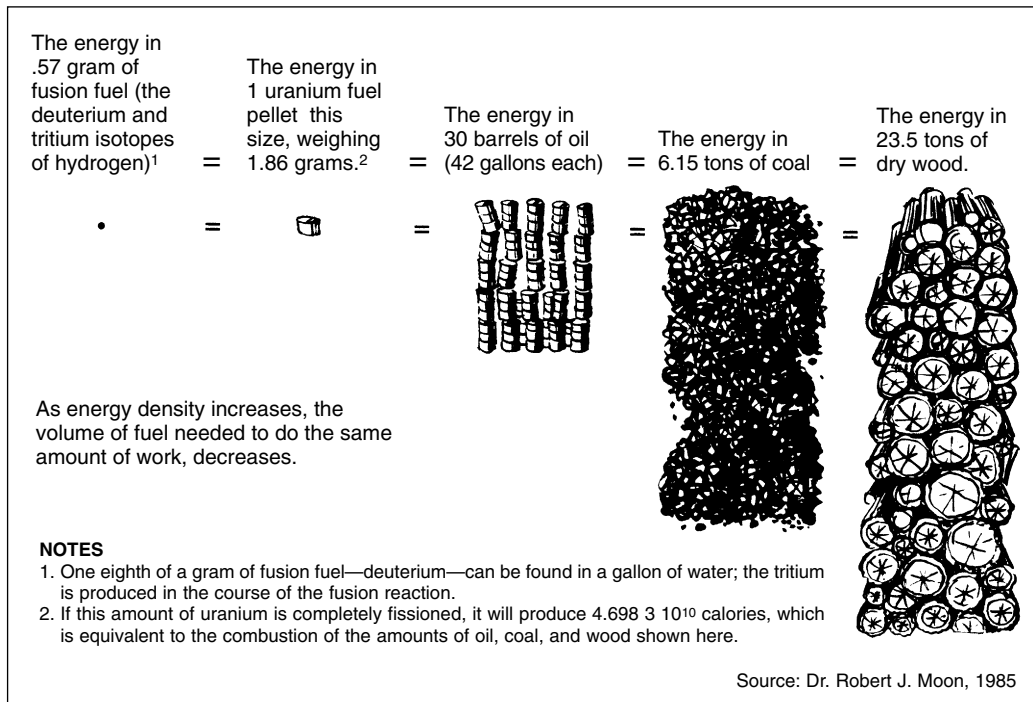
Solar energy may be “free,” but it is a highly dispersed source of energy. The cost of using solar collectors to capture sunlight, and solar cells or other techniques to convert it to electricity, is determined by the fact that at the Earth’s surface, the density of the energy is only ten thousandths of a megawatt. To create as much electric power as one factory-sized coal-burning plant, thousands of acres of solar collectors would be required.

The use of fossil fuels, where energy is not simply collected, but heat is generated through the chemical process of combustion, brings the energy flux-density up to the megawatt range. Hence, one industrial power plant can provide power for hundreds of thousands of households. Moving forward to nuclear reactions, today’s fission technology provides at least a five-fold increase in energy density, and the development of nuclear fusion will create entirely new forms of energy, not relying on heat at all, but the unique qualities of nuclear reactions.

Energy flux-density parameters can be directly translated

FIGURE 1

Fuel and Energy Comparisons



into the amount of fuel required to produce equivalent amounts of energy. **Figure 1** provides a comparison of various fuel sources, where the energy in one uranium fuel pellet in a nuclear power plant, for example, contains the energy equivalent to 30 barrels of oil, and 6.15 tons of coal.

The halt in nuclear power plant construction, and in the development of the next generation of technologies, such as high-temperature nuclear reactors, fast neutron reactors, and fusion, not only has vastly increased pollution and lowered productivity throughout the world economy, it has delayed the introduction of the non-electric uses of nuclear energy that are critical for the future.

Why Go Nuclear?

More than 2 billion inhabitants of this planet have no access to electricity. The world's largest nations—China and India—which also have the largest number of people who are poor, recognize that nuclear energy is the most efficient and safest large-scale energy option for economic growth.

But fission is not just a more efficient way to produce heat, in order to boil water, and produce electricity. Based not on chemical combustion, but on nuclear reactions, fission is a prerequisite to solve the most critical resource challenges facing mankind.

As Lyndon LaRouche has stressed, the world is quickly exhausting the supply of fossil water that “came with” our planet, so new sources of fresh water must be created. These

will be economically produced making use of high-temperature nuclear reactors that will increase the efficiency of desalination technology multi-fold.

Furthermore, the Democratic Party Platform and sponsored legislation insist that the United States must wean itself from reliance on petroleum for transportation. But proposing that foodstuffs, such as corn, that are needed to feed a malnourished world, be used to produce ethanol and other “bio-fuels,” would be a human as well as energy disaster. The economical production of the transportation fuel of the future—hydrogen—depends upon using water as a feedstock. Such hydrogen production can only be achieved on a large scale through the use of high-temperature nuclear applications.

With the appropriate level of support, the world could be entering the nuclear fusion era before the middle of the current century. Raw materials processing, the creation of new isotopes for widespread industrial and medical applications, space propulsion for safe trips to Mars, all will become available in a fusion economy.

The new Democratic Party leadership in Congress has the responsibility to toss overboard the past decades of post-industrial ideology that have led to the current takedown of the physical economy. Energy is the lifeblood of an economy, and only the application of the most advanced energy technologies will bring the collapsing U.S. economy back to life.

N.Y. Court Case Charges That Plan To Close Hospitals Is Unconstitutional

On Jan. 3, a Bronx, New York Supreme Court judge issued a temporary restraining order (TRO) barring the implementation of a plan to shut down Westchester Square Medical Center, one of 57 hospitals in New York State that are being closed or downsized by recommendation of the "Commission on Health Care Facilities in the 21st Century." The recommendations of the Commission, which is chaired by longtime associate of synarchist banker Felix Rohatyn, Stephen Berger, became law when the state legislature failed to overturn them on Jan. 1. While the TRO only applies to the Westchester Square facility, the basis for the suit, that the legislature engaged in an unconstitutional delegation of power in handing power over to the Commission, could halt the entire plan to further demolish health care in New York State, if upheld. The following excerpts from the plaintiffs' filing paint a vivid picture of the cowardly and unconstitutional relinquishing of power and responsibility by the legislature, and the vigor with which the Berger Commission pursued the opportunity to cut back on health infrastructure and services vital to New York's citizens.—Patricia Salisbury

Mary McKinney and Mechler Hall Community Services, Inc., Plaintiffs,
against
The Commissioner of the New York State Department of Health, the New York State Department of Health, and the State of New York, Defendants.

Nature of the Action

1. Plaintiffs . . . bring this declaratory judgment action seeking an order declaring the Commission on Health Care Facilities in the 21st Century, Enabling Legislation ("Enabling Legislation") invalid and enjoining its implementation. . . . Such relief is warranted because the Enabling Legislation constitutes an unconstitutional delegation of legislative lawmaking authority by the New York State Legislature (the "Legislature") to the Executive Department in violation of the separation of powers and Article III, Section 1 of the Constitution of the State of New York. Article III Section 1 provides that "[t]he legislative power of this state be vested in the senate and assembly." . . .

2. More specifically, in violation of separation of powers, the Enabling Legislation empowered the unelected members of the New York State Commission on Health Care Facilities

in the 21st Century, chaired by Stephen Berger (the "Berger Commission"), with broad and unfettered authority to dramatically reshape the distribution of health care throughout New York State. The Enabling Legislation authorized the Berger Commission to adopt its own standards in lieu of those enumerated by the Legislature and mandates that the Berger Commission's "recommendations" shall be implemented by the Commissioner of Health "notwithstanding any contrary provision" of law. . . .

4. The "recommendations" issued by the Berger Commission to close or downsize 57 hospitals across the State will also require the expenditure of substantial New York State revenues in order to implement the Berger Commission's recommendations to be implemented by the Commissioner of Health. . . .

Factual Background

. . . 13. On April 13, 2005, the State of New York enacted the Enabling Legislation, which provided for the creation of the Berger Commission. . . . This broad delegation vested the Berger Commission with the power to direct hundreds of millions of dollars of State expenditures and dramatically reshape the distribution of health care facilities throughout the State, without requiring any review, much less accountability, by the Legislature.

14. . . . The Enabling Legislation authorized the Berger Commission to arrive at these recommendations by assessing the need for and availability of health care resources within a given region, the "economic impact" of closing and downsizing facilities "on the state, regional and local economics," as well as the financial status of facilities, including the amount of capital debt carried by each. (Enabling Legis. §5) However, the Legislature provided no meaningful guidelines as to how the Berger Commission was to weigh these competing, disparate interests. . . .

15. The Enabling Legislation provided that the Berger Commission would be comprised of eighteen statewide members and thirty-six regional members. . . . Significantly, none of the statewide or regional members were approved by vote of the Legislature. . . .

21. The enabling Legislation contains a number of provisions that empowered the Berger Commission with extraordinarily broad policy making authority without providing for any meaningful limitations on that authority. . . .

24. The Berger Commission used this amorphous framework within its larger, undefined decision-making process to obscure the bases for its recommendations. . . . The Berger Commission offered no insight as to what standards or criteria guided these additional deliberation [sic], stating only that “[a]dditional measures [outside of the analytic framework] will be considered during later phase deliberations.”. . . The “additional measures” considered by the Berger Commission are not articulated with any meaningful specificity anywhere in the public literature or public meetings.

25. Meaningful assessment of the Framework and the Berger Commission’s decision-making methodology is further precluded by the lack of transparency in the Berger Commission’s deliberations. For example, the Berger Commission claimed that it was not subject to the Open Meetings Law and conducted most of its business in executive sessions beyond the scrutiny of the public. . . . Further, while the Enabling Legislation calls for “formal public hearings” (§8), these hearings were held before Regional Advisory Committees rather than the Berger Commission, and they were not recorded in any manner. . . .

26. The Enabling Legislation requires the Commissioner of Health to implement the Commission’s recommendations in a manner that effectively repeals existing legislation. . . . Article 28 of the New York Public Health Law specifically contains statutes governing “the system of general hospitals and nursing homes”. . . . Through Section 9(a), however, the Enabling Legislation purported to allow the “recommendations” of an unelected governmental entity to entirely disregard and supersede these and any other pre-existing statutes and rules passed by the democratically elected Legislature. . . .

29. . . . The Enabling Legislation now authorizes the Commissioner of Health to disregard the procedural safeguards of Section 2806(6), which provides detailed procedures that the Commissioner of Health must follow whenever the commissioner considers modifying or revoking a hospital operating certificate to restrict the number of beds to those “actually needed.”. . . These statutory safeguards require the Commissioner of Health to take the community and public comment into account when determining whether a hospital’s services are “actually needed.”. . .

31. In the course of implementing the Berger Commission’s recommendations, the State will cause an unconstitutional disbursement of state funds through both the Federal-State Health Reform partnership (“F-SHRP”) and the Health Care Efficiency and Affordability Law of New Yorkers (“HEAL NY”). Under each of these programs, the Berger Commission, not the Legislature, will require the State to expend hundreds of millions of dollars to close and downsize hospitals and nursing homes throughout New York. Indeed, the Enabling Legislation required that the Berger Commission’s recommendations set forth the investments necessary to carry out each recommendation (§8), and in its Final Re-

port, the Berger Commission estimates that its recommendations will cost \$1.2 billion. These expenditures of State funds give Plaintiffs standing to bring this suit as citizen taxpayers. . . .

40. In its Final Report, the Berger Commission recommended the closure, downsizing, reconfiguration, or conversion of 57 hospitals, one-quarter of all hospitals in the state. It recommended the outright closure of nine hospitals, five of which serve the people of New York City. Once implemented, the Berger Commission’s recommendations will reduce statewide inpatient capacity by more than 4,000 beds, representing 7 percent of the State’s total capacity. . . . In 2004, the nine hospitals selected for closure alone had over 47,000 discharges and over 156,000 emergency room visits. . . . The Final Report estimates that the cost of implementing the Berger Commission’s recommendations total \$1.2 billion. . . .

41. New York Westchester Square Medical Center (“WSMC”) is one of the facilities that the Berger Commission selected for closure in its Final Report. . . . WSMC is reportedly the lowest cost hospital in the Bronx, with a Medicaid discharge rate of \$4,460. . . . WSMC has historically been financially sound, generating a small surplus each year, despite reportedly serving over 23,000 emergency room patients. As the Berger Commission’s own Regional Advisory Committee for New York City reported, WSMC’s “primary service area includes part of Northeast Bronx and Pelham/Throgs Neck neighborhoods which are ‘stressed’ and ‘serious shortage areas’ for primary care.” (emphasis added) The Regional Advisory Committee noted that “there are strong bonds between patients and the physicians who practice” at WSMC and that “closure could *significantly disrupt access*.” (emphasis added) For these reasons, the Regional Advisory Committee recommended that WSMC survive. . . .

