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From The Editors: Correspondents no Longer Affiliated with LaRouche Publications August 5, 2003

Former EIR correspondents and/or contributors Marivilia Carrasco (Mexico), Lorenzo Carrasco and Silvia Palacios (Brazil), Gerardo Teran and Diana Olaya de Teran (Argentina), and Angel Palacios (Guadalajara), are no longer associated with Executive Intelligence Review, or with any of the publications and political organizations associated with Lyndon LaRouche.

These former collaborators of LaRouche broke with him politically and philosophically over the substantive issue of LaRouche's continuing public exposure, since 1984, of *Synarchism*, the formal name for universal fascism. The trigger for this break with LaRouche, was LaRouche's successful public exposure, internationally, of the Synarchist networks behind U.S. Vice President Dick "Yellowcake" Cheney.

It was the same Synarchism associated with Cheney today, which had created the fascist governments of Italy, Germany, Spain, Vichy and Laval France, and others, which had attempted world-conquest under the leadership of Adolf Hitler. These Synarchists, then deployed by Hitler's Nazi Party through Franco's Spain, had used their channels through Mexico for a massive Nazi penetration of South America. This Synarchist network, built around an occult freemasonic cabal, continued to operate, with its right and left components, within the Americas even after the Nazis' defeat, and is presently increasingly active today. It functions, now as then, as a network of fascist organizations in South and Central America still today, organizations with deep ties to fascist organizations presently based in Spain, France, and Italy. Carrasco et al. associated themselves publicly with defense of the same Synarchist tradition, by name, behind the Nazi Party's massive penetration of Mexico and South American nations during the 1930s and early 1940s.

The anti-fascist LaRouche movement, and this publication, are committed to the policy outlook towards Ibero-America presented by U.S. Presidential candidate Lyndon LaRouche in his 1982 report, "Operation Juarez." EIR's editorial policies are:

- * the defense of the sovereign nation-state;
- * the physical and political integration of the nations of Ibero-America, toward the construction of a new, just global financial system to replace the bankrupt IMF system;
- * the building of infrastructure projects, to bring progress to the region;

and, above all,

* the concept of man as uniquely endowed by his Creator with the power of *creative cognition*--a power which the Synarchists are fanatically determined to subvert in favor of a return to medieval, so-called "integrist" or "ultramontane"

forms of imperialism.

THIS WEEK YOU NEED TO KNOW

This Week You Need To Know

In a communication on Aug. 9, entitled, "A Slight Shift in the Flanking Approach," addressed to members of his international political association, Lyndon LaRouche discussed the urgency of the political campaign to derail the threat of a "new September 11" terrorist attack on America, a threat which was announced by Vice President Dick Cheney on July 24 in Washington, D.C., and repeated in several speeches this week.

LaRouche says "the entirety" of Cheney's power over U.S. policy-shaping "was gained solely through those of his presently undiscovered political benefactors who staged the terrorist attack of Sept. 11, 2001." Now, says LaRouche, "Cheney has promised an early terrorist attack on the U.S.A., comparable in political effect to that of Sept. 11, 2001. He does so at a time when his own failing political position requires some lucky such event to put him firmly back in the position he had prior to the recent developments in the Iraq war."

How to understand this situation, and how to derail the terrorist operation is the subject of LaRouche's communication.

A Slight Shift in the Flanking Approach

by Lyndon H. LaRouche, Jr.

Always situate the part in its functional position within the whole. Never start from the local, or other particular, as an approach to the whole. Always define processes in terms of changes in the physical geometry of the ongoing processes. Shift the way the emphasis was placed on Cheney's "yellowcake" connections slightly, but without dropping the "yellowcake" issue, by headlining what we have established as fact until now, with the terrorist threat to the internal U.S.A., from the current Blas Pinar-pivotted operations of the Synarchist International.

The crucial flanking task of the moment, is to develop a fresh view of the significance of Dick "Yellowcake" Cheney's Synarchist connections, to lurid emphasis upon the terrorist threat to the internal U.S., from Cheney's fascist co-thinkers abroad, without otherwise downplaying any of the points previously stressed.

As a precaution: Never imply that Cheney is the kind of threat termed an "evil genius." Back then, Cheney was a mean-spirited playground bully, and general dumb jock, of the variety of sweating gladiator, fresh from the toils of intramural sport, blurting into a campus reporter's microphone "Hey, mon, I won!" Such were the old times in Wyoming, when he was the panting dumb jock, standing at a distance, admiring the local Wyoming campus queen, Lynne. A crude, markedly bi-polar thug, leaning intellectually to the role of Minnesota's Abe "Kid Twist" Rellis, not intellectual pursuits: so to speak, a Vice-President expert only in Vice. Today, his Straussian wife, Lynne, is his controller, and he is her toy, her surly-burly, "Sic him, Dick!" attack bull-dog.

However, Cheney has assumed the position of controller of the specialty of terrorism, at a time that the entirety of his power over U.S. policy-shaping was gained solely through those of his presently undiscovered political benefactors who staged the terrorist attack of Sept. 11, 2001. Otherwise, without that attack, he would have been, still today, the surly ape shuffling restively in the Vice-President's cage.

Now, speaking from that position, Cheney has promised an early terrorist attack on the U.S.A., comparable in political effect to that of Sept. 11, 2001. He does so at a time when his own failing political position requires some lucky such event to put him firmly back in the position he had prior to the recent developments in the Iraq war. He claims to be the expert in such matters. Is he bluffing, or do his advisers know something relevant? Are there any relevant kinds of possible terrorist attacks on the horizon? As, now, the myth of the Arab origin of 9/11 is in the process of becoming buried under a pile of fake yellowcake; what other alternatives exist?

I know of two cases which would fit Cheney's requirements. One is typified by the formally deniable capabilities of Pollard Affair star and fugitive Rafi Eitan, currently a subject of concern for both relevant Israeli and U.S. circles. The Israeli fascist circles are masters of disguise. The second is defined by the cover recently assembled under Spain's leading fascist figure, Blas Pinar. Assess the potential for a relevant type of 9/11-like attack on the U.S. which would be traceable to Blas Pinar, as 9/11 was traced to Arabs.

Blas Pinar's current regrouping of international Synarchist forces does contain elements which fit the I.D. of the principal terrorist organizations deployed inside western Europe during the 1970s, in incidents such as the Bologna railway-station bombing and the kidnapping-murder of the Italian leader personally threatened by Henry Kissinger (during a Washington, D.C. meeting), Aldo Moro. These are Synarchist groups whose penetration of Mexico and other parts of the Americas was coordinated, during the 1930s, from Germany, via Spain, by Adolf Hitler's Nazi Party offices in Berlin. They exist, actively, still today.

The most significant aspect of the new international regroupment under former Franco official Blas Pinar, is that it is muscular, but of an intrinsically mayfly kind of political-operational potential. It is composed, inclusively, and significantly, of small but muscular groups representing a continuation of those which were used as cover for international terrorist operations in 1970s Europe. Through Blas Pinar's recent action, there are presently ideal instruments for covering terrorist operations run against the internal U.S.A. through South and Central America. Muscular mayfly associations of international Synarchist profiles are, by their very existence, among the most likely sources of international terrorist actions; otherwise, they, like mayflies, die soon. The impending referendum in Venezuela is among the pivotal points of interest in study of potential pretexts.

Think of the effect of a terrorist attack on the U.S.A., comparable in psychological effect to 9/11, but blamed this time on Hispanic, rather than Arab populations! Think of the great benefit of that for resuscitating Cheney's reelection prospects!

How should we deal with this? Let us not be stupid again. The methods of Straussians such Ashcroft and Cheney only make bad matters worse. Use intelligent political methods; expose the Synarchist International. Let people learn from the 1920-1945 wars in Europe, and Nazi subversion of South and Central America, how President Franklin Roosevelt and his leadership dealt politically with such threats. Expose Synarchism for what it actually is. Strip it of toleration by governments and churches, and send quietly waiting counterintelligence bushes into position, to catch them if they try to move in relevant directions.

To make populations as well as leading institutions alert to existing dangers, is the first line of defensive counterintelligence against such dangers. The U.S. has the professional capability for its part in such precautions, were the interference of Cheney's neo-conservative crowd to be removed.

Freedom is good, but to have it, one must defend it, and do that essentially by political methods which promote, rather than diminish freedom of the innocents, and defend the right of justice for guilty and innocent alike. People are often naughty, but the object is to redeem them, rather than exterminate those one does not like. Justice has an infectious quality of aid to the good, and is among the most efficient weapons of our national security against terrorism and many other evils.

Latest From LaRouche

On Immortality — Losing Precious Friends

by Lyndon H. LaRouche, Jr.

August 4, 2003

Over the course of a rich experience of life, I have lost many friends to death. For a time, from three older generations, then, more and more, from my generation, and, lately, the generation in their fifties and sixties. The news of those deaths keeps coming, often as a personal loss which seems impossible to bear. Share my moment of my own experience of that pain with me.

At such sudden jolts as those latter ones, I think often of Johannes Brahms composing his "Four Serious Songs," in reflection of the death of a great person precious to his memory. For about five decades now, any of the rare truly accomplished performances of that work have had a special, private importance within me, especially the last two, "O Tod" ("Oh, Death"), followed by Brahms' setting of *I Corinthians* 13. There is a place of transition in the latter, at the short rest before "Aber die Liebe," at which a great performance prompts the use of that rest, as Brahms clearly intended, to create a breath of great tension at the instant of transformation in the four-part composition as a whole. Few performances actually realize that tension adequately, but once we have recognized it, we can relive that quality of tension by hearing the performance of that passage in our memory.

There is a relevant similarity in effect of such a performance of that work, in the principle of Classical Greek sculpture. When we remember a friend who has departed, the memory comes to us not as a photographic image, but as a memory of the face of the living person in motion, hearing that voice speak, perhaps sensing the presence of the foliage, the warmth of the sun, and the passage of a zephyr by our cheek. It is that quality of memory, echoed by Classical Greek sculpture, which lives with us long after the death of a friend, just as a great performance of a Classical drama brings the essence of an important moment from the living history of mankind to dwell thus in our memory's imagination: to make that moment of real history spring back to live for us, living today.

If we are wise, if we are therefore moral, such memories guide us into the ways of true wisdom. We, too, shall die. Through our memory, the deceased companion lives in us, participates still, as a living person, in our life. We think, then: How shall we live, after we, too, are deceased? All truly great Classical artistic composition addresses this category of question.

At such points of reflection, most men and women wish to cry the tears which Hamlet should have sensed welling from within him in the concluding lines of his Third Act soliloquy. How could he know if the ghost were real? Was it merely his imagination, or, does the immortality which imagination might suggest, actually exist in the real universe?

For the past fifty-odd years of my life, I have been ruled by a certain comprehension of the meaning of the "complex domain." My notable emphasis, has been on the existence of ideas belonging to a complex domain of social processes, a domain whose existence Classical artistry expresses. As we know, by relevant kinds of experimental methods, the reality of those efficient universal physical principles which are invisible to the senses, we are also, by relevant methods, to know the certainty of the existence of a true imagination of social processes within the simultaneity of eternity. When a work by Beethoven or Brahms is adequately performed, does the real composer live as an efficient presence in our imagination of that composition? Does the performer not thus breathe the life into the memory of the living composer's work?

Should we permit ourselves to live differently than such reflections on that performance suggests? Should our lives not be played in memory as a composition of benefit for generations to come? Must we not see the living face of our departed

friend with a sense of the true reality of that imagination? Thus, do the living gain strength by loving so those who have departed. So, in such solemn moments, should we remind us how to live.

Poor Hamlet, who failed the world in which he lived, because he could not decide whether the ghost were real. Let us pledge to our departed, on this occasion, that we shall not fail on such account.

Getting the Nation Safely Through the Crisis

Lyndon LaRouche was interviewed Aug. 3, on "Sunday Live with Barry Farber," on Talk Radio Network. The 50-minute interview aired nationally on 80 stations.

I'm Barry Farber. Keep your radio fixed right where it is, and you'll get the political ride of your life. I've been doing this since the year 1960, and I've taken many kinds of rides, many kinds of political rides. I've never taken a ride like the one I'm taking you on right now. On my newsmaker line is the most unusual—I would say most unique, but there's no such thing as most unique, it's either unique or you're not, and he is. He is Lyndon LaRouche. He's going to get nervous now, because he knows that air time is precious, and I'm going to take a nice little rambling introduction here, but I'm going to give him more time than I said I would, because I've done a little research, and I just need a little more time with Lyndon LaRouche than I had indicated to his staff earlier.

It was in the 1980s, I was on a local station in New York, and Lyndon LaRouche was in one of those solar flare controversial periods right there; his people had just won some elections in Chicago, and the entire Democratic Party were having a fit because the voters didn't know that these were really Lyndon LaRouche's people. I sort of thought about that when Pat Buchanan got a lot of votes in a very Jewish section of Palm Beach, remember, in the 2000 Presidential election; well, they were obviously not intending to vote for Pat Buchanan, but, Pat Buchanan got those votes, those were his votes, according to history. And, Lyndon LaRouche's two people in a local [statewide—ed.] election in Chicago won fair and square, but the Democratic Party just had to take a pill and lie down.

And I had Lyndon LaRouche on, and somebody said—oh, at that time, the papers were full of sinister reports that he has like a secret compound in Leesburg, Va., and nobody knows what goes on there. And it was just almost accusing Lyndon LaRouche of making weapons of mass destruction in this compound. And I said, "Can I come visit you?" And Lyndon LaRouche said, "You can come, but the Queen of England can't come, because she's a drug pusher."

Well, I gotta tell you, I went, and I was advised by people who I'm not going to mention, I'm not going to embarrass them, but they were really afraid to have me go alone behind the wire-enclosed compound of Lyndon LaRouche in Leesburg, Virginia. Well, I went alone, and I had the lunch of my life. I should at least let Mr. LaRouche's voice be heard. Mr. LaRouche, welcome to these proceedings.

LaRouche: Good to see you, or good to hear you, anyway.

Farber: Okay, good. Well, I'll never forget, you welcomed me, you took me into a dining room, and there were two pictures, two portraits on the wall. Let me see, was one Indira Gandhi, and the other Evita Peron?

LaRouche: Yeah, I think so, yes. I know Indira Gandhi was there.

Farber: Okay, good. Now, I call your attention to the fact that a doctor, for example, when he's talking to you, you understand him, but when he's at a medical convention talking to other doctors, he's way over your head. Same with lawyers, same with anybody else. Well, we're going to understand everything Lyndon LaRouche says, as to why he's

running for President, what he sees wrong in America and the world. You're going to understand everything he says, because he's going to be talking, you know, like a professional to a layman. But Lyndon LaRouche overestimated my intelligence, because as I sat there at lunch, I would ask a question, and within—you know how long a cowboy can stay on top of a bucking bronco, I think the world record is eight seconds—within eight seconds I was hopelessly lost, and I remember saying to myself, "This man is either clinically insane, or he is the most brilliant man, he has got the most brilliant mind I have ever encountered."

And I discounted the first possibility: He could not be totally divorced from reality and command an organization as large and as loyal as Lyndon LaRouche has. So, I just had to conclude that I am not as smart as I thought I was. Mr. LaRouche, I just want you to take me on one little sample of that trip again. I remember asking you about Swedish Premier Olof Palme, who was later assassinated.

LaRouche: Right, well, this is—

The New Nazi International

Farber: And you casually said, "Oh yeah," and then talked about his mother taking him to Nazi-occupied Lithuania; you talked about something, the new Nazi International—do you recall?

LaRouche: Yeah, yeah. Yes, I do. I recall at least the background. We were then in an investigation of what was going on with him, you know he was assassinated in that period, and I was concerned with trying to define what the actual background was. They tried to pin me with the assassination; it was actually done by some different parties, but, I was quite concerned otherwise with what the truth might be.

Farber: Well, what was the new Nazi International?

LaRouche: Well, it was—that's a descriptive term. The Nazi International would be called in technical terms, the Synarchist International, which is fairly well represented today in the Vice Presidency by the incumbent Vice President, Dick Cheney. I don't know how bright he is, but what he represents, together with the people around him who are called neo-conservatives sometimes—they do fit the model of what would be called in loose language, the new Nazi International.

Farber: Okay. My nostalgia is taken care of; my recollection has been put on the table. We now go into the order of an interview on radio by me with a Presidential candidate, Lyndon LaRouche.

Mr. LaRouche, why is it, your people who I met on the street, manning a card table in Manhattan, and they tell me that you are somewhere between the middle and the top in fundraising. You don't even get mentioned—they talk about "the nine," the nine Democratic candidates, and they just keep you from—you don't even get one molecule of media oxygen. How did you get so many contributors?

LaRouche: Well, maybe I'm the ball, and they're the nine pins, and I'm just about to knock them over. My base of support financially is not in the big-pockets areas, the people with the big pockets have much more, but in the number of contributors who make financial contributions of the registered variety, and other—that is, \$200 contributions or more registers as a contributor, officially, in one category; and then you have the other contributors, who contribute smaller amounts. So that, actually in terms of consistency, apart from this little flurry by right-wing Howard Dean, this consistency of my actual base of financial support in numbers of Americans, is the largest.

Farber: Well now, wait. You call, see, here we go—you're calling Howard Dean a right-winger?

LaRouche: Well, you know what his background is. You know he's a third-generation banker with right-wing views; you know what his views are on HMOs, and things of that sort. By normal standards, on economic policy and other things, he's a right-winger. He, in a sense, has jumped into trying to get some money raised from a lot of people who are IT fanatics, who contribute a certain amount of money in large numbers in a short period of time, but actually, he's a fly-by-night, because there's no long-term durability to him. He is not really a serious candidate, in terms of the broad spectrum of strategic issues which are going to face the United States in the coming 18 months, for example.

The LaRouche Youth Movement

Farber: I have heard that candidates the media finds inconvenient, annoying, because, you know, there are only so many journalistic resources—you have to assign reporters, you have to read press releases. Al Sharpton is a candidate the media finds inconvenient, but at least you read about him. Ralph Nader is a candidate the media finds inconvenient, but you read about him. They've shut you out completely.

LaRouche: Well, not really. They haven't succeeded, because, my method is, we have a fairly substantial youth movement, which is political and very high quality. I think the youth movement, now organized around me, is probably the highest quality youth movement the United States has seen in a long time, in terms of intellectual quality. Very broad base of background, in terms of social background; mostly between 18 and 25 years of age, that is, the university-age group. Very good thinkers. We spend a lot of time on actually the equivalent of a university on wheels. So, they're very effective, and we do a lot of mass work. So, we are more in touch on the streets with the people than the other candidates, who are largely this media, formula type of candidate, which is not exactly my idea of real politics.

Farber: Well, you know, when you first appeared on the nation's radar, I think I remember your name from as far back as the 1960s, New Yorkers were arguing whether you were a communist, or a fascist.

LaRouche: [laughs]

Farber: Yes, I read a column by the late Max Lerner about you.

LaRouche: Oh yes, yes.

Farber: He said, well, it doesn't make any difference what he is, because left and right meet each other at the back door. They go all the way around like a snake swallowing his tail. So, far left and far right join each other, and that's Lyndon LaRouche. But, reading your material now, it looks like you are, shall we say, left of center, very much left of center, and pointing the bony finger of indignation at everybody else as being right-wing, from Dick Cheney to the left-most of your Democratic opponents, Howard Dean.

LaRouche: Well, he's not really left-most. I don't really know what left means sometimes. I don't believe too much in this left-right split. I would say, that you could fit me as a person who thinks that my job as President will be to apply to the present economic crisis the kind of—

Farber: Okay, hold it; hold it. We'll start right there; matter of fact, we'll start with 9/11, and work up to right there. Lyndon LaRouche, Presidential candidate, on my newsmaker line.

[Commercial break]

The FDR Precedent

Farber: This is truly remarkable. I remember everybody who was warning me about Lyndon LaRouche, and I mean, there was an element of fear. It was almost like the LaRouche movement was some kind of sinister, dangerous, underground movement. I'm going back to real political practitioners, and I could even say scholars, there weren't many statesmen, I'm talking about New York local politics; four major parties—Democrat, Republican, Liberal, and Conservative—four major parties in New York. But the ones who were the most alarmed about Lyndon LaRouche, were the ones who were most in love with Franklin Delano Roosevelt. Now, I have a four-page document, written by Lyndon LaRouche recently. I'm going to do like they do in Israel, and start at the end. Listen to this, here's how Lyndon LaRouche closes this four-page manifesto:

"Unless the United States voters choose a candidate who is committed to the same sense of history as Franklin Roosevelt, our nation, and those voters, will generally have no chance worth mentioning, even for the personal lives of most during the years immediately ahead. Right now, I," writes Lyndon LaRouche, "am the only qualified such candidate in sight to save this nation from who knows what coming down in the months and more ahead. We require again a President who will face both economic depression and the warlike threats of the Synarchists, as the lesson of Franklin Roosevelt's Presidency warns us, a nation must sometimes be led. The next President must look Hell in the eye, and make it back down."

Now, that—I wouldn't think the people who love Roosevelt would be alarmed at anybody who says that. Have you changed your opinion on Roosevelt, or did the ones who were warning me about you 30 years ago, did they have it all wrong?

LaRouche: No, they had, I think they had a different agenda, and they liked to wrap it at that time in a Roosevelt tradition. Remember, if you go back to the early 1960s, the time that Kennedy was President, and slightly after that, the concern, and I think that after Truman—you had that also with Eisenhower—that despite the fact that Eisenhower beat the Democrat Adlai Stevenson, nonetheless, the fact was, that the Truman Democratic Party was rather unpopular with many voters, who were nervous about McCarthyism and other things that had developed under Truman.

So, Eisenhower represented defense to the American people, especially the veterans returning from war, represented a return to some kind of sanity. Kennedy was considered the man who was freest from Nixonism at that time, and represented a return to Franklin Roosevelt, as Eleanor Roosevelt, who campaigned for Kennedy, had said. So that, in the middle of the 1960s, to be a Democrat, it was still fashionable to consider yourself respectable as calling yourself a Roosevelt Democrat, whether Franklin Roosevelt would have agreed with that or not. And then later, in the 1970s and later, especially after the 1980s, of course we had this suburban, DLC-kind of phenomenon, and the people decided that Roosevelt was not a good idea; that you had to stick to the suburban voters and avoid the poor, which was the new concept.

I, today, believe that we've got to get the poor out of the mess, and a lot of Americans are suddenly becoming much poorer than they were before, and the time has come for a return to Roosevelt for a while.

Who Are the Synarchists?

Farber: I know what Nazi means, I understand what communist means, I understand what liberal means, I understand what conservative means. You throw a new one at us—the Synarchists. Synarchists: Who are they?

LaRouche: Well, Synarchist is actually the proper generic term, from behind the scenes, for 20th-Century fascists. The Synarchists were groups of bankers who had political forces, sometimes with a certain occult, mystical kind of feature to

them, who were in the tradition essentially of Napoleon Bonaparte's achievements, as they saw them. The Nazis, for example, were Synarchists. Mussolini was a Synarchist. The Vichy and Laval governments of France were Synarchists. Franco was a Synarchist. You had people in England who were Synarchists; you had people in the United States who were in the same direction.

When I made the reference to Roosevelt and fighting Synarchism, one has to remember that as Defense Minister, Winston Churchill called to Roosevelt for assistance, saying the Nazis are about to invade England. If they take over England, and take the British Navy over, they'll control the British, the Japanese, the French, the Italian, and German navies. If Hitler takes over Eurasia by conquering the Soviet Union, then the United States will have no chance; you've got to help us.

And Roosevelt said, I'll do the best I can now; we're not prepared for that. But, then Churchill said, I agree to bring the British Navy to Canada in case the Nazis invade Britain. And from that point on, you had Churchill and Roosevelt, who otherwise did not like each other, or agree with each other, but allied to stop Nazism, which they understood as the Nazi takeover in France, Italy, and Spain, as well as Germany, of Europe. We had to fight this, because it was in the interest of humanity to stop this thing while we still could.

We are now in a situation where somewhat different problems exist, but also, you have people like Cheney in the Vice President's office, and others, who have the same temperament in the United States that people in Europe of that time had—whom we would call fascists from that time.

Farber: Look, I 'm not going to be like Tim Russert, and just look for new places to kick you and bite you, but are you mentioning Dick Cheney with the late Adolf Hitler, and Mussolini, and Japanese warlord Tojo, and Francisco Franco?

LaRouche: In a sense, yes. They might feel insulted by the comparison if they were around to object, because I don't think Cheney is that bright. Cheney is a very sneaky fellow, but he is a guy, who I think we'd be a lot safer as a nation, if he were suddenