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Feudalism or Nation-State: The Choice Is Ours
The Strategic Defense Initiative, Then and Now

NAWAPA XXI: The Crucial Agenda To Save the Nation



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From the Managing Editor

The new Special Report produced by LaRouchePAC, "NAWAPA XXI," which we excerpt as our Feature, is a stunning work—both visually and conceptually—which should receive the widest possible circulation. It provides an intensively researched and updated Bill of Materials for a North American Water and Power Alliance, showing where the skilled labor and industrial capacity still exists that is required for a project of this generational magnitude and great complexity. But it goes further: It offers the American people the only genuine plan for economic recovery that is being discussed in this insane election year. Paired with Lyndon LaRouche's call for a credit system and restoration of the Glass-Steagall Act, NAWAPA is the only thing on the table worthwhile for citizens to even consider, as a way out of the crisis.

But there's more. Every major initiative that LaRouche has ever launched, has had as its core the idea of using breakthroughs in scientific research and development to upshift the economy to a new qualitative platform. By introducing technologies at the forefront of science, tied to a program that will employ millions, the skills and creative abilities of our increasingly dumbed-down population would also be uplifted. NAWAPA is no exception, as you will see.

Our *Strategy* section is a useful counterpart to the LPAC document: Paul Gallagher and Harley Schlanger retell the suppressed history of the Strategic Defense Initiative (SDI), the program devised by LaRouche in the late 1970s and early 1980s for exactly such a "science driver," which required cooperation with the Soviet Union in the common interest. It was accepted by President Reagan, rejected by Soviet General Secretary Andropov, and ruined by the free-traders and Nuclear Freezers who stupidly called it "Star Wars."

Yet astonishingly enough, LaRouche's central concept is back again today, this time coming from the Russian Federation. See *International* for what Russian leaders are doing to create defense systems based on "new physical principles," and what they are saying about international cooperation for a Strategic Defense of Earth (SDE). Is anybody over here listening? You see none of this in the so-called mainstream media; so stick with *EIR*!

Susan Welsh

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White House/Pete Souza

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LPAC SPECIAL REPORT

NAWAPA XXI: Great Project To Restore the American System

Released with a cover date of March 2012, the LPAC Special Report is written, as stated in the Abstract, "as a proposal for action, to be immediately undertaken by elected officials of government," "as a handbook for patriots who seek to re-establish the United States as a leader in science, technology, and industry," and "for those who seek to restore a vigorous use of the powers which have been rightly bestowed upon our institutions of government in order to act in the interests of the nation."

The report presents a detailed plan to:

- Employ millions in productive labor and restore U.S. manufacturing.
- Re-establish water, food, and power security for North America, establish a continental system of drought and flood control, and develop new infrastructure corridors involving most of the continent.
- Restore the U.S. system of public credit.
- Demonstrate man's ability to improve on nature.

It is dedicated to President John F. Kennedy, who, had he not been assassinated, would have proceeded to develop the great North American Water and Power Alliance (NAWAPA) program, as proposed by the Parsons Engineering Co. in the mid-1960s (see the LPAC video "NAWAPA 1964." Topics covered in the report, but not included here are:

A "History of NAWAPA; Section I: NAWAPA XXI System Requirements"; and "Section II: Water and Agriculture." In "Section III: How NAWAPA XXI Will Restore the U.S. System of Public Credit," we include Parts 1 and 4, "Hamilton's National Banking System of Public Credit," and "Roosevelt's Credit Funds."

The Appendices are not included here.

The principal author of the report is Michael Kirsch of the LaRouche Basement Team.

EIR presents significant excerpts from the report, and strongly encourages readers to view the complete text online.

Introduction

Today, the United States is a shadow of what it was before the assassination of President John F. Kennedy in 1963. The lingering promise of visionary leadership in U.S. government was finally shattered with the assassination of Presidential candidate Robert F. Kennedy five years later. The sudden transition from technological optimism, to the belief in halting scientific progress and resource development, and the worship of market speculation and deregulation, created the predictable outcome of rusting factories, degrading infrastructure, and a lack of future-orientation within our citizens.

The loss of manufacturing and skilled labor capac-



LPAC

ity in the last decades, accelerating with each passing year, has pushed us into a dangerous dependence on a collapsing global free-trade economy. Our infrastructure grid is decrepit on all levels. Those with skill in productive trades are at or past retirement, without adequate replacement by a younger generation raised in a post-industrial, service economy. Food security is non-existent, as historically low commodity reserves, combined with aging infrastructure, have left us vulnerable to catastrophic storms, floods, and drought, such as those which devastated the food belt in 2011.

On top of the present lack of productive capacity, the cultural shift in outlook has spawned a religious fervor of self-induced cutting, in the name of "fiscal responsibility," which threatens to remove any remaining logistical and productive capacity needed for rebuilding our economy.

This has not been accidental. The London- and Wall Street-centered monetary empire has targeted the United States for destruction, a strategic intention most nakedly displayed in the character of the last two Presidential administrations of George W. Bush and Barack Obama.

All of these wounds are self-inflicted, and our role as errand boy for a system outside of our own sovereign interests, arises from a national amnesia of the legacy we betray.

What is needed now is an army of patriots to unite around a plan that is: a) sound and capable of mobilizing the quickly evaporating skills and capabilities of our once great economy, b) reminiscent of our great acts of national pride and cultural progress, and c) will serve to restore the public credit of the United States as a source for productive investment.

With a master plan of this kind to change the direction of the nation, a patriotic movement can be formed, even at this late date, which can create the rallying point for the election of a qualified President.

The plan enclosed, called NAWAPA XXI, meets these criteria. NAWAPA XXI is based on the original 1964 North American Water and Power Alliance pro-

posal for continental water management,[1] but has been updated and expanded to specifically address today's economic needs, including the necessary re-establishment of the U.S. public credit system.

The plan, however, whose impact and need is fully demonstrated in the following pages, is not merely an engineering project capable of restoring economic progress; it implies and requires an understanding of economics as a physical science.

It requires a recognition that the cause of the current crisis has not been an error in the financial markets, but an error of the paradigm of monetary value. Monetary value has replaced the value of technological progress which comes from mankind's mastery and regulation of nature. Practically speaking, the latter outlook translates into new resource and power development systems, with constant increases in manufacturing and industry to service the growth of those capabilities, while the former outlook promotes cannibalization of existing infrastructure, making monetary profits to continue consumption, without creating the productivity to regenerate the wealth consumed.

The history of evolution of life on Earth, as demonstrated by LaRouchePAC's Research Team,[2] has never shown a tendency toward balance. The biosphere as a whole has evolved through successively higher stages through transformations akin to technological revolutions, in which the influence of living matter over the surface of the planet has steadily increased. This is seen, for example, in the creation of an oxygen atmosphere by free-living photosynthesizing bacteria, the subsequent development of multicellular organisms requiring a greater throughput of matter and energy, and the eventual colonization of the land, vastly increasing the biomass of the planet and fundamentally altering such global processes as the hydrological cycle.

Each new system which had been waiting in the wings, with a point of incidence much earlier in the process, takes over as the predominant system for as long as it maintains the baseline requirement for survival.

Human evolution is unique in this process, as human society contains within itself the option to willfully self-develop. Where social organization and scientific progress have been united, mankind's development has succeeded, with the history of the United States serving as an example of this forward progress of successive evolutionary phases of an economy.

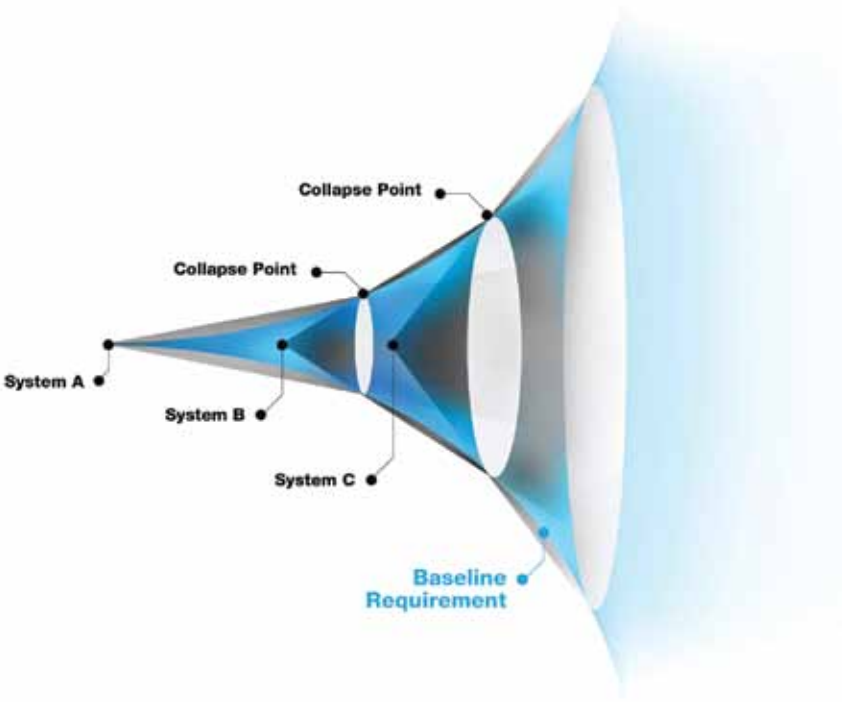
Water-wheel technology, launched for iron production and other manufactures, established the sovereignty of the Massachusetts Bay Colony. Inland waterway development, with regulation of our rivers during the Washington Administration, followed by New York, Pennsylvania, and Ohio canals in the James Monroe and John Quincy Adams administrations, opened new resources for industry and consumption, and opened the Midwest for habitation. The continued promotion of canals and initiation of railroads alongside them, by Adams, secured our leadership in iron production and other manufactures. A new power of mankind was beginning, akin to the stages represented in the nested conical growth function of the stages of the biosphere. Lincoln's promotion of domestic manufactures, and push to colonize the West, then secured the scope of the United States as we know it today.

Franklin Roosevelt's development program of the Tennessee, Columbia, and Colorado River Basin developments expanded and secured what the transcontinental railroads began, now harnessing the resources of rivers, securing the fertility and productivity of our soils, protecting our citizens from flood and drought, electrifying the 90% of our farms without power, and using breakthroughs in chemistry to skyrocket our food production. Our national productivity increased qualitatively, opening the way for a new level of sustained consumption and production. New chemical fuel sources launched the colonization of the atmosphere by man, and the further penetration into space. Discoveries in chemistry increased food production, while discoveries in the nuclear field held promises only typified by serving as an unbridled power source.

Albeit with long periods of inactivity in this forward moving process, often amounting to a whole generation of stasis or stagnation, the trend has been one of successfully transmitting and making the discoveries needed to continue mankind's development. John F. Kennedy was in a line of American Presidents who picked up this development thread, pushing the boundaries of mankind's scientific capabilities, continuing Eisenhower's Atoms for Peace and nuclear power start-ups, and doing his utmost to push forward the basin development policy of Roosevelt, calling for nothing less than a nationwide TVA. Had John Ken-

1. See "History of NAWAPA" section of this report (http://larouchepac.com/nawapaxxi).
2. LaRouchePAC.com/evolution

FIGURE 1



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nedy lived, there is little doubt that NAWAPA, as proposed in 1964, would have been completed, which, combined with his nuclear rocket program to follow the Moon landing, would have created the necessary higher system in mankind's forward evolution (**Figure 1**).[3] Since the turn away from the policies which JFK represented in his time, the United States has contradicted this trend of continued transmission and application of discoveries with each subsequent generation, creating an unprecedented gap of two generations. A policy of decreasing productivity, coupled with the consequent fixed and decreasing consumption of resources, puts us directly in the category of evolutionary systems destined for extinction.

By adopting the contents of this report as an imperative for the United States and its neighbors, it is not too late to turn the tide of backwardness in which our nation is now drowning, and transmit the knowledge and operation of a productive economy from an older generation, soon to pass, to a new generation.

We live on borrowed time. Act now.

3. See "History of NAWAPA" section of this report (http://larouchepac.com/nawapaxxi).

Project Overview

NAWAPA XXI seeks to create a continental system of water regulation that can redistribute wasted runoff waters of northern Canada and Alaska to make the Great American Desert bloom, and turn would-be floodwaters in one area into the means for fighting drought in another, all through the construction of a massive infrastructural network which can direct these flows and provide a scientific analysis of their best use (**Figure 2**).

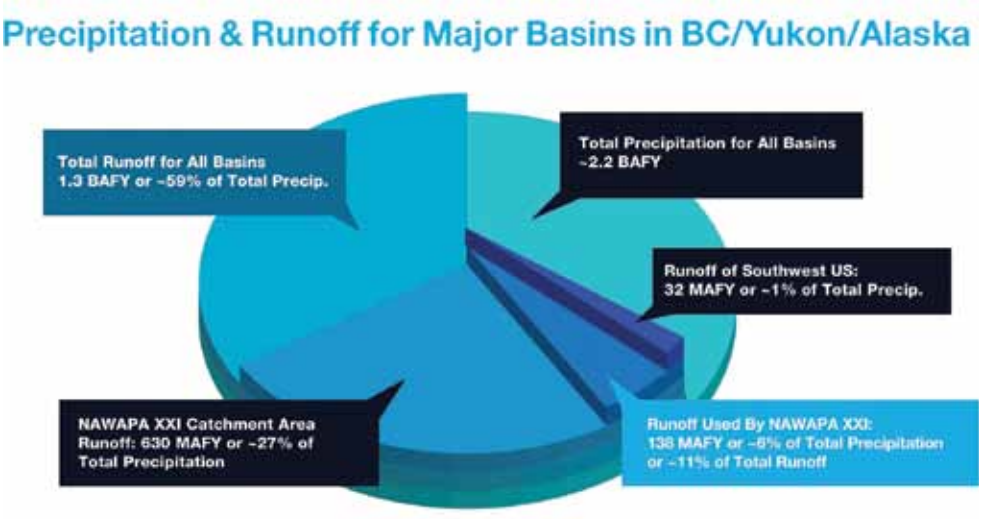
The specific design included herein, first developed in the 1960s,[1] arose out of the consideration of a unified management system which incorporates the topographical, geological, and hydrological characteristics of the North American continent, harnessing the abundant northern precipitation caused by the interaction of the Pacific Ocean weather patterns and mountain topography.

The easterly migration of moist air evaporated from the Pacific Ocean contributes to very heavy precipitation along the cold, higher elevations of the Alaskan and British Columbian coasts in particular, and also extending further down to the coastal mountains of Oregon (**Figure 3**). These regions receive the major portion of their annual moisture during the winter season, while the inverse is true for interior regions. When high pressure ridges form near the West Coast, even more water is diverted to Canada and Alaska, while at the same time contributing to droughts in the west, underscoring the need for continental-scale water management. With a virtually constant input of solar energy to drive the ocean evaporation, a constantly replenishable water source is available, if we apply our creative powers as a species to harness it.

NAWAPA XXI seeks to modify and redirect the awesome hydrological resources of the Pacific Ocean weather cycle through the continent's interior, extending the time the freshwater interacts with vegetation,

1. See "History of NAWAPA" section of this report (http://larouchepac.com/nawapaxxi).

FIGURE 2



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stream and ground flow, and industrial processes, before returning to the ocean. It is estimated that 40% of precipitation over continents returns directly as runoff or groundwater discharge to oceans, while 60% of precipitation over continents re-evaporates, and falls back onto land, recycling itself an average of 2.7 times over land before returning to the ocean. In other words, in building NAWAPA XXI, water which was once runoff will be used not once, but multiple times as it recycles as rainfall across the continent, before exiting the system, with a rate and duration capable of further extension through plant and soil evapotranspiration.[2]

The concept of NAWAPA XXI takes into account the fact of the anomalously high runoff in the North, totaling approximately 1,300 million acre feet per year (MAFY) by conservative estimates, along with the fact of the very sparse water resources available in areas such as the Southwest United States, where runoff is only about 32 MAFY. Of the total river basins in Alaska, British Columbia (BC), and Yukon, the NAWAPA XXI catchment area encompasses rivers which have an annual runoff of 630 MAFY. Of this, the NAWAPA XXI collection systems plan to redirect 22%, or 138 MAFY, for hydro power generation and the distribution of water to the Southwest U.S. and Northern Mexico, allowing the rest to flow in its normal directions. This 138 MAFY of water, used to upgrade the potential of these lands, would thus be about 11% of the excess water which is currently flowing, practically unused by the biosphere on land, into the ocean in Alaska, BC, and Yukon. The original proposal increases the total Mackenzie Basin contribution to about 20%, providing 40 MAFY of water for agriculture in the prairie provinces, and a barge canal from the Peace River to Lake Superior. A detailed analysis of the collection area, and the numbers given here, is provided in Appendix 1.

The central principle is total water management with respect to the governing characteristics of the continent's topographical and climatological features, rather than being subject to local conditions. Total resource management is scientific management, and is the only choice for those who seek long-term security for the nations of the hemisphere. Other stopgap and half measures have failed to deal with our urgent resource needs.

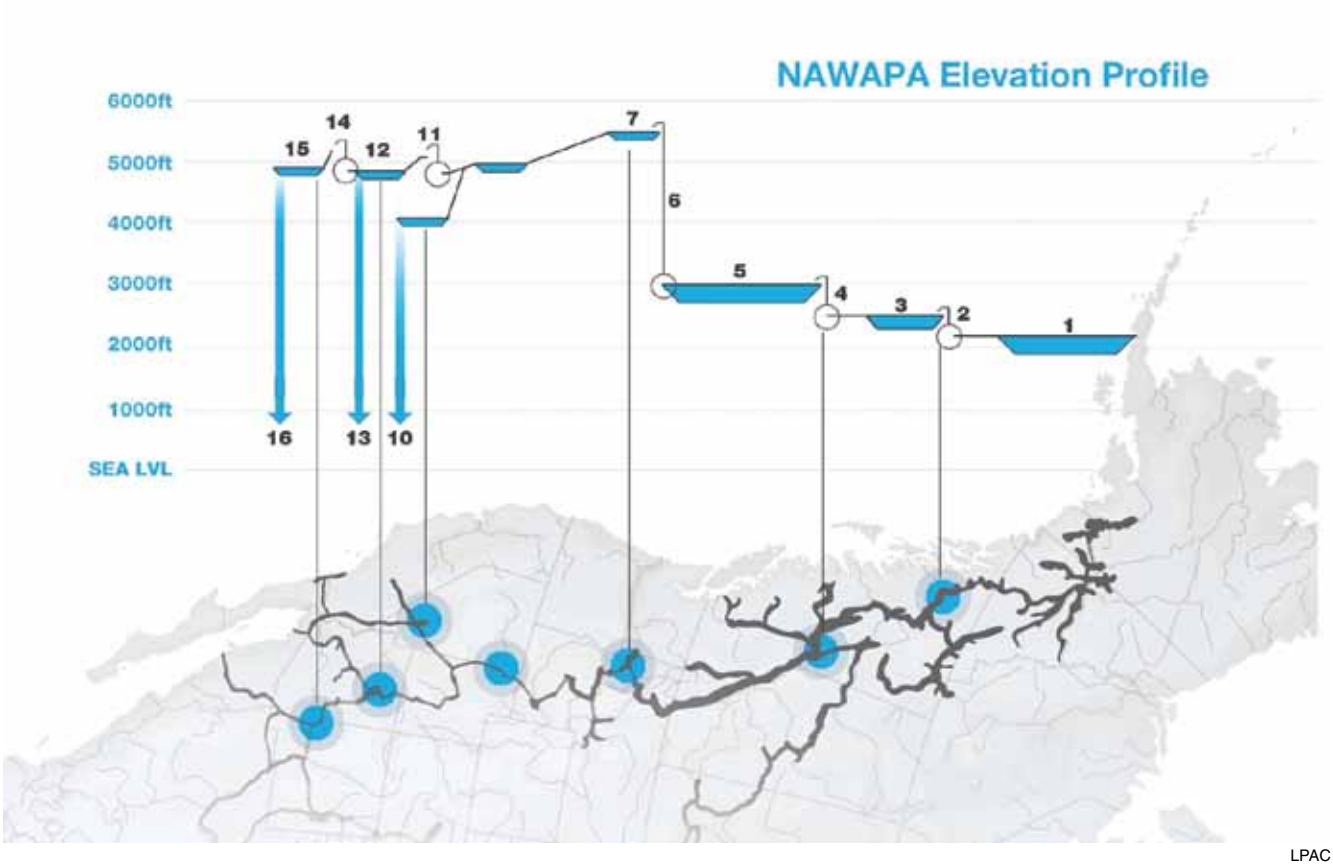
The authors of this report have used software to complete a 3D mapping of the total area and elevation of all reservoirs and canals proposed in the original plan. Each dam site was identified and reservoirs were created in the 3D model in great detail, validating the merit of the proposal in realistic terms as to the efficiency of the design.[3] By utilizing the natural contours of the continent's terrain, a vast waterway spanning the continent can be constructed that requires relatively few individual reservoirs, irrigation canals, and navigation systems, relative to the water collected and used.

Reservoirs in the Alaskan and Yukon River Basins with a storage capacity over 2 billion acre feet are formed by six dams. A fraction of the total runoff is directed south down the Yukon river, and pump-lifted once in northern BC up 300 feet, and again 670 feet in southern BC, into a reservoir at 3,000 feet created out of 500 miles of the Rocky Mountain trench. The waters are distributed and pumped through a succession of reservoirs in Idaho, and then distributed through canals,

2. "NAWAPA and Biospheric Development," *EIR,* Aug. 13, 2010, and larouchepub.com

3. This Google Earth Mapping is available at LaRouchePAC.com/NAWAPA

FIGURE 3



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aqueducts, and tunnels throughout the Southwest.

The total flow branches two ways in Utah, with one branch heading into southern Nevada, then branching west into California's Panamint Valley, and south, paralleling the Colorado River to irrigate Southern California, western Arizona, and Northern Mexico. The other branch flows into eastern and southeastern Utah, linking up with Lake Powell's distribution system; part of the flow could be used to supplement the Colorado River and increase the power capacity of the Hoover Dam. Continuing into Arizona, 11 reservoirs are created, including what will become Lake Navajo, 30 miles from Flagstaff, which, at over three times the size of Lake Mead, will be the largest reservoir on the U.S. side of the project.

Canals branch throughout the state, providing water wherever irrigation is needed, with one branch creating five reservoirs west of Phoenix and continuing into Sonora, and the other creating three reservoirs as it enters New Mexico. The New Mexico distribution brings substantial flows to the Pecos and Rio Grande regions, with three branches down into northern Mexico and Texas, creating two major reservoirs in the state, one the size of Lake Mead, before pumping water north into Colorado.

In total, 32 reservoirs will be created throughout the Southwest, with a total storage capacity of 233 MAF of water. As currently designed, the system would deliver 52 MAFY for distribution through the Southwest, enough water to cover deficits in the Colorado and Rio Grande Basin reservoirs and delivery systems, and add enough water to irrigate 19 million acres, twice the current amount; it would deliver 20 MAFY to Northern Mexico, irrigating up to 5 million acres.

By way of the Great Lakes Seaway Canal, 19.6 MAF of water would be delivered to Alberta, Saskatchewan, and Manitoba, enough water to irrigate up to 9 million acres, or supply water for industrial and petrochemical developments in the region. The Dakota Canal would deliver 11 MAFY to North and South Dakota, irrigating approximately 3 million acres. Being built along a continental divide, the canal could serve as a water redirection system, solving the annual flooding

problem in the Grand Forks and Fargo-Moorhead areas of Minnesota and North Dakota. This Great Lakes Seaway Canal, stretching from Vancouver, B.C. to Lake Superior, and a branch extending to the Hudson Bay, as well as a canal from James Bay to Georgian Bay, will open a vast amount of resource potential for Canadian development and export, creating an industrial and water transport corridor throughout southern Canada, akin to the Mississippi River barge corridor.

By constructing the system of storage, flood control, and water delivery, the utilization of the total topographical potential which the project intersects will produce a surplus of power, over the 36 gigawatts (GW) of electrical power required for pumping within the project. Most notable will be an annual surplus of 32 GW in British Columbia, a greater than 100 percent increase of its current power capacity.

Original estimates were that NAWAPA's construction would require 100,000 workers employed for 30 years; direct and indirect employment would total some 4 million jobs. An updated estimate would have to take into account a number of possible considerations such as: new additions to the project that would augment water flow in certain basins; manufacturing facilities which existed then, but would need rebuilding today; the much larger gap in basic infrastructure that would have to be closed, as referenced, for example, in the American Society of Civil Engineers' "Report Card for America's Infrastructure"; new technologies in use today, such as nuclear reactors, satellite imaging, and large-diameter tunnel-boring machines.

No part of the original design is exempt from alteration, if a new and more detailed analysis finds that a modification is either more appropriate for today's needs, or more scientifically efficient. Updates to NAWAPA XXI will include all programs which can be naturally incorporated into the continental system, following the total topographical, geological, and hydrological characteristics as a whole, irrespective of local issues.

Along with water regulation extensions added to the original NAWAPA project, there are further important changes that will be required.

Document Summary

This document is organized in three parts.

Section I. An approximate representation is given for the human and physical resources that will be required for the project, an assessment of those that are currently available.

A rough outline of the various categories of industries, professional disciplines, technical trades, and skilled labor required to plan, design, construct, and operate NAWAPA XXI is given. This outline reflects as much as possible the sequence of events as they follow a critical path, meaning that one activity or group of activities must occur before the next can occur, and so on. The project will progress in four phases: Phase 1—General Organization, Phase 2—Pre-construction, Phase 3—Construction, and Phase 4—Operation **(Figure 4)**.

It is impossible to describe the exact sequence of events in which this project's reservoirs, irrigation systems, and navigation systems will be designed and constructed; however, it is reasonable to promote a fast-tracking approach, where as many resources as possible are applied to the tasks at hand, given the urgent needs of employment and the water and power resources NAWAPA XXI will ultimately provide. The strategic process will be unfolded according to available human and physical resources, both requiring rapid development.

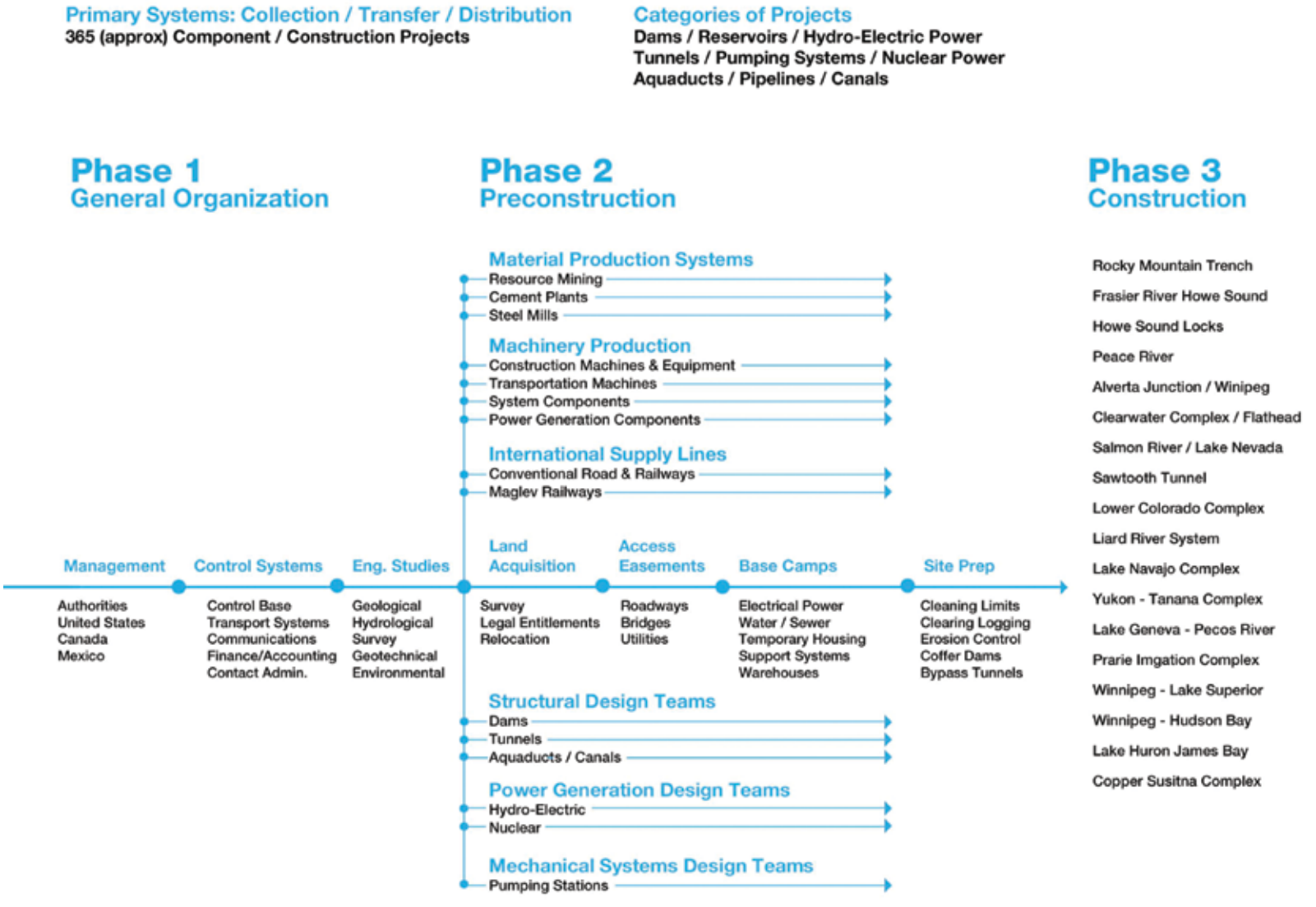
After this, an assessment is made of the current needs for labor and industry, and what new technologies could be applied.

Finally, the method to be taken for overall implementation, based on the above, is discussed.

Section II. An in-depth analysis of the historical development and current impossible water crisis of the five major river basins of the U.S. Southwest is made. Multiple uses of collected water by the NAWAPA XXI system are discussed and demonstrated with maps, including calculations for new irrigable farmland for the U.S., Canada, and Mexico. The historical and current state of U.S. agriculture is succinctly demonstrated.

Section III. The ability of the government to actualize this plan is demonstrated. The re-establishment of the U.S. System of Public Credit through NAWAPA XXI's implementation is treated, first, by providing an approximation as to the series of steps that will be taken by a willing President and Congress, and, second, by providing an in-depth historical analysis of the creation of the Credit System by Alexander Hamilton and his collaborators, its use by John Quincy Adams and James Monroe, and its revival under Abraham Lincoln and Franklin Roosevelt.

FIGURE 4

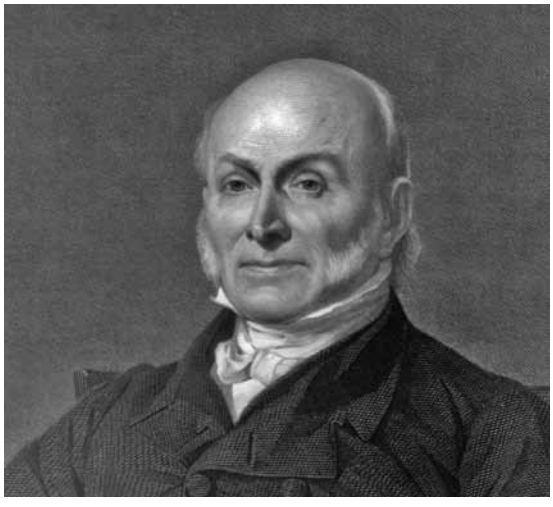


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Section III

How NAWAPA XXI Will Restore the System Of Public Credit

> The Bank of the United States will die, but its ghost will haunt this hall, though justice should be denied, Congress after Congress, perhaps from age to age, and your evasion of the question will be a standing recommendation of the claim, till importunity shall extort from your successors the reparations sought in vain from you.
>
> *Rep. John Quincy Adams, 1834 Speech to the Speaker of the House, on the Removal of the Deposits from the National Bank*



Library of Congress

John Quincy Adams

The chief concern at present is the re-establishment of public credit as a source of investment.

The funding of NAWAPA XXI cannot be viewed in the abstract as the funding of a particular engineering project. While public credit has been used to build the national economy before, the process of re-establishing that system, and the funding of NAWAPA XXI, need to be one and the same act.

Upon determination of the amount of legitimate debt of the United States which was made on legitimate Constitutional contracts, and by following the Constitutional principles included in this final section of the report, a pathway can be determined through the initiation of NAWAPA XXI by which the United States could make good on this debt and restore its credit, within the next generation, without resorting to budget-cutting.

The essential issue to be answered regarding payments, is not whether the people of the U.S. have *money*, but, whether they have *credit*. Do they have the capability to build the elements required? Are they good for their word in completing the job? Can they manufacture steel for a new rail grid? If they have the power and commitment to do the needed tasks, then the American people have the credit for the job.

The following is an approximation of the actions which will be taken, divided into distinct phases. These proposed actions are outlined in detail in the close of this report,[1] as a basis on which to develop a full legislative document.

Phase 1

a) Assessment of Valid National, State, and Municipal Debts, Assets, and Commitments. This will be accomplished by creating a separation of merely fictitious debt and honest debt, with the reinstatement of the Glass-Steagall Act. Commitments to issue debt for speculative investment lending will be canceled and the Fed will be prohibited from increasing its asset book.

b) Resumption of Control over U.S. Currency. This will be accomplished by restoring the U.S. Treasury Department as sole overseer of the value of U.S. debt, and monetization of Congressional bills of credit into U.S. paper currency. Accordingly, the Federal Reserve will be banned from purchasing and trading in U.S. public debt, or printing of U.S. money.

Only after these actions have been taken, can Phase 2 begin.

Phase 2

a) Establishment of a United States Credit Fund. A fund set up for the purposes of circulating credit, akin to the Reconstruction Finance Corporation (RFC) under President Franklin Roosevelt's direction, or the First and Second Banks of the United States, must be established, as a crucial element toward aiding the U.S. Treasury in a successful funding of valid U.S. debt and extending credit toward the accomplishment of

1. See Appendix 2, Detailed Proposal to Restoring the Public Credit Through NAWAPA XXI (http://larouchepac.com/nawapaxxi)

NAWAPA XXI. If the fund is provided with U.S. Treasury bills or bonds which are to be strictly tied to long-term, low-interest loans, to specific infrastructure and manufacturing programs related to NAWAPA XXI, it will be more akin to the RFC.

If it is given any or all of the following qualities, this fund shall become a National Bank: a) a depository for Treasury Department revenues such as collected duties, increasing its ability to lend, b) incorporation into a private institution with a capital stock including not only a sum of U.S. Treasury debt and currency, but also increased by a large subscription from private investors who wish to become shareholders in its capital stock. In addition to greatly increasing the lending, the shareholders, both public and private, profit on the interest accrued from the lending, and c) permission to be a deposit account for all citizens, further increasing its ability to lend.

b) Assessment of New Revenues for the U.S. Treasury. By determining the manufacturing, infrastructure, and labor-force requirements for NAWAPA XXI, in comparison to our current capacity to meet the need, various tariffs will be designed to build our capacity up to the requirement. Many other revenues can be contemplated and designed: a) the increase in overall economic activity, greatly increasing the taxable income of businesses and individuals, including those newly employed; b) eventual sale of water and power will involve the secondary uses of water and power such as agriculture and industry, increasing tax revenues; c) increased land values associated with these various secondary uses of water and power will increase tax receipts commensurately; d) Treasury commitments out of the annual budget currently directed toward infrastructure maintenance and investment which will be taken over by the credit fund; e) interest made on loans on the capital stock of a new National Bank, of which the government will be a joint proprietor.

Phase 3

a) Funding the Public Debt. Rather than attempting to pay off a monetary debt with budget cuts, the newly assessed public debts will be turned into a credit source, by issuing new bonds upon them, and tying these new bonds to the specific time schedule and revenues associated with NAWAPA XXI. This relation between the newly issued debt and the expected revenues determined in Phase 2, will be broadcast as new policy, as the first act to restore the public credit. Revenues will be allocated toward making good upon the re-issued debt.

The interest rates and terms of funding the new debt are to be arranged, according to the interests of the United States as a sovereign nation, in a manner which will allow the economy to produce an increasing number of surpluses from the development of industry, agriculture, and increases in productivity.

Either by a special arrangement with the credit fund, having the status of the RFC, or a full National Bank, the capital stock could be made up of a large amount of various categories of re-issued debt, and of joint subscribers to the fund who purchase stock with the current debt of the United States they hold, upon which it will lend money at interest. The interest made by the public investment in the credit fund will be channeled toward making good on the public debt which is part of the capital of this credit fund. At the same time, the value of the debt will increase, as it is funded by all of these arrangements.

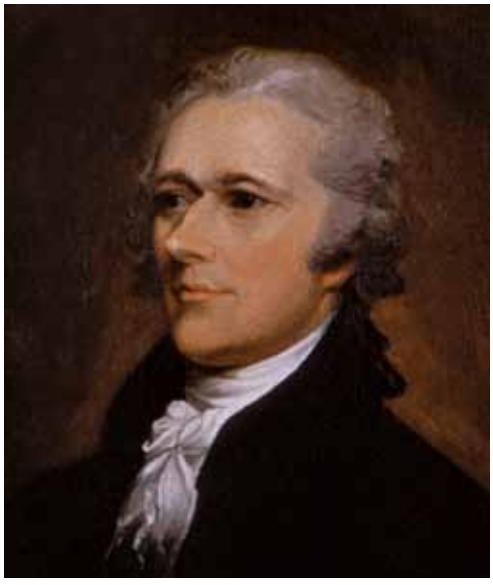
b) Determining the Specific Financing of NAWAPA XXI. Based on the completed estimate of requirements and a subsequent estimate of how efficiently the chosen elements can be produced and constructed in a given time while maintaining the rising productivity, the proper terms and amounts of loans will be provided by the credit fund. A body given authority over the project will either receive loans from the credit fund, or, in a way similar to the relationship between the U.S. Treasury and the Tennessee Valley Authority, its capitalization could be made by private subscription of investors, who will buy NAWAPA XXI bonds issued by the given authority for a given amount, on the credit of the United States and in accord with certain treaty agreements, and guaranteed by the United States, Canada, and Mexico.

The interest and principal would be paid on the basis of the sale of water and power. If required, a portion of the interest on the NAWAPA XXI bonds could be paid on the basis of the revenue streams allocated for the funding of the debt. Investment cycles and credit emission for the project should be organized to accomplish those tasks which will cause the greatest increase in the potential of the economy for the next investment.

A finished plan by the government which follows this general outline, in accord with the following in-depth treatment of the original founding and use of the Constitutional system of public credit, freeing the econ-

omy from the illiteracy of the piggy-bank economy mentality, can be the basis for a return to proper wealth creation through a credit system.

Part 1: Alexander Hamilton's National Banking System Of Public Credit



Alexander Hamilton

> No well-informed man can cast a retrospective eye over the progress of the United States, from their infancy to the present period, without being convinced that they owe, in a great degree, to the fostering influence of credit, their present mature growth. This credit has been of a mixed nature, mercantile and public, foreign and domestic. Credit abroad was the trunk of our mercantile credit, from which issued ramifications that nourished all the parts of domestic labor and industry. The bills of credit emitted, from time to time, by the different local governments, which passed current as money, cooperated with that resource. Their united force, quickening the energies and bringing into action the capacities for improvement of a new country, was highly instrumental in accelerating its growth.
>
> *Alexander Hamilton, 1795*
> *"Report on Public Credit"*

The Revolutionary War was won, and the United States was won, by restoring the public credit.

To secure the spirit of 1776, it was necessary for Congress to have a national banking system, and also the necessary powers to fund the National Bank; with these elements, a system where circulating currency is defined by its future value is made possible. Alexander Hamilton worked with the key leaders of the new Republic, and led in the organization and implementation of these means beginning in 1779, as Aide-de-Camp to General Washington, and securing them as Treasury Secretary from 1789 through 1795.

Hamilton had outlined the problematic situation between 1779-1781 on a number of occasions in his letters to Robert Morris,[2] zeroing in on the state of the currency. The war required expenditures far outside the means of the Continental Congress. Increasing emissions of paper currency were therefore necessary. However, a depreciation due to a want of confidence in the Union, and high prices, caused a lack of circulation, leading to a further depreciation. The depreciation was not due to a decay of resources of the country, but rather to a lack of resources united behind the currency. Emissions of paper currency were not the problem; the problem was the one of credit.

> It is by introducing order into our finances—by restoring public credit—not by gaining battles, that we are finally to gain our object. . . .
>
> While Congress continue altogether dependent on the occasional grants of the several States, for the means of defraying the expenses of the Federal Government, it can neither have dignity, vigor, nor credit. . . . There are some among us ignorant enough to imagine that the war may be carried on without credit, defraying the expenses of the year with what may be raised within the year.
>
> *Alexander Hamilton to Robert Morris,*
> *April 30, 1781*

Hamilton wrote to Morris that the war could not be won without creating a funding source for the civil and military needs of the nation beyond taxation, and that a foreign loan on credit was necessary. However, the paradox facing Hamilton was that private interests could make more profit, with greater assurance of payment,

2. In February 1781 Robert Morris was appointed Superintendent of Finance by the Continental Congress; Morris was one of Benjamin Franklin's closest collaborators, and had been left in charge of the executive operations of the Congress by Franklin while he organized support for the war in France.

by investing their money in trade, rather than lending it to the Congress at interest. How could they be persuaded to loan their money for the security of the Union? Further, with a loan received, how would it not simply be a temporary fix, doled out to purchase needed items, at high prices, the amount soon used, the currency still depreciated, and the state of affairs no different again in six months?

Hamilton wrote that to give individuals the inclination and ability to lend, the loaned money could be turned into a fund in which other foreign and domestic traders would take part, as the fund would be directed in such a way as to be beneficial to them in commerce, making it in the interest of trading men to uphold the value of the currency, since it would be linked to the value of commerce, and in this way obtain a permanent paper credit.

> A plan must be devised, which by incorporating their means together, and uniting them with those of the public, will, on the foundation of that incorporation and union, erect a mass of credit that will supply the defect of monied capital, and answer all the purposes of cash; a plan which will offer adventurers immediate advantages analogous to those they receive by employing their money in trade, and, eventually greater advantages, a plan which will give them the greatest security the nature of the case will admit for what they lend; and which will not only advance their own interest and secure the independence of their country, but in its progress, have the most beneficial influence upon its future commerce, and be a source of national strength and wealth. I mean the institution of a National Bank.
>
> The tendency of the national bank is to increase public and private credit.... Industry is increased, commodities are multiplied, agriculture and manufactures flourish, and herein consists the true wealth and prosperity of the state.
>
> It turns the wealth and influence of both parties into a commercial channel for mutual benefit, which must afford advantages not to be estimated; there is a defect of circulation medium which this plan supplies by a sort of creative power, converting what is so produced into a real and efficacious instrument of Trade.
>
> It is in a national bank, alone, that we can find the ingredients to constitute a wholesome, solid, and beneficial paper credit.
>
> *From Letters to Robert Morris 1779-81*

Morris, Hamilton, and James Wilson, who would become its spokesmen, worked together to finalize the plan for the bank, chartered as the Bank of North America. The initial stock of the bank was formed by a subscription for a said amount of money which could then be loaned out on interest in the form of bank notes, benefiting the shareholders and the nation simultaneously. Most of the initial capital stock of the Bank's formation was bought by the United States government with the loan it would receive from France, uniting the public success with that of the bank. The rest of the stock was opened to subscription for trading men, both at home and abroad. This initial foreign loan going to the make-up of the initial stock of the bank ensured that the capital stock was large enough to create a proportional credit, and ability to lend to the United States, and enlarge its paper emissions. The bank was allowed to make contracts with the U.S. and France to supply needs for their armies and fleets, and would make an annual loan to the Congress. Robert Morris afterward said, "Without the establishment of a national bank, the business of the department of finance could not have been performed," and the war could not have been successfully prosecuted," in the late war.

In addition to these main purposes, the bank could also lend for general commerce, and individuals could trade specie for bank notes of similar denomination, increasing the available currency in circulation. The depreciated continentals were to be replaced by circulating bank notes, and serve as a unified currency and a more homogenous source for taxation. The quantity of the currency increased, since specie invested in the bank was put to constant use in trade, in the form of bank notes. The available currency would now greatly accelerate trade and commerce, the payment of taxes would increase due to the new available and assured means for its payment, and Congress's deposit of its collection to the bank would add to its ability to lend. The interest on its loans would continuously increase the bank's capital.

The paper emission had been liable to depreciation because no paper currency could be substantial, or durable, which does not unite the resources and growth of the real economy with its establishment and circulation. With a National Bank, the quantity of paper currency

would not have to be decreased for its value to be increased. It would be increased by increasing the confidence in the currency, since it would be funded with the growth of industry, agriculture, and successful execution of the war, as profitable to the stakeholders as individual trade investments were earlier.

Hamilton demonstrated, in his formation of the bank with Morris, the central principle of successful use of banking and national paper currencies. The credit of the paper currency would not be that it was upheld with a loan of gold from abroad; rather, the source of credit of the paper currency is major investment into commerce, for which the National Bank, united with the aims of government, serves as the necessary means.

The Needed Powers

> Credit, too, animated and supported by the general zeal, had a great share in accomplishing … that Revolution, of which we are so justly proud, and to which we are so greatly indebted.
>
> *Hamilton's 1795 "Report on Public Credit"*

However, while the Bank of North America, serving as a tool of the Continental Congress, helped secure the victory of the war, already, in the planning of its charter with Morris, Hamilton pointed out the impossible situation of a government which was given the nominal power to provide for the general welfare of its people, but not the ability and authority to procure the necessary revenues.

The institution which had been formed to organize the resources of commerce into a source of credit for the currency and the needs of the government, could not accomplish this task, if the resources could not be called forth. In short, the same problem remained as before the 1781 Bank of North America: that without the faith and proven power of the nation to act as a unity to carry out an intention, *a currency created by the Treasury has no value.* Without the powers to regulate trade, perform general taxation, regulate the currency, and coordinate the payments of the debts—in short, the ability to unify the resources of the various states into a unified whole for budgetary and loan payments—there could be no secure funds to establish credit, nor fund the National Bank. Such a bank could only serve as a driver for local commerce, and loans for the war, and would be unable to carry out an establishment of lasting credit of the nation and government.

For this was required a new constitution.

The states were plagued by trade wars—in large part orchestrated by Britain's 1783 policy of financial warfare[3]—as well as internal debt problems, both of which exposed the weakness of the Congress even further, making the need for these changes even more prominent. Hamilton, working with Morris and Franklin's Philadelphia networks and the Society of the Cincinnati, led the way toward a convention for a new constitution with the needed powers of Congress to secure the credit of the union.[4]

Establishing the System of Public Credit

Hamilton could now create the system of public credit, employing the powers of Congress which had been won through the Constitution.

The first step was to declare that the public credit would be restored.

The domestic debt stood at $42.4 million, the foreign debt at $11.7 million, and each state had its own separate debts, totaling $21.5 million. Viewed from the standpoint of gold and silver, which had been borrowed for the war, the new republic was bankrupt, and had no possible way within the existing system to settle its accounts. Creditors and veterans of the war held various types of claims of debt, owed to them for payment and

3. Soon after the Preliminary Articles of Peace of November 30, 1782, financial warfare began with Britain's dumping of cheap manufactures in U.S. markets to destroy our industries (the policy of Prime Minister Shelburne). Meanwhile, Tories amongst us attacked the Bank of North America. which was a bulwark against financial instability, slandered Franklin, and argued against the increased powers of Congress which Hamilton was proposing. See "How Ben Franklin Organized Our Economic Independence," *EIR*, Oct. 21, 2011, www.larouchepub.com.

4. In April 1786, Franklin appointed Robert Morris, Tench Coxe and others as Pennsylvania delegates to the Annapolis convention. Hamilton, coming from New York, was appointed to report the outcome of the meeting, calling for a new convention to "devise such further provisions as shall appear to them necessary to render the constitution of the Federal Government adequate to the exigencies of the Union." The May 1787 meeting would coincide with a Society of Cincinnati meeting the same month, of which Hamilton was an active leader. Meetings then took place, weekly, beginning February 9, 1787 at Ben Franklin's Philadelphia house, with Robert Morris, Gouverneur Morris, James Wilson, and others, founding an official Society for Political Inquiries for the meetings, whose topics would be confined to subjects of government and political economy. Franklin and Morris's collaborators in Philadelphia at the Bank of North America, Gouverneur Morris and James Wilson, were among the most active participants at the Convention, with G. Morris writing the preamble. It was this team who designed the Constitution's powers, and sought to implement them upon its ratification. Ibid.



"Scene at the Signing of the Constitution," by Howard Chandler Christy (1940).

loans which were becoming less and less valuable. However, rather than canceling the domestic debt and letting the states do the same or fend for themselves, Hamilton devised a plan to increase the available wealth in circulation by an order of magnitude.

Hamilton reported to Congress on January 9, 1790 that he would make good on all debts, declaring that the debt incurred during the war was not a burden to be shrugged off, but a price of liberty. If the virtuous intention which had created that debt were now applied toward utilizing the new Constitution, clothed with powers competent to call forth the resources of the nation, the public credit would be established as an immeasurable resource for a system of economy based on the authority of a sovereign government over its finances.

Since there was no way to pay the principal of the whole debt through annual taxes alone, Hamilton proposed that the newly assumed national debt would be provided for by taking out *another loan for the whole amount of the domestic and state debts combined*—$42.4 million, and $21.5 million respectively. The loans were not to come from holders of gold from abroad or at home, which would simply be creating another monetary debt to pay off an existing one. Instead, he issued a call for subscribers to the new proposed loans to turn in their certificates of debt which had been issued to them in multiple forms during the war, as claims of debt, interest on debt, or salary payment. Then, they would receive in exchange other certificates for the original ones, but now with an annual interest rate tied to a plan to fund all debts. The interest on the new debt was, on average, 4%, rather than the 6% interest that the original debt bore.

To increase the available money in circulation, this interest on the certificates was to be paid out quarterly, to increase available currency for commerce. A full analysis of the economic resources of the nation, and managed commerce through the Treasury Department in the form of duties, imposts, and excises, gave an ability to collect and increase revenues needed to allocate a constant fund toward the payment of interest on the foreign and newly assumed national debt. This funding of the debt would be the basis for the value of a new currency circulating as a representation of the future value of the debt.

According to Hamilton's maxim for restoring and building the system of public credit, the creation of this new national debt, as now a responsibility of government, was linked to the means to extinguish and make

good upon it. The first major act of Congress, on July 4, 1789, had been to apply its new power to lay and collect taxes, duties, imposts, and excises: "An Act for laying a Duty on Goods, Wares, and Merchandises imported into the United States." Now on August 4, 1790, in accepting Hamilton's proposed *Report on Public Credit,* it acted on its power to pay the debts and provide for the common defense and general welfare of the United States, passing "An act making provision for the debt of the United States."

This act authorized the two loans proposed by Hamilton for the domestic and state debts, and declared that all revenues of duties or other taxes, would be allocated accordingly, a) setting aside $600,000 from the revenues of duties—for "the support of the government of the United States, and their common defense," the payment of the interest on the $11.7 million of foreign debt, and b) the rest was "pledged and appropriated" toward the payment of the interest on the newly issued certificates of public debt. The sale of lands would go toward sinking the principal.

Legislation passed six days later, on August 10, 1790, an "Act making further provision for the payment of the debt of the United States," greatly increased the number and amount of duties on imports and internal excise taxes, all appropriated according to the August 4 Act. Then, on August 12, an "Act making provision for the reduction of the Public Debt" declared that all revenues after the allocations toward the aforesaid, a) and b) would then go toward c) purchasing the public debt (sinking the principal value of certificates) in order to increase and support its value, and protect it from speculators who would take advantage of a low gold value of the debt.

According to the maxim in his *Report on Public Credit,* Congress organized its revenue flows toward making good on the assumed debt in the *same act* that authorized the assumption of the debt. These measures ensured the value of the certificates, as they would be of stable value to the holder thereof, and became in this way a sound basis and vast capital for trade, and were accepted for credit at the state banks. The old continental currency which had been near valueless, also appreciated with the commitment to the new program.

Hamilton turned simple separate monetary debts of payment, into a national public debt, whose value would increase as the strength of the nation increased. The internationally recognized value of the public debt increased 300% from the beginning to the end of Hamilton's first year as Secretary. Circulating at interest through the economy, it became the basis of a new national currency, and a new source for public credit.

In his January 1790 *Report on Public Credit,* whose measures were carried out in the above Acts, Hamilton had outlined a *"second loan,"* to be taken out by the government, in addition to the one for the full amount of the domestic and state debts. The subscriptions of this loan, of $10 million, would not be 100 percent payable in the public debt, but rather, those who subscribed, or partook in this loan, would pay one quarter in gold and silver, and the rest in certificates for the public debt. The stock created was to be a fund for circulating credit upon it to answer the purpose of money for government and economy, loaned out at a higher interest than the *"first loan."*

In his next report to Congress, on December 13, 1790, having secured the passage of the Acts that year, Hamilton was in a position to outline his plan for a credit fund for public and private operations, which was to be similarly a $10 million capital, but which now, rather than being a direct loan to the government, would be the capital stock of a National Bank, regulated by Congress and under joint proprietorship with the government. Those who had subscribed to partake in the loan for the national debt, and who had received a certificate of the public debt with interest, could now use these certificates to become subscribers for $8 million of the founding capital stock of the Bank, where each share was made up of three parts public debt and one part specie. In this way, the future promise of the funded national debt served as the majority of stock of the new National Bank which would be lent out at interest.

Two million dollars worth of the shares of stock would be subscribed by the U.S. government in specie, borrowed according to provisions in the August 4 and August 12 acts of Congress. This subscription, on the account of the U.S., put the full weight of approval and interest of the U.S. government behind the establishment of the bank, uniting the public interest with its success.

The three other chief features of the bank were a) that its loans were to be limited to its capital stock, b) loans to domestic and foreign governments were to be regulated by Congress, and c) the bank was forbidden from purchasing and trading in public debt. On February 25, 1791, Congress enacted Hamilton's plan, as "An Act to Incorporate the Subscribers to the Bank of the United States."

With a bank whose credit function could be funded with the powers worthy of a sovereign government, the multiple benefits of banking could be fused with the resources of a massive fund of public debt, which in turn would be fused together with the whole power of the economy.

An explanation of the above aspects is now required.

Unlike the oligarchical banks in Europe, the system of public credit which Franklin, Morris, and Hamilton worked to establish, declared that money is a means to circulate physical wealth—that it is only a means of exchange, and *has no self-evident value outside the process defined by the sovereign government's intention, designating value for its purposes.* From early on in 1779, Hamilton's intention was to utilize the elements of banking for purposes entirely different from how they had been used in Old Europe—such as the imported Dutch speculation machine known as the Bank of England—and now meld the concept of interest with nation-building, rather than usury.

The two chief functions of the National Bank, chartered as "The Bank of the United States," were, first, the creation of a medium of exchange in which credit could be transferred, and, second, the transferring of that credit, both for the exigencies of government, and the promotion of commerce, agriculture, and manufactures.

1. The Creation of a National Paper Currency

By designing the bank around the utilization of the newly funded debt, the bank's capital was sufficiently large to create a full currency of circulating bank notes, which were to be accepted as readily as the capital stock of specie and public debt on which they circulated. These became the new national currency. The bank notes represented the intention of the nation to develop, as they were circulating on the promise of the public debt, being funded by a functioning Executive and Congress. Without a National Bank, all the revenues of duties for the contracted payments of interest on debts, if made in specie, would be sitting idle, in preparation for payment. With the paper currency of bank notes, revenues can sit in the bank until the time of payment and in the meantime be a resource for further lending.

This uniform national currency of bank notes allowed the Congress to maximize the efficiency of making use of its Constitutional powers, while at the same time increased the ease and speed of commerce, which was before impossible. The Bank of the United States:

a) Created a unified medium in which duties and other taxes were collected, paid, and applied, while also facilitating a constant and predictable receipt of them, since the bank could make loans to assist individuals and companies in their payment;

b) Aided in the regulation of commerce by relieving it from a fluctuating value of paper money, and varied representation of paper money between states, both of which served as an added expense to productive industry;

c) Facilitated the funding of the national debt, as the payments on the interest on domestic and state debts could be made in bank notes payable for specie on demand, greatly assisting the Treasury and increasing the currency in circulation.

2. A Credit Fund—Public and Private

In addition to serving as the means to create an efficient medium for the economy, the second chief function of the National Bank and its related state branches, was to serve as the mechanism for growth, utilizing the public credit established due to Hamilton's funding of the public debt, as the sufficiently large source on which citizens and companies could borrow.

The government's 20 percent ownership of the capital stock not only increased the bank's ability to lend, but served as the chief source of government borrowing for its operations in the form of bank notes, increasing the currency in circulation. Crucial for maintaining the scheduled funding of the public debt, the Treasury borrowed millions of dollars from the bank during Hamilton's term as Secretary, making up differences in allocated revenues and sinking the principal of certain quantities of the issued certificates for the public debt, in order to increase its value. The increasing dividends of its share of the stock, above the amount of interest to be paid out on the loan which was taken for its purchase, would also be of profit to the government.

The terms of funding the debt held by the creditors of the United States, were set by the sovereign nation; the United States was not submitting to a foreign power. Similarly, when the government borrowed from the National Bank, it was not going into debt according to the terms of a private bank, but a bank whose charter was created by the government, and whose capital was fused with the success of the government's finances.

Debt was redefined therefore as not merely a monetary debt, that was to be simply paid back in money saved, but reflected the whole process of unifying the resources of the national economy, with a currency that reflected the promise of a sovereign government. *As the power of the productive economy grew industry, so, reciprocally, did the National Bank's value of capital and the general value of the public debt. Therefore, when the government borrows from the National Bank, the government borrows from a source which is a representation of real industrial and agricultural growth, not from a piggy bank.*

The bank's operations were strictly tied to the function of building the economy and to the capital which formed its stock. Three points written in its charter further clarify this:

a) Unlike the acts by the 1694 Bank of England or the Federal Reserve, Hamilton's National Bank could not buy government debt.[5] The government debt made up a large portion of its founding capital stock, and those who were holders of public debt could deposit it in the bank, further increasing the bank's capital stock, but the bank itself could not purchase debt or trade in debt, only in bills of exchange and coin. "The Bank is not at liberty to purchase any public debt whatsoever." The U.S. government therefore had complete control of the value of its debt.[6]

b) The bank could not loan indefinitely, and was restricted to the amount of its capital. As its initial capital was made up largely of the public debt, whose value consisted entirely on the act of engaging the process being discussed, this 1) directly tied the success and profits of the bank to the time in which the U.S. would be making good upon its debt, and 2) its lending in bank notes was being done on the value of the future promise of the public debt.

c) The bank could only make or receive large loans on the account of the U.S. government to and from state and national governments, and foreign princes or states, with the authorization by the U.S. government.

3. Increasing Capacity for Lending

a) The fund would serve as a depository for all government revenues collected or borrowed, being put to use as an increased bank capital and credit to be lent upon, benefiting commerce, and adding to the profits of the shareholders of the bank.

b) Formerly idle specie of other depositors could be put to use and magnified in loans by the bank for trade, and to the government.

c) As the six million dollars of capital stock of the bank accrued interest payments by the government, it would serve as a significantly increasing capital deposit and available capital for the bank.

d) Government purchases of the public debt, i.e., sinking the principal value of select certificates—which Hamilton thought was only permissible once a funding plan of the debt was in place—increased the value of the remaining public debt which formed the capital stock and deposits in the National Bank, and the like value of the circulating currency on its basis.

All of this would be an increased capability for lending for commerce, which subsequently increased circulating currency, allowing for more ease of trade.

Hamilton wrote, in his next report to Congress on December 5, 1791, of the effects the bank was beginning to have on resource development, manufactures, and commerce:

> . . .In a sound and settled state of the public funds, a man possessed of a sum in them can embrace any scheme of business, which offers, with as much confidence as if he were possessed of an equal sum in coin. . . . Industry in general seems to have been reanimated. . . . there appears to be in many parts of the Union a command of capital, which till lately, since the revolution at least, was unknown. . . .
>
> Though a funded debt is not in the first instance, an absolute increase of Capital, or an augmentation of real wealth; yet by serving as a New power in the operation of industry, it has

5. Charles Montagu, treasurer, key leader of the Venetian Junto in England, and part of the welcoming committee of the invading William of Orange, established the Bank of England in 1694 through an Act of Parliament. Montagu then organized large loans through the private Bank, controlled not by the King, but Parliament, creating a giant monetary debt out of thin air, a quantity for speculation and impoverishment of England, and then proceeded to push through dictatorial financial decisions for the economy, while never once issuing anything for development. By 1697, a deliberately forced depression and credit crunch left England weakened and subdued a situation in which the Junto made the Bank a monopoly over all banking.

6. By contrast, any government which has a central bank, such as the Federal Reserve, which is permitted and committed to purchasing that government's debt, is in an inherently hyperinflationary situation. The government can incur unlimited amounts of debt which the central bank can simply buy by the printing of new money, irrespective of any connection of that new debt to development of the real economy or productivity.

within certain bounds a ten dency to increase the real wealth of a Community, in like manner as money borrowed by a thrifty farmer, to be laid out in the improvement of his farm may, in the end, add to his Stock of real riches.

While it was not the same as money, by serving as a new power in the operations of industry, the funded public debt would end up creating the money of the community. Hamilton understood that the real value which money has, is as the reflection of the physical wealth created, which actualizes what was an initial act of credit. It was just in this way that the public debt was a higher form of capital, with a value intrinsically linked to the power of the government, unlike mere gold. The banknotes that were circulating on the public debt represented the power and promise of the new federal government and Constitution.

Later, on January 21, 1795, as the system of public credit had been established, Hamilton underscored this point in his last report to the American people as Treasury Secretary.

> Public credit has been well defined to be "a faculty to borrow, at pleasure, considerable sums on moderate terms; the art of distributing, over a succession of years, the extraordinary efforts, found indispensable in one; a means of accelerating the prompt employment of all the abilities of a nation, and even of disposing of a part of the overplus of others."
>
> This just and ingenious definition condenses to a point the principal arguments in favor of public credit, and displays its immense importance.
>
> . . .it is among the principal engines of useful enterprise and internal improvement. As a substitute for capital, it is little less useful than gold or silver, in agriculture, in commerce, in the manufacturing and mechanic arts.
>
> It is matter of daily experience in the most familiar pursuits. One man wishes to take up and cultivate a piece of land; he purchases upon *credit*, and, in time, pays the purchase money out of the produce of the soil improved by his labor. Another sets up in trade; in the credit founded upon a fair character, he seeks, and often finds, the means of becoming, at length, a wealthy merchant. A third commences business as manufacturer or mechanic, with skill, but without money. It is by credit that he is enabled to procure the tools, the materials, and even the subsistence of which he stands in need, until his industry has supplied him with capital; and, even then, he derives, from an established and increased credit, the means of extending his undertakings.

Part 4: Roosevelt's Credit Funds

In the aftermath of the assassination of two nationalist Presidents, James Garfield in 1881, and William McKinley in 1901, the Wall Street buyout of rail and steel by the turn of the century, and the establishment of the unconstitutional Federal Reserve under Wall Street tool President Woodrow Wilson, Franklin Roosevelt faced a daunting challenge. In the midst of the Great Depression, he had to approximate the intention of a full national banking system, as Lincoln had done with the greenbacks, as an alternate mechanism of credit, this time using the Reconstruction Finance Corporation (RFC) and the Tennessee Valley Authority (TVA) for the task.

The original RFC was formed by President Herbert Hoover as a corporation, which was given a capital stock on which it had the authority to extend credit up to 3 times the capital stock. Under Hoover, it merely doled out loans to banks and for rail bonds, which did nothing to solve the problem, since the banks could not rid themselves of their "toxic" assets whose interest payments were consuming all real assets. Roosevelt's RFC was entirely a different entity, and throughout the period that FDR was President, it was used as a makeshift national bank.

Under Roosevelt, the RFC's ability to lend continued to increase, as the productivity it generated through its purchases and loans came back with interest, in all parts of the economy to which it loaned. The RFC issued bonds on its own behalf, marketed by the Treasury, with the Treasury also buying some of these bonds, and the faith and credit of the U.S. Government standing behind these bonds. Initially authorized to extend $2 billion between 1933 and 1945, the RFC eventually extended $33 billion ($1.2 trillion in 2006 dollars), much of which was raised by the Treasury through special RFC bonds.

Its major operations were in reversing the mort-

gage meltdown, helping 20% of mortgaged urban houses, and refinancing 20% of all farm mortgages; restoring food and energy commodity production; lending to industrial businesses for expansion; recovering exports and trade, financing export of American capital; and later, investing in the war-mobilization. The RFC achieved all of this by creating public corporations, banks, and associations, set up by the RFC, whose stock it owned, to lend to other sectors of the economy.

In the 1933 bank panic, the RFC invested in sound banks reorganized through the "Bank Holiday," purchasing the capital stock of banks through a new amendment. In the Fall of 1933, Congress gave the RFC a fund to buy up "market" gold, in order to devalue the dollar and break the British oligarchy's gold cartel's grip on U.S. banking.

Congress amended the RFC act, allowing it to lend to industry, and agricultural and municipal districts. Institutions which were designed to foster and direct public works, such as the Civil Works Administration (CWA), and its successor, the Public Works Administration (PWA), received limited shares of the federal budget. However, the RFC then acted as the institution of public credit for these limited federal programs, by loaning a total of $2 billion to these institutions to build the infrastructure projects that would be needed to raise the productivity of the nation.

Loans from the RFC to the Federal Emergency Relief Administration (FERA) and the PWA employed 3.1 million people a year, not including the multiplier effects. It also funded levee and irrigation districts for water management and flood control, school districts, aqueducts, bridges, waterworks, highways, housing developments, hospitals, schools, and more. Most of the loans were termed 5-20 years, all of which were paid back.

The Rural Electrification Administration (REA) was created through RFC, financing 80% of the 20-year loans which farmers would take out from local REA districts at 3% interest. The REA received $40 million a year for ten years, and increased electrification by 400% between 1935 and 1939, at least tripling the productivity of now 40% of American farms with electricity. By 1955, when the full effect of the REA and New Deal projects came on line, through such projects as the TVA, the Bonneville Dam, the Grand Coulee Dam, and the Hoover Dam, this number rose to 88% of farms.



Franklin D. Roosevelt

For the war, the RFC was be the source of funds, loaning to industries the needed money to defeat fascism. The RFC created two defense corporations, investing over $10 billion in the following: aviation and the auto industry which converted to aircraft production; aluminum and magnesium producers; 45 plants to build high-octane gasoline to fuel airplanes; 183 steel and iron plants; thousands of machine-tool plants; new shipbuilding capacity, and related infrastructure projects.[7]

As far as serving as the credit function for the government, the RFC worked similarly to Hamilton's National Bank, as the funds on which it lent were all based on the creation of a debt to which the government was fully committed, based on the credit of the United States, in this case marketed by the Treasury. It, however, did not have the added element of being a government depository of revenues making up part of its loans, nor a place for all deposits resulting from the economic growth which it was stimulating, and was therefore more restricted in scope.

The Tennessee Valley Authority

Less than a month after taking office, President Roosevelt sent a message to Congress asking for legislation to create the Tennessee Valley Authority. He re-

7. For more on the RFC see: "How Roosevelt's RFC Revived Economic Growth," *EIR*, March 17, 2006.

quested that it be "a corporation clothed with the power of government but possessed of the flexibility and initiative of private enterprise." A month later, he signed the Act creating the TVA.

> In the construction of any future dam, steam plant, or other facility, to be used in whole or in part for the generation or transmission of electric power the board is hereby authorized and empowered to issue on the credit of the United States and to sell serial bonds not exceeding $50,000,000 in amount, having a maturity not more than fifty years from the date of issue thereof, and bearing interest not exceeding 3-1/2 per centum per annum.

The Act authorized the TVA Board, with the approval of the Secretary of the Treasury, to issue $50 million in bonds to be sold by the TVA. In the case that the TVA ran into revenue problems, the bonds would be "fully and unconditionally guaranteed both as to interest and principal by the United States," making the bonds lawful investments for any funds. The Act authorized the Treasury to buy the bonds. The TVA was to pay the interest and principal on the bonds from its sale of electric power. Although thus backed financially by the government, the TVA had the flexibility to plan and carry out its projects, as long as it met the overall mandate of the law, to develop the Tennessee Valley. On the first day of the new fiscal year, Oct. 1, 1933, shovels were in the ground to start construction on the first TVA dam.

The Eisenhower Administration tried to dismantle the TVA, describing it as "creeping socialism." What the Congress did do, was to end all federal appropriations to the TVA, which had not in fact cost the federal government anything, since the TVA was actually ahead of schedule in paying off the bonds. Also, a ceiling was put on how much debt the TVA could contract.

Since 1959, the TVA has been self-financed and its bonds are guaranteed by its power revenues, not the federal government, but the perception is that the government would back the bonds if need be, so the TVA has an AAA bond rating to this day.[8]

Conclusion

In all cases, the crucial principle of the System of Public Credit, implies a) a basis for lending, and b) the unification of resources of the nation channeled toward needed developments in manufactures and projects, making possible c) a system where circulating currency is defined by its future value.

In abandoning these Constitutional systems of financing, the piggy-bank economy has only been able to be maintained for a certain period due to the former wealth that was created under direction of the credit system, which operates according to the future state which the present is striving to create.

The ignorance by the populace of the history and nature of the credit system of Franklin and Hamilton and the nature of its use by Lincoln and Roosevelt and Kennedy, combined with the backward education and propaganda campaigns funded by Wall Street, has always been the cause for those periods in which Wall Street takes over the United States—periods which must be broken from with a rediscovery of the credit system and the investment in great projects, as in the cases of the Presidents mentioned.

The credit of a nation is based on whether the nation can organize itself to achieve the ends which it sets out to accomplish. This ability to perform is tied to its will to increase its productivity in science and technology. Today, we lack credit because we lack the organization of our nation toward a future state of higher productivity. Without this direction, we have no credibility to build an economy on which anyone can depend. At the present time, anything short of high technological investments associated with NAWAPA XXI, and related projects, could not restore this credibility, either for our own sense of worth, or in the eyes of the world.

By constructing this project, a memorial will be built for those brothers who would have lived to build this country far beyond where we stand today—and the credit of the United States, shall be restored.

8. The TVA has accumulated more then $25 billion in debt, mostly from loans that had been contracted in the 1970s to build nuclear power plants. These loans would have been retired by now, if the plants had not been canceled when nuclear power was under attack in the early 1980s. Congress has limited the TVA to a $30 billion debt ceiling. As it has approached that ceiling, the TVA has recently started to sell some of its power-generating assets to the private sector, and leased back the plants, so it still operates them and sells the power. That means the TVA has to pay a higher interest rate to the company that now owns the facility, than it would if it could just sell its own bonds to finance its construction projects. The rise, however, avoids the TVA bumping up against its debt ceiling.

ON THE ANNIVERSARY OF SDI

Russians Answer Threat Of Thermonuclear War

by Nancy Spannaus and Jeffrey Steinberg

March 27—Russian President-elect Vladimir Putin and Defense Minister Anatoly Serdyukov chose the 29th anniversary of President Ronald Reagan's March 23, 1983 Strategic Defense Initiative (SDI) speech to deliver the most pointed warning to date that Russia is prepared to deploy weaponry based on "new physical principles" to defeat any military threats, including the continuation of President Obama's plans to deploy a missile defense system in Europe without Russian participation or collaboration.

Coming out of a March 22 meeting with Prime Minister Putin, Serdyukov announced ambitious plans to develop and deploy a wide range of weapons systems based on "new physical principles," including directed-energy beams.

The same day, on the eve of his final summit meeting with President Obama in Seoul, South Korea, outgoing Russian President Dmitri Medvedev delivered an even more pointed warning, directed at President Obama and NATO: "Time is running out," he warned, for resolving the European missile defense dispute. Implicitly addressing the non-stop drive for war against Russia and China, ostensibly over Iran and Syria, Medvedev denounced the "psychology of force" and the "increase in those wishing to use arms as a means of solving problems."

He warned, "This is extremely dangerous and an unacceptable tendency." He declared, point blank, that Russia would not tolerate efforts to use "loopholes" to launch wars while bypassing the authority of the United Nations Security Council.

The strategic reality is that the world has so far averted thermonuclear holocaust because Russia, China, and high-ranking American military circles have pushed back against London's global showdown, which was launched last October with the assassination of deposed Libyan head of state Muammar Qaddafi. At that time, the British Empire had intended to proceed immediately with wars against Syria and Iran, which, in reality, aimed to force a capitulation by Moscow and Beijing to a new "post-Westphalian" order, in which the power of sovereign nation-states was forever surrendered.

The tough response from the leadership in Moscow and Beijing, and the persistent war-prevention intervention by the U.S. Joint Chiefs of Staff and other leading institutional forces in the United States, has blocked both the launching of thermonuclear confrontation, and the capitulation of Russia and China to London's desperate efforts to salvage their hopelessly bankrupt global financial system through the further looting of the two Eurasian superpowers.

Russians Are Adamant

Defense Minister Serkyukov's March 22 announcement follows directly from the war-avoidance policy



U.S. Department of Defense

Gen. Nikolai Makarov, the Chief of the General Staff of the Russian Armed Forces, stated, on Nov. 17, 2011, "I cannot rule out that, in certain circumstances, local and regional armed conflicts could grow into a large-scale war, possibly even with nuclear weapons."

taken by the Russian leadership since the aftermath of the Qaddafi murder, when it became clear that they were the targets of the imperial drive to eliminate the institution of the nation-state. With one measure after another, they have signalled that capitulation to the demands of the British-Obama team which ran the Libya operation, is out of the question.

President Medvedev spelled out the overall policy in a special televised address to his nation on Nov. 23, 2011, conveying the stark reality that the Russian leadership anticipates the outbreak of global nuclear war, and is determined both to defend Russia under those circumstances and, by warning of this, to try to deter it. Medvedev spoke standing, and with great solemnity, from his Presidential office, flanked by the Russian tricolor flag in its version for the Supreme Commander-in-Chief, with the Russian double-headed eagle crest.

Medvedev underscored that Russia has continued to offer cooperation with the United States and NATO on anti-missile defense, and then outlined a series of defensive military measures, including modernizing and beefing up radar facilities.

Just days before the Russian President spoke, on Nov. 17, Gen. Nikolai Makarov, the Chief of the General Staff of the Armed Forces, stated, "I cannot rule out that, in certain circumstances, local and regional armed conflicts could grow into a large-scale war, possibly even with nuclear weapons." Addressing the Russian Public Chamber, a Kremlin advisory body which includes numerous policy heavyweights, Makarov stated that "Russia could be involved in a conflict where weapons of mass destruction could be used. . . . The possibility of local armed conflicts virtually along the entire perimeter of the [Russian] border has grown dramatically."

During the same week, Russian military spokesmen announced that they would be sending Russia's only aircraft carrier on a port-of-call to their base in Tartus, Syria, as a de facto deterrent to any military action against NATO's next target.

This Russian hard line, combined with continuous offers for dialogue and peaceful cooperation to resolve conflicts in crisis areas such as Syria and Iran, has continued relentlessly, as shown in Russia's vetoes of UN resolutions for regime-change in Syria, and warnings against military action against Syria and Iran. Simultaneously, the Russian leadership has commenced preparations to deal with the potential U.S.-NATO "deployment of the global missile defense [which] considerably violates the power balance and strategic stability as a whole." A March 21 Xinhua wire on a March 20 conference of the Russian defense sector leaership outlined a series of upgrades being planned for Russia's ICBMs and submarine fleet.

Yet, President Medvedev and incoming President Putin have repeatedly combined such announcements with offers for joint collaboration, not only in missile defense (Russia will host a conference on that issue May 3-4), but also, joint exploration of space and regions such as the Arctic.

The Iran Front

As military leaders and American statesman Lyndon LaRouche have stressed, the main flashpoint, for a confrontation between the Empire-led forces and Russia, is Iran—including the real danger that the British puppet Israeli Prime Minister Benjamin Netanyahu will launch a preemptive strike against Iran, which would immediately bring in the United States, and escalate into a thermonuclear confrontation. Despite loud voices of oppo-

sition from the Israeli military-intelligence establishment, Netanyahu is loudly beating the drums for war, and making preparations through measures such as deploying anti-missile Iron Domes throughout the country.

At the same time, British pawn Obama has repeatedly refused to lay down the law to Netanyahu against such a strike, despite nods to the primacy of diplomacy, and has signed on publicly to the Netanyahu rejection of containing Iran. On the immediate agenda is the convening of the talks, between Iran and the UN Security Council permanent members plus Germany (P5+1)), which Russian government spokesmen have said should occur in April. Today, the Iranian foreign ministry announced that the opening of the talks would take place April 13, but that a location is still under negotiation.

It has thus fallen to senior military and intelligence officials to act. Among the most prominent, has been former Secretary of Defense Robert Gates, who, in a speech at the Jewish Federation of Greater Philadelphia recently, said, "If you think the war in Iraq was hard, an attack on Iran would, in my opinion, be a catastrophe," according to the account in the *Jewish Exponent*. He went on to discuss, as have others, the complications that would ensue from a bombing raid.

Another strong intervention came from former IAEA Inspector Robert Kelley, who had given an interview to *EIR* a few weeks earlier, warning of the dangerous role being played by the IAEA on the question of Iran's nuclear intentions and capability. In an article appearing March 23, the London *Guardian* quoted Kelley: "[IAEA head] Yukiya Amano is falling into the [former U.S. Vice President Dick] Cheney trap. What we learned back in 2002 and 2003, when we were in the runup to the war, was that peer review was very important, and that the analysis should not be left to a small group of people. So what have we learned since then? Absolutely nothing. Just like Cheney, Amano is relying on a very small group of people and those opinions are not being checked."

Kelley also revealed that Amano has shut down the external verification unit (Expo), which had been set up by former IAEA head Mohamed ElBaradei, to double-check reports on nuclear activities.

Not to be overlooked in the build-up to an Iran war, is the massive amount of military hardware which has been deployed into the region, including U.S. aircraft carriers, the British carrier *HMS Daring*, and a raft of smaller ships and mine-sweepers—in addition to the military bases in the area. This concentration of firepower in such close quarters as the Persian Gulf, in itself, represents an explosive mix, with the potential for incidents which could set off a war.

Stymied in Syria

In Syria, the British imperial warmongers are talking very tough about removing President Bashar al-Assad, but have been stymied in their offensive plans, by a combination of Russian/Chinese vetoes of regime-change resolutions at the Security Council, and the opposition of U.S. military-intelligence officials who continue to point out the pitfalls of military action, including al-Qaeda involvement among the rebel forces.

On March 21, all 15 UNSC members adopted a non-binding statement, expressing "[the Council's] gravest concern at the deteriorating situation in Syria which has resulted in a serious human rights crisis and a deplorable humanitarian situation." The message was sent to both the Syrian government and the opposition, asking them to "implement fully and immediately" a six-point peace plan proposed by joint UN-Arab League envoy Kofi Annan, who visited Damascus recently, and held talks there, and, over the March 24 weekend, began trips to Moscow and Beijing for consultations.

The British gamemasters were by no means pleased with this UNSC action, because it contains no deadlines or "consequences" for Assad should he not follow their recommendations. This is in line with consistent Russian policy. The other major problem the British face is the fact that the opposition forces themselves are so divided and unprepared for facing the government crackdown that they cannot make headway. Even the Henry Jackson Society, which had tried to turn the Syrian National Council into their pet project, has now attacked the opposition for its Muslim Brotherhood connections (which of course they knew all along, but are now a political liability).

But don't think the British have given up. A March 26 CNN report quoted former U.S. Ambassador to Israel and Syria Edward Djerejian saying that the assassination of Assad was not an option. A crazed British Empire, which is determined to eliminate the nation-state by any means available, will stop at nothing; it is that Empire's power which must be destroyed.

U.S. Unilateral Sanctions Against Sovereign Nations Mean Genocide

by Ramtanu Maitra

March 25—Washington made known this week to 12 nations that are purchasing Iranian oil, that unless they significantly reduce those imports in the coming months, they could be subject to U.S. sanctions. What form such sanctions would take has not been announced. The 12 nations are China, India, Indonesia, Malaysia, Pakistan, Philippines, Singapore, Nigeria, Colombia, Sri Lanka, Taiwan, and Turkey. Earlier, 10 EU nations and Japan were exempted from sanctions for at least six months.

It is evident that President Obama is planning to confront such large nations as China, India, and Indonesia, among others, to force them to toe his line, prior to unleashing his catastrophic plan to militarily attack Iran, or to allow Israel to do so. Although it is not certain that sanctions will actually be imposed on any of these 12 nations following the six months "grace period," the threat itself may force citizens of the threatened nations to take a fresh look at what the United States has become. Those nations that will take the unpopular measures against Iran to appease Washington run the possibility of encountering an increasingly hostile domestic political environment.

U.S. policy makes one thing crystal clear: The object of the sanctions is genocide, not only against Iran (by bringing it to its knees economically), but also against any nation that stands up to the economic blackmail. Sanctions are no alternative to war, but a prelude to war, and must be resisted as such.

Target: Iranian Banks

It is a moot question whether these threats are intended entirely to pressure these countries to accept President Obama's irrational policy, which is steadily heading towards a military confrontation with Iran, or to further weaken Iran, or whether there is more to it. On the one hand, bowing to such a unilateral policy dictated by Washington would compromise the powers-that-be in these nations, causing internal dissension. Acceding to the unilateral U.S. action would also be an endorsement of the London-Paris-Washington-led regime-change mafia that carried out its murderous plan in Libya, and is now working to achieve a similar outcome in Syria and Iran.

Meanwhile, the U.S. Congress, a pale shadow of what the Founders of the American Republic intended it to be, is going ahead with every irrational foreign policy initiative laid down by this President. Members of both the House and Senate from both parties are planning to move forward soon with legislation that would expand financial sanctions against Iran to include all Iranian financial institutions—whether government-affiliated, private, domestic, or controlled from abroad. *The Cable* reporter Josh Rogin reported on March 6, citing multiple Congressional aides, this would effectively cut off every Iranian financial institution from the international community, subjecting any bank that conducts transactions with an Iranian bank or holds money for an Iranian bank to the risk of losing its own access to the U.S. market,

On March 15, a global communication network vital to the banking sector announced that it was breaking off ties with as many as 30 Iranian financial institutions—including the Central Bank—crippling their ability to conduct international business. It is the first time that Swift, a consortium based in Belgium and subject to European Union laws, has taken such a drastic step, which severs a crucial conduit for Iran to electronically repatriate billions of dollars' worth of earnings from the sale of oil and other exports.

Currently, only the 18 Iranian banks designated by the U.S. Treasury Department and the Central Bank of Iran are subject to such sanctions, leaving more than 25 banks free to conduct foreign business. To "block that hole," legislation is being developed by the office of Sen. Mark Kirk (R-Ill.) in coordination with other offices, including those of Rep. Brad Sherman (D-Calif.) and House Foreign Affairs Committee chairwoman

Ileana Ros-Lehtinen (R-Fla.). "This would really be a one-two punch combination if Congress extended sanctions to all Iranian financial institutions," one aide involved in the legislation told *The Cable*.

Japan, the fourth-largest buyer of Iranian oil, has been exempted from sanctions. A week before the U.S. named the nations that face the threat of sanctions, Tokyo had acceded to the U.S. demands and had placed Iran's third-largest bank on a blacklist for allegedly helping Tehran to develop a nuclear arms program.



Embassy of Saudi Arabia

Saudi Arabia is the greatest beneficiary of President Obama's policy of sanctions against Iran. Shown are Obama with and Saudi King Abdullah, at the King's ranch in al-Janadriyah, June 3, 2009.

Obama's War Policy

The world has noticed by now that Nobel Peace Prize winner President Barack Obama has nothing to do with establishing peace anywhere. His policymaking resembles more that of a locker room knuckle-dragger. His incessant use of drones inside Pakistan along the Afghanistan-Pakistan borders, in Yemen, and in Somalia, for instance, have caused hundreds of deaths by "collateral damage," which translates in plain English into deaths of innocents. For some reason, neither the White House nor the Congress considers these hostile acts inside foreign nations to be acts of war.

Obama's determination to impose sanctions to punish and force others to accede has been in public view for years. In a document[1] issued by the Washington-based Center for Strategic and International Studies (CSIS), the authors point out that in 2010, Congress passed the Comprehensive Iran Sanctions, Accountability, and Divestment Act (CISAD). That Act imposed sanctions on any person who makes an investment of $20 million or more in Iran's petroleum industry; any person who provides Iran with goods, services, technology, or information with a fair market value of $1 million or more for the maintenance or expansion of Iran's production of refined petroleum products; and/or any person who exports more than $1 million worth of gasoline to Iran or provides $1 million worth of goods or services that could contribute to Iran's ability to import gasoline.

"Since 2010 the United States has focused on isolating Iran economically by targeting Iran's financial and commercial system," the CSIS document states. "In doing so, the U.S. has hoped to obstruct Iran's connections to international markets and dismantle the means by which it conducts economic transactions. As a result, U.S. sanctions have affected a number of key sectors in Iran's economy, as has the steady increase in the number and scope of other national and international sanctions."

Why is the Obama Administration taking these unilateral actions? The neo-conservative war-party in Washington, of which the Obama Administration has become an indistinguishable part, claims that Iran is developing nuclear weapons, and that the only way to deal with it is to weaken Iran, force major nations to go along, and then militarily attack and dismantle the Iranian regime.

However, any number of people who are in the know have made clear that there is no indication that

1. Anthony H. Cordesman, Alexander Wilner, and Sam Khazai, "U.S. and Iranian Strategic Competition: The Sanctions Game: Energy, Arms Control, and Regime Change," March 2012.

Iran is moving ahead with making nuclear weapons. If Tehran had such a plan, they point out, it was abandoned in 2003.

Alexander's Gas and Oil Connections, a trade journal based in the Netherlands, wrote in a recent editorial: "The world seems to be on an inevitable path to a war between the IFUKUS coalition [Israel, France, U.K., U.S.] and Iran. In a carefully orchestrated dance between threat-and-dismiss talks at high level, and media cooperation to whip up the frenzy and feed the populus the distorted facts to support 'the right cause,' the biggest war since WW2 is being prepared."

Based on lies and deceit, the journal continued, "Iran will likely become partly annihilated, with countless lives lost and affected by the nuclear fallout that will occur, and probably is intended, with its whole infrastructure in shambles, large parts of the country polluted by depleted uranium, causing cancers for many generations to come, and many other additional direct and lasting terrors."

Following the U.S. enactment of the CISAD bill, the FY 2012 National Defense Authorization Act (NDAA), signed by the President in January, includes language that allows sanctions against any international bank or financial institution that does business with the Iranian Central Bank (ICB), including purchases of crude oil.

The sanctions, of course, have not only been unilateral. The CSIS document points out that international sanctions have had growing importance since 2006, when the UN Security Council passed Resolution 1737 banning nuclear cooperation with Iran. The UN has now passed seven resolutions on Iran, four of which have imposed sanctions. The United States and Iran have competed for Russian and Chinese support throughout this process, while America's key European allies (Britain, France, and Germany) have played a growing role in shaping sanctions and the diplomatic process that has followed. Not only has the UN implemented new multilateral sanctions, but the European Union and the U.S. have crafted additional sanctions, and consistently pushed for broader international adoption of these optional constraints.

Cui Bono?

Why is the military annihilation of Iran is being planned in Washington by a Nobel Peace Prize-winning President? *Alexander's Gas and Oil Connections* has an observation: "Is it because Iran is refusing to use the dollar and with that undermined its global position, and therefore needs to go? Or is it because Iran is just the next one to take over on the long road to total domination?

"It is no coincidence of course that it is a large land with very rich resources. But as they don't obey the rules of the game as set out by certain people, they need to go. Is that it?

"After the war, no one will ever be able to prove that the Iranians did NOT work on a nuclear bomb, as they have been consistent in saying, not even wanting it. The reason it will not be able to prove that they did NOT work on an N-bomb, will be because most probably the IFUKUS coalition, with or without FUKUS, will use one or more of the many nuclear bombs on store, to penetrate the mountains in which the nuclear installations of Iran are kept."

The journal points out that preparation for such a war is in full progress: "The story now goes that an old frigate is taken from the scrap-yard and brought to the right place and is being done up to be the target of a false-flag operation, which will need to look like, or at least that is what the media will tell us, that Iran has attacked and destroyed a whole frigate, with so many casualties (the names are already being gathered), and therefore the IFUKUS coalition has the right to 'counter'-attack Iran."

On the other hand, there is some indication that the unilateral U.S. sanctions, acquiesced to by many nations, have begun to take their toll on Iran. Benoit Faucon of Dow-Jones Newswires, based in London, wrote in a recent report that Iran's crude-oil exports appear to have dropped sharply for the first time this year according to an authoritative consultancy—the strongest sign so far that sanctions targeting Tehran's most important revenue stream are working.

To ratchet up pressure on Iran, the EU in January agreed to ban purchases of Iranian crude oil starting on July 1, while the U.S. is pressuring Asian buyers to cut their Iranian oil imports.

A report by Swiss oil-shipping specialists at Petro-Logistics S.A. foresees a decline in Iran's oil exports of 300,000 barrels a day this month to 1.9 million barrels a day, according to a person familiar with the document, as buyers cut purchases ahead of a European Union embargo on Iranian oil.

But Iran does not agree with these assessments.



EIRNS/Stuart Lewis

The American people will not be among those those who profit from the U.S. sanctions policy. Already high gas prices can be expected to soar this Summer.

Iran's crude-oil exports have been broadly stable at around 2.2 million barrels a day, as the country offered flexible contract terms. Iranian Vice President Mohammad-Reza Mir-Tajeddini told reporters last week that the embargo on Tehran's oil sector has been defeated "in practice." The remark came a few days after the U.S. exempted 11 countries from sanctions. Mir-Tajeddini said the exemption of these shows a "clear retreat" by the United States.

But Iran's biggest buyers—China, India, and South Korea—are still on the sanctions list, and Iran will be depending on their steadfastness. China alone receives about 22% of Iran's oil exports.

If Iran is not hurting that much, and exemptions are indeed a "clear retreat," then who is benefitting from the sanctions? No doubt, there are some, but the American people are not among them. Americans will be paying through the nose this Summer when buying gas, but that was their decision, by not standing up to yet another irrational policy steamrolled through by their President. Beyond that, it is a certainty that the oil price rise worldwide will jeopardize those nations where millions of people barely eke out a living. The difference could be an increase in malnourishment, lack of water supplies, and food shortages.

But the oil price rise is a boon to friends of IFUKUS. For instance, on March 24, *USA Today* quoted President Obama in an interview with AAA: "Right now the key thing that is driving higher gas prices is actually the world's oil markets and uncertainty about what's going on in Iran and the Middle East. And that's adding a $20 or $30 premium to oil prices, and that affects obviously gas prices." Meanwhile, Brent crude, which is used to price oil imported by U.S. refineries, rose by $1.99 per barrel to end at $125.13 in London.

Saudis to the Fore

The greatest beneficiaries of Obama's policy are the other oil-exporting Persian Gulf countries, and Saudi Arabia in particular. Saudi Arabia and Qatar are not part of IFUKUS, but they finance some of its dirty jobs. For example, they provided arms to the rebels who toppled and killed Libyan President Muammar Qaddafi, and are doing their bit in Syria to arm the opposition, many of whom are jihadi-mercenaries from other countries, while also keeping Bahrain's isolated al-Khalifa monarchy in power against popular demands for democracy. Both Saudi Arabia and Qatar are monarchies, but as long they keep helping London, Paris, and Washington to change the "independent Arab" regimes (those disliked by IFUKUS), they will continue to be identified as "democratic" countries with no human rights problems.

HP News Services reported last week that Japan and Spain had reduced Iranian oil imports and switched to Saudi crude, providing the first evidence that some of Iran's largest customers are reducing their reliance, ahead of the stifling sanctions this Summer. "Saudi exports surged recently [to 9 million barrels of oil a day] because some customers are preparing for what might happen with regards to Iran," a senior Saudi oil official said this week.

Reuters' Matthew Robinson and Jonathan Saul reported on March 16 that Saudi Arabia is preparing to extend this year's unexpected surge in oil sales to the United States, according to tanker industry sources and government data, adding to speculation about the response of the world's top oil exporter to sanctions against Iran and a rise in prices.

"Contrary to expectations that the modest recent

rise in the kingdom's output was bound for fast-growing Asian markets," the journalists wrote, "preliminary data shows that shipments to the United States have quietly risen 25 percent to the highest level since mid-2008, when the OPEC kingpin was driving up production to knock oil prices off record highs near $150 a barrel.

"The surge appears set to continue. Vela, Saudi Arabia's state oil tanker company, has booked at least 9 very large crude carriers (VLCCs) capable of carrying 2 million barrels of crude each from the Middle East Gulf to the U.S. Gulf [Gulf of Mexico] since the start of March, the biggest such wave of fixtures in years, analysts say.

"Evidence of the abrupt boost in sales, which has gone largely unnoticed in the market, will likely provoke speculation about whether it is more political or commercial in nature."



Saudi Embassy

Saudi Arabia has promised to plug any shortage of oil supplies to the international market and to raise production to full capacity if needed. Shown: Saudi super-tankers in the Arabian Gulf.

It is not unlikely that some of the windfall profits of the Saudis, Qataris, and others, will be used to buy arms for those seeking regime change in Syria or other sovereign nation-states, or even as campaign donations to support the political leadership in the IFUKUS countries.

How Strong Are the Target Nations?

Of the 12 nations that are on President Obama's sanctions list, **China** is the one that is most likely to be able to withstand all the pressure exerted from Washington, London, or Paris. At the same time, it will buy more oil from the anti-Iran Gulf nations as its demand for oil grows.

China, the world's second-most-powerful economy with an abundant surplus of cash, rejected Obama's unilateral sanctions with contempt. On March 22, the *People's Daily*, the official Communist Party newspaper, said in a commentary that the U.S. move was misguided and selfish and China had every right to import oil from Iran.

"One stand-out feature of unilateralism is this: that one's own rules become the world's rules. Everyone must respect them, and if you don't, then you will be punished," the paper said, adding that previous unilateralism by the United States had led to the quagmires of Iraq and Afghanistan.

"The facts have proved again and again that unilateralism is not the way to resolve the world's problems, and that it will only complicate and exacerbate the situation, and not only not douse the flames but may even fan them."

Foreign Ministry spokesman Hong Lei told reporters in Beijing on the same day that "China's oil imports from Iran were based on the country's economic development needs and do not violate any UN resolutions or damage the interests of third parties.... China opposes any country imposing its domestic law on another country. We oppose the practice of saddling unilateral sanctions on a third country."

The second-most important buyer of Iranian oil is **India**. Indian Petroleum Minister S. Jaipal Reddy, Finance Minister Pranab Mukherjee, and Foreign Secretary Ranjan Mathai have said that India will continue to buy Iranian oil to meet its growing energy needs, Bloomberg News reported on March 15. While the Indian government has an excellent record of enforcing UN sanctions on Iran, India has objected to unilateral U.S. sanctions, according to U.S. officials.

"We abide scrupulously by UN authorized sanctions," Indian Foreign Ministry spokesman Syed Akbaruddin told Bloomberg in a telephone interview. While restrictions imposed by individual countries "have an impact on commercial interactions, from a legal perspective there is nothing that binds us to follow them."

However, the Indian position is not etched in granite. India's fiscal year begins in April and there is every indication that New Delhi will be taking measures to meet Washington's requirements, to avoid sanctions. That means reduction of oil purchases from Iran and increasing oil purchases from other Gulf countries.

On March 25, *World Reporter*'s Sanskar Shrivastava wrote that Washington has warned India of retribution if India does not follow the economic sanctions against Iran. Understanding India's hunger for energy, as one of the world's fastest-growing economies, Shrivastava said, America suggested that India buy oil from Saudi Arabia or Iraq. India turned the proposal down, saying it maintains its own relations with Iran and cannot terminate them. India has started making payments to Iran for its oil purchases in gold and Indian rupees instead of dollars.

But India remains vulnerable to Washington's threats because the ruling United Progressive Alliance (UPA) is a weak government and is becoming weaker by the day. It has to face general elections in 2014 and its leaders believe that unless they show continuing growth of GDP, they will be shown the door by the ruthless Indian electorate. Some in the leadership are openly fearful that if Obama cuts off outsourcing of work to India, the growth rate will decline. On the other hand, the loss of Iranian oil and the ability to subsidize fuel prices could also adversely affect the electoral outcome for the ruling coalition.

In addition, Prime Minister Manmohan Singh, a former IMF official, is beholden to Washington, particularly to President Obama. There is no question that he would be ready to walk an extra mile to keep Washington off his back. Moreover, India spent quite a bit of money and effort with the help of the American Israel Public Affairs Committee (AIPAC) to develop a strong lobby on Capitol Hill. But instead of getting help from the lobby to stand up to Obama's sanction threats, New Delhi is being subjected to pressure from this lobby to appease the Obama Administration.

On the other hand, India has extensive relations with Iran, and some in the Manmohan Singh Administration realize that this relationship could be affected if New Delhi capitulates to Washington's threats. India is working to connect Iranian ports with Afghanistan and Central Asia by rail and road, to facilitate trade in the region; it is also helping Iran to develop stronger infrastructure at the Chabahar port, which would allow India to trade with Afghanistan and Central Asian nations north of Afghanistan.

But India has voted against Iran twice in the International Atomic Energy Agency (IAEA). Iran remembers that, and it did not sit well with the Iranians, to say the least.

Among other oil-importing nations on the U.S. sanctions list, **South Korea** is a prominent one. With more than 28,000 U.S. troops housed there, Seoul will find fending off U.S. demands well-nigh impossible. Already with the reduction of imports in January and February, South Korea has reversed a trend toward increasing Iranian oil purchases. In 2011, its Iranian imports rose 20%.

South Korea has had no problems finding oil to substitute for its Iranian imports, Finance Minister Bahk Jae-wan told reporters today. "We already have secured enough alternative oil," he said.

South Korea received 87% of its total crude imports in the first two months of this year from the Middle East—mainly Saudi Arabia, Kuwait, Qatar, the United Arab Emirates, and Iran—up from 85% a year earlier, Korean National Oil Corp. data shows.

Cutting imports from Iran might drive up costs, said Son Young-joo, energy analyst at Kyobo Securities Co Ltd. "I don't think the shortage of Iran crude oil supply itself will do much harm to South Korea," he said. "The only problem I see is the cost, as Iran crude oil was about US$2 (RM6.16) to US$3 a barrel discounted compared to other countries' products."

Taiwan, another close U.S. ally, has been named as a potential target of sanctions, but it will halt its imports as of July, a source at the state-run refinery CPC said on March 22. Anyway, Taiwan is a small buyer of Iranian crude, purchasing only 19,000-22,000 bpd. It has no plans to ask for the U.S. waiver to sanctions, as it would simply buy crude from other countries, CPC president Lin Mao-wen told Reuters.

Saudi Arabia said this week that it would plug any shortage in supplies to the market and was ready to raise output to its full capacity of 12.5 million bpd if needed.

Cheminade Gives France A Vision for the Future

by Our European Bureau

PARIS, March 27—Axiom-busting may be the best way to describe the underlying effect that Jacques Cheminade's Presidential campaign is having in France. Throughout the country, the candidate and his activists are challenging the mindset that led to the current, devastating breakdown of society, on all levels, and demanding a profound paradigm-shift to that of the sovereign nation-state dedicated to technological progress. And the Establishment, in particular, the 68ers, are howling.

Cheminade has already benefitted from about 15 hours of media coverage, leaving him another 120 hours in the coming 28 days.

Once Cheminade was officially admitted as a Presidential candidate on March 19 (one among ten qualifying), after significant straight media coverage of his program over the preceding weeks, the powers-that-be obviously decided that they could not allow such ideas to continue circulating widely for five long weeks without challenge. So they brought out the heavy artillery, and for the first week of the official campaign, a specific section of the media bombarded him with slanders.

Inquisition?

Cheminade's major campaign message centers on the need to revive Glass-Steagall and establish a public credit policy, in the context of reviving the Gaullist conception of the nation-state. But the major media are generally ignoring these life-or-death matters. Rather, the main buzz in the media and on Internet last week came from an Inquisition-like interview on the Parliamentary TV channel (LCP) on March 21, which pitted four journalists against Cheminade. The candidate's comments during this verbal lynching, which immediately went viral, concerned his statement that a portion of Queen Elizabeth's fortune comes from drug trafficking; and his proposal to outlaw violent videogames.

Cheminade was asked about his support for U.S. statesman and economist Lyndon LaRouche, in particular whether he agreed with LaRouche's charges about the British Queen's profiting from the drug trade. "No, not all her fortune," he replied. "There are many other sources, but it's a series of trafficking operations within which, yes, there were drugs." He then referenced Her Majesty's work with City of London bankers, out of which the media spun the fabrication that he was attacking "Jewish bankers."

(Indeed, this line of question will now prove quite embarrassing, in light of the fine just imposed by the British Financial Service Authority on the Queen's bankers, Coutts, for money laundering.)

On the issue of video games, in an interview on Canal+ on March 20, Cheminade was asked why he was for prohibiting violent videogames. With a refer-



EIRNS

Jacques Cheminade's ironclad commitment to ending the dictatorship of the British imperial financial system has produced a political tsunami in France. He is seen here being mobbed by reporters outside the Constitutional Court in Paris on March 8.

ence to the recent bloodbath in Toulouse, which had profoundly shocked the country, he said, "Very often such mass killings are associated with violent videogames that people have seen or heard. It's not the cause, but it creates the climate."

AFP immediately put out a communiqué with that quote, which was widely picked up by the media and went viral on the Internet, provoking freakouts. The release also quotes from Cheminade's program, where he proposes to "prohibit violent videogames implying multiplication of crimes and sexual abuse."

On the evening of March 22, AFP published a chronological profile of the young Toulouse killer, Mohamed Merah, which totally vindicated Cheminade's statement, in its reports of Merah's passion for videogames about war.

Resonating with the Population

While the media began by attempting to belittle Cheminade's proposal to revive the space program (claiming that his thermonuclear corridor to Mars is far from the concerns of the population), the message is nonetheless getting across. For example, his comments that without space science, we never would have had artificial hearts, cell phones, or computers, or that such a project is the best guarantor of peace, were widely reported.

Far from the tight-knit world of the media, reactions on the ground are very different. Many people are delighted to hear that someone completely outside the system is running, and instinctively feel that anyone who created such panic in Paris must be good.

This was reflected in the logging of dozens of comments in support of Cheminade and against the media attack dogs after the LCP inquisition.

Teams of activists and supporters are now distributing 500,000 brochures with Cheminade's program, and organizing local events and rallies. Mail is pouring in from associations and persons who want to know more about his program, or how they can help the campaign. Visits to the website (cheminade2012.fr) have shot up.

Reviving Science

Cheminade had a very successful, and pedagogical intervention at the site of the Aérotrain near Orleans, where he insisted that France must go back to the spirit of Jean Bertin, the space engineer who had developed this revolutionary concept similar to magnetic levitation, where the train travels on an air cushion. Such examples are key to getting people to understand the concept of physical economy and technological development.

Moreover, a number of economic, military, and social/health-care associations have printed in full Cheminade's replies to questionnaires on various issues. One example: the High Council for Strategic Education and Research published his military platform calling for an end to all out-of-zone deployments, and for joining the Strategic Defense of Earth initiative proposed by Russia. Overall, these circles express great interest in hearing a novel approach to solving the nation's problems. The campaign is busting axioms, and defeating pessimism.

With nearly four more weeks to go before the April 22 election, the campaign will reach a breakout point, in spite of the dirty tricks.

Jacques Cheminade

My Campaign Faced with Collective Anaesthesia

This leaflet, issued by the Presidential campaign of Jacques Cheminade, began circulating in 250,000 throughout France on March 7.

The financial and monetary system is disintegrating. Europe is coming apart. Throughout the world, human labor is reduced to mere merchandise, and more than one Frenchman in four is reduced to job insecurity. As history shows us repeatedly, when such conditions converge, the oligarchy in power, sensing the loss of control, resorts to saber-rattling. That's where we are now. The West and its client-states are up against the Pacific countries: With our help, the United States and Great Britain have deployed an armada in the Persian Gulf region with a destructive power far greater than would be needed to attack Iran. There is thus an immediate risk of escalation to a nuclear conflict.

On March 5, the *Washington Post* published a full-page paid advertisement signed by top-level American leaders, warning of the infernal machine that any attack

on Iran would set into motion. In Israel, former heads of the Mossad, such as Meir Dagan, are repeatedly warning of Netanyahu's military adventurism and that of his Defense Minister Barak. Even them, but not us.

None of these issues which jeopardize our very future is taken up by the "major" candidates in our Presidential election. We relish our debates on Halal meat, without even saying that if things continue the way they are, there will be no more meat, Halal or not, to feed humanity. "Let them feed on biofuels," our 21st-Century Marie-Antoinettes say. We relish statistics which are meaningless, because they are based on data taken from a sick economic body. The common denominator of François Bayrou, Nicolas Sarkozy, and François Hollande is that they all call for a balanced budget, the first in 2015, the second in 2016, and the third in 2017, as they fail to understand that the economy is a physical dynamic and not the garrote of equilibrium. That means austerity imposed on the victims, and bailouts given to the guilty parties, the big banks which are nothing more than casinos, fed by the Europe Central Bank of Mario Draghi, formerly of Goldman Sachs.

My campaign goes against this pervasive anaesthesizing. Because I speak of what the others don't want to, of reality: Greece is only the first domino; the war will come when the others fall.

If I am elected—and I want to create the conditions that would require anyone else who is elected to do what I would—I would first prevent the current predatory financial system from causing harm by completely separating deposit and credit banks from investment banks. The banks themselves must be separated, because if only their business activities are separate, but they remain under the same roof, as François Hollande proposes, the confusion will continue. Roosevelt did it in the United States in 1933, and we French did it at the Libération [after World War II]. Investment banks will no longer be bailed out, they will have to pay their own gambling debts and be put into bankruptcy if they can't. By so doing, I will set an example for other world leaders.

I will immediately go to Brussels, Washington, Moscow, and Beijing, bearing three basic commitments.

The first is to urgently convoke a worldwide consultation to lay the basis for peace and social justice through mutual development, by ending monetary speculation through a fixed-exchange-rate system.

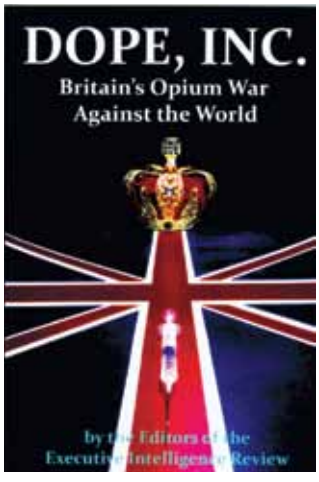
The second is to create, in the major countries of the world, beginning with our own, a system of productive state credit, which will be the basis for peace and development. We have to transform Europe, Eurasia, and the world into a vast construction site which creates jobs....

The third is to launch a platform of great projects on a worldwide scale. The highest density power sources and technologies must form the basis for that, which means using all the resources of nuclear physics, not repeating time and again the same technologies but constantly integrating new ones, which will open the gates to development of Africa and for space exploration. If we don't look far ahead, we become shortsighted, and if we remain in the cradle, we cannot grow.

Those are the actual issues a Presidential campaign must address, not, "How much does that cost?" but how we can together build the world of tomorrow of which France must be the catalyst? How we can get out of the oligarchy's quagmire to see with the eyes of the future?

DOPE, INC.

Is Back In Print!



Dope, Inc., first commissioned by Lyndon LaRouche, and the underground bestseller since 1978, is back in print for the first time since 1992. The 320-page paperback, includes reprints from the third edition, and in-depth studies from *EIR*, analyzing the scope and size of the international illegal drug-trafficking empire known as Dope, Inc., including its latest incarnation in the drug wars being waged out of, and against Russia and Europe today.

This edition, published by Progressive Independent Media, is currently available in limited numbers, so there is no time to waste in buying yours today. The cost is $25 per book, with $4 for shipping and handling. It is available through www.larouchepub.com, and EIR, at 1-800-278-3135.

LaRouche to Seminar in Mexican Senate: 'Shift to an Economy of the Noösphere'

by Dennis Small

March 24—Over the last three decades, Lyndon LaRouche has been a regular visitor to Mexico, invited there repeatedly by nationalist layers intent on saving their nation by rebuilding a Mexico-U.S. relationship in the tradition of Abraham Lincoln and Benito Juárez—much to the horror and dismay of the British Empire and its Wall Street cronies. So, when LaRouche "returned" to Mexico on March 20, with a pre-recorded video message delivered as the keynote address to a conference entitled "A Nuclear World War Can Make Us Extinct; We Must Evolve to an Economy of the Noösphere," held before a packed auditorium in the Mexican Senate building, some wondered if Queen Elizabeth and Prince Philip—and maybe even Henry Kissinger—might keel over in apoplexy.

That apparently did not occur, although an earthquake of 7.8 on the Richter scale did shake Mexico that same morning, which some at first thought might have been produced by the fall of the House of Windsor.

The event was jointly sponsored by the LaRouche Citizens' Movement (Mocila) and the Senate of Mexico, and it gathered some 150 people—half of them students and other youth—to participate in four hours of scientific presentations and discussion.

LaRouche was introduced by the Mocila's Fabiola Ramírez, who reminded the audience that 2012 is the 30th anniversary of *Operation Juárez*, LaRouche's book-length study on the steps needed to replace the collapsing world financial system, a document which he wrote in August 1982, following his historic visit to Mexico, and his meeting with President José López Portillo.



EIRNS

The LaRouche movement's conference on March 20. Jonas Velasco is at the microphone; the banner reads, "Let's Evolve to the Economy of the Noösphere." Lyndon LaRouche gave his presentation by video (inset).

After LaRouche's opening remarks, Mocila members Jonás Velasco and Blanca Pérez spoke on man's voluntary, anti-entropic development, and on the North American Water and Power Alliance (NAWAPA) as the next platform of development; and engineer Manuel Frís discussed the Northwest Hydraulic Plan (PLHINO), which is a crucial complement to NAWAPA. The Mocila's chorus also performed Mozart's "Ave Verum Corpus," and an hour of discussion closed the session.

Mexico Has Changed

The Mexico that LaRouche was addressing in 2012, was not that of 1982. The British Empire has transformed the country from a sovereign nation-state exerting world leadership in the battle for development, in the days of López Portillo, into a country looted by the trans-Atlantic financial system and whose sovereignty has been ravaged by London's Dope, Inc. apparatus. In Mexico today, everyday politics is carried out with shootings and blackmail, leaving only the most committed and courageous standing in defense of their nation.

And, to the British Empire's dismay, they keep inviting LaRouche back.

On March 22, two days after the seminar in the Mexican Senate, LaRouche sent the following message to Antonio Váldez Villanueva, leader of the CTM labor federation in Ciudad Obregón, Sonora, Mexico:

> Dear Antonio,
>
> I have been informed about the recent shooting attack against four members of the CTM union in southern Sonora, and that one of the four—Jaime Gámez Gómez, your Assistant Secretary General of the CTM of Ciudad Obregón—is still in critical condition. I am deeply concerned about these developments, and trust that a full official investigation will be carried out by the appropriate Mexican authorities.
>
> When you and other members of a delegation of the Pro-PLHINO Committee met with me during a visit to Monterrey in April 2008, we discussed and agreed on the urgent need for our nations to cooperate on great infrastructure projects such as the PLHINO and NAWAPA. Today, as the entire trans-Atlantic financial system is in its final breakdown crisis, I remain fully committed to those policies, and to the exemplary role that U.S.-Mexican cooperation can play to help solve the global crisis facing humanity.
>
> As I stated in a video-recorded message to a conference held in an auditorium of the Mexican Senate on March 20:
>
> "I know and love what Mexico's potential is, as people in older generations in Mexico know. I was devoted to this kind of change, not only because it was necessary to Mexico as a neighbor of the United States, but because it was necessary for Mexico's role in terms of its participation in reshaping the entire system of the Americas.... I think that if we can bring ourselves together, in terms of the leadership in Mexico, as within the United States, that that can be a great factor of optimism and making possible what is long awaited, to be done!"
>
> With my best wishes,
>
> Lyndon H. LaRouche

LaRouche to Mexico Seminar

'The Economics of The Noösphere'

The following is a transcript of a pre-recorded video presentation by Lyndon LaRouche which opened the March 20 conference on "A Nuclear World War Can Make Us Extinct; We Must Evolve to an Economy of the Noösphere," held in an auditorium in the Mexican Senate. The event was jointly sponsored by the LaRouche Citizens Movement and the Mexican Senate.

It's been some time since I had the opportunity of being invited to Mexico, and we all know what the reasons for that difficulty are. But on this occasion, as I say, again, I'm happy for this opportunity. I'll just take up several subjects which I think are of both practical importance, for a worldview on our situation in this part of the world, and also an indication of what the future could be.

A Two-Fold Crisis

First of all, we are now in a breakdown crisis, an economic breakdown crisis, among other features, as well as a social breakdown crisis, throughout the entirety of the trans-Atlantic system. The system of the trans-Pacific region, leading toward Asia and so forth, is somewhat better. Of course, Africa is in a terrible situation. But what we are in is a present breakdown crisis, a physical economic, as well as financial economic breakdown crisis of most of the planet, especially among the trans-Atlantic set of nations. It's a little less bad on the Asian side, apart from what's going on in the so-called Near East.

So the question is, can civilization survive what is now a present breakdown crisis, and something worse? We're now hovering on the edge of a *general thermo-*

nuclear war. That is, the British monarchy, and its confederates, including the current President of the United States, are committed presently to threatening to launch a thermonuclear war, against Russia, China, and other nations; and at a certain point, if they do not succeed in intimidating Russia, China, and other nations, by a threat of intimidation, then the intention is to force the United States, now under the ultimate control of Barack Obama, to allow Barack Obama, on behalf of the British, to unleash the military capability, the thermonuclear weapons capability, largely based in the Pacific, to attempt to *utterly obliterate* nations of Asia, such as Russia, China, and so forth. That's what's in process.

Our problem is, first of all, to stop this thing. And there are many leading people in the military and related functions inside the United States, who have done much already to try to prevent such a horror from being unleashed. Because a *thermonuclear war*, of the type which the British leadership, with control over President Obama, would unleash, would probably bring an extinction threat to the entire planet. Because, under these circumstances, when thermonuclear weapons are introduced into the equation of statecraft, then you are on the verge of *extinction*. Because you have one set of powers, which is the attacking power—in this case, Britain and the United States under Obama, and on the other side, you have Russia and China and so forth, which are also thermonuclear powers. Which would mean in logic, that there would be a secret, so-called, thermonuclear launch against Russia, China, and so forth, from the United States, across the Pacific and from other sources. The minute that liftoff is detected, as coming from submarines and so forth, Russia and China are forced to respond immediately, with a maximum thrust of thermonuclear weapons. And you can guess what that is.

So now we have a situation where a few people in Russia, in China, some other countries, and some of our people in the United States, have successfully blocked, so far, a war which was supposed to begin last year, in the late months of last year. And that's where we are now.

We're now united, those of us who understand this, and who are of some consequence and some knowledge; we are determined to prevent such a horror as this from occurring. It is possible. I fear that under the Obama Administration, which is itself now in trouble, the launch would be something that mankind *might not survive*. If it would survive, it would be survival at a terrible, terrible price, throughout the planet as a whole.

So, we've now come to the point that reform is not something you propose because it would be a good idea. We've come to the point that reform [is required], of a very serious kind, involving cooperation among many nations, of course including the United States and Mexico, the two countries which we're dealing with right here. These countries must be protected, and the life of these nations must be assured.

It's my hope, and it's a realistic hope, that we might avert this problem.

But on the other side, we have, apart from the general breakdown crisis, an economic breakdown crisis, a physical economic breakdown crisis as well as a financial breakdown crisis. Europe is about to collapse, it's about to disintegrate, Western and Central Europe! It's in the process of disintegration!

The Fate of Mexico—and Mankind

But all these problems are soluble. Let me indicate what is typical and relevant. First of all, we know that the fate of Mexico is largely determined by what happens inside the United States, and, from the opposite side, from c ertain forces in Europe. What we can do on the economic side, is we have the ability, despite the great depression throughout the trans-Atlantic region, despite the great dope traffic, which is destroying civilization throughout the entire trans-Atlantic system, we have programs which we're ready to put into effect right now.

My associates and I are a significant factor in this policy-making. And our intention is, for example, one case: All of you who are senior in terms of Mexico's history, know that there was once a commitment, as long as President John F. Kennedy was alive, and somewhat later, a commitment to launch a project called NAWAPA.[1] This would take the entire water-management systems of Canada, the United States, and northern Mexico, and bring them together under a great water-management system, which obviously would solve a great problem, as in the northern part of Mexico, where the need for the development of a water system is not only possible, but feasible. And the establishment of NAWAPA, which I'm committed to have launched, now, would be a key for that solution.

Eliminate the drug problem, launch projects such as NAWAPA, as cooperative projects in the northern part of the Americas, and extend that into cooperation with other regions of the world, and we have the essential pro-

1. For more on the proposed North American Water and Power Alliance, see *Feature* in this issue—ed.



EIRNS/Carlos Wesley

LaRouche meets in Coahuila with Gov. Enrique Martinez y Martinez, during a 2002 visit. Interpreter Dennis Small is on the right.

totype of a basis for going, now, to the kind of recovery for which I hoped and which I worked for, back many years ago, in Mexico.

So therefore, we have a terrible situation, and we can not just talk about nice things, because there are terrible things, in reality, coming down upon us. And therefore, we have to take those things into account, *seriously*, without trying to evade them, because *they are horrors, that can be the extinction of civilization if not of mankind.*

Colonize Space!

We also have something to supplement that. We're on the verge, in the development of technology, that we have the potentiality, now, of realizing a project which is already defined. It is possible, some time within the reasonable future of a generation or two, within that timeframe, to have launched a method of transport of human beings from the Moon to the planet Mars, and to complete that voyage *within one week, through the use of thermonuclear fusion, as a power drive.* This is the old Einstein dream, of being in control of space and time. This is now becoming feasible. It's within reach, if the effort is made to mobilize those forces.

Such a mobilization would change the entire world. You would finally go into what has been postponed for a long time: the possibility of development of advanced technology, which had existed at the beginning of the last century, before World War I. That potentiality, that scientific potentiality, has now progressed slightly, as potentiality. We're now talking about science, we're talking about space defense, because the planet Earth is being always threatened by an asteroid of sufficient size which, crashing into the northern part of the planet Earth, could extinguish human life on Earth, in just one blow.

It is possible for us now to craft and develop means to protect mankind throughout this planet from such a danger. It's necessary to do that! And therefore, the idea of the development of a system controlled by mankind, reaching from the Moon to Mars: Such a system is necessary, because with such a system, we are capable of diverting asteroids which might hit Earth with great force, and thus destroy the human species. We now have that prospect as a potentiality before us.

We also have other potentialities, in thermonuclear fusion and going on to actually the utilization of matter/anti-matter reactions, which are the new technologies for the remainder of this century.

So, we have many hopes. The important thing to do, is not merely to tell our people that we have such possibilities, but to make clear that these possibilities are practicable; and they *are* practicable. We have to demonstrate to people that they are practicable, because only a few scientists really understand this, so far. But by taking the initial steps, like, for example, the completion of NAWAPA, which will probably take 30 years to complete. This would include all of northern Mexico, which is water-deficient, and that whole area of Mexico would become, then, as a byproduct of NAWAPA and related projects, an area of development, beyond the dreams of most people in Mexico today.

A New Kind of Cooperation

And it's the moral responsibility of the United States to cooperate with Mexico, in the achievement of such developments. And that means cooperation with Canada. But it means more: It means extensive cooperation with similar kinds of technologies throughout the trans-Pacific region, going into all the countries on the other side of the Pacific Ocean and beyond.

So these are the two great things to consider: the danger to humanity which is increasing *now*. And the hope for humanity, which, if we are successful in our

effort, we will make possible, make *real*, in the time to come.

I would say, on the question of timing—I'm fairly good at forecasting, but that is not predicting. Forecasting is the definition of the things that *could* happen, in terms of what man's potentialities are, if we put our arms to the wheel, to make it then come true. And that's what's needed. We need a new conception, a new conception of cooperation.

One very important thing that we in the United States, and particularly my "part" of the United States, are doing—we're now at a point where we are capable of defeating what is the *great financial threat* to civilization, for most of the world, but especially the trans-Atlantic region. Under the present economic system of the United States, Mexico, South America, and so forth, it is *impossible* for civilization to survive! It is necessary to make a fundamental change, from the monetarist policy, which has brought us into this current mess.



EIRNS/Sergio Oswaldo Barbosa Garcia

LaRouche gave this press conference in Monterrey, in March 2006. Benjamin Castro, a leader of the LaRouche movement in the state, is on the right; interpreter Dennis Small is on the left.

What is required for that, specifically, is the development of technologies such as that of NAWAPA; but also, we need to eliminate the cause of the crisis. The cause of the trans-Atlantic crisis in particular, is the present world monetarist system. Under the continuation of what is called the London and Wall Street system of economy, the situation of the people of the United States, of the entirety of the Atlantic region, is hopeless! But, with a single action, by the voters of the United States, under appropriate leadership, *we can change all this*, by establishing what was the original U.S. Constitutional provision, *a credit system*, and elimination of monetary systems.

That measure would, by itself, enable the United States, even now, to launch a change in policy which would open the gates for a general revival of economy *and* of civilization, or civilized forms of life.

Mexico's Future Potential

So that's what we have before us: I know and love what Mexico's potential is, as people in older generations in Mexico know. I was devoted to this kind of change, not only because it was necessary to Mexico as a neighbor of the United States, but because it was necessary for Mexico's role in terms of its participation in reshaping the entire system of the Americas. All those potentialities still exist. There are new features that have been added to that. We can do now, with a slight change in the policy of the U.S. government, we can launch a reform, which would free Mexico from the evils which it has been subjected to in the past two generations.

That's a possibility; we must work for it. Because the only thing that can succeed, is not merely optimism, but a commitment to actions which are the realization of optimism. All those technological problems and related problems can be addressed *now*. And therefore, we must look at this situation not merely from the awfully ugly things, the great threats that threaten mankind throughout this planet now; we must devote ourselves to a commitment *to forcing these changes through*. And it must be a sense of unity among sovereign nation-states, which work to bring this about, a unity among nation-states for this cause. And the evils which would be descended upon the United States, and on Mexico, in particular, *these evils can be conquered!* We must commit ourselves to that end. Don't worry too much about what the chances are, because there's no alternative *but to win*. And the time has come, that we've got to think in those terms.

I'm delighted to have this opportunity to address people in Mexico, after this long absence from Mexico by me, for various reasons that are well known. And I think that if we can bring ourselves together, in terms of the leadership in Mexico, as within the United States, that that can be a great factor of optimism, and making possible *what is long awaited, to be done!*

Thank you very much.

Feudalism or Nation-State: The Choice Is Ours

by Helga Zepp-LaRouche

March 23—A several-year-long representative survey in Germany has brought to light the fact that the overwhelming majority of Germans, when asked whether political change is possible, said that they do not believe it is. More than 80% of the population in our country is convinced that "there's nothing we can do!" What kind of political system do we live in then, a democracy, an oligarchy, or a feudal dictatorship? And what sort of country do we really want to live in?

We had better get this clear, because we are in grave danger of losing even the last shred of a semblance of democracy. It is now one second before midnight. Because with the signing of the so-called Fiscal Union by the heads of government of the European Union and the imminent adoption of the treaty establishing the European Stability Mechanism (ESM), the situation of the EU and its member states will change dramatically and profoundly.

The Federal Constitutional Court in Karlsruhe, in its so-called Lisbon ruling of June 2009, decided that any further transfer of powers to the EU, which would de facto make Europe into a federal State, would mean a change in the Constitution, and thus would require a referendum, according to Article 146 of the Constitution.

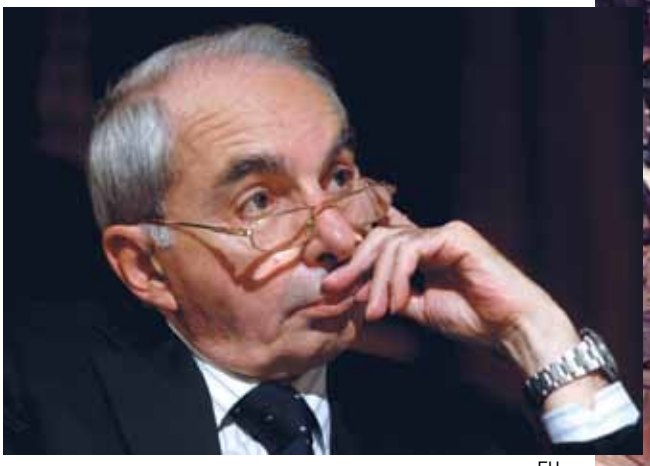
This already applies to the Fiscal Union, which exports the German "debt brake" to all the other European states, establishes an EU budget commissioner who is allowed to intervene into the budgets of the member states; thus we have surrendered a vital achievement of democracy, the right to determine the budget law. The Fiscal Union allows the EU to force each country to impose the same murderous austerity programs that have been already forced upon Greece. Thus, not only democracy, but also the principle of social justice and the right to free collective bargaining are being thrown into the dustbin of history.

Back to the Middle Ages?

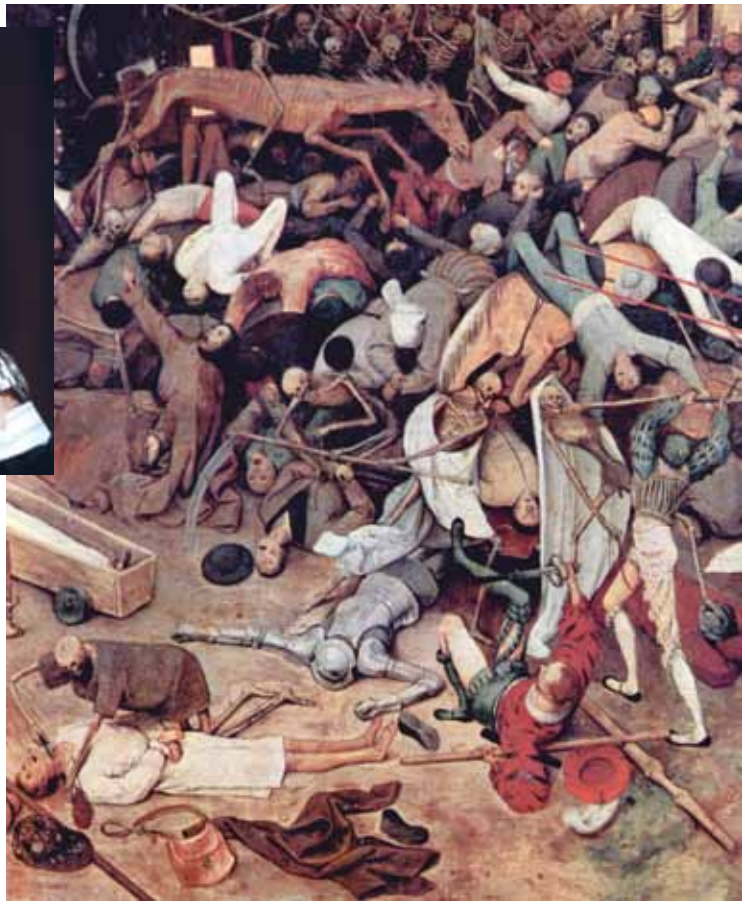
This reversal of the achievements of several revolutions and advances in constitutional and international law casts Europe's level of development back to the time before the emergence of the sovereign nation-state in the 15th Century. In effect, the Executive—in this case, a combination of the heads of government and an unelected supranational bureaucracy—is accorded an abundance of power like that of feudal systems at that time. And that was the intention from the outset!

Giuliano Amato, who later became vice president of the so-called European Convention, which drafted the European Constitution, spelled out his intention in an interview with *La Stampa* on July 12, 2000—i.e., before the introduction of the euro:

> That's why I prefer to proceed slowly and break up sovereignty piece by piece, avoiding abrupt shifts of powers from the nations to the Union. . . . And why should we not return to the time before Hobbes? The Middle Ages had a far richer humanity and a diversity of identity which can be a



EU



Giuliano Amato, who helped draft the European Constitution, explicitly demanded a return to the Middle Ages, before there was such a thing as national sovereignty. "Democracy needs no sovereign," he said. Right: A detail from Pieter Bruegel the Elder's "Triumph of Death" shows what life was like in those brutish and nasty times.

> model. The Middle Ages are beautiful.... Now, as then, nomads are reappearing in our societies. Now, as then there are powers without territories. We will not have totalitarianism without sovereignties. Democracy needs no sovereign.

Just how lovely this new Middle Ages can be, without sovereign nation-states which could defend the common good, is currently being experienced by the Greeks, Italians, Spaniards, and Portuguese, whose life expectancy, because of cuts in social services, is soon likely to be at the level of the Middle Ages.

And remember also what Luxembourg Prime Minister and Finance Minister Jean-Claude Juncker, the former leader of the so-called Eurogroup, revealed in a 1999 interview in *Der Spiegel*, about what he thinks of democracy, truth, and transparency, and how the "liberal" basic order could be subtly foisted upon the world:

> We decide on something, float it, and wait a while to see what happens. If there is no big outcry and no riots, because most people have no idea what has been decided, we continue, step by step, until there is no turning back. (*Der Spiegel*, 52/1999)

The point at which there is no turning back would be reached with the signing of the ESM permanent bank bailout mechanism. In the face of the constantly deteriorating fiscal position of several EU member states, a drawdown of the full EU guaranteed loan amount would mean a more than 60% loss of budgetary sovereignty for Germany (based on the figure of EU306 billion in federal revenues in 2012). But further increases in the bailout fund are already being demanded, and very soon, a situation could arise in which Germany has to provide more loans and guarantees from its total annual tax revenue.

The ESM Board of Governors, which is comprised of the finance ministers of the Eurozone countries, could, at any time, draw upon on the budgets of the member states, if necessary, to increase the guaranteed sum from the current EU700 billion to any amount required, and it may also request new liquidity directly from the ECB. It may also transfer all powers to the board of directors, the so-called "ESM management." This committee is appointed, not accountable to the voters, has legal immunity, and could, without transparency, run the money-printing presses indefinitely—naturally always in response to the

"systemic" nature of the crisis.

Hence, we in Europe and in the United States, where the Fed is pursuing the same policy, are heading straight for hyperinflation like that in Germany in 1923. As we in Germany should know better than anyone else, hyperinflation is the most brutal form of looting of the entire population. And people are noticing this: The EU is already acting like a federal State, barging in on anything and everything, to the detriment of those concerned, but not fulfilling the actual primary task of the State, which is to take responsibility for the general welfare.



Creative Commons

Luxembourg Prime Minister Jean-Claude Juncker, former head of the Eurogroup, described frankly how the EU bureaucracy manipulates the population to accept its decisions, "until there is no turning back."

Supranational Dictatorship

In so doing, the proponents of the EU dictatorship also do not hesitate to tell the most sophistical lies. Thus, the *Frankfurter Allgemeine Zeitung*, on March 22, published a cartoon in which a small dog that has broken loose from his leash faces two large, extremely menacing monsters that are five times as large as he. This is an illustration for an article by Prof. Thomas Danwitz, a judge at the European Court of Justice, titled "Independent—and Then What?" The meaning is that an independent, sovereign Germany would be hopelessly at the mercy of great powers such as Russia, China, or the United States.

The author complains that a "skeptical undertone" has emerged in European political discourse, and that lawyers themselves are complaining about the lack of democratic legitimacy of foreign rule from Brussels. He then goes on to disparage the idea of sovereignty—one of the greatest achievements in European history. Finally, he argues that the substance of constitutional sovereignty was not violated, because the States entered voluntarily into the EU treaty obligations. Therefore, there is no loss of sovereignty, and also because the EU Treaty allows the possibility of withdrawal from the Union.

But who ever asked the citizens whether they wanted to give up the deutschemark, whether they were even given a chance to read the EU treaties, from Maastricht to Lisbon, let alone whether they wanted them, and whether they want to see their entire life savings squandered by a transfer union and destroyed by hyperinflation?

Don't Be a Slave!

There is a way out of the crisis: We must put a stop to the casino economy and the perpetual honoring of private gambling debts, which are being turned into national debt by the so-called rescue packages, and then the taxpayers have to foot the bill. For this we need a global two-tier banking system and the creation of a credit system, which provides loans to the real economy for investment in productive employment. The sovereign republics of Europe can work together as what de Gaulle called a Europe of the Fatherlands, upholding their interests quite well in cooperation with countries such as Russia, China, or a United States that has returned to the tradition of the American Revolution. But, as I said, as *sovereign* republics!

With the Fiscal Union and the looming ESM treaty, the limit established by the Constitutional Court's Lisbon ruling in June 2009 has been overstepped. The step toward making the EU a federal State, according to Article 146 of the Constitution, requires a new Constitution, and for this, a referendum is necessary.

Anyone who does not want to lose the last vestiges of democracy, sovereignty, and freedom to a soulless supranational bureaucracy, which is only the executive body of the financial oligarchy, must now fight to ensure that a referendum is held on the Fiscal Union, the ESM treaty, and the question of Germany's sovereignty!

In ancient Rome, a senator had the idea that all slaves should wear a white armband so that they could be more easily identified.

But a wise senator stopped him and said, "No, if they [the slaves] realize how many of them they are, we will soon have an uprising." If the more than 80% of Germans who believe that "there's nothing we can do anyway" began to wear white armbands, we could win the referendum and stop being subservient!

This article appeared as a leaflet, titled "But There's Nothing We Can Do! Oh, Yes, There Is!" It was translated from German.

Man-Made Disaster

Drought Crisis Cuts Water, Food Supply

by Marcia Merry Baker and Cynthia Rush

March 23—The disaster of the current dryness and water scarcity in the Great American Desert region of North America, is no mere "bad cycle" of weather events, which can be expected to right itself. What is playing out, is a catastrophe for water supplies, agriculture (your food supply), and bare existence in Northern Mexico and the U.S. Southwest, due to the combined impact of decades of not building infrastructure, free-trade looting of the limited water resource base, and lack of defense against the current pattern of extreme weather events associated with solar and galactic activation.

What is required is a break with the evil policies which created this vulnerability, and with the thinking behind it. Had the projects of the North American Water and Power Alliance (NAWAPA) been undertaken 50 years ago, none of the apparent "natural" disasters—wildfires, dead cattle, empty reservoirs, cancelled irrigation water, etc.—would be occurring today.

In addition to those who wrongly said such NAWAPA-scale projects were too costly, the green outlook asserts that man stands "outside nature" and must not interfere. The destructive result and intent of this imperialist ideology is now manifest in the disaster unfolding in the region shown in the "North American Drought Monitor" (**Figure 1**). The following report provides updates on features of the disaster.

Even at this late moment, the destructive process can be reversed, if a policy-shift to credit for nation-building projects and science is effected. Concretely, that means forcing Obama out of office, and forcing the re-instatement of the Glass-Steagall law and related credit-generating measures. That is the only practical anti-drought approach.

Drought of 'Historic Magnitude'

On March 15, the National Oceanographic and Aeronautic Administration (NOAA) gave its annual "Spring Outlook" for 2012 expected weather patterns. Drought of "historic magnitude" was the description offered for West Texas and New Mexico, now in their 51st consecutive week of what is categorized as "severe, extreme or exceptional" aridity. The same situation prevails across the border in Northern Mexico.

Last year was the worst one-year drought in Texas's history. In New Mexico, 66% of the state is in extreme water shortage. Arizona likewise. The reservoir levels are below the danger level.

In some of the Southeast states, there are also severe regions of drought, as shown in Figure 1. Three-quarters of the state of Georgia is hit. Lake Linnear, Atlanta's water supply, is five feet below its full pool level. The Appalachee-Chatahoochee-Flint Basins are in extreme drought.

What this drastic situation points up, is the need for full-scale funding and action by NOAA and sister agencies at NASA, U.S. Army Corps of Engineers, Centers for Disease Control and Prevention, the Department of Agriculture, the U.S. Geological Survey—to have the means to carry out tasks of satellite and other monitoring, and protective action. Just the opposite is happening, while Obama remains in office.

Under the Obama/Republican reign, the National Weather Service is slated to have a 6.2% budget cut for FY 2013, down to $872 million; NOAA is to have a 1.31% increase to $5.18 billion, but not enough to maintain weather satellite programs as required; and the Army Corps of Engineers (which works with the National Weather Service) is cut down to $4.73 billion for FY 2013, down from the paltry $5.002 billion in 2012.

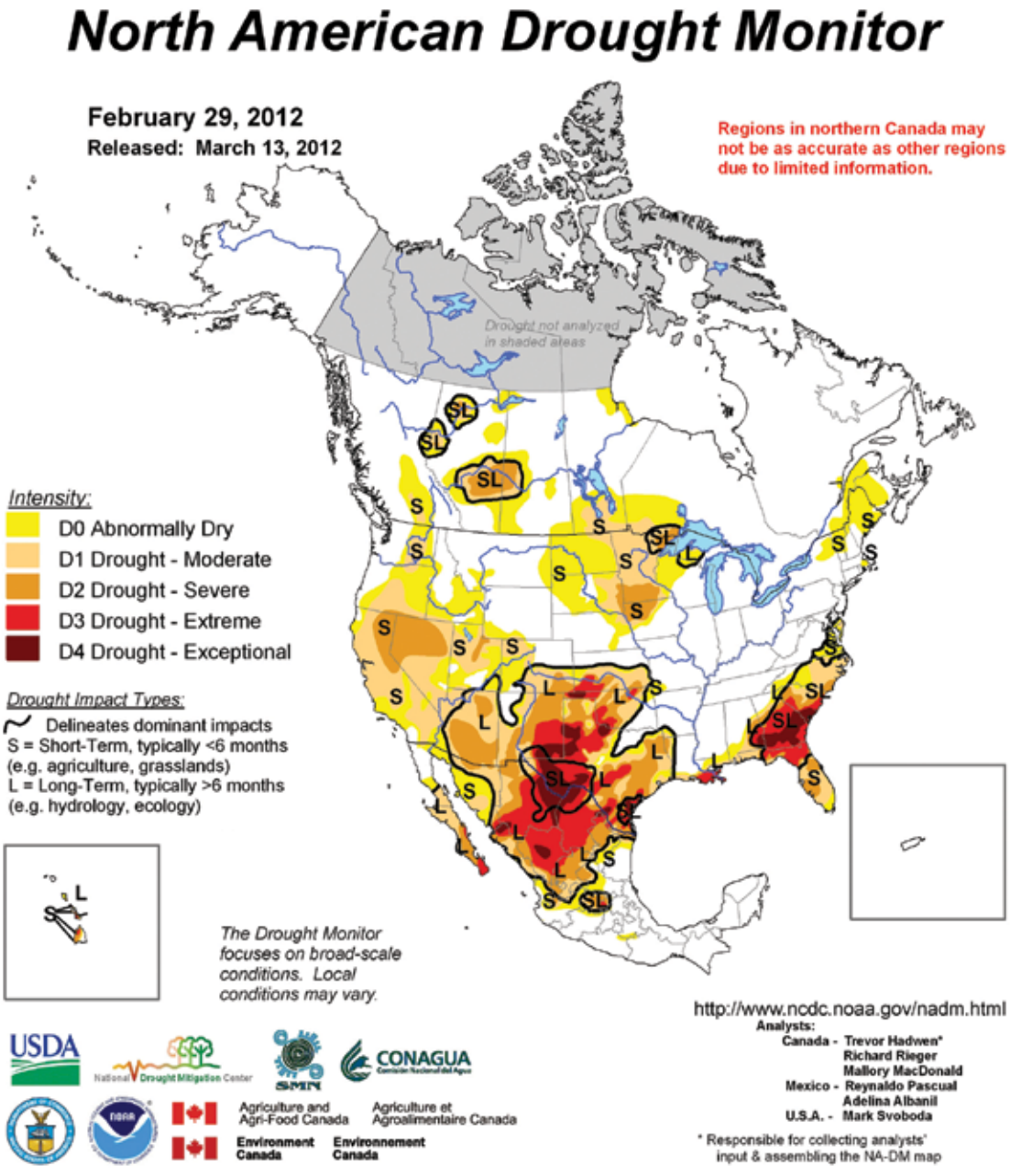
Southwestern States

In the Southwest, the drought is playing out in the form of dramatic water cut-offs, trade-offs, and hopeless political fights.

In Texas, for the first time ever, a cut-off order on irrigation water was issued March 2 against the rice-growers in the Lower Colorado River Basin by the River Authority, because the volume of water in the storage lakes in the basin is so low. The impounded water was down to 42% of capacity on March 2.

The rice growers in two counties of Colorado, Wharton, and Matagorda—which account for 5% of the national U.S. crop—will drastically restrict planted acreage, down to what they might be able to manage from pumped water alone. This rice region has been active for over a century. The recent rains have so far been insufficient to replenish the storage lake water,

FIGURE 1



and get the cut-off rescinded on irrigation water use.

In West Texas, new restrictions on pumping of the Ogallala Aquifer were put into place in January, and are now dividing farmers and others into camps of hopeless contention over scarce water. In this region of cotton, wheat, and cattle, pumping from the Ogallala groundwater has dropped its level by about 9 inches per year over many years.

In January, the High Plains Underground Water District, comprising 16 western counties (south of Lubbock up into the Panhandle), mandated that new wells must have meters installed, and pumping limits will be set by 2014, in order to "stretch out" the diminished water for a few more decades. Then, in February, the state Supreme Court ruled that landowners have absolute rights over water under their property, just like oil and gas, and they can pump what they want to.

Now a battle royale is raging, among farmers against any pumping restrictions, against city water guzzlers, against farmers who are pro-water rationing, etc. There

is no possible resolution of the conflict outside of reorientation to NAWAPA and the scientific economics perspective embodied in it.

In New Mexico, the water supply situation is dire. Most of the state relies on groundwater, whose supplies have diminished dramatically over time. The impoundments of the very limited surface water running through the desert state, are all but disappearing. A marker of the severe aridity is the wildfire threat. In February, state, local, and Federal authorities met in New Mexico to brace for another horror season of wildfires. FY 2011 was one of the worst ever, with 1,861 fires, burning 596,856 acres of state and private lands. This year has at least the same potential.

North-Central Mexico

In northern Mexico, many communities have seen their local water sources completely dry up in recent months. Fleets of water tankers are now racing to distant towns, just to provide minimal supplies. In January, Emilio Romero Polanco, of the Economic Research Institute (IIEc) at Mexico's National Autonomous University (UNAM), warned that more than 2.5 million Mexicans are threatened with starvation, unless immediate steps are taken to address the devastating drought now afflicting 50% of the country's municipalities.

The crisis is so severe, that in the states of Chihuahua, Zacatecas, and Durango, 25,000 children have stopped attending school, according to the National Federation of Associations of Heads of Households. Families that depend on agriculture have no money to buy food and other necessities, or make the monetary contributions to allow children to go to school. Fr. Ignacio Becerra, in the state of Chihuahua, spoke to Reuters in March, of the fear and deprivation: "Watering holes that never ran dry, are empty." He said of the town of Carichi, "There was talk of drought when I got here 16 years ago. This year, not even corn or beans came up."

According to Durango Gov. Jorge Herrera Caldera, who is also the coordinator of the National Governors' Conference Water Commission, there are 1,500 communities in northern Mexico that have no water.

The crop and livestock devastation is a national emergency. In 2011, an area of 7.5 million acres (3 million hectares) of cultivatable land, was ruined for crops, according to AMSDA, the agriculture association of Mexico. This is an area nearly the size of the states of Massachusetts and Connecticut combined.

Production of corn and beans fell drastically last year. In the state of Zacatecas, for example, the center of bean farming, the 2011 crop was down to only 25% its usual size. In Tamaulipas, 70% of the grain harvest was lost, and farmers have been forced to cut back on cattle herds. An estimated 100,000 animals perished in the parched conditions over the last year. In the state of Coahuila alone, drought has forced the slaughter of 18,000 dairy cows.

In response, Mexico has been forced to seek imports of corn, beans, and other basics, at a time when world corn supplies are scarce and soaring in price. All the while, Mexican food exports have been increasing—amounting to huge outflows of "virtual" water, in the form of melons, avocadoes, onions, limes, and other types of high-value produce—produce now going into world trade, under the domination of the mega-agro-cartels working in league with the WTO/globalist monetary system.

Emilio Romero Polanco of UNAM pointed out that last year that Mexico exported $10 billion worth of agricultural products, yet imported $21 billion worth of food to meet domestic need.

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Finish Off the Speculators Now:



The approaching food crisis demands that the U.S. government heed the warnings of Lyndon LaRouche and follow in the steps of Franklin Roosevelt. Shut out the speculators and fix food prices now.

http://larouchepac.com/node/18381

AFGHANISTAN MASSACRE

One Rogue Soldier, Or Sign of the Times?

by Carl Osgood

March 24—While the military leadership of the United States is the leading voice of war avoidance with respect to Iran and Syria, the military establishment as a whole, particularly the U.S. Army, is in the process of disintegration. There is no evidence in the public record that this is the reason that top Army and other military leaders are warning about the consequences of yet another unnecessary war in the Muslim world, but they are certainly aware of the crisis within military ranks.

The March 11 Panjwai massacre in Afghanistan, allegedly by a single U.S. soldier, has put the spotlight on mental-health issues within the Army, and has further undermined the U.S. counterinsurgency strategy in the country. Is SSgt. Robert Bales, the alleged Panjwai killer, a rogue soldier, or the product of a larger process that is taking down the entire U.S. military?

The American Army that George Washington was instrumental in giving birth to was born with a mission—not the mission that people think of today, but rather, the mission of building the new Republic that Washington had fought so hard to establish. That mission, as exemplified by the curriculum of the U.S. Military Academy in the decades after the War of 1812, was to be the most scientifically advanced engineering force in the world. West Point-trained engineers built America's first Trans-Continental Railroad, and helped build the Trans-Siberian Railroad, as part of economist Henry Carey's strategy to outflank the British Empire by encircling the globe with steel rails. And when that force had to go to war, it seldom went to war without the full force of a mobilized nation behind it, with the strategy to bring that war to a decisive conclusion as rapidly as possible.

Despite some wrong-headed detours that occurred along the way, that engineering mission remained the focus of the U.S. military until the death of Franklin Delano Roosevelt in 1945. In the decades since, the U.S. military has lost its republican soul, that soul having been replaced by the dead soul of British Imperial geopolitics.

The Vietnam War, a war that the U.S. likely would have avoided had John F. Kennedy survived the assassins' bullets, played a key role in that degenerative process. It took away that sense of mission by, for the first time, plunging U.S. fighting forces into a war without end, in a country that was no threat to the U.S. The 1991 Iraq war, though short and seemingly decisive, completed the transformation of the U.S. military into an imperial force intended to enforce the global rule of the Anglo-American financier oligarchy. Although that transformation was resisted by President Bill Clinton, his two successors have embraced it with dangerous gusto. The 9/11 attacks were the trigger for the more than ten years of perpetual war since, with the Obama



DoD/Lance Cpl Phillip Elgie, USMC

The March 11 massacre of 16 Afghani civilians, allegedly by a rogue U.S. soldier, has put the spotlight on mental-health issues within the U.S. military, and further undermined the U.S. counterinsurgency strategy in the country. Shown: U.S. Marines conduct counterinsurgency operations in southern Afghanistan, 2009.

Administration promising more, perhaps even the war that really will end all wars, by ending civilization itself.

Panjwai: No Aberration

When placed into this context of universal history, one can see that the Panjwai massacre in Afghanistan, allegedly perpetrated by a single U.S. soldier in the early morning hours of March 11, is no aberration, not the act of a "rogue solder" who "snapped," but rather, the lawful product of a process of degeneration of American society, and with it, the American military, that has been underway for decades. There is no longer the commitment to the future that once characterized most Americans.

That commitment was lost beginning with the Baby Boomer generation, which famously "tuned in, turned on, and dropped out." Their children and grandchildren are even more degenerate, committed to seeking pleasure and avoiding pain, and not much more. They have lost what makes them human through, among other things, their obsession with playing violent videogames that teach them how to kill more efficiently than the trained killers of previous generations. This is, as Lyndon LaRouche has characterized it, the "no future generation."

Given this national environment, it should come as no surprise that the Army is rife with mental-health and disciplinary problems, problems that skyrocketed beginning with the invasion of Iraq in 2003. The all-volunteer force has, in fact, been unable to meet the manpower demands of the wars, except by deploying people over and over again to the combat zones, a practice unheard of in prior wars.

According to the Army's own 211-page report "Generating Health and Discipline in the Force," released in January, the average infantryman serving in the Pacific during World War II saw about 40 days of combat in four years. Since the Iraq invasion, most soldiers have deployed at least once on a tour lasting 12 to 15 *months*. Many have deployed more than once, and most of those have had much less than the recommended 24 months "dwell time," to rest, recuperate, and recover, before deploying again. Virginia-based military analyst Robert Maginnis, a retired Army officer, told the *Washington Times* on March 20, "I see these kids who have been in combat year after year after year. It is taking a real toll, not only medical, but being able to sort out their lives. What this kid [Bales] caved to I think could be an epidemic. It is really long term what we are doing to a generation of volunteers."

In fact, according to Defense Department (DoD) figures, of the 1.35 million military personnel who have deployed to the war zones as of March 14, 2012, 632,592 deployed twice; 250,230 three times; 91,724, four times; 33,002, five times; and 36,254 more than five times.

Epidemic of Suicides

The same Army report states that there were 162 soldier suicides in 2011. In addition, 58 soldiers died while engaged in high-risk activities (riding a motorcycle down the highway at speeds over 100 miles per hour is a commonly cited example of high-risk behav-

ior); there were 56 murders committed by soldiers; 1,012 suicide attempts; 11,240 drug and alcohol offenders; and 42,698 criminal offenders. The numbers of soldiers who sought mental-health treatment are staggeringly high. A total of 280,403 sought out-patient care; 135,528 were prescribed drugs, including anti-anxiety medications; and 9,845 received in-patient care. That all adds up to a very large number of duty days lost to mental-health issues.

The Army has reacted to this situation by rapidly expanding its mental-health-care capacities, though there are still too few trained mental-health specialists to meet the demand. Soldiers are screened routinely now, before, during, and after deployments. Psychologists, psychiatrists, and other mental-health specialists deploy to the war zones, and are available at every level of command, down to battalions.

The Defense Department has developed protocols for diagnosing post-traumatic stress disorder (PTSD) and traumatic brain injuries (TBI). The DoD has poured hundreds of millions of dollars into research into understanding both the psychological injuries, and injuries to the brain. Yet, Army behavorial-health specialists briefing reporters at the Pentagon on March 23 could not answer the question, is there a link between PTSD/TBI and violent behavior? "There are no screening tools that can predict violent behavior," they said.

The consequences extend into the general population, as the Army moves to discharge soldiers who are no longer fit for duty, and otherwise reduces its ranks by nearly 80,000 soldiers over the next five years.

Spotlight on Lewis-McChord

Joint Base Lewis-McChord, outside Tacoma, Wash., home to some 34,000 soldiers, including Bales, has attracted a great deal of attention in recent months, because of the host of mental-health and disciplinary problems that have manifested themselves there. At least 12 soldiers assigned to the base committed suicide in 2011. Most recently, just before the Panjwai massacre, psychiatric officials at the Fort Lewis Madigan Army Medical Center were relieved of duty because of allegations that they had reversed as many as 285 PTSD diagnoses for the sole purpose of "saving money."

Army Surgeon General Lt. Gen. Patricia Horoho has since given those 285 soldiers the chance to be re-evaluated. The suspect in the murder of a Mount Rainier Park Ranger, found dead on New Year's Day, was a Fort Lewis soldier whose own body was later found in the park, and Fort Lewis was the home base of the infamous "kill team," a group of about half a dozen soldiers convicted last year of killing Afghan civilians for sport during their deployment there in 2010.

The problems at Lewis-McChord are not unique to it. Over the years of base closures and consolidations, the Army's combat force has been concentrated on fewer and fewer bases, as the number of soldiers grew from 480,000 to 570,000, making them potential petrie dishes for all kinds of mental-health problems, as the wars have taken their toll on the Army as a whole. A study by Army doctors, published last week in the British medical journal *Injury Prevention*, found that the suicide rate in the U.S. Army increased by *80%* between 2003 and 2009, that is, during the period of the Iraq War and occupation. The more than 300 active-duty soldiers who committed suicide in 2010 and 2011, are an indication that nothing has improved since the period of the study. Between 1977 and 2003, the Army suicide rate was trending downwards, and was well below that of the civilian population. Now it's much higher.

Mental-health issues have impacted all Army bases, notably Fort Hood, Texas and Fort Carson, Colo. Fort Bragg, N.C., home of the XVIII Airborne Corps and the 82nd Airborne Division, saw 6 suicides and 25 domestic disputes in a five-week period in January and February, but it appears that Lewis-McChord is being hit harder than other bases, and nobody can explain why. One soldier based at Lewis-McChord told National Public Radio, on March 12, that the base's bad reputation is spreading throughout the Army. He reported that his father is an Army career counselor in Georgia, who sees reports from all of the different Army posts, "and he was asking why there's so much bad stuff going on on JBLM [Joint Base Lewis-McChord]."

There is no solution to the crisis within the Army, however. No matter how much, in terms of resources, the Army pours into trying to solve the problem, it will fail. There is no solution until President Obama is removed from office, a decisive break is made with the British-inspired perpetual war policy, and the country returns to economic policies that will give our young generation a future. Within that context, the Army can be returned to its roots, and, among other things, help to train the brigades of new engineers that will be required to build the great projects of the future.

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The SDI, Then and Now

The LaRouche Show, a weekly Internet radio program (larouchepub.com/radio), featured EIR's Paul Gallagher on March 24, interviewed by host Harley Schlanger, in a special edition on the 29th anniversary of President Ronald Reagan's announcement of the Strategic Defense Initiative (SDI).

Harley Schlanger: As we begin our program today, we are still very much looking down a gun-barrel, with two certifiable lunatics—U.S. President Barack Obama and Israel's Prime Minister Benjamin Netanyahu—who are both puppets of the British Empire, with their fingers on the trigger....

This danger would not exist if Lyndon LaRouche's design of the Strategic Defense Initiative from the late 1970s, had been activated.

It was on March 23, 1983, 29 years ago yesterday, that President Reagan announced he had adopted LaRouche's design, and was offering cooperation with the Soviet Union to jointly develop and share the anti-missile defense program based on new physical principles, that became known to Reagan as the Strategic Defense Initiative, but was derided by its opponents, such as Henry Kissinger and Daniel Patrick Moynihan, as "Star Wars."

Reagan's announcement caught most of the world by surprise, and was soon rejected, first by Yuri Andropov, who was a British agent in charge of Russia, and then, after his death, it was rejected again by his successor Mikhail Gorbachov, who is also a British agent to this very day.

The design for the SDI was the subject of numbers of years' mobilization by the LaRouche movement, beginning in 1977, that was conducted especially through its scientific organization, the Fusion Energy Foundation, or FEF. The morning after Reagan's announcement, in a primetime TV speech, the U.S. television news bureaus were scrambling to find someone who could explain to their viewers what exactly Reagan had proposed; what is the SDI? And the White House directed them to the Fusion Energy Foundation.

One of the FEF representatives who was brought on network TV the next morning, to explain what the SDI is, is Paul Gallagher, and Paul is my guest today, and we're going to discuss the real history of the SDI, and its implications today. So Paul, welcome to the program.

Paul Gallagher: Thanks. Glad to be on.

What Has Changed

Schlanger: It's quite interesting how things have changed in 29 years, interesting and ironic. In 1983, it was the U.S. President, Ronald Reagan, who, in this case, acted in the tradition of the American System as a patriot, with scientific and technological optimism, who made the offer for cooperation; and then it was the



Ronald Reagan Library

President Reagan's announcement on March 23, 1983, of his plan to "render nuclear weapons impotent and obsolete," using LaRouche's "new physical principles," set off a chain of events whose significance is still unfolding today.

Soviets, under the direction of the British Empire, who rejected it.

Now today, the Russians are making the offer of cooperation, with the idea of the Strategic Defense of Earth, and it's the American President, who is under control of the British Empire, who is rejecting it, and instead, is pursuing a course of war.

So, as someone who was involved in that mobilization back in the '77 to '83 period, and has continued to be involved in this fight in the time between then and now, what are your thoughts about this, when you think about the danger of nuclear war that we face today?

Gallagher: Well, this is actually a very precise reenactment, almost, from the Russian side now, of the offer which Reagan made to them, and the reason for that is very striking. It bears within it the tremendous influence that Lyndon LaRouche has in Russia today. And that is, that he was so violently attacked by the publications of the Soviet government, and Soviet Communist Party instruments, and so forth, in the middle 1980s, as a result of what Reagan did—LaRouche came under such tremendous attack that he, even while the Iron Curtain was there, gained a tremendous reputation in Russia, and also in the Eastern European countries which were then part of the Soviet Union. He was a dissident writ large, and one whose influence and the controversy around him was almost inexplicable to them, but they realized that he must be somebody whose ideas were of great importance.

Schlanger: One of the things that comes to mind was the speech given, I think it was in San Diego in 1975 or 1976, by an Academician named Leonid Rudakov, where he discussed this question of new physical principles. And at the time, the U.S. Administration, which then, I think, was Kissinger, classified the blackboard, even though it was a Russian who gave the idea. But at that point, it was clear to LaRouche that the Russians had been working for at least a decade, on the idea of bringing on line new physical principles, instead of just shooting missiles to hit missiles.

Gallagher: Right, this is crucial, the new physical principles. Only two days ago you have this statement of the Defense Minister of Russia, Anatoly Serdyukov, saying that Russia, within the next five years—between now and 2017, 2018—will develop weapons based on new physical principles, nuclear weapons and weapons of nuclear defense, anti-missile nuclear defense, based on new physical principles—an extraordinary statement, taking them back to the drawing boards of nuclear planners in the 1950s and 1960s. And it came to a head in the middle of the 1970s, and that's when we intervened in a major way.

It was actually James Schlesinger, the Energy Secretary at that time, who classified the blackboard on which Rudakov had, in effect, explained how thermonuclear explosions work, but in the process, he had explained that the principles of thermonuclear explosions could be used *both* to generate controlled fusion reactions, thermonuclear fusion for energy, for electricity, and also to develop weapons of a defensive nature, which would have much greater power, speed, and flexibility in combatting ICBMs, relative to the ICBMs themselves. He was talking specifically about what became known as an x-ray laser as a way of bringing down a missile before it can release its thermonuclear weapon.

A New Era

Schlanger: Some of this goes back to debates really in the late '50s, during the Eisenhower Administration, the Atoms for Peace, the idea that you have both tremendous destructive power but also civilian scientific uses for these capabilities. Under President Kennedy,

there was a push to develop anti-missile missile systems, I think it was the Nike missile and others. There were people in both the United States and the Soviet Union in the early '60s, who took up this question, the particle beams, laser beams, and so on.

Gallagher: Sure. They were direct products of the beginning of the atomic age, the research of the beginning of the atomic age, and already, in the textbooks for military officers in the late '50s and '60s, on both sides—the United States and the Soviet Union—the principles of using new physical principles to defend effectively against nuclear attack, were already being discussed.

At that time, roughly, the Anti-Ballistic Missile treaty was negotiated between the two, and it's an interesting treaty in that it says essentially that neither side can put up a defense consisting of anti-missile missiles, except in one limited locality in each country. But it says that if, and when, new physical principles for defending against ICBM attacks are developed, then the treaty has got to be completely renegotiated, because then we're in a new era.

And this was the point that LaRouche intervened in the middle 1970s for the first time, beginning with his late Election Eve 1976 broadcast, as a Presidential candidate, when he effectively warned that Jimmy Carter, and Zbigniew Brzezinski, his National Security Advisor to be, were pushing confrontation and potentially thermonuclear war, with the Soviet Union.

Schlanger: That ad was very striking, because it started with someone going into a voting booth, pulling a lever for Jimmy Carter, and then a nuclear explosion appears, out of which morphed the face of Jimmy Carter.

Gallagher: And just to understand it, in each case—the Cuban Missile Crisis, the crisis of the late '70s and early '80s, which LaRouche described as so dangerous that it moved him to this development of a new defensive doctrine for "new physical principle" beam weapons, and also the current thermonuclear war immediate threat—they come from relations with third countries, even non-nuclear countries, because the idea of Mutually Assured Destruction (MAD), which came out of certain misdirected scientists after the Second World War, that idea clearly implied that wars would take place, so to speak, under the nuclear umbrellas of the great powers.

Schlanger: In other words, limited wars like Vietnam, like we've seen in the Middle East over the last two decades.



EIRNS/Chris Strunk

In a televised 1976 Election Eve broadcast, then-Presidential candidate Lyndon LaRouche warned that the election of Jimmy Carter could trigger thermonuclear war with the Soviet Union. The poster shown here received wide coverage.

Gallagher: And the idea that once you had nuclear weapons, you could fight these kinds of wars with impunity. They would not escalate to any existential threat to you, to the country which had the nuclear weapons. This repeatedly proved wrong. The crisis over Cuba; the crisis which led LaRouche into action in the mid-'70s, was over Europe, where both the Soviets and the United States were competing to place missiles, nuclear-armed missiles, closer and closer to the countries that they were ostensibly protecting with their nuclear umbrella, so as to be able to spread into those countries under the umbrella, with nuclear weapons. And it came

to the point where these strikes would take just a few minutes, a matter of 3, 4, 5, 6 minutes, from launch to total destruction.

Global Showdown

Schlanger: And then you'd have to decide if you were going to do an all-out launch of the total intercontinental ballistic missiles. This was our mobilization in '76 and '77, around Hilex, MC 14/4, the deployment of so-called tactical or limited nuclear missiles into Germany, which I believe even was a violation of the agreements made at the end of World War II.

I think a lot of our listeners don't know how close we actually were, at times in that period '77 to '84, to actually having nuclear attacks, atomic, biological, and chemical, but maybe you could just review a little bit for people what we later found out—we did a report called Global Showdown, about what was called the Ogarkov Doctrine.

Gallagher: This was essentially a doctrine for following nuclear attack by a very rapid occupation of all of Europe by Soviet military regiments, in the wake of nuclear warfighting. And this doctrine was very live—you had the deployment of the Russian SS-20 intermediate-range missiles, which brought the time down for most of Western Europe to a few minutes to destruction—the tripwire.



EIRNS

"Sputnik of the Seventies" was the first in a series of pamphlets published in the late 1970s, early 1980s, targeting the Kissinger-Brzezinski MAD (mutually assured destruction) policy, and proposing "beam weapons" as the alternative.

And then you had on the other side, the policy begun by Brzezinski and continued by Carter, which was known as the double-track policy, of negotiating for arms limitation treaties on the one side—negotiate and deploy were the two tracks—while deploying intermediate-range nuclear weapons in European countries, with the intention of first or second strike: All-out attack on Eastern Europe, and on the western regions of Russia, from Europe, at the same time as escalation, would then lead to full strikes by submarine-launched missiles from both powers.

After 1989, many military officials and planners on both sides revealed that they were aware of being extremely close, and some defectors even in that period, said that they were aware of being extremely close to all-out thermonuclear war between Russia and the United States, because of these closer and closer tripwire nuclear deployments in Europe.

And that was the subject of our first intervention, which was a pamphlet in 1977—not the beginning of the intervention, but the first intervention which explicitly named nuclear anti-missile defenses based on laser beam and directed particle beam principles. That this was the way to bring this crisis to an end, and it was the only way to bring this crisis to an end.

And it was out of the initial circulation of that pamphlet, in the late 1970s, that there was a tremendous increase of growth of the Fusion Energy Foundation....

Schlanger: That was the pamphlet with the title "Sputnik of the Seventies"?

Gallagher: Yes. And it was the first of a series of pamphlets, which were published in the late 1970s, which specifically targetted Kissinger and the tactic of deploying nuclear weapons up close, while negotiating, and which, more and more in-depth, explained what laser-beam and particle-beam weapons could potentially do to nuclear missiles, essentially explaining that they had a greater flexibility and speed in response than the nuclear missiles themselves did, and that if powered up, through technological development, in a short period of time, these technologies would *defeat* a nuclear attack, even an all-out nuclear attack, on either country.

Schlanger: I want to make sure our listeners understand that it's not the existence of nuclear weapons themselves which creates the danger of war, but in fact, the manipulation by the British Empire, and the financial elites in control, at that time, of the Soviet Politburo, and now in control of the United States, who are committed to—if they can't sustain the Empire—they're willing to launch war.

At the time, in the late '70s, early '80s, we were seeing the continuation of the breakdown of the Bretton Woods system, the beginning of the bubbles of the post-industrial speculative growth, the collapse of physical

economy—and by the time Reagan came in, we were looking at the possibility that there would be a "debt bomb" ignited; that is, that the growth of debt could lead to the complete blowout of the financial system, and that's the backdrop, then, for both LaRouche's sense of urgency on getting the SDI through, but also the British desire to stop it.

Fusion, the Moon, and Mars

Gallagher: We should come to the actual inauguration of the Reagan Administration; but just to note, because it's an irreplaceable step in that direction: that in the late 1970s, and by 1981, because LaRouche, through the Fusion Energy Foundation, which was something he had created by interventions among scientists, because he had brought them together at the real frontiers of science and technology—that is, the combined frontier of achieving thermonuclear fusion for electricity, achieving a re-landing on the Moon, development of the Moon, and exploration of the Solar System, beginning with Mars, a real space exploration initiative, and the use of beam weapons in order to end Mutually Assured Destruction—those three things together propelled *Fusion* magazine, for example, which was our means of publishing a lot of this, to a paid circulation of almost 160,000 per month.

Other than *Scientific American*, it was the most widely read scientific magazine in the United States, and was circulating also in many countries of Europe, in South America; it was beginning to be published in European languages—Spanish—it had spinoff publications. It was something through which LaRouche reached the military and scientific elite of many countries, simultaneously.

Schlanger: There also was a different mood in the country; or, I should say, commitment in the country to science at that time. The full effects of the assassinations of the two Kennedys, and Martin Luther King, and the Nixon Administration, had not completely beaten things down. And I remember, because I was working with you at that time at the Fusion Energy Foundation—we had launched a membership drive, in part around the call for government increased funding for fusion, the McCormack bill[1], and there was very supportive response from the population.

Gallagher: Yes, so much so, that the McCormack bill was passed. Many Americans today may not know that, because the funding was very rapidly trimmed away, and then really just butchered away; but in 1978, Congress passed a law calling for the commercialization of fusion energy for electricity within 20 years, that is, by 15 years ago. And, calling for the appropriate levels of funding of all of the various tracks of promising, and also really intriguing thermonuclear fusion research.

And this was associated with LaRouche, with the Fusion Energy Foundation, both by its sponsors and by everybody else, that we had been able to get that legislation through, and that we were publishing truly extraordinary books and publications, explaining these fundamental principles to a more general public.

So, it was in that context, particularly the context of our having really staked out a position among military circles—because remember, the circles of Edward Teller and other leading scientists from the original Manhattan Project were still very active in the national laboratories of the United States, and had their contacts in the laboratories of other countries—and these scientists, who were all reading *Fusion*—also had their plans, the best of them, for anti-missile defense, based on these new physical principles, and they in turn were talking to military officers. And so it was very much alive at the point that Ronald Reagan took office.

Fundamental Principles

Schlanger: There were two interesting fights going on around this. One was on the more fundamental principles, because even at that time, LaRouche was fighting for a Kepler-Leibniz approach, up against the academically accepted Newton and so on. But then you also had, when it became clear that there were scientists who were orienting toward LaRouche, you had Gen. Danny Graham, and people around him, who were the fiscal conservatives, who were saying we couldn't afford to bring on line new physical principles. We have to use off-the-shelf technologies, kinetic technologies. What was that fight about?

Gallagher: Well, it was a fundamental scientific confrontation. I well remember, in 1981, doing a series of campus forums in various parts of the country, over an extended period of time, which were on two subjects, the first of which was LaRouche's general orientation to combining fusion and space exploration with

1. Rep. Mike McCormack (D-Wash.) led a fight on Capitol Hill for development of fusion power, against Carter Administration efforts to slash funding for the program. See "Mike McCormack: Battling Carter for fusion power," *EIR*, Jan. 22-28, 1980.



EIRNS/Stuart Lewis

In a series of conferences, like this Washington seminar a few weeks after Reagan's announcement, LaRouche took on the Newtonian science mafia, with his insistence on fundamental principles based on Kepler and Leibniz, shaking up the academic establishment.

beam weapons defense. And the second was, the superiority of Kepler over Newton.

I can well remember the rockets which I set off, generally in the form of graduate students and assistant professors who attended some of those lectures, and were just driven to the corners by this attack on Newton. It was something that LaRouche was doing at the same time in seminars that he was holding in this area, the Washington area. . . .

Schlanger: With top scientists—

Gallagher: —with leading scientists, in which he was polemicizing with some of the most creative scientists that we had, some older men who had been in the Manhattan Project, and others who were engaged in more recent fusion research, such as Dr. Daniel Wells from the University of Miami, who was particularly won over by LaRouche, to really extraordinary work, in the course of these polemics. He was already doing extraordinary work, but he was won over to making it much more extraordinary by these polemics.

So that, while this was going on, the real subject of what constituted actual science, and what constituted real progress, was beginning to spread out.

We also insisted that these technologies, which could stop nuclear missiles, could also start worldwide economic development.

Schlanger: If I remember correctly, the brief time I was in New York City working with the Fusion Energy Foundation on this, one of the things we initiated, and then you continued, was an outreach to what in German they call the *Mittelstand*, these small factories and machine shops, the people who were part of the pro-technology grouping in the United States, to get these ideas out into the general public.

Gallagher: Yes. I mentioned that *Fusion* attained a readership, near its conclusion, of 160,000 paid subscriptions a month. In terms of numbers, the largest number of them were small businessmen, engineers, people we had met at an airport, skilled workers who also had some engineering skills, and many of them had put those skills to work in corporations that they had started, and so forth. It was really very, very widespread.

On the other hand, you had, as you were referencing, coming into the field of this growing debate over anti-missile defense again—we could get back to why this was becoming so intense—but coming back into this field, you had the backward elements, like General Graham, who simply wanted to say, let's take what we've got; let's take what's already on the shelf; we already know how to do it—meaning anti-missile missiles, where you fire a bullet at a bullet—and let's upgrade this as much as we can, and call that anti-missile defense. And that became the so-called High Frontier program for anti-missile defense.

The LaRouche-Russia Back Channel

Schlanger: But the President—and this is important, because you mentioned that Lyn had access to top military people—I remember the December 1982 event in Washington, D.C., where most of us at that time were not aware that Lyn was conducting official back-channel negotiations with the Soviets, on behalf of the National Security Council, on behalf of President Reagan.



At rallies like this one, in September 1983 at the U.S. Capitol, the LaRouche movement forced Washington to take notice; here, hundreds of thousands of petition signatures supporting the SDI are delivered to members of Congress.

EIRNS/Philip Ulanowsky

But I remember coming into a meeting, and seeing a group of Russian generals sitting in the back of the room, and being somewhat startled by that sight. But at that time, through the national labs and through the National Security Agency, there was an intense discussion of LaRouche's design for this.

Gallagher: Yes. And there was obviously also, among at least some on the Soviet side, because that back channel resulted from a walk-in at one of those conferences, like the one that you describe, and actually, I believe it was that conference, at which we were approached by Russians from the embassy, who said that they wanted to begin this kind of dialogue directly with LaRouche, and that that dialogue would go back to Moscow, and would result in answers coming back and forth.

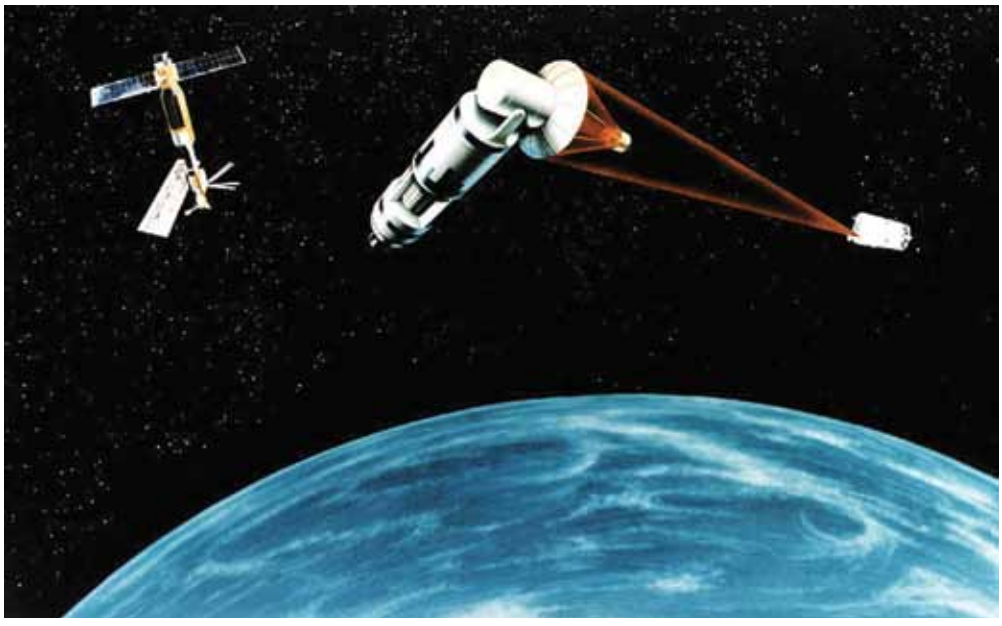
Schlanger: And in his speech at that conference, Mr. LaRouche said the time is short, and we need, within 100 days or so, a commitment to move away from Mutual and Assured Destruction, into this direction that he was talking about—and ironically, March 23 was a little more than 100 days—but it was in that general time frame in which the President, as I said at the beginning, shocked most of the nation by ending a speech—it was one of his stupid economic speeches—but it was totally transformed by his call to make our nuclear weapons "impotent and obsolete," with these new anti-missile systems.

Gallagher: Yes. As I was describing earlier, the crisis had really gotten extremely intense, because the face-to-face, nose-to-nose deployment of intermediate-range missiles in Europe, both sides, had led to something called the Nuclear Freeze movement, which was, in both Europe and the United States, essentially calling for a stop to nuclear research entirely, and a freezing in place of everything that was going on with regard to any kind of military deployment.

Since the Russian missiles, at that time, had been deployed—the Peacemaker missiles on the U.S. side had largely not, or at least not yet, they were just beginning—it would have had extraordinarily strange results in terms of the balance of power in Europe. But, nonetheless, there were many, many thousands of well-intentioned people who were simply seeing, from their own standpoint, and from what groups like ours put out, that the world was coming very close to thermonuclear war. And this was, from their own standpoint, many of them thought this was the only way to stop it.

And again, this was another part of the debate between the Fusion Energy Foundation and many nuclear physicists and other physicists in the United States, other scientists in the United States, who were drawn into this Nuclear Freeze campaign. We went directly at

that movement. I remember, at a certain point, we took literally every back issue of *Fusion*—we had hundreds of thousands of copies of back issues, which were overruns previously—we took them all out onto the campuses in a brief period, and distributed something like 370,000 issues of *Fusion* on the nation's campuses, right into the teeth of these Nuclear Freeze demonstrations, polemicizing against that direction.



LaRouche's concept of space-based laser and particle beam anti-missile weapons, as shown in this artist's conception, was based on new physical principles, in contrast to the loopy ideas of those such as Gen. Danny Graham's cheap-shot proposal for off-the-shelf "brilliant pebbles."

And it just had an extraordinary impact. The Nuclear Freeze gradually shrank, and the support for actually going in the direction of anti-missile defense with new principles began to become very, very strong, especially because we were explaining that when you do this in the military field—in an economy like the United States or Germany—it spins off into fundamentally new uses of laser and particle-beam technologies.

Schlanger: I want to get to the specifics of that in a second, but I think it's also worth noting that there were a number of leading military people in France, Germany, and Italy, who also rallied behind Mr. LaRouche's proposal, because that was the battleground. If there would have been limited nuclear war, it would have been in Germany, France, Italy, Austria, and so we had a very significant response from the military.

How Did the Original SDI Work?

You mentioned earlier that the anti-missile defense system using particle beams was different from using a bullet to shoot a bullet; I remember the diagrams we had out, of the mirrors in space, and the satellites doing the targeting. How did the original design of the SDI from LaRouche work?

Gallagher: Well, it was to be a combination of systems, but essentially, the principle of it was that a missile is travelling at a relatively limited speed, on the order of roughly 1,000 miles an hour; a particle beam or a laser beam is travelling, as is well known, at the speed of light. And therefore, the speed and flexibility of the response, if you have a relatively powerful and controlled beam of either light or particles, a laser or a particle beam, or an electron beam, for that matter—if you have any of those things, it doesn't even have to be that great a power density—and can direct it onto the path of a missile, then you can minimally completely mess up the guidance, and controls, and the ability of the missile to get rid of its nuclear warheads.

Schlanger: Also, because you can have repeated bursts, as opposed to just one missile that is hit or miss.

Gallagher: Right. And you have only have to break the skin, or otherwise, with microwaves, for example, disrupt the internal communications of the missile, which are complicated, and has various things to do as it goes through its trajectory. So, these potentials, which by that time were in the laboratory stage—they were being researched in the national labs—

Schlanger: But weren't these also some of the areas in fusion, the use of these kinds of bursts of high powered beams, against the pellet?

Gallagher: Absolutely. This was, in fact, one of the things which got developed. I mentioned before the x-ray laser. This, in fusion research, consisted of using a certain kind of implosion of very thin metal, metallic foils, being caused to crush a pellet of deuterium fusion fuel in the middle. It used that in order to generate a

very strong flux of x-rays, which, in turn, could be directed, and which could lead to a sustained thermonuclear reaction—that is, a fusion electricity reaction—but also provide an extraordinary diagnostic capability, because of the very, very short wavelengths of these x-rays; and in addition, with even low power, it is able to damage things, and could do damage to incoming missiles, even with relatively low power, and over a long distance, with tremendous speed—and would not have to be particularly accurate in terms of exactly where it hit a missile, and this sort of thing.

Schlanger: Just to summarize the point, then. If you're stuck in Mutual and Assured Destruction, once you go to war, you're going to wipe out each side, as opposed to the proposal with the anti-missile lasers or electron beams or particle beams, that you eliminate the effectiveness of incoming missiles, but you're also developing the technology that can provide almost unlimited energy and many other spinoffs. And this was LaRouche's idea of how you win the peace.

Gallagher: That's right. And the x-ray laser is in fact one spinoff which was fully developed, as a result of the SDI program, and is in diagnostic use worldwide as a result, and it is really an extraordinary thing.

The Reaction

Schlanger: And Paul, just before we bring up this to date, I think it's very important to realize that once this was adopted by the President, it unleashed a storm of violent activity against both President Reagan, but especially against LaRouche, against the Fusion Energy

On the 29th Anniversary Of Reagan's SDI Proposal

On March 23, 1983, in a national television address, President Ronald Reagan made the proposal for his Strategic Defense Initiative, which, he said, "holds the promise of changing the course of human history." Here is the relevant excerpt:

In recent months ... my advisors ... have underscored the necessity to break out of a future that relies solely on offensive retaliation for our security. Over the course of these discussions I have become more and more deeply convinced that the human spirit must be capable of rising above dealing with other nations and human beings by threatening their existence.... Wouldn't it be better to save lives than to avenge them? Are we not capable of demonstrating our peaceful intentions by applying all our abilities and our ingenuity to achieving a truly lasting stability? I think we are—indeed we must!

After careful consultation with my advisors, including the Joint Chiefs of Staff, I believe there is a way. Let me share with you a vision of the future which offers hope. It is that we embark on a program to counter the awesome Soviet missile threat with measures that are defensive. Let us turn to the very strengths in technology that spawned our great industrial base.... What if free people could live secure in the knowledge that their security did not rest upon the threat of instant U.S. retaliation to deter a Soviet attack; that we could intercept and destroy strategic ballistic missiles before they reach our own soil or that of our allies?... Isn't it worth every investment necessary to free the world from the threat of nuclear war? We know it is!

...I clearly recognize that defensive systems have limitations and raise certain problems and ambiguities. If paired with offensive systems, they can be viewed as fostering an aggressive policy and no one wants that. But with these considerations firmly in mind, I call upon the scientific community in our country, those who gave us nuclear weapons, to turn their great talents now to the cause of mankind and world peace; to give us the means of rendering these nuclear weapons impotent and obsolete.... We seek neither military superiority nor political advantage. Our only purpose—one all people share—is to search for ways to reduce the danger of nuclear war.

My fellow Americans, tonight we are launching an effort that holds the promise of changing the course of human history. There will be risks, and results take time, but I believe we can do it. As we cross this threshold, I ask for your prayers and your support.



EIRNS/Stuart Lewis

Reagan's announcement took everyone by surprise, except LaRouche and his collaborators. Here, Paul Gallagher of the Fusion Energy Foundation explains to a reporter from CBS-TV, how the SDI would work, on March 24, the day after Reagan dropped his bombshell

Foundation, against yourself. I'd like you to just discuss the almost instantaneous reaction to try and shut this down.

Gallagher: Yes. Interesting, you referred to this before. The day after Reagan made the announcement, there was of course general astonishment—I'll give you one illustration: Several days before he made that announcement, [*EIR* Counterintelligence Editor] Jeff Steinberg and I had a meeting with a pretty large number of naval officers, of various ranks. The chief of the Navy at that time, Adm. James Watkins, was perhaps the strongest advocate of this anti-missile defense program among the military in Reagan's Administration. And these people loved, absolutely loved, the idea, and absolutely loved what we were presenting. And this was late March, already, 1983. They insisted to us, as the meeting was ending, that there was *simply no chance* this could possibly be adopted.

It was literally the case that it was in the process of being adopted all around them. They were totally for it, and yet, they were dumbfounded when Reagan actually made the announcement. On the day that he made the announcement, his Chief of Staff, James Baker, had tried to take it out of his speech, after it had been put in there. Reagan had to have it put back in there late in the afternoon—he made that speech in the evening. And the media, as you referenced, then went looking for, who knows about this? They called it "Star Wars," and they contacted think-tanks that were very close to the Reagan Administration, and those think-tanks had to confess to them their ignorance. They didn't know what Reagan was talking about, and one of them said, you should contact the Fusion Energy Foundation—this is their thing. Which led to two televion interviews of us the next day, television news.

But these think-tanks then—the Heritage Foundation, from which the High Frontier program came—the justification documents came out of there—they rapidly, along with Henry Kissinger, scrambled into control mode to stop this, trying to put in place of it the idea of shooting bullets at bullets, kinetic kill, and so forth.

Schlanger: "Brilliant pebbles."

Gallagher: All of which were variants of what people had talked about for decades as anti-missile missiles.

Schlanger: But not new physical principles.

Gallagher: Yes. They were developments of missile technology going back from its development in the 1920s. And they tried to put this in place of everything else that the SDI was intended to develop, through the Defense Advanced Research Agency (DARPA), which was created for the SDI, in order to develop these things. And they tried, at the same time, to cut the funding; and Kissinger, in particular, who intensely worked on cutting the funding, *told* LaRouche at one point he was doing that, at a diplomatic reception, and he was successful, unfortunately.

At the same time, the Soviet government went completely nuts against LaRouche. In the middle 1980s, they portrayed him repeatedly as the Svengali of Reagan's SDI.

Schlanger: Remember their attacks on Mrs. [Helga Zepp] LaRouche—

Gallagher: —as the Teutonic goddess of war, and so forth. Troglodytes and so forth. But the intention of this

was quite deadly. It led to a very strange situation, and what looked very strange—at one point in 1984, there were simultaneous major attacks on LaRouche, on the SDI, in the major newspapers—like *Pravda* and *Izvestia*, by the Soviet government; in the flagship paper in Washington, the *Washington Post*; and in a press conference that day by the chairman of the Democratic Party, Charles Manatt, who had a press conference in Chicago, to demand that Reagan cut his ties with LaRouche, and that all meetings between us, and people in the Reagan Administration, which, by that time, were going on throughout the Administration at all levels—that those meetings must be ended, and that all these contacts be ended.

This battle went on throughout 1984, 1985, and then you had the prosecutions.

Schlanger: And then, of course, you had the famous demand of Gorbachov, that he would not meet with Reagan at Reykjavik [in 1986], unless something was done with LaRouche. He wanted LaRouche's head, and that led to what we called the "Great Leesburg Panty Raid,"[2] but this was the prelude for not only a number of members of the LaRouche organization to be framed up and thrown in prison, including LaRouche himself, but also, the involuntary bankruptcy, the shutdown, of the Fusion Energy Foundation.

Gallagher: Right. That was the point at which, as I was saying before, the second-most widely circulated magazine in the United States, which had a global circulation, was shut down by the government, and, along with its publisher, forced into bankruptcy; and LaRouche and other leaders of his movement—the prosecutions then began.


МЕЖДУНАРОДНАЯ ЖИЗНЬ

РАССЛЕДОВАНИЕ ПК

Александр САВОВ

ЯНКИ И ТЕВТОНЫ

Сионистская неофашистская партия Европы и США рвется к власти

The Soviet government under Andropov, and then Gorbachov, went ballistic against the SDI, but especially against LaRouche, whom they attacked as the Svengali behind Reagan's program. Here, "Literaturnaya Gazetta," in February 1988, in an article titled, "Yankees and Teutons," takes aim and LaRouche and his wife, Helga Zepp-LaRouche.

But, it brings us back then to the germination of the current situation, because it was precisely that crescendo of attacks from all directions on LaRouche, over his having guided this new technological era, or scientific era, to the brink of real unfolding—we had conferences during 1984, '85, in Rome, in Paris, in London, in Tokyo, in Bonn, in Berlin, all over the world, including some that were held in South America at the same time, with military leaders.

Schlanger: I spoke at a conference in 1984, in July, I think, in Paris, with the founder of the French neutron bomb, Col. Marc Geneste; and Gen. Jeannou Lacaze, who was the chairman of the Joint Chiefs of Staff, sat in on the press conference.

Gallagher: Yes, in the same way that the Russians, throughout 1982, had negotiated with LaRouche through the back channel, with the Reagan Administration, and had then utterly rejected the SDI—in fact, they told LaRouche that they had unimpeachable sources in the Democratic Party in the United States who assured them that nothing like this would ever happen. Which was part of the reason for their fury when Reagan did announce it.

The 1986 Illinois Surprise

Schlanger: I might also point out—this is becoming a bit of a history lesson for people—but in 1986, two members of the LaRouche organization, LaRouche Democrats, [Mark Fairchild and Janice Hart,] won a statewide primary in Illinois, for lieutenant governor and secretary of state, and that there was a real fear in the Democratic Party that this return to the ideas of Franklin Roosevelt and John Kennedy—the high technology, the development of programs based on science

2. On Oct. 6, 1986, within days after Gorbachov's public attack on LaRouche, some 400 FBI, state police, and other law-enforcement agents carried out a KGB-style raid on the town of Leesburg, Va., the headquarters of the LaRouche movement. See "Gorbachov attack on LaRouche triggers Leesburg 'panty-raid,'" *EIR*, Oct. 17, 1986.

and real physical economy—was going to sweep away, at that time, what replaced the Nuclear Freeze movement, the environmentalist greenie movement, funded heavily by Wall Street with the formation of the Democratic Leadership Council.

Gallagher: Right. And in that same period, the Prime Minister of Sweden, Olaf Palme, was assassinated, and what later was confessed to be the East German secret police, on orders from Moscow, started a propaganda campaign to blame LaRouche for this assassination. This gives you an idea of the intensity of the opposition from that side. But at the same time, in the period after the announcement, the same kind of intense dialogue with LaRouche was taking place now with all the allied military, or potentially allied military forces of the allies of the United States, and led to these extraordinary conferences with hundreds of people, hundreds of military and scientific figures, in each case, all over the world, and the involvement of very senior military—the colonel that you mentioned, Col. Marc Geneste, then came to the United States, and he and I did a speaking tour all over the United States, on the SDI.

It was very far advanced, as the attacks then hit from Kissinger and the right wing of the Republican Party, the High Frontier types, the austerity freaks who fought against the budget, and also, simultaneously, from the Russian side.

This then gave birth to what we're seeing now, because the unbelievable range of these attacks made a deep impression on dissidents in Russia, and the Eastern European countries, particularly Ukraine, to such an extent that as soon as the Berlin Wall came down in 1989, they gravitated directly to LaRouche, and invited him to come to Eastern Europe. He had been in prison at that time.[3]

Schlanger: When he was in prison, I believe he was made an honorary member of the Russian Academy of Sciences.

Gallagher: That's right. I don't know if that's ever happened before, that someone in an American prison was made an honorary Russian Academician. And other honors as well.

In that period, Helga Zepp-LaRouche took the lead in the opening of collaboration with Russian and Ukrainian and Hungarian and Polish Resistance layers and scientists, because her husband, Lyndon LaRouche, was in prison for those 5 years, until early 1994.

Schlanger: Paul, and also so that the listeners know this: I believe you and your wife Anita were given simultaneous 45-year and 44-year jail sentences.

Gallagher: Well, yes, 40 plus. We each served roughly 7 years in state prison in Virginia, as a result of these very widespread attempts to prosecute all of the leaders of LaRouche's movement.

Russia's Defense of the Earth

Schlanger: I mean, an attempt to destroy an idea.

And I think, since we're down to 10 minutes now, I'd like to just bring this up to date, because there was an effort to destroy this idea. It wasn't just the SDI as a military technology, but the approach to science that Lyndon LaRouche has always represented. And at this point, we see this irony that I pointed out at the beginning, that the Russians are openly now offering this cooperation.

You have the space program in China. You see whole sections of Asia going toward nuclear power and these new technologies; and we see the collapse of the trans-Atlantic system, the collapse of the financial system in the West. And the British reaction today is to threaten to use nuclear warfare to put an end to Russia and China, and anyone else who would like to move out of the collapse of the British Empire.

Gallagher: Yes, and now you have Russia proposing to the United States, from the government level, what they call the SDE, or Strategic Defense of the Earth, quite obviously crafted, on the part of the Russian government and associated military circles, to echo and recall the SDI, with the SDE, including applying these technologies to the detection of earthquake precursors, in order to forecast earthquakes; applying them to the ability to detect potential threats to collisions with the Earth by other heavenly bodies; and, as time goes on, hopefully, to be able to deflect and stop such a collision.

And also, the studies necessary to the opening up of the Arctic and other indications of real change in the climate of the Earth, and the determination of that from the Solar System, and from the galaxy.

These very fundamental frontiers of science for the general welfare, or the common aims of mankind,

3. LaRouche served 5 years of a 15-year sentence in federal prison, beginning 1989. He was released in 1994 following the intervention of President Bill Clinton.

which Edward Teller called them, these are a frontier which goes directly back to the SDI and the work that we did to bring it about. And now we see it as an urgent proposal from Russia.

There are simultaneously, now, from Dmitri Medvedev, from the President and the Defense Minister, very clear statements that Russia is now retargeting its missiles against various sites in Europe. And this should really give pause when you remember where this came from.

Schlanger: These new anti-missile systems that are being put in place in, I believe, Poland and Romania, these are not the kind that LaRouche was talking about, but these are kinetic or anti-missile missile systems, right?

Gallagher: Yes, these are ground-based anti-missile missiles, whose purpose is to make a second strike against an offensive first strike ineffective. To do that, much less is necessary in the capability of the anti-missile missile system. Once you've already launched a general thermonuclear strike, to then prevent the strike that comes back from being as effective as it could, is not the same thing at all, as defending against a nuclear first strike, and therefore, preventing it from being launched in the first place.



zastavki.com

Ironically, the Russians today, under Putin and Medvedev, have put forward their Strategic Defense of Earth (SDE, shown here in an artist's rendition), obviously crafted as an echo of the SDI, which had been rejected by the Soviets under Andropov-Gorbachov. The SDE would go even further, to use advanced technologies to forecast earthquakes, deflect meteors, and much more.

Schlanger: And we should also note that the Russian view of this is that the deployment of these missile bases by the United States is aimed at Russia, and that's why Russia is fast-tracking these new developments. But it's also that the Russians have said to the United States, if in fact your worry is Iran, then let's work together to build a shield that would prevent Iran, or any other potential rogue nation, from having these weapons, and this has been rejected by the United States, which claims to be so concerned about Iranian nuclear potential.

Gallagher: True, but just to be clear, that is not the same thing—how shall I put it, the Russian idea, their proposal of a Strategic Defense of the Earth, goes far beyond the issue of whether Iran is ever going to launch a nuclear missile at anyone. So, they are simultaneously proposing that, and, at the same time, retargeting their missiles against these anti-missile missile systems, which are to be built, and the radars have already been built in many cases, to guide them, in Western Europe.

And so, we're again seeing this tripwire of terror being directed back at the European theater, while at the same time, the Russians are proposing: Let's go above this. They're essentially saying what Reagan said, on the evening of March 23, 29 years ago. Let us rise above this; I appeal to the scientists, he said, let's rise above this balance of terror, and use these means which could stop the balance of terror, also for the common aims of mankind on a solar and galactic scale, and to protect life on Earth, and to protect human life on Earth out into the Solar System.

So that you have a kind of Grand Strategic Defense Initiative now being proposed, with even larger aims, more general aims of mankind, being proposed from the Russian side, which we can take up.

Back to the Same Fight

Schlanger: And this gets to the question that was posed back in the '70s, which is, the difference between the idea of limited resources, and having to cut population—which is the British Empire's policy, genocide—versus Lyn's view, and the view of the leading scientists, that we have the capacity to increase the potential for man to continue to produce and increase productivity. So we really have come back to the same fight, and I think it's very important—we can debate this, but we won't have the potential for this debate if we don't remove Obama from the White House. Because he is, today, committed to this British policy, of essentially,

"Après moi, le déluge"; if we can't maintain our power, we will blow the world up.

Gallagher: Yes. I mean, you have the kind of thing that we faced on the other side with Gorbachov, and before that, with Andropov—those British agents who are rightly regarded by Russians today, even anti-communist Russians, as traitors to their country. You have this kind of thing with Obama, and his view of the British Royal Family, and his tightness with Tony Blair and the British Privy Council elite, on issues of bailouts—continuously since April 2009, in the meeting of the G-20, on the British line of bailing out every banking system in the world.

Schlanger: We're also destroying science, and shutting down satellites and NASA, and instead going with so-called green technologies.

Paul, we're almost out of time. I was trying to think before this program if there's some recent article or story we've done—I know we have a lot from the [LaRouchePAC] Basement up on the website [www.larouchepac.com] on these general issues—but is there something we published in the *EIR* that's a retrospective on the fight around the SDI?

Gallagher: I don't think so, not in the recent period. There is Reagan's speech itself, but also LaRouche's greeting to it, which was given the next day, which was called "At Last, Hope" (see boxes). LaRouche said, no one can foresee what the exact consequences will be, but most of the world will soon know, and will never forget that policy announcement. With those words, the President changed the course of modern history, and he went on to say, that he was prouder to be an American than he had been since the first man landed on the Moon.

And that was a challenge that LaRouche kept taking to the Soviet Union side, and when it was clear they had rejected Reagan's proposal, he then said that this meant that the Soviet Union had five years, and was going to collapse. And within less than six, it did.

Schlanger: Paul, thank you very much for joining us today. It's a part of history that most people never hear or see, but this is what we're doing with LaRouchePAC, to make sure these stories get out, and with *EIR* and EIR Online (www.larouchepub.com).

LaRouche on Reagan's SDI: 'A Moment of Greatness'

On March 24, 1983, in a public statement issued from Wiesbaden, West Germany, Lyndon LaRouche offered his personal congratulations and support for President Reagan's SDI proposal with the following words:

No longer must Democrats go to bed each night fearing that they must live out their lives under the threat of thermonuclear ballistic terror. The coming several years will be probably the most difficult of the entire post-war period; but, for the first time since the end of the 1962 Cuban Missile Crisis, there is, at last, hope that the thermonuclear nightmare will be ended during the remainder of this decade.... Only high-level officials of government, or a private citizen as intimately knowledgeable of details of the international political and strategic situation as I am privileged to be, can even begin to foresee the earth-shaking impact the President's television address last night will have throughout the world.

No one can foresee what the exact consequences of the President's actions will be; we cannot foresee how ferocious and stubborn resistance to the President's policy will be, both from Moscow and from the Nuclear Freeze advocates in Europe and the United States itself. Whatever those reactions and their influence, the words the President spoke last night can never be put back into the bottle. Most of the world will soon know, and will never forget that policy announcement. With those words, the President has changed the course of modern history.

Today I am prouder to be an American than I have been since the first manned landing on the Moon. For the first time in 20 years, a President of the United States has contributed a public action of great leadership, to give a new basis for hope to humanity's future to an agonized and demoralized world. True greatness in an American President touched President Ronald Reagan last night; it is a moment of greatness never to be forgotten.

Editorial

NAWAPA XXI: Agenda To Save the Nation

The North American Water and Power Alliance (NAWAPA) is not just a great project; it is the *only* project on the agenda which can save the United States, and propel it into a real economic recovery.

That is the message which Lyndon LaRouche and the National Slate of Congressional candidates put out in their most recent discussion on March 26, and it is the message of our major feature in this issue of *EIR*. Especially in the context of the British Empire's threat to go to thermonuclear war, a clear focus on the solution to the economic/financial crisis which is devastating the American population is the only way to change the direction of the country toward survival.

LaRouche identified two crucial points about NAWAPA right off the bat.

First, "NAWAPA by itself is extremely important, it's crucial unto itself." The inherent importance of NAWAPA lies in its nature as a huge water-transfer project which will literally change the face of the nation in every corner, bringing water to regions which are now dying of drought, controlling water where it has destroyed whole areas with disastrous flooding, and providing the basis for an industrial revival, creating 7-10 million jobs, many of them skilled. It's a lifesaver.

Second, "It's also the basis for hooking together things, possibly with Russia, and other countries, abroad. International programs, the space program, all of these kinds of things come together under one roof. You want to rebuild the space program? Restart NAWAPA—it builds the foundation for doing that. You want to meet various kinds of needs, medical needs, all of these needs? Start NAWAPA. Because the way the economy runs, is not the way the idiot thinks the economy runs: They think you've got a little store, and you may have a little dog hidden under the big dog, right? But that isn't the way economies work.

"Economies work on the basis of the foundation, of the physical development of the economy. This means not only physical in the sense of tools and so forth, it means physical in terms of what you're thinking about how you're going to change things. And we've got to now think in those terms."

In other words, What NAWAPA represents is the concrete, feasible program of *hope* which the desperate American population needs, a program which will provide the basis for progress in every part of the nation. As soon as Glass-Steagall is reinstated, thus dumping the unpayable gambling debts in the garbage can where they belong, NAWAPA must be on the agenda, as the concrete example of the restoration of the Constitutional credit system on which the United States was based: a multi-generational mission for progress.

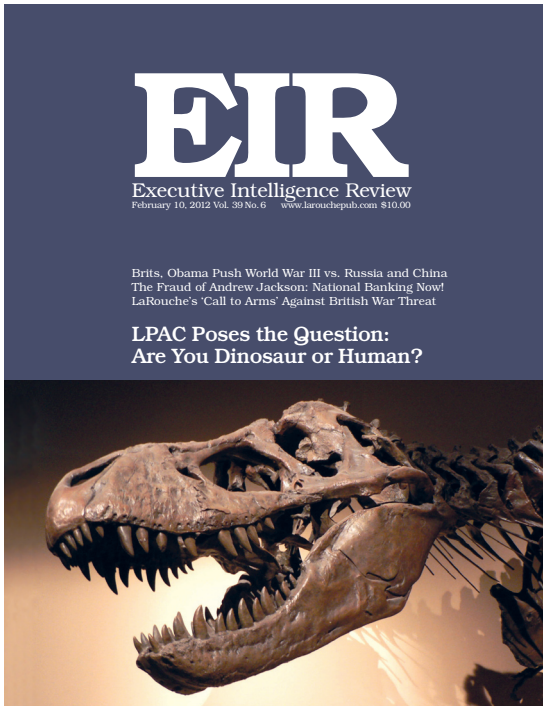
In some respects, the United States is in a situation comparable to that before Franklin Roosevelt was elected. The population was sinking and dying, without hope, and with no other leaders presenting any programmatic approach to save them. FDR took on the task by implementing Glass-Steagall and launching major infrastructure projects, of which the Tennessee Valley Authority is the most comprehensive example.

Today, the LaRouche Candidates' Slate has taken on the role of FDR, and of creating the basis for the emergence of a real President who would take up the same mission. That mission is to *dump* the British monetarist system, and take on the one project that will transform the U.S., and the world, once again into an engine of cultural optimism and progress.

Since the alternative is extinction, what are we waiting for?

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