42. Plaintiff Mary McKinney resides . . . in the Soundview neighborhood of the Bronx. She is 64 years old and has lived in the Soundview neighborhood since 1981.

43. Ms. McKinney suffers from severe asthma, erratic blood pressure, and severe arthritis that prevents her walking more than a few blocks at a time. She is currently in remission for colon cancer.

44. Ms. McKinney relies on WSMC for treatment of all of these conditions. . . . Because any one of her asthma attacks can suddenly and without warning become a life-threatening crisis, ready access to WSMC’s emergency facilities is crucial to Ms. McKinney. . . .

46. Closure of WSMC will impose significant burdens on Ms. McKinney’s access to needed health care. . . .

47. . . . For Ms. McKinney, an individual with serious medical conditions which require constant care, the closure of WSMC will cause her to suffer an injury-in-fact because it will impose ongoing, significant disruptions of her access to needed health care. . . .

Business Briefs

Currency

Russian Economist Sees Dollar Crash

The Moscow daily *Komsomolskaya Pravda* on Jan. 4 rounded up various experts' forecasts for 2007, most of them focussed on the run-up to the Russian Presidential election of March 2, 2008. But economist Mikhail Leontyev, host of the *Odnako* (However) program on First Channel TV, said the top priority for Russia would be to strengthen the ruble as "a full-fledged sovereign currency," in anticipation of the crash of the dollar system. At present, said Leontyev, "Our Stabilization Fund and reserves are mostly invested in U.S. assets. We have one year to establish a sovereign system that's disaster-proof to some extent, or at least shielded from the cataclysms that may befall the dollar-based economy. . . . We need to stop holding our currency reserves in dollars. We need to invest the Stabilization Fund in Russia. If this happens, we shall become one of the leading powers in the multipolar world of the future; if not, we'll cease to exist as a sovereign state."

Monetary System

World Faces Major Economic Risks

The Davos World Economic Forum released a report on global risk which includes economic, environmental, geopolitical, societal, and technological risks, the *Daily Telegraph* reported Jan. 11.

The economic risks include an oil price shock, the U.S. current account deficit/fall in the U.S. dollar, a Chinese hard economic landing, a fiscal crisis caused by demographic shifts, and a blow-up in asset prices and excessive indebtedness. All of this, they fear, will lead to a retrenchment of globalization—which is itself a risk. The debt and housing bubble which has built up around the world could burst, causing more than \$1 trillion in damage.

In a comment on the report, the *Telegraph* quotes the chief executive of Marsh and McLennan, Michael Cherkasy, as saying, "The world has certainly become a riskier place to live, thanks partly to globalization."

Mergers

Congress Moves To Stop Airline Takeovers

The Senate Commerce, Science, and Transportation Committee, now headed by Democrat Daniel Inouye of Hawaii, has set hearings for Jan. 24 on airline takeovers. Committee member Sen. Byron Dorgan (D-N.D.) said, "I don't think we need less competition, I think we need more. From the standpoint of consumers, I don't think it's beneficial to see some of the largest carriers marry up." A staffer for the chairman of the House Transportation Committee, Rep. James Oberstar (D-Minn), told ABC News Jan. 11 that Oberstar has "very strong concerns" about any airline mergers; and Oberstar himself has said he wants to stop the biggest potential takeover, of bankrupt Delta Airlines by recently bankrupt USAirways.

On Jan. 10, USAir announced an increase in its hostile bid for Delta, from \$8 billion to \$10 billion. Of that, \$5 billion would be borrowed from UBS AG and other banks, and thus become new debt piled on Delta *while in bankruptcy!* In fact, USAir CEO Michael Parker, a bank/hedge fund puppet, is insisting on the takeover during the bankruptcy in order to get the judge to impose a new round of salary and job cuts on the airline's unions. It would also shrink the combined airline's flights and fleet by more than 10%.

In this lunatic merger, USAir's borrowing would go to pay *unsecured* creditors of Delta—those who are *not* supposed to get paid in a bankruptcy reorganization plan. In fact, Delta management, which opposes the offer, is now drawn into a bidding contest, to see how much *it* can borrow to pay off these same unsecured creditors without a

takeover! The apparent referee is Norman Bethune, the former butcher of Continental Airlines in the 1990s, who has become head of a committee of Delta creditors which is trying to decide Delta's fate. Bethune calls himself "a proponent of stabilizing the industry by consolidating."

China

People's Bank To Reduce Liquidity, 'If Necessary'

The People's Bank of China will take further measures to reduce liquidity in the country, if necessary, stated PBOC governor Zhou Xiaochuan at central bankers' meetings at the Bank for International Settlements in Basel. Zhou said that policy changes are designed to cope with the excess liquidity in the market. "We are not ruling out the possibility of using more measures, but we have to see the effectiveness of the current policies," Zhou said.

The PBOC has just announced that banks, as of Jan. 15, will have to raise their reserve ratio by 0.5%, which will keep some 150 billion yuan from flooding the stock market, the Hong Kong Standard reported Jan. 9.

In addition to its huge trade surplus, China also has been receiving a big flow of foreign direct investment, which is also pushing up its foreign exchange reserves.

"We don't know what the trend of the market demand and supply will be for this year," Zhou said. "So far, there is more supply of foreign exchange than demand for it."

Bloomberg quoted Zhou Xiaochuan also saying that, "The data from 2006 show that China's trade surplus has been increasing, and if this situation continues, then I think the flexibility of the exchange rate will be increased." The RMB has risen 5.7% against the dollar since July 2005, and the national Xinhua Economic Analysis report of Jan. 2 said it could rise by another 5% in 2007.

Zhou had told visiting U.S. Treasury Secretary Henry Paulson in December, that he wants to increase the flexibility of the yuan at a "gradual" pace.

British Arc of Crisis Extended to Africa

by Douglas DeGroot

The December military offensive by Ethiopian troops in Somalia, ostensibly in defense of a weak Transitional Federal Government (TFG), with the support and encouragement of the Bush Administration, plus the subsequent U.S. airstrikes in Somalia, and the presence of U.S. troops there, demonstrate that Vice President Dick Cheney and his neo-con cabal are intent on expanding the British-designed global crusade against Islam by instigating a war in the Horn of Africa.

This move activates the African end of the British intelligence-designed Arc of Crisis, that extends through the Islamic world, from Afghanistan and Pakistan, through Southwest Asia, northern Africa, down to the Horn. (See this week's Feature for Lyndon LaRouche's remarks to an international webcast.)

Eritrea, Ethiopia, and Somalia, the three main countries in the Horn of Africa, account for nearly 100 million people, and are among the poorest countries in the world. Rivers from the Ethiopian highlands provide 86% of the water in the Nile. Use of this water is a critical issue for Sudan and Egypt.

There have been long-term antagonisms between Ethiopia, and Somalia and Eritrea, making it easy to begin a protracted conflict in the Horn of Africa. Cheney and company have set off the crisis in such a way that it will drag in neighboring nations, thus turning the entire region into a quagmire of permanent, and spreading, war. It will be unstoppable until the British globalization policy of destroying populations and sovereign nations is eliminated. This has been the underlying axiom of U.S. policy since Henry Kissinger's genocidal NSSM 200, promulgated during the Nixon Administration.

The crisis has already spread to Kenya. Of the countries neighboring Somalia, Kenya has the largest number of resident ethnic Somalis. Kenya has attempted to seal its border to keep out al-Qaeda operatives, which will keep out refugees

fleeing the conflict in Somalia. Many will get through anyway, and there have already been reports of Ethiopian helicopter gunship attacks inside Kenya.

The Cheney cabal, using the Rumsfeldian Global-War-on-Terror strategy, are working to turn the Horn—under the guise of a war against al-Qaeda—into a Thirty Years War-style confessional/political conflict. It is being set up by giving Christian-ruled Ethiopia tacit approval and support to invade neighboring Somalia, an Islamic country, which has not had a functioning government since 1991. The U.S. military intervention which followed the Ethiopian-led attacks in Somalia, ensures that the crisis will be used as a recruiting tool for radical Islamists to go to Somalia. As a Sudanese source told *EIR*, “the crisis in the Horn will dwarf the Darfur crisis.” In fact, Sudan will also ultimately be pulled into the crisis as well.

The Pretext for Launching the Crisis

The pretext given for Ethiopia's military intervention, is to prevent al-Qaeda from gaining control of an Islamic movement, the Union of Islamic Courts (UIC), that had managed to drive out the warlords from the southern part of the country last year, and to find three al-Qaeda terrorists the Cheney crowd maintains are hiding there. The three were allegedly behind the bombings of the U.S. embassies in Kenya and Tanzania in 1998.

Right before the Ethiopian attack, U.S. Assistant Secretary of State for African Affairs Jendayi Frazer stated that the UIC leadership “is now controlled by al-Qaeda cell individuals” whom she labelled “terrorists.” She then began shuttling between capitals in the Horn and Yemen, spreading the same message, and after the Ethiopian offensive began, called for an African peacekeeping force deployment to relieve the Ethi-



World Food Program



World Food Program

Somalis who have been forced to leave their land, and to flee the violence of local militias, or are now fleeing the U.S.-sanctioned Ethiopian military intervention, end up in camps such as this one. They live in shelters they make from sticks and rags, and become dependent on food aid.

opians. The State Department approved the Ethiopian counteroffensive, calling it a response to “aggression” by the UIC, which had deployed its militias to Baidoa, the seat of the TFG.

The first skirmishes with TFG forces began on Dec. 19. On Dec. 23, the UIC announced that Somalia was open to Muslim fighters from around the world who wanted to wage a holy war against Ethiopia. The UIC forces were rapidly overwhelmed by the superior Ethiopian forces, and made no effort to defend the capital, Mogadishu, when the Ethiopian-led forces arrived, because they didn’t want to be blamed by the population, if all-out warfare ensued there. Some fled towards southern Somalia, while most of them disappeared into the population, going underground, raising the possibility of an insurgency later. As far back as late 2001, Ken Menkhaus, a specialist on Somalia and its Islamic movements, warned: “By lumping everyone together, we may wind up creating an organization that is truly anti-American and evil.”

Ignoring this possibility, U.S. officials were euphoric about the quick victory, saying “They’re on the run.” There have already been Somali protests in Mogadishu against the TFG and the Ethiopians, which have resulted in deaths.

Just days after the Ethiopian military intervention, which began Dec. 24, the African Union (AU) sought to quickly organize a peacekeeping force from several non-neighboring nations, so that efforts for negotiating an end to the crisis could begin. During this time, Ethiopian troops in Somalia, along with the TFG, had been pursuing some of the Islamic militia forces towards Kenya.

Very conveniently for Cheney and company, on Jan. 5, a taped message, purportedly by Osama bin Laden’s deputy, an Egyptian named Ayman al-Zawahiri, called for an Iraq-style insurgency in Somalia. “You must ambush, mine, raid, and

[carry out] martyrdom campaigns so that you can wipe them out,” the tape said.

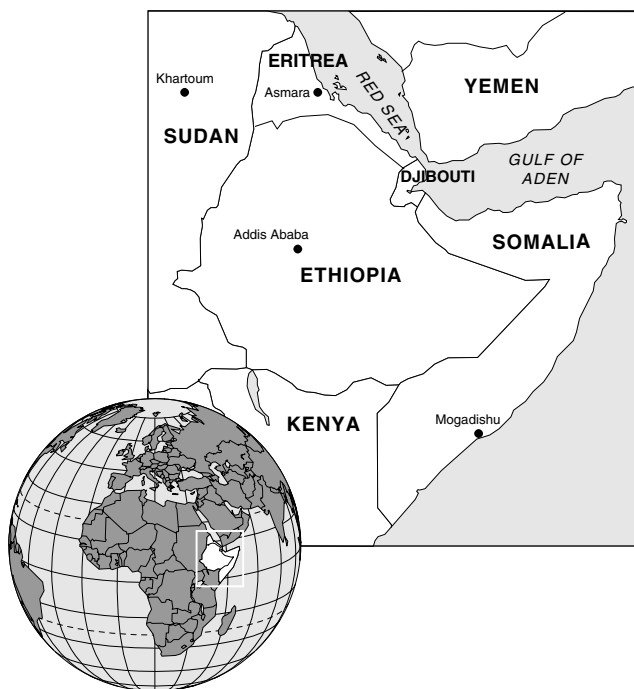
U.S. Joins the Military Intervention

This was the cue the Cheney forces used for the United States to intervene militarily, which guarantees that a negotiated end to the conflict cannot be accomplished quickly. U.S. special forces launched AC-130 gunships from a U.S. military base in Djibouti (which neighbors Somalia, Ethiopia, and Eritrea), to conduct air strikes on Jan. 8 against a village in southern Somalia, and an island off the coast of Kenya, just below the southern tip of Somalia. The reason given was that the U.S. officials claimed to have “reliable intelligence” that the three al-Qaeda terrorists were in that area.

Somali officials reported that many deaths resulted from the U.S. attacks. The Pentagon confirmed the strike, but declined to comment on any details. Pentagon spokesman Bryan Whitman said that the assault was based on intelligence, “that led us to believe we had principal al-Qaeda leaders in an area where we could identify them and take action against them,” and added: “We’re going to remain committed to reducing terrorist capabilities where and when we find them.”

Witnesses report that air strikes continued over the next two days. State Department spokesman Sean McCormack said that the Bush Administration “has had concerns that there are terrorists, and al-Qaeda-affiliated terrorists, that were in Somalia.” He stated that “we have great interest in seeing that those individuals not be able to flee to other locations.” U.S. ships have been deployed off the coast to make sure no terrorists escape.

Making no mention of villages and nomads’ herds being devastated by the attacks, and the undetermined number of civilian victims, the global-war-on-terrorism maniacs are



claiming success. They claim to have wiped out fleeing Islamic leaders. However, they had to admit they had no evidence that they had killed any of the three supposed al-Qaeda people they were pursuing. On Jan. 10, the Somali TFG claimed that one of the al-Qaeda terrorists had been killed. On the same day, the Arab League said that U.S. military action in Somalia had killed “many innocent victims.”

The next day, U.S. officials admitted publicly that none of the top three “suspected terrorists” were killed by the U.S. airstrike. As of Jan. 11, unnamed U.S. officials admitted that a team of U.S. military personnel was on the ground in Somalia at the site of the U.S. airstrike, attempting to verify if any of those targeted had been killed. So far, “no one can confirm a high-value target” among the dead, said one U.S. source, who spoke on condition of anonymity, according to a Jan. 11 CBS/AP news release.

The overt U.S. role in this conflict, plus reports that Israel helped coordinate Ethiopia’s military needs, only helps inflame the radical Islamic ferment globally, and fuel the anti-Islamic permanent-war policy which the Cheney crew is implementing. This U.S. role amounts to a red flag which makes it impossible for any African peacekeeping force to have any credibility. African nations are extremely reluctant to get ensnared in an operation that would be perceived as doing the bidding of the United States, after the U.S. military deployment. Unless the TFG agrees to bring moderate elements from the UIC into the government, African specialists say, African nations won’t contribute troops to a peacekeeping force.

The brazen U.S. military intervention, by inciting radical Islamic attacks, ensures that a negotiated end to the conflict won’t happen. The conflict will now become a quagmire that

bogs down any country which tries to intervene. The irrational and indiscriminate attacks by the U.S. on the civilian population will create more radical fundamentalist Islamists in Somalia, just as it has done in Iraq. Somalia has always been a secular country, but has now been primed to go down the same road Iraq has been on since the U.S. intervention.

Ethiopian Prime Minister Zenawi Meles, who thought he could carry out a swift attack, and then pull his forces back to Ethiopia in a few weeks, is now stuck. If he pulls out now, the weak TFG which asked Ethiopia to intervene, would collapse because of the radicalization caused by the U.S. intervention. The TFG was set up at reconciliation talks between Somali factions in Nairobi, Kenya by the Intergovernmental Authority on Development (a seven-country organization from the Horn and surrounding region), the AU, and the UN, in 2004, in an effort to restore governmental rule in the country. Until the Ethiopian invasion, the TFG had only been able to operate in the town of Baidoa, located between Mogadishu and the Ethiopian border.

The *East African Standard*, a Kenyan daily, headlined its Jan. 11 editorial: “U.S. attack on Somalia threat to peace efforts.” After noting that there had been no confirmation of any al-Qaeda operatives killed, the editorial noted: “It would take a long time to win back the trust of the people of Somalia if, like Ethiopia, the U.S., the African Union, and world organisations are seen as invaders and forces of occupation rather than saviours from the subjugation and clan-ethnic paralysis that have been the bane of Somalia for a decade and a half.”

Genocidal War Instead of Nation-Building

As part of the Rumsfeldian shift in defense policy since 9/11, the Pentagon has let it be known that it will reorganize the U.S. military outlook, and has announced the formation of an African Command, which will see an expansion of bases in Africa, which will be seen as vehicles for regime change, using the anti-terrorist pretext to intervene in conflicts throughout the continent. From any rational policy standpoint, in the estimation of African observers, this invasion of Somalia will backfire. As one stated: “Establishing an African Command will only be effective if the primary policy thrust is support for internally driven governance-building processes.”

With the Cheney crowd implementing the British-spawned genocidal permanent warfare policy, no development-oriented nation-building approach is possible. This British policy of permanent conflict, will have worse consequences for Third World nations than colonialism did, or the suffering brought about by dictators installed during the “Cold War.” The policy of permanent conflict will wipe out populations, and destroy nations, as demanded by the utopian, free-market advocates of globalization.

Adding to the catastrophe in the Horn of Africa, there are reports that Rift Valley Fever, a rare, contagious hemorrhagic disease, which originated in the Rift Valley, and is endemic there, has spread from northern Kenya into Somalia,



Dod/Staff Sgt. Gary Hilliard, U.S. Army
Dick Cheney



EIRNS/Stuart Lewis
Bernard Lewis



EIRNS/Stuart Lewis
Henry Kissinger



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Zbigniew Brzezinski

Bernard Lewis (presently at Princeton University) is a British Intelligence hand who played a key role in designing the Arc of Crisis, originally planned to extend from Afghanistan and Pakistan, through South West Asia, and ultimately, he proclaimed, extend to Africa. Kissinger and Brzezinski were active proponents of this destabilization process, both as U.S. officials, and afterwards. Now Dick Cheney kicked the African end of this Arc of Crisis into gear, by aiding Ethiopia in its military intervention into Somalia, and then getting the U.S. military to indirectly intervene as well.

where seven have died of it in the Jan. 5-10 period. It also kills animals. Devastation of livestock would severely cut exports, thus depriving nomads of their livelihood. Because of the Ethiopian/American military activity, efforts to confirm the extent of the spread of the disease have not been possible, and therefore no moves can be taken to control the disease.

History of the Crisis

The United States, which had been a close ally of Somalia since the late 1970s, dumped Somalia in the late 1980s, when the port of Berbera and the air base there were no longer

considered necessary. Consequently, the government collapsed in 1991, and since then, Somalia has been ravaged by the competing militias of clan-based warlords, resulting in pervasive fighting, plundering, extortion, and stealing. With no police force, and no central authority, the Somali people had no protection. As a result, many were internally displaced, and now live in squalid camps, dependent on food aid, or have been forced to flee their country.

The UIC reversed this in southern Somalia this past year, after various regional Islamic Courts unified, and with the support of merchants and some of the clans who wanted to stop the extortion of the various warlord militias, set up their own militia. The fight raged between the UIC and the U.S.-backed warlords (in violation of the UN arms embargo) from February until June. The warlords had set up a now-defunct Alliance for the Restoration of Peace and Counter-Terrorism (ARPCT) as a justification for those funneling money to them.

During the period of that fight between the ARPCT (warlords) and the UIC, TFG government spokesman Abdirahman Dinari, speaking by phone from Baidoa, told journalists that, "The U.S. government funded the warlords in the recent battle in Mogadishu, there is no doubt about that. This cooperation . . . only fuels further civil war," according to news agency reports at the time.

TFG Prime Minister Ali Mohamed Gedi said, in an interview during that period of fighting, that "We would prefer that the U.S. work with the transitional government and not with criminals. This is a dangerous game. Somalia is not a stable place and we want the U.S. in Somalia, but in a more constructive way. Clearly we have a common objective to stabilize Somalia, but the U.S. is using the wrong channels."

The Bush Administration fixated on the potential terrorist threat, and did nothing to create or support economic development initiatives. Thus,

nothing was done to alter the conditions which have allowed radical fundamentalist cells installing themselves in the country, or which leave the only other option for survival being working for a warlord.

As a result of the lack of the proper kind of support, the TFG, which includes some warlords, has no independent power base. It has been left to be played as an Ethiopian and Bush Administration card.

Since the UIC left Mogadishu, warlords and their militias have returned, and resumed their previous extortion activity, setting up checkpoints to demand money before they let people or shipped goods pass.

Rebuild Somalia To Undercut Warlords

David Shinn is a former U.S. Ambassador to Ethiopia, and in his 37 years with the State Department, he also served as the director of East and Horn of African Affairs. He is now an adjunct professor in the Elliott School of International Affairs at George Washington University. He was interviewed by Lawrence Freeman on Jan. 4, 2007, at a Washington, D.C. forum on Somalia, sponsored by the Middle East Institute. This was before the U.S. attacks took place in southern Somalia.



EIR: Ambassador Shinn, now that the Ethiopian military moved into Mogadishu and the Islamic Court has left, what do you think the course for stability is in the immediate period ahead?

Shinn: First, it's important to clarify that the Islamic Courts per se have not left Mogadishu. What has left is the militia that supported the Islamic Courts. Allegedly, about 3,000 of them went to the southern part of Somalia, and are still being tracked down in that area. I think many of the 3,000 actually have since abandoned their weapons and their uniforms and are trying to meld back into society.

But what you have left in Mogadishu are the Islamic Courts, as represented by some of the religious leaders, and some of the followers, most of whom were fairly moderate, and it's essentially the extremists who ended up departing. What happens next? Basically, it's a question of the Transitional Federal Government, which at least for now controls Mogadishu—and much of the rest of the country—to reach out to all of those elements of Somali society. This means the clans that feel they have not been sufficiently represented in the transitional Federal government; the moderates in the Islamic Courts; the members of civil society who have not played a particularly important role in the transitional federal government. They have to be brought in, and made to feel that they are part of the system.

You also have to deal with some of the former warlords. The Transitional Federal Government (TFG) is a coalition itself. It does include some former warlords. But it also

excluded some others. And one way or the other, the TFG has to deal with those who at this point are not part of the TFG. To use a harsh word, it either has to coopt, or it has to otherwise deal with them, and this is not going to be an easy task.

EIR: So, you don't think that stability can proceed without inclusion of some of what you would call the moderates of the Islamic Courts?

Shinn: Among others. It's not just the Islamic Courts, but it's all of these other elements. I think that's correct. I think that the only government that's going to be acceptable, will be one that is basically all-inclusive, with, of course, the exception of extremists. There's simply no room for extremists in the government.

EIR: What role do you think the Ethiopians have, and how long do you think they'll be staying there militarily? Because that would seem to be a fly in the ointment of trying to work any of this out.

Shinn: If the Ethiopians overstay their welcome, it will indeed be a fly in the ointment, and I think they are aware of that, frankly, better than anyone. Prime Minister Meles has said that he would like to see the Ethiopian engagement in Somalia only to be a matter of weeks. It's actually Prime Minister [Ali Mohamed] Geddi of the Transitional Federal Government who was talking about maybe months in having the Ethiopians remain. Well, that's because he may feel he needs them for security purposes.

Now, this will be a delicate dance between the Transitional Federal Government and the Ethiopians, as to when the Ethiopians leave. And I think you're actually going to see the Ethiopians wanting to leave sooner, than some in the TFG want them to leave. But it is essential that they leave quickly. Otherwise, it will create a whole new set of problems. . . .

EIR: What do you see in terms of the potential danger for asymmetric warfare in Somalia, and the spread of this to the whole region?

Shinn: At the moment I'm a little bit less concerned about that, depending, of course, upon how you define asymmetrical warfare. If you're defining it as the former extremists, or the extremists who were formerly a part of the Islamic Courts, and who are now on the run in southern Somalia, and that they would regroup and somehow carry out terrorist attacks, or bombings, or the IED kind of activity that we've seen in Iraq and Afghanistan, frankly I'm really less concerned about that than I am about simply a return to old-fashioned warlord politics in places like Mogadishu. I really don't think that these folks have the kind of support required to carry that kind of activity out. This is not the Somali way of doing things.

Admittedly there were some bombings in Baidoa Some-

one either taught the elements of the Courts how to do it, or foreigners did it; it's not clear who carried it out. But there weren't very many. And I would be very surprised if Somalis accept this as a way of doing business in their country. I think those elements will be basically prevented from carrying out that kind of warfare. And as I said, to me the greater threat is a return to warlord politics, especially in Mogadishu.

EIR: What do you think is the major positive role that the U.S. could play in this area?

Shinn: To have a very low profile, first off, politically to have a low profile. Security-wise, to have a low profile. And then, most importantly, to step up and be helpful in terms of helping to reconstruct Somalia, the infrastructure and the social system, as soon as security permits that.

Now admittedly, today that's really not possible. It's certainly not possible to have Americans running around Somalia. But eventually, it will be possible to finance that kind of activity, either using Somalis themselves predominantly, or perhaps security will return to the point where even small numbers of Americans can go in and supervise those kinds of activity.

Or, as a last resort, one can simply work through the United Nations, and make it more of a United Nations effort, with the United States providing their fair share, of funding. But it really is critical to start rebuilding Somalia to the point where Somalis themselves are not attracted to either ideology or warlords—or beliefs that are rather contrary to their history—and where they're rather willing to support a national government which is, in theory, looking out for their best interests as a people.

EIR: You talked about the development. This area is extremely underdeveloped. Do you have any concrete ideas? Are you talking about water management, energy development? What kind of programs do you think could be implemented? What kind of effect do you think they would have over what period of time?

Shinn: Well, in the first instance, you have to do what one should give the Islamic Courts credit for, and that was to reopen the airport and the ports. They had been closed since UNOSOM [United Nations forces] left in 1995; the Courts reopened them several months ago. They briefly closed again when this recent fighting broke out. I see that the TFG has announced that the airport has reopened; I don't know if planes are flying in or not. But you've got to restart commerce. Somalis are very good at commerce, and if the possibility is there to conduct commerce, they will do it. But they can't do it if the ports are closed, and the airports are closed.

The next step is to start working on road infrastructure, which means rebuilding, not only in Mogadishu but outside of Mogadishu, so that commerce can function more effec-

tively throughout the country, so that you can restart the export of bananas from the Shabelle or the Juba valleys, where they used to grow in great abundance. And where you can start exporting livestock again—that is, livestock on the hoof—which used to be the single largest export of Somalia.

All of these things are going to require outside assistance, in order to make them work. And then, at the same time, you've got to work on education and health systems. Some of these have continued to function throughout all of this conflict in Somalia, mainly done by the private sector, or simply committed Somalis who banded together to make some things happen. And the Islamic Courts did some good with that also.

The Somalis, together with foreigners, have to come together to figure out, or to begin a way to start reconstructing this part of Somalia, which has so lapsed into disrepair.

EIR: Do you think there are positive tendencies in this current Administration, or even potentially this new Congress, that would undertake that kind of funding for infrastructure projects?

Shinn: I think there is. And I think if you look at the committees in both the House and the Senate, with Donald Payne leading the Africa subcommittee in the House, and

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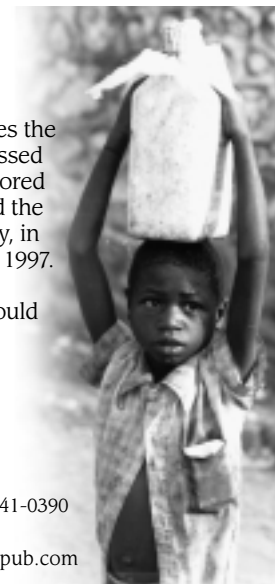
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with Russ Feingold leading the Africa subcommittee in the Senate, I personally know that both of those individuals, have a deep interest in Somalia; that they have called out, for some time now, particularly Russ Feingold, for a comprehensive policy to deal with Somalia, not one based solely on counterterrorism. And I think you will certainly see a desire from Capitol Hill to move in that direction, at least at the committee level. I don't have any feel for how broad-based that will be in the House and the Senate, more generally. It will be up to people like Payne and Feingold to create an enthusiasm for that.

And on the Administration side, I think that there are significant elements of the Administration that understand that you can't have a policy based solely on counterterrorism. There are other elements to it. And, in all fairness to the Administration, it has been the most active country in the world in providing emergency food aid to Somalia, ever since the United States left in 1994. In the year 2006 alone, it provided more than \$90 million worth of food aid, for a combination of, first drought, and then floods, in Somalia—far more than any other country provided.

EIR: Finally, some of the panelists today at this forum which we attended, and you spoke at, didn't really have a very long-term positive view. It seems to me that they discussed that the best we can do right now, was "mending and band-aids." I want to know if you share that view, and what kind of band-aids and mending you think is going to work?

Shinn: Well, when you look at the history of Somalia since 1991, that was almost a positive approach to the problem. Like Gayle Smith [former National Security Council official], I tend to be something of an optimist. When you've been in diplomacy for 37 years, if you're a pessimist, quite frankly you should have gotten out at year one. Otherwise you're in the wrong business. Because you're doomed to fail, if you start from a negative approach.

So, I am cautiously optimistic that this can be made to work, but there are so many possibilities along the way that to make a misstep, to mess it all up, that is to me the most worrying factor. And it's going to take a brilliant display of diplomacy by the Transitional Federal Government to pull this together, and it's going to take an enormous amount of support from the international community to assist them, once the security problem is resolved. And it's not really resolved yet. The international community will be very limited in what it can do until they're assured that they can work in Somalia, and not be harmed in the process.

EIR: Do you think that they'll bring in an old hand like yourself from the Horn of Africa to help out?

Shinn: I'm sure not, and at this point, I'm better at talking heads than I am at going back and doing it. I'm involved in researching and well-ensconced in Washington; I did my stint in the field, and am probably too old for that now.

Friends of Nazi Carl Schmitt

Federalist Society Infiltrates Germany

by Rainer Apel and Anton Chaitkin

A leading German politician, spotted carrying around a copy of Adolf Hitler's *Mein Kampf* in public, maybe even in the national parliament—could that be possible in the Germany of today? Or, a leading legal expert, even a member of the German Supreme Court, walking around with a copy of Nazi "crown jurist" Carl Schmitt's writings on the infamous 1935 Nuremberg racial laws? Could that happen, 61 years after the end of the Third Reich, after six decades of an official ban on Nazi writings?

Well, there are people at work who apparently want Germany to develop in this direction. And, there are still many adherents of Schmitt in Germany, also in establishment media like the Frankfurt bankers' daily mouthpiece, the *Frankfurter Allgemeine Zeitung*, which frequently runs articles and commentaries on Schmitt—both critical and apologetic. It was in that Frankfurt daily, that readers were informed in a one-page article on Dec. 14, 2006, that the Federalist Society, a bridgehead of the American neo-cons, plans establishing a branch in Germany. Branches already exist in London, Paris, and Brussels. According to the article, the chief promoter of the Society's plan to establish a foothold in Germany, is the U.S. attorney John P. Schmitz. The Society's pet project, the "unitary executive" principle, already in practice for some time in the Bush-Cheney Administration, resembles the Nazis' *Führerprinzip* (leader principle), which Carl Schmitt played a key role in formulating, which states that the leader reigns above all law.

John P. Schmitz is the man who recruited his "old friend" Friedrich Merz, a former deputy chairman of the Christian Democrats' group in the German national parliament, into the international law firm Mayer, Brown, Rowe & Maw (which Schmitz works for). Merz, one of the most hard-line German neo-cons, made headlines in 2005, when he tried (but failed, fortunately) to arrange the hostile takeover of the German stock exchange in Frankfurt/Main, by the British hedge fund TCI.

With Schmitz, one gets into a really nasty political neighborhood: He was deputy counsel, under C. Boyden Grey, to then-Vice President George H.W. Bush, playing a role in the defense of the elder Bush in the Iran-Contra scandal. Schmitz is married to a sister of Jeb Bush's wife, Columba. John Schmitz and his brother Joseph E. Schmitz are both longtime



U.S. attorney John P. Schmitz (left) is the chief promoter of the Federalist Society's plan to establish a foothold in Germany, to promote the judicial program of the Nazi crown jurist Carl Schmitt.

leaders of the Federalist Society, in affiliation with the ultra-right Catholic networks around Supreme Court Justice Antonin Scalia and right-wing journalist William F. Buckley.

John Schmitz was himself a law clerk to Scalia. His brother Joseph was a former law clerk to Judge James Buckley (William F.'s brother) and a member of the Sovereign Military Order of Malta; he is currently chief of operations for the parent company of Blackwater, the giant mercenary firm founded by the religious-right billionaire Erik Prince. In 2001, Joseph Schmitz was Inspector General at the Pentagon under Donald Rumsfeld, before going to Blackwater.

The Schmitz brothers' father, John G. Schmitz, was a Congressman from Orange County, California, a notorious far-right figure, and the 1972 American Independent Party Presidential candidate, who died in 2001. The senior Schmitz told a TV interviewer in 1982 that it might be time for a military coup in the United States, like Gen. Augusto Pinochet's coup in Chile. His friend, columnist Joseph Sobran, quoted Representative Schmitz saying "there is nothing wrong with the Jesuits that a good Inquisition wouldn't cure."

Christendom College

In 1966, John G. Schmitz hired as an aide the radical rightist Warren Carroll, who had been active in neo-fascist anti-Kennedy circles in Dallas, Texas. Schmitz counselled the "deist" Carroll in religion, converting him to Catholicism and serving as Carroll's godfather. Carroll went on to found Christendom College in Front Royal, Virginia—a center for Carlist, pro-Franco Catholic fascist networks associated with the Buckley family (see *EIR*, April 19, 2002). Warren Carroll gave the eulogy at John G. Schmitz's funeral in 2001, and the Schmitz family (including Federalist Society brothers John P. and Joseph E.) asked that donations be made in their father's name to Christendom College.

John P. Schmitz is a longtime leader and board member of the Aspen Institute Berlin, a center of anti-LaRouche intrigues in Germany. Schmitz's colleague Jeffrey Gedmin, the

director of Aspen Institute Berlin, is also head of the New Atlantic Initiative for Lynne Cheney's American Enterprise Institute. Furthermore, the counsellor for the Federalist Society, T. Kenneth Crib, is president of William F. Buckley's Intercollegiate Studies Institute and head of the Collegiate Network, which runs dozens of rightist newspapers on American college campuses in concert with Lynne Cheney and David Horowitz (*EIR*, Oct. 13, 2006).

As a matter of fact, the Society already has a footprint on the territory of Germany, through the German offices (Munich, Frankfurt, and Hamburg) of its main base in London, the law firm Latham & Watkins. On the American side of its operations, Latham & Watkins includes several prominent neo-cons, such as Michael Chertoff, Secretary of Homeland Defense; and Philip Perry, also in the Department of Homeland Defense—and husband of Elizabeth Cheney, daughter of the U.S. Vice President. Elizabeth Cheney Perry is herself Deputy Assistant Secretary of State for Near Eastern Affairs.

Latham & Watkins has left its mark in the sphere of speculative-monetarist destruction of real U.S. industry. As the law firm pointed out in its annual report for 2005, its "success stories" for that year include activity related to the (manipulated) bankruptcy of Delphi, the chief auto-parts supplier to General Motors. "In what is the largest bankruptcy filed by a manufacturing company in U.S. Chapter 11 history, Latham is acting as counsel to the Official Committee of Unsecured Creditors in the pending bankruptcy proceedings of Delphi Corporation and its co-debtors," the annual report said. "As counsel to the committee, Latham will represent and protect the interests of all of Delphi's general unsecured creditors. The team will be involved in every aspect of the ongoing matters, including the treatment and resolution of Delphi's pension and labor issues, the treatment and resolution of creditor claims against Delphi, any related litigation, and the ultimate negotiation and implementation of any plan of reorganization."

Latham's other "2005 success stories" include representing accounting firm Arthur Andersen LLP before the U.S. Supreme Court, in which Andersen was cleared of charges of "obstruction of the SEC's investigation of the collapse of Enron Corporation," stemming from a 2002 Houston Federal court case.

The Houston criminal conviction of Arthur Andersen was for "corruptly persuading" its employees to "discard Enron-related documents," i.e., to shred them.

Meanwhile, Joseph P. Schmitz represented Enron in Germany, until the pirate firm collapsed.

The above-mentioned Friedrich Merz, Schmitz's partner, is out to shred the public health system of Germany, through Merz's new role as chief coordinator of the Christian Democrats for Health Reform. And that might be the "pilot project" that Federalist Society insiders say has been prepared for launching in Germany, as the first step to establish the Society here.

Press Paints Hitler As a Silly Clown

by Lyndon H. LaRouche, Jr.

January 6, 2007

WIESBADEN, GERMANY—Today, in Germany, some leading press have put new emphasis on conditioning the population of Germany to see dictator Adolf Hitler as virtually a German remake of “Bozo the Clown.” The obvious implication is, that by defanging Adolf Hitler’s image in this way, the way is cleared for a new kind of Führer, with a content similar, still, to that of real-life history’s Hitler; but, with a different exterior, a Hollywood-style image in the likeness of actor Charlie Chaplin’s memorable Hollywood performance.

This operation, the trans-Atlantic neo-cons’ current wet dream, is currently expressed in the form of a widely advertised new “Hitler” film (“Mein Führer”). Promotion of this film, to that kind of psychological-warfare effect, has been building up among the nation’s leading press here, during recent days.

The underlying problem here, is that, the post-Franklin Roosevelt powers occupying the western zones of a defeated and occupied Germany, concentrated their scapegoating of the defeated adversary on the figures of obvious targets, targets chosen from among the stalking figures under the command of Hitler and his apparatus. However, these spoofs and kindred productions, quietly slid aside the images of those leading private bankers and others, who created Hitler, such as relevant former Bank of England head Montagu Norman, and Norman’s protégé, the Bank for International Settlement’s Hjalmar Schacht. It was Norman, Schacht, et al., who were on the front line, with crucially significant aid from Carl Schmitt, in putting Hitler into power. It was these financier and related interests, from behind the curtain, who had organized the financial support for the Germany re-armament preparations, and who, after the war, made into a programmed re-entry, a few discreet years later, into their former positions of power.

Any competent and honest treatment of the lessons to be adduced from the actual Hitler phenomenon, must get away from “Three-Penny Opera”-style burlesques, to treat Hitler as the pre-programmed puppet used, for geopolitical purposes, by the relevant, higher, Anglo-Dutch Liberal and French Synarchist financier potencies. It was those interests,

chiefly financial, behind the curtain, which had actually created, wound-up, and unleashed their living Hitler puppet upon Germany and humanity generally: just as they had, earlier, created Benito Mussolini from Venetian banker Volpi de Misurata’s very bad-smelling choice of virtual mud.

In other words, the popularized post-World War II myth, backed, from early in the post-Franklin Roosevelt months, onward, was crafted to screen the former creators of Mussolini, Hitler, and Franco, et al., in a way suited to the convenience of the same financier puppet-masters who had created the fascist phenomenon of the geopolitical aftermath of the post-World War I 1920s and 1930s.

Today, the equivalent of what was done through unleashing pre-programmed puppet Hitler, is reflected in Mrs. Lynne Cheney’s role in the American Council of Trustees and Alumni (ACTA) and similar “neo-conservative” efforts to crush dissenting campus voices in both the U.S.A., and now, also, in Germany. Now, as during the 1920s and 1930s Germany, and elsewhere, “Big Sister’s” campus-based hordes of thugs deploy as storm-troopers inside and outside the U.S.A., with the same ultimate strategic intention associated with the Mussolinis, Hitlers, and Francos of the 1920s and 1930s.

The popular post-war image of mass-murderous dictator Adolf Hitler, is recognized, appropriately, as a lurking impediment to such fascist-like schemes of today. Hitler was the satanic sort of alternative to the legendary Golem, for which he was widely, and justly hated as a monster, by the generation which had emerged from the post-World War II battlefields, my generation. To point out the obvious echoes of Hitler in certain neo-conservative and other right-wing ferment today, is a major impediment to realizing the intentions expressed by such undertakings as Mrs. Cheney’s ACTA and such circles of the policy of “revolution in military affairs” dogmas, as Big Sister’s Dick, George P. Shultz, and synarchist product, and banker, Felix Rohatyn.

Although the successors, and adversaries of President Franklin Roosevelt have already defanged the image of the financier circles which actually created Hitler and put him into power, the hated image of Hitler himself is nonetheless still a lurking, serious impediment to the success of efforts of such as ACTA and the radically right-wing Federalist Society, operating, in the image of Nazi asset Carl Schmitt, in places such as the U.S.A. and Germany today. To minimize such impediments, employ the motion-picture industry and other relevant parties, to create an image of Hitler as the one-armed Bozo the Clown’s brother playing with his rubber ducky in the soapy bathtub, to match the clownish two-armed image of “Sawdust Caesar” Benito Mussolini.

The most efficient disguise created for a professional assassin, is the image of a silly, witlessly drooling fool. The bigger fool is the fellow who is taken in by the form of humor employed in the press buildup of the new Hitler-the-clown film.

Change in Washington: Good Chances For German Presidency of the EU

by Helga Zepp-LaRouche

This article appeared in the first issue for 2007 of the German weekly Neue Solidarität, which went to press before Chancellor Angela Merkel's Jan. 4 arrival in the United States. Mrs. LaRouche is the chairwoman of the Civil Rights Solidarity Movement (BüSo) in Germany, and the founder of the international Schiller Institute.

Since the landslide victory of the Democrats, the political climate in Washington will be characterized by the newly elected 110th Congress and an improved Senate. But President Bush, in his short press conference on Jan. 3, underlined his refusal to pay attention to the will of the voters. "Congress has changed, but the tasks facing our country have not changed," Bush announced, and then disappeared after five minutes, without answering any questions. Political Washington knows what that means: Bush and Cheney will soon go for increasing troop strength in Iraq by something like 30,000 soldiers. Many military figures and experts have warned, that the goal of this is not just to have more American troops in Iraq, but that this increase must actually be seen in connection with an imminent military strike against Iran.

Across a broad, nonpartisan spectrum in the U.S.A., it is clear, that such an escalation would lead to a global asymmetrical war. These forces are not only discussing the Baker-Hamilton Report for a solution to the Iraq crisis, including bringing Iran and Syria into the discussion, but also, behind the scenes, a big debate has broken out, over whether an immediate impeachment, including of Vice President Dick Cheney, could prevent such a war.

At the same time, just as before the Iraq War, in a sophisticated way, alleged evidence is being concocted to the effect that Iran will soon be able to produce weapons-capable uranium, and that this will be used soon to build bombs. If such ideas in Washington are not immediately discredited, America will be assuring its own downfall, just as Classical Greece, through its sophism and its imperial fantasies, met its downfall in the Peloponnesian War.

There is a broad-ranging consensus on the part of active and former military figures, the Democrats, and many Republicans, that it is vital to get Cheney out of office first. Furthermore, there are half a dozen Congressional committees which are launching high-level investigations into the outrages of the Administration, in which the subject is Cheney's primary

role in all these instances of misconduct. But to complicate the current situation, Bush, despite the obvious worsening of his own mental state, can no longer be placed in the position to leave office, until Cheney departs. Therefore, what remains is the possibility of a double impeachment.

Chancellor Merkel could have chosen no better time to visit the U.S.A., than on Jan. 4—the day that the new Congress takes office on Capitol Hill; she will be able to get a good whiff of the new political winds that are blowing so hard now in Washington. It would not escape her notice, that only 12 out of 49 Republican Senators support Bush and Cheney's idea of a "surge" of troops for Iraq (and thereby implicitly a military attack against Iran). The just-replaced chairman of the Senate Foreign Relations Committee, [Richard] Lugar [R-Ind.], warned Bush a few days ago against announcing a troop build-up on television, without having first gotten Congressional approval. "The White House will find itself facing a lynch mob; that would be very, very ugly," he warned.

If Bush and Cheney had hoped to be able to finance the exploding budget for the Iraq War and possible wider wars through additional supplemental appropriations, they are going to get a nasty surprise; the Democrat-dominated Congress is firmly resolved to bring the financing of the hated war—now only 35% of the military itself supports it—under budgetary control. In any case, the political climate in January before Bush's State of the Union speech will change so dramatically, that even the Europeans, who have been kept in the dark by the controlled media, about these long-emerging developments, will hardly be astonished any longer.

Unavoidable Real-Estate Crash

The change in the U.S.A. comes not a moment too soon, since every day there are more signs that the global financial system is facing an enormous crash. According to the latest studies, it is expected that in the realm of so-called "sub-prime mortgages" alone—that is, mortgages that are taken out by the poorest households, on horrendous terms—many will go into default, and 2.2 million homeowners will lose their homes in the oncoming real-estate crash. This real-estate and mortgage crash will, among other things, lead to a huge elimination of jobs in the construction sector.

The real-estate crash is, however, just the tip of the iceberg; the hopelessly indebted world financial system cannot



EIRN/William Jones

German Chancellor Angela Merkel looks less than enthusiastic during her meeting with President Bush on Jan. 4. What Germany should do, Zepp-LaRouche writes, is to use its authority as this year's president of both the European Union and the G8, to demand the creation of a new world monetary system, modelled after FDR's Bretton Woods.

be saved, in its current form. In recent months, experts such as former Treasury Secretary Robert Rubin have been warning more strongly that the U.S. Budget deficit and foreign trade balance can no longer be sustained. A likely collapse of the dollar by 30% or more now threatens every single continent of the world with chaos. The feverish mergers and hostile takeovers by ever-larger conglomerates in the last few months, the raids by the hedge funds and equity funds, mostly financed by bank loans, which in the coming crash will all be worthless, are to a certain extent the last gasps of a dying dinosaur: the system of globalization.

In the new Congress, there are many who know that they are now on the spot: that the collapse of the system threatens now, and not two years from now, even though the Presidential election of 2008 is already a factor in the thinking in Washington. If the Democrats want to avoid being voted out of office by enraged voters, as just happened with the Republicans in November, they are going to have to find a solution for the financial and economic crisis.

With few exceptions, the Democrats in the new Congress are aware of the catalytic role that Lyndon LaRouche and the LaRouche Youth Movement played in the Democratic election victory. Accordingly, there is heightened attention to the programmatic proposals that LaRouche has made for the reorganization of the American economy and the international financial system. Legislative proposals such as the "Economic Recovery Act" for conversion of the auto sector

and the reconstruction of the American economy are being intensively studied by the professional staffs of the relevant committees. LaRouche's latest work, "The Lost Art of the Capital Budget" [*EIR*, Jan. 19, 2007], was being studied by influential persons in the Democratic Party even prior to its publication.

Hope for Germany, Too

In this process of change on the part of the Democrats in Congress (and some Republicans too, who are distancing themselves from the White House for reasons of self-preservation), lies the greatest hope for solving the crisis in Europe and in Germany. For strategic and historical reasons, the solution embodied in a new financial architecture can only come through changes in the U.S.A. At the same time, the dollar is not just one currency out of many, but rather the basis for the present global system; and, on the other hand, it incorporates the U.S.A. of the tradition of the Amer-

ican System, which was fought for in the American Revolution and was renewed by Lincoln and Franklin D. Roosevelt. Precisely this tradition—that is, the idea of orienting the budget toward the general welfare, a New Deal for re-stimulation of production and a system of fixed exchange rates in the tradition of the Bretton Woods System—will now come to life again in both Houses of the American Congress, through discussion of LaRouche's economic policy.

The best that intelligent people in Europe and Germany can do, is to heartily support the efforts of the LaRouche movement to reactivate the Roosevelt tradition in the Democratic Party. If that doesn't succeed, Congress will not, in the face of the acute crisis, be able to push through the measures needed to save the American economy. But it would be feasible, by European cooperation with a changed America, to act in time—that is, before an uncontrolled collapse—to hold an emergency summit meeting, whose agenda would be the reorganization of the world financial system.

Angela Merkel's visit to Washington, in her capacity as representative of the German presidency of the G8 and the EU, as is clear from existing agendas for both of these presidencies, will remain true to her "policy of little steps." Also, with respect to such necessary agenda items as new initiatives for the Middle East, the program of the presidency remains fundamentally flawed, with no vision whatsoever regarding the existential questions, such as the collateral crisis of the system and the need for a new world economic order. Apart

from this, the itinerary includes innumerable conferences on all possible subjects, and one can be certain that countless bureaucrats will read gigantic mountains of paper, fly from conference to conference, and run up big expense accounts. If at the end of both presidencies, they are not to be described as “a lot of tears over nothing,” then a new approach is necessary.

Not Free Trade, But Fair Trade

Neo-conservative moles such as the former U.S. ambassador and the current Germany chief of Lazard bank, John Kornblum, intend to raise the question of a European identity and a new transatlantic catalog of values. What they really mean by that is such a monstrosity as the Transatlantic Free Trade Agreement (TAFTA). Frau Merkel agrees with this free-trade concept, despite the catastrophic results of the similar North American Free Trade Agreement (NAFTA), and wants to take it even further, and make it a theme during her presidency of the EU. The image of man that treaties such as TAFTA reflect, is the same as that of globalization in general: that there should be a small, privileged money-elite that procures all the advantages, while the overwhelming portion of the population is treated as not much better than human cattle or modern slaves.

Instead of that, what Germany should bring into the discussion, as president of both institutions, especially in view of the changes in Washington, is the concept of “fair trade,” that is, a multinational trade agreement that will guarantee the long-term development of the physical economy by the best possible management of the productivity of the labor power and industrial capacities of all member states. In this way, Germany can base itself on the fundamental difference that national economist Friedrich List drew between the British and the American systems.

The idea, that the Federal government should use its term as president of the EU to revise the EU Constitution, is, in view of the certain opposition from France—and not only for that reason—completely useless, and would just mean a great waste of time and money. Instead, Germany should use both presidencies to work with the new U.S. Congress to develop a new financial architecture, on the principles of fair trade between sovereign nation-states—in a Europe of the Fatherlands and, worldwide, an Entente of sovereign republics, which ally with one another to achieve the common goals of mankind.

Also in contradiction to the current concept of the EU, Germany must, on the basis of the coming changes in Washington, give up the Anglo-Dutch idea of central banking, and replace it with sovereignty over its own economy and its currency, if the European nations are to find a way out of the systemic crisis. This would mean a system of fixed exchange rates and the right to state credit-creation, for investments that will promote the general welfare and productive employment.

Germany should, in particular, use its presidency of the

G8 to bring up the necessity for a new, just world economic order, which for Africa, but also for billions of poor people throughout the world, is a question of survival. Since the fall of the Iron Curtain, the construction of the Eurasian Land-Bridge has been the most obvious core for a reconstruction of the world economy, as well as for a new peaceful order in the 21st Century.

Instead of a presidency with many small steps—one of which could lead us plunging over the cliff—we need a discussion of how we can organize life and the political order on our planet, so that every person can have a worthwhile life. This is the same question that Alexander Hamilton discussed in the *Federalist Papers*, namely, whether man can actually govern himself. And this is the same problem that Friedrich Schiller wrote about in his *Letters on Don Carlos*: that the favorite subject of the century of the American Revolution would be, how the best possible state could be created, which would provide its citizens with the greatest freedom and development.

These questions are today more urgent than ever for all mankind. The system of globalization—just another word for an Anglo-Dutch-American empire—has completely failed and has plunged us into a systemic crisis, which can lead into a new dark age. There is therefore no more urgent question than this, upon which the principles of a political order must be built, which is true to the dignity of man.

So we must adopt the image of man, which was both the core idea of the American Declaration of Independence and the American Constitution, and also corresponds to the best tradition of Europe. By this I mean the Leibnizian conception, that every person has the right to life, liberty, and happiness. By “happiness,” Leibniz meant no less than the right of each individual to fully develop his cognitive capacities, which distinguish him from all other living things, to the benefit of society, and so as to lead a fulfilling life.

In the Christian-humanist tradition of Europe, this image of man is also connected to the concept of *imago viva Dei*, of man as the living image of the creating God—man who, through his creative actions, carries out the process of creation in the universe, and thereby improves the living conditions of all men. This image of man, which is anchored in the American Constitution and, in a weaker form, also in the German Basic Law, must be the principal idea of a new political and economic order. Or, to put it another way: It is high time to bring the political order in the world into accord with the order of creation.

We need have absolutely no problem with our identity in Europe; we must only revitalize the continuity of our humanist tradition, which derives from the Greek Classics and the Italian Renaissance and the German Classics, without thereby forgetting the contributions that other nations have made to our common heritage. If we revitalize these treasures, and particularly make them available to the young generation, then Europe will have a beautiful soul.

The Story Within the Story: LaRouche's Enemies Caught With Their Pants Down

by Claudio Celani

On Nov. 23, 2006, former Russian spy Alexander Litvinenko died in a London hospital, apparently poisoned by polonium 210. Litvinenko's poisoning and death prompted a massive international campaign accusing Russian President Vladimir Putin of having ordered his assassination. Most vociferous in this campaign was Boris Berezovsky, the Russian oligarch and enemy of Putin who is at the top of an extradition list filed by Russian authorities with the British government. Berezovsky lives in London and Litvinenko worked for him.

But there is a story within the story: Litvinenko was part of an MI6-steered international operation reaching into Italy and other countries, which, in the course of the last decades, has targeted not only President Putin, but also other heads of government and leading politicians, among them, Lyndon LaRouche. Thanks to the death of Litvinenko (which security experts consulted by *EIR* attribute to an accident in the context of a smuggling operation), the Italian part of this structure has been forced into the open and is now being investigated by state prosecutors. In an attempt to divert attention, the MI6 assets are now again attacking LaRouche as a friend of Putin's, in a slanderous way, but so that it has provoked a funny exchange in the Italian media between LaRouche and his beleaguered slanderers.

The link between the MI6-controlled nest of agents around Russian oligarch Berezovsky and Italy is a spooky professor named Mario Scaramella, who worked as an advisor to the chairman of a parliamentary committee investigating KGB activities in Italy. This committee, which was active from May 2002 until the Spring of 2006, was a British operation from the beginning. It was motivated by the famous "Mitrokhin dossier," named for the KGB archivist who defected to London and allegedly gave MI6 a long list of KGB agents and agents of influence in the West.

In reality, the Italian Parliament's Mitrokhin Commission, chaired by Sen. Paolo Guzzanti, provided a cover to collect or even fabricate dossiers against Italian politicians who opposed the Iraq War or neo-con policies in general. These included opposition leader, now Prime Minister Romano Prodi, and current Foreign Minister Massimo D'Alema. To further the work of the committee, Guzzanti's advisor

Scaramella was told to work with Litvinenko and other MI6-controlled former KGB agents, such as Oleg Gordievsky. Scaramella would write reports stating that Prodi and others were "KGB agents," based on his interviews with Litvinenko, Gordievsky, and other Russian sources.

Scaramella's role came under scrutiny when it was reported that he had met Litvinenko in London, at a sushi restaurant, before Litvinenko showed symptoms of poisoning. At first, he was even suspected of being the poisoner, but this allegation was eventually dropped. When Italian media started to dig into Scaramella's past, not only his role as former advisor to Guzzanti came out, but also the fact that he had been investigated because of his murky role in a case of weapons trafficking. In addition, an organization called Environmental Crime Protection Program (ECP), of which Scaramella was the founder and chairman, seemed to be a cover for something else. Scaramella's phone conversations had been tapped, including those with Senator Guzzanti, and now Italian media were fed the contents of those conversations.

On top of that, the Italian newspaper *La Repubblica* published on Nov. 26 an interview with Yevgeni Limarev, a former FSB (Russian domestic intelligence agency) official who had often been a guest at Scaramella's ECP in Italy, who said Scaramella told him that "they could rely on Dick Cheney's team at the White House."

This was enough to prompt another investigation by the Rome prosecution office, and one by the Parliament Oversight Committee on Secret Services (Copaco) by what they called the "permanent working group" led by Scaramella. During this time, Scaramella was in London, being interrogated by Scotland Yard; he was also tested for polonium contamination in a hospital. Finally, when he returned to Italy, on Dec. 24, he was arrested.

Enter, Signor Sechi

With Scaramella now in jail, his controllers were trembling, starting with the former chairman of the Mitrokhin Commission, Sen. Paolo Guzzanti. Guzzanti belongs to the neo-con faction of former Prime Minister Silvio Berlusconi's

party, Forza Italia. A former leftist journalist for the daily *La Repubblica*, Guzzanti became a right-winger, but in fact, remaining a British-style free-market liberal all the time. He has a blog called “The Italian revolution,” where he complains that Italy must still have its “Glorious Revolution,” similar to the 1688 British one.

In order to save Guzzanti and his controllers, a smoke-screen was put in place, involving one Salvatore Sechi, another former advisor to the Mitrokhin Commission and another leftist turned right-winger, who started to publish articles targetting Vladimir Putin and Lyndon LaRouche. Sechi’s campaign fits into the anti-Russian campaign led internationally by London, Russia being the real strategic target of the Bush-Cheney preemptive warfare policy. This was the larger purpose of the Mitrokhin Commission in any case, seen from London.

At this point, Sechi called for publishing the records of the committee, which allegedly should have saved the reputation of the committee itself, and de facto kept the media busy for some weeks, before they realized that such records are worth nothing. To “sex up” his proposal, Sechi reported that such records contained documents seized in the Rome *EIR* offices in 1989, during a tax probe, with lists of KGB agents among Italian public figures. One of such figure, Sechi wrote, was even an advisor to opposition members of the Mitrokhin Commission.

Sechi published two articles with that call, on Dec. 6 and 14, 2006, in the dailies *L’Opinione* and *La Stampa*. In those articles, he slandered LaRouche as “in contention between the CIA and the KGB.” Those two articles were posted in the Italian Parliament daily press review, to give them maximum visibility.

LaRouche released a short statement on the Sechi articles, which *EIR* published in Italian, under the headline “Prof. Sechi’s Soap Bubbles.” Sechi is consciously providing misinformation, LaRouche stated. He knows, or he should know, that the only “contention” regarding the CIA, KGB, and LaRouche, is the one regarding LaRouche’s role in conceiving the SDI, the Strategic Defense Initiative, and his role in informal negotiations between circles of the Reagan Administration and the Soviet government, in order to test the ground for a possible agreement between the U.S. and the U.S.S.R. for the joint development of new defense systems. LaRouche performed this function between 1981 and 1983, based on a personal relationship established with future President Ronald Reagan during the 1980 Presidential campaign, in which LaRouche ran for the Democratic nomination.

The dossier filed with the Mitrokhin Commission to which Sechi refers, said LaRouche, regards a political operation carried out behind the cover of a “tax audit” of *EIR*’s Rome office in 1989, which was certainly instigated from the other side of the Atlantic, by the current which was hostile to the SDI in the U.S. Administration and institutions, in which the best-known representatives of today’s “neo-con” faction

were active. These facts should be well-known to a longtime political operative such as the ex-Communist, ex-Socialist, and now neo-conservative Salvatore Sechi. However, Sechi would have us believe he was born yesterday.

The content of the dossier is thus insignificant as regards the issues raised by the former consultant of the Mithrokin committee, that is, to shed light on alleged KGB agents in Italy. In reality, LaRouche said, this is clearly an attempt to divert attention from the “permanent working group” which was formed in the shadows of the committee itself, which is under investigation by various Magistrates and the Italian Parliament itself; investigations which could reveal the involvement of certain Italian political circles in subversive operations, directed by others.

This release hit a raw nerve. Sechi immediately replied, with a long article again in the daily *L’Opinione*. In this article, published Dec. 28, Sechi describes *EIR* as “a very powerful and extended political and publishing lobby” headed “by the economist and former Democratic Presidential candidate Lyndon LaRouche,” whom he correctly describes as pro-Roosevelt. In particular, Sechi seems fascinated by the fact that *EIR* attacks “Synarchy,” “a sort of cult, committed to imperial world rule,” which hates “the 1648 Treaty of Westphalia.” Remarkably, Sechi reports that the POE (the former LaRouche-affiliated party in Italy) “indicated precisely in British intelligence structures the string-pullers of terrorism,” and therefore, “those forces that materially conspired to plan and execute the kidnapping and the assassination of Aldo Moro.”

He then sort of complains that he has not been mistreated like other LaRouche enemies, such as Zbigniew Brzezinski, Samuel Huntington, Bernard Lewis, and “historian Michael Ledeen,” or Francesco Cossiga, Henry Kissinger, and Carlo de Benedetti, George Soros and R. Ruggero, T. Padoa Schioppa, and George Cooper. “The allegation . . . against me is of being a neo-conservative and above all of conspiring to divert attention from the so-called ‘permanent working group’ [probably, Guzzanti-Scaramella—ed.], grown in the shadow of the parliamentary investigating committee on the Mitrokhin dossier. Allegedly, this is a private intelligence structure claiming connections to U.S. Vice President Dick Cheney.” Sechi then claims that in the Mitrokhin Commission, he was not an ally, but a critic of Guzzanti-Scaramella.

Then comes the rubbish: LaRouche should prove that he is not KGB, as there is a 1989 Italian police report on material found in the Rome *EIR* offices, which “could have relevance at the level of national security and in general, of facts contrary to the interest of the state.” That police report says that the CIA “has accused *EIR* of being ‘a KGB agent,’ ” and that the Soviet magazine *Novaya Vremya* called LaRouche’s organizations “Nazis Without Swastikas.” Then British puppet Sechi concludes: “But we are interested in knowing what the many *EIR* publications do, throughout the world, to fight the KGB and Putin’s regime,” because

still today, publications of the LaRouche movement do “a lot to clear Putin’s regime from any responsibility, including the most recent crimes in Moscow and London.”

LaRouche answered this second slander in the only possible way, by issuing the following statement on Jan. 3, entitled “Sechi Opens a Door, Perhaps”:

From what I read of Salvatore Sechi’s reference to me in *L’Opinione della Libertà* of 28 December 2006, I have adduced the following way in which said Sechi might attempt to lock a door.

First, he would open the door. Then he would turn the key in the lock of the door, to prevent the door from being locked. Then, he would go for a walk. After perhaps two hours, his room would be filled with rubbish supplied by neighbors who despise him, who were looking for a place of convenience into which to discard their rubbish. Then, he would return. He would turn the lock in the door. He would close the door, and then lock it. He would then remove the key from the lock, put the key in his pocket, and then walk away, very pleased with himself for being such a clever fellow to trick his neighbors out of their precious rubbish.

Incredible? Not at all! Consider the evidence now in plain view. There you will see the kind rubbish of which he composed his article. You will find that rubbish on the pages of *L’Opinione della Libertà* for 28 December 2006.

Do not be disturbed by what some might consider Signor Sechi’s moment of either drunkenness or insanity. It is not his mind that produces what he contributes to his publishers. It is part of his prized collection of rubbish provided by his very sly neighbors. If, as I am informed by experts, literate Italians despise his prose as illiterate rubbish, let them remember that the editorial policy at certain publications is “gather the news,” or, in other words, a policy of “rubbish in, rubbish out.”

As for myself, I am what I am. Signor Sechi’s style suggests a man who is what he is not.

Signor Sechi’s Sly Neighbors

EIR has an idea on who Mr. Sechi’s sly neighbors could be. Even before he slandered LaRouche, on Nov. 16, 2006, the call for publishing the Mitrokhin Commission files was endorsed by Fabrizio Cicchitto, a deputy chairman of Berlusconi’s Forza Italia party, a man who has a dark past as member of the secret freemasonic P2 lodge, led by fascist puppet master and London agent Licio Gelli. Cicchitto is definitely more powerful than Sechi and he himself is a partner of another interesting figure: Francesco Girona, the official spokesman for the former members of the NATO stay-behind organization, called “Gladio.” Girona is a retired Army officer, a specialist in psychological warfare, who runs a publishing house and a website called Bietti Media. He

publishes an intelligence magazine run by Cicchitto, called *Ircocervo*. His website also posted the call to publish the Mitrokhin dossiers.

There is reason to believe that this British-intelligence/NATO/fascist connection is the source for the sort of garbage Mr. Sechi has been ordered to put out on LaRouche. There is also reason to believe that these networks might be involved in the very same operation which they refer to as the 1989 police report on *EIR*; and that these same networks might be involved, on behalf of British friends of Dick Cheney’s wife, in current illegal operations against the LaRouche movement in Europe.

The key person here is banker John Train, a fellow who played a central role in the political operation against LaRouche in the United States, starting 1983, which culminated in the politically motivated sentence against LaRouche in 1989. John Train has strong ties to Italy, starting with his first wife, Teresa Cini di Pianzano, an heir to the Venetian Gamba banking family and a supporter of fascist plotter Junio Valerio Borghese. Train has kept active links to the Cini family, although he is divorced from his first wife, and currently finances another operation run out of the Cini-Gamba residence in Florence.

EIR is investigating these connections, as well as ties to another story which overlaps with the Scaramella-Guzzanti “permanent working structure”: the trial against the 2003 kidnapping of an Egyptian citizen in Milan, by a CIA team. We have covered that case in the past, indicating how the Bush-Cheney policy of CIA illegal operations made use of networks leading, again, to P2 grand master Licio Gelli.

For the moment, an interesting situation has developed, in which some nasty British-run networks have been exposed, and find themselves in a conflicting situation with the current Italian government, which might not interfere, for this reason, with ongoing judicial investigations into the matter. All this is favored by the new political situation in Washington. The exposed networks are squabbling, feeling the heat of justice upon them, many knowing that their masters might decide to drop them one way or another, if the situation gets too hot.

For more information on the role of the Italian and allied secret services, see “Strategy of Tension: The Case of Italy,” *EIR* March 26, April 2, April 9, and April 30, 2004. The series was reprinted in a 282-page LaRouche in 2004 Special Report, **The Synarchist Resurgence Behind the Madrid Train Bombing of March 11, 2004.**

New Democratic Majority Initiates Policy Shift Towards Americas

by Gretchen Small

Before it was even sworn in, the new bipartisan consensus emerging under Democratic leadership in the U.S. Congress gave the nations of the Americas grounds to hope that respectful, principled cooperation with the United States may become possible again. Worried leaders of the region heartily welcomed the possibility.

From Dec. 27 to Jan. 2, incoming Senate Majority Leader Harry Reid (D-Nev.) led a bipartisan delegation of six U.S. Senators to Bolivia, Ecuador, and Peru, three Andean nations which face disintegration, should the jackboot of globalization not be removed from their necks. Defying the Bush-Cheney policy of polarizing and dividing the Americas against one another, the delegation held respectful, friendly discussions of substance with Peruvian President Alan García, and in particular with Bolivian President Evo Morales and Ecuadorian President-elect Rafael Correa, the latter two elected for their promise to better living conditions, and whom the Bush-Cheney crowd paint as dangerous “populists” moving to form a regional “axis of evil” which threatens the United States.

Joining Reid on the visit were Democrats Kent Conrad (N.D.), Richard Durbin (Ill.), and Ken Salazar (Colo.), and Republicans Judd Gregg (N.H.) and Robert Bennett (Utah). Upon their return, Senator Reid made explicit that the delegation’s message to the Andean nations, extends to all the Americas. One word sums up the intention of the new Senate towards U.S. neighbors to the south, Reid told journalists on Jan. 8: “Attention.” The United States has to understand, that when it comes to Ibero-America, “we have been negligent and blind.” The elected leaders of these three countries hope that we will return, and we hope to work with them. We are ready to do “everything we can to continue working with Central and South America.”

Reid raised the necessity of providing an economic content to the friendship extended, following their Dec. 28 meeting with Bolivia’s President. “As we speak we’re spending \$2.5 billion a week in Iraq,” he said. “For a small, insignificant share of that \$2.5 billion, we could have a tremendous impact on infrastructure development in this part of the world, which is so badly needed.”

On Jan. 10, Reid announced that he intends to extend “for a matter of years, not months” the current preferential tariff system for Ecuador and Bolivia, without the Bush Adminis-

tration’s conditionalities which are “humiliating” to both nations. Late last year, the Republican-dominated Congress passed legislation which would terminate in June 2007 the preferential tariffs granted since the 1990s to help anti-drug efforts by the Andean nations, unless those nations signed suicidal free-trade agreements with the United States.

Ecuadorian Ambassador to the U.S. Luis Gallegos Chiriboga welcomed Reid’s shift as “stupendous” news.

A Matter of U.S. Security

As Lyndon LaRouche has long emphasized, every American patriot has understood the strategic importance for the security of the United States, of establishing a community of principle in the Americas, centered upon a commitment to mutual defense of the sovereignty and right to development of each and all its nations. This is the policy introduced as U.S. foreign policy in the 1823 Monroe Doctrine drafted by John Quincy Adams, and first backed by force under Abraham Lincoln, when the United States aided Mexico’s Benito Juárez to expel the Hapsburg occupying force (cf. LaRouche’s 1982 document *Operation Juárez*, and his September 2003 Presidential campaign piece, *The Sovereign States of the Americas*).

Thus, the strategic importance of the declaration that the Senate, under its new leadership, intends to help redress wrongs suffered by its neighbors. After six years of Bush-Cheney brutality and indifference toward the region, piled upon 30 years of International Monetary Fund-dictated destruction of national economies which successive U.S. governments have either enforced or tolerated, rage against intolerable conditions of life and a United States viewed as responsible for those conditions, is sweeping the region. Fanning that rage, is the Cheney crowd’s drive to polarize the Americas around the alleged threat of an “anti-American axis” led by Cuba’s Fidel Castro and Venezuela’s Hugo Chávez. By waving the “Castro/Chávez Reds” bogeyman, Cheney et al. seek to drown in blood the rebellion growing in the Americas against usury and globalization.

Good will and offers of economic assistance will not be sufficient to head off the very real threat of the Americas descending into chaos; the levels of physical economic investment required to bring living conditions up to levels necessary for survival cannot be achieved without wiping out specula-



President elect of Ecuador Rafael Correa greets U.S. Senate Majority Leader Harry Reid on Dec. 29 in Quito. Correa has enraged the Cheney crowd by declaring that “life comes before debt.” Reid emphasized U.S. desire for better relations, while respecting Ecuador’s national sovereignty.

tive debts that have been paid many times over, reasserting protectionism and fair trade, and reestablishing fixed exchange rates so as to be able to make 25-50-year infrastructure investments, required to raise productivity sufficiently to generate economic surplus. The new Senate leadership’s initiation of respectful dialogue, however, at least opens the door to collaboration between the United States and its neighbors on bringing about those required global changes which, so far, only LaRouche has promoted.

‘We Come as Friends’

The first stop of the delegation was in Bolivia, a country where civil war and the outright break-up of the nation has become an actual possibility, as a direct result of decades of looting by Wall Street and London interests which deliberately shut down mining and productive interests, *while fostering the drug trade whose profits filled their coffers*. The result: Poor peasants and unemployed miners were left no possibility for survival but growing coca, the basic ingredient of cocaine. Consequently, the Bush-Cheney Administration’s current disgusting threats that there will be “consequences” for Bolivia if its government does not turn against the impoverished coca-growers, without providing any economic alternative, have driven U.S.-Bolivian relations to the breaking point.

The Senate delegation arrived with a different message: “We are here to show how much we care for Bolivia, Bolivians, and their culture,” Reid declared upon arriving in that country on Dec. 27. We come “as friends, to learn from you.”

After an “intense” meeting with President Evo Morales the next day, Reid said that his first foreign visit as incoming

head of the Senate was not a random choice, but a decision to come to Bolivia in order to strengthen its ties with the United States. “We’re here as Democrats and Republicans to help North America appreciate the potential of this mighty little country,” he said. “We came as friends, and we leave becoming even closer friends.” Reid said they discussed many things, including drug trafficking, which they agreed harms societies.

Fellow delegation member Senator Salazar, pledged in fluent Spanish on Bolivian TV, that the U.S. government will “work for Bolivia. . . . I believe all of us want the same thing, to help lift up the people of Latin America so that they can achieve the human dignity they deserve.”

Although less covered in the media, the delegation’s hour-long Dec. 30 meeting with Ecuador’s outspoken anti-free-trade President-elect Rafael Correa, was particularly useful for the Senators to get a first-hand understanding of the dynamic

dominating South America’s politics today. A friend of Argentine President Néstor Kirchner, Correa was elected on the promise to enforce the principle that “life comes before debt,” by taking on Ecuador’s foreign creditors. Even before the Jan. 15 inauguration, the President-elect’s team told IMF officials that the new government will sign no new letter of intent, and will solve its own problems without their “advice.”

Recognizing that Ecuador can only defend itself if South American integration takes giant steps forward, Correa has been organizing in the region against a key axiom of the Anglo-Dutch Liberal system, that central banks must be above governments and national interests. Add to that his stated intention not to renew U.S. rights to use Ecuador’s military base at Manta when that agreement runs out in 2009, but instead to develop Manta as a deepwater port at the terminus of a bi-oceanic South American development corridor, and it’s clear why the Cheney crowd has targetted Correa as an “enemy” before he even takes office.

The United States wants to strengthen relations with Correa, Reid said after the meeting. When asked about the Manta decision after the delegation’s meeting, Reid replied simply that “we respect the sovereignty of Ecuador,” and that is their right. Asked also about Correa’s friendship with Venezuela’s Chávez, the Senator said that Ecuadorians have the right to choose their leader, and in his view, the U.S. has now opened a dialogue with Ecuador.

Correa, for his part, told Ecuadorians that the discussions with the Senate delegation were “very cordial, very respectful, and very frank.”

Colombia and Ecuador: Conflict or Integration?

The following declaration was issued by the LaRouche Youth Movement (LYM) in Colombia on Jan. 1, 2007.

Just as a significant group of Ibero-American governments are distancing themselves from the disastrous genocidal policies of the International Monetary Fund and the misnamed policy of “free-trade,” and promoting a common program of integration for the recovery of our economies and peoples, looted and bled by the shameful liberal Anglo-Dutch financial system, up pops a conflict between Colombia and Ecuador over glysohate fumigation [for eradication of drug crops—ed.].

The financial oligarchy, whose power is sustained by this usurious system, is not only amused by this conflict, but is provoking it. The reality is, that that financial system is disintegrating by leaps and bounds: We now face a collapse of the whole international financial system, more serious than that which occurred in the 1930s. In order to maintain its political control and looting in the midst of this disintegration, the international oligarchy is utilizing its lackeys in the government of Cheney and Bush to apply their policy of “permanent war”—provoking conflicts and wars throughout the planet, as we now see in the Middle East. They have sought for a long time to extend this policy to our continent, in order to sabotage the integration process underway, trying to engulf the region in Jacobin wars which can prevent the reconstruction of the continent’s economy around physical economic infrastructure projects, as American statesman Lyndon H. LaRouche, Jr. has proposed.

The desperation of that ultramontane oligarchy stems from the fact that its days of control over the U.S. government are numbered following the Democratic victory in the U.S. Congress, the latter a product of the intense campaign of the LaRouche Youth Movement to mobilize American youth against the imperialist policies of Cheney and his lackey Bush. The new political configuration in the United States, is a product of the revolution which LaRouche is generating in the base of the Democratic Party, reviving the tradition of Franklin Delano Roosevelt which is its foundation; this has placed on the table LaRouche’s programmatic proposals for sovereign states to intervene in the economy, to prevent the general disintegration which threatens us.

This “New Politics,” initiated by LaRouche, is visible in the recent visit of the U.S. Senate delegation, led by the man who will become the new Senate Majority Leader, Democrat Harry Reid, to the Andean nations of Bolivia, Ecuador, and

Peru, to deliver the message that a new era has begun.

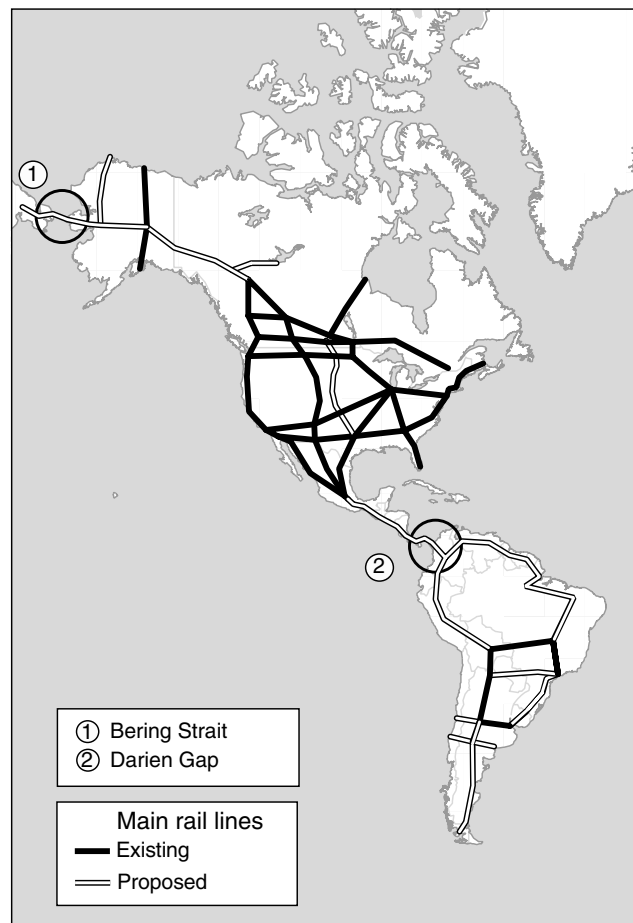
This means that Ibero-America has in LaRouche a true American ally, and what the oligarchy fears the most, is that this international alliance will take up LaRouche’s initiative: to bury the decrepit financial system of the International Monetary Fund and to create a New Bretton Woods that will not be at the service of usury, but instead will be the means of financing development corridors that will physically connect the planet’s continental masses, to encourage a dialogue of cultures among the nations of the world. This will guarantee a lasting peace on the planet, in opposition to the New Dark Age towards which the clash of civilizations and religious wars, promoted by Cheney and Bush, are leading us, on the instructions of the Synarchist financial oligarchy.

For the Benefit of Mankind

The much-touted globalization has increased poverty for 80% of the world’s population, including in the United States.

FIGURE 1

The Americas: Priority Railway Routes



Source: EIR.

FIGURE 2

South America: Great Rail Projects

Source: EIR.

Railway corridors with electric and magnetic levitation (maglev) trains to efficiently link up the continent.

In our region, the families of impoverished farmers have been pushed into becoming a link in the chain of the international drug trade promoted by the international banks, which benefit from the laundering of drug dollars that represent a large percentage of what sustains the shameful international financial system. Therefore, the fight against the international drug trade, which also feeds terrorist groups of both the left and right, must simultaneously be waged as a worldwide mobilization for the transformation of the cancerous international financial system, which depends on such parasitical activities as the drug trade, and betting on the Wall Street and City of London exchanges.

Meanwhile, it is a matter of the most basic justice that the

families of farmers who suffer from the secondary effects of coca fumigation—a necessary component of the war on drugs—should be compensated. These families should receive the support of the state, which has as its primary responsibility, to guarantee the general welfare of the entire population, equally.

One needn't be a fortune teller to see that that role of the nation-state cannot be carried out under the proposed Free Trade Treaty. Everything points clearly to that truth, as in the most infamous case of the Mexico-U.S.-Canada Free Trade Treaty (NAFTA), where the Mexican economy has increasingly fallen into the clutches of the drug trade and drug finances. A Free Trade Treaty would decimate Colombian agriculture, and would condemn even more poor farmers to the cultivation of coca and poppy, as their only means of survival.

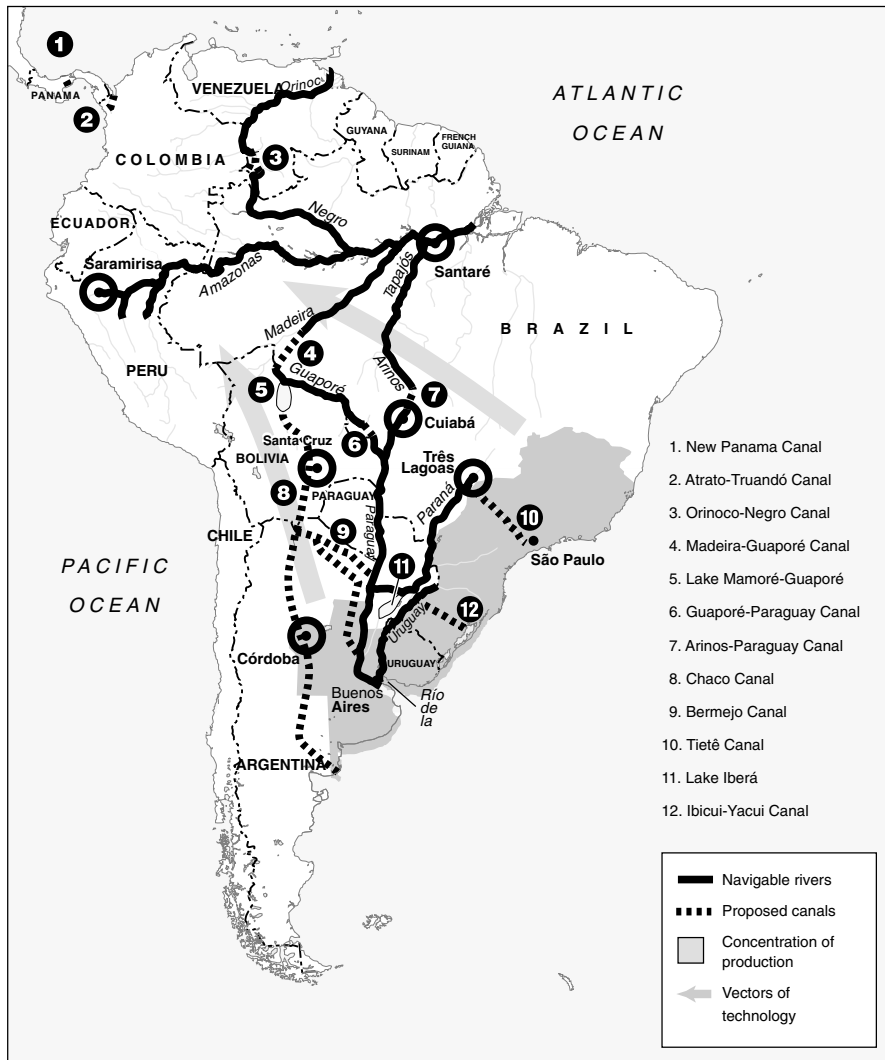
The true alternative lies in turning the Ecuador-Colombia border into an agro-industrial development zone. Ecuador's President-elect Rafael Correa has shown a lot of economic sense, with statements that have made the bankers nervous. He has come out against the control of the central bank by private bankers, which impedes economic reconstruction; he has proposed "fusing the two integrationist processes of South America, Mercosur and the Andean Community (CAN), because the universe of integration is no longer the Andean Region or the Southern Cone, but all of South

America." At the same time, Correa has indicated that he "will not sign the Free Trade Treaty, because we are going to protect our agricultural sector, that would be destroyed with the signing of that treaty. The Ecuadoran people have overwhelmingly come out in favor of this position."

For his part, Colombian President Alvaro Uribe made a unique intervention at the March 2005 meeting in Ciudad Guayana, Venezuela, where he joined with Brazil's Inacio Lula da Silva, Spain's José Rodríguez Zapatero, and Venezuela's Hugo Chávez, in analyzing the enormous potential for regional integration. President Uribe even brought with him a map of the region to indicate the feasibility studies that have been done in this regard.

FIGURE 3

South America: Great Water Projects



Source: EIR.

That is the common development agenda that they have before them, to launch the economic development of Ecuador and Colombia—and the entire continent—which would enable both countries to join the geometry of economic dialogue of physical integration, with the construction of joint projects around development corridors that would turn a border currently inundated with coca crops, into poles of agro-industrial development; that would allow development and full employment in the region, and would turn the conflict instead into an opportunity for shared development, which could turn the border region into a breadbasket both for Colombia and Ecuador, as well as for the rest of the nations of the continent.

This demands the involvement of the states to exercise their sovereignty in recovering territory, in meeting their obligation of guaranteeing the general welfare of the entire popu-

lation, the only thing that will give popular support to the mandate of government. In this way, we must begin the process of physical integration of the nations, down to Patagonia, with railway corridors, integration of navigable rivers, and the incorporation of leading-edge technologies for our people (Figures 2 and 3).

Infrastructure Projects

Brazil, Peru, Ecuador, and Colombia should begin the project of integration of the Amazon and Putumayo Rivers, which will connect the four nations, with an outlet to the Pacific, by means of a 200 kilometer-long throughway of railway and highway corridors. The province of Sucumbíos is strategic territory that could recover with economic development, as part of the agenda that Presidents Correa of Ecuador and Uribe of Colombia, together with Brazil's Lula and Peru's Alan Garcia, should take up.

Such physical integration by means of development corridors, with the main component being 250 km/hour electric trains to connect the main centers of population density, would permit an efficient route between Bogotá and Quito taking less than seven hours, which today takes more than 24 hours by road.

Around this dynamic, the construction of wide-gauge railway corridors would generate millions of jobs, and a spreading shock wave in

mechanized agriculture, irrigation, nuclear energy plants, aqueducts, pipelines, and new cities, which would transform the face of the continent.

Lyndon LaRouche and the LYM call on President Uribe, President Correa, and especially the youth of Ecuador and Colombia, to think big for humanity, and to take responsibility for this historic moment of integration among nations. The new political dynamic that LaRouche and his movement of young adults in the United States has begun, has established the basis to launch a struggle that is worth fighting with everything you've got, for a new just world economic order, as LaRouche proposes, and to thereby guarantee the planet for future generations, by means of a lasting peace comparable to that achieved with the Treaty of Westphalia in 1648, based on promoting the welfare of mankind.

Editorial

Nothing Works Without Impeachment

Evaluating the situation with the new Congress on Jan. 12, in the wake of President Bush's psychotic announcement of an escalation in Southwest Asia, clearly vectored toward war against Iran, and perhaps Syria, Lyndon LaRouche stressed: Nothing works without impeachment.

There is no question but that the situation in Washington, D.C. has dramatically changed for the better, he noted. Democrats and Republicans alike are pummeling the Cheney-Bush Administration for its lunatic war drive, and the potential for impeachment is being openly discussed. Even more significantly, Congressmen and their aides are showing a dramatic new openness to Lyndon LaRouche and his youth movement, and looking to them for the leadership and ideas to get the world out of the crisis.

But the deadline for action is very, very short. As LaRouche stressed in his webcast, the next 90 days are going to be decisive. Cheney and Bush are hell-bent on escalating the Iraq War, bombing Iran, and running roughshod over the U.S. Constitution and the views of the American population, clearly stated on Nov. 7, to get their way. Bush is a mental case, and Cheney is a sociopathic thug. Many people understand that reality—but one moment they will agree he's nuts, and then the next moment they will start discussing his actions as if he were a rational human being. Don't they realize you don't reason, or temporize, with a would-be Nero?

The situation really has reached the point where Congress has to be forced to act according to principle, and for posterity—not as little people fearful of public opinion, or the next election.

Compare the current state of affairs with that which prevailed before the Iraq War, for a minute. Then too, there was a massive outpouring of opposition, although considerably *less* among prominent institutions in the United States than is being exhibited today. But, even as they protested, many people—and especially the experienced “experts”—held on to the conviction that they would never be able to stop the war from going forward. That cynical attitude, which

the experts certainly able to buttress by “facts,” acted as a self-fulfilling prophecy. The war went ahead.

Then, some of these very same “experts” and influentials, some of them extremely well-meaning, chose to use the failure to stop the Iraq War, as a “proof” that the Cheney-Bush Administration cannot be stopped. And if you look behind the strident protests against the looming war against Iran today, you will find the same quarters “prophesying” once again that the expanded war is “inevitable.”

Worse yet, cynicism of this sort has also seized a significant portion of the American population, which has every reason to believe in and exercise its own potency in removing Cheney/Bush from power, and thus stopping a war which will put the world through a hell which very few, if any, can imagine. For lawful reasons, such pessimism is even greater (and more understandable) outside the United States.

Don't such cynics remember that the Democrats totally upset the apple cart and won a virtual landslide victory in the Nov. 7 midterm elections? Don't they remember the dramatic story about how seven organizers of the LaRouche Youth Movement, wielding the method of what Lyndon LaRouche has called the “New Politics,” turned what was considered an “inevitable” defeat of Democrat Ciro Rodriguez in the 23rd C.D. in Texas (San Antonio), into a smashing victory? Don't they see the change in the mood of the electorate, which can now hardly stomach the sight of President Bush, much less his wars?

It's time Americans, and patriots everywhere, took themselves, and their role in history, seriously. The LaRouche movement has now demonstrated a proven method of mobilization, and the crucial stratum of the population, between the ages of 18 and 35, has responded. There is *hope* on the horizon, where grumpy old Baby Boomer cynics can be pushed aside, or mobilized to join the youthful vanguard for victory.

Indeed, a total revolution in economic and foreign policy is possible under current conditions. But, as LaRouche said, nothing works without the first step, impeachment of Dick Cheney. Now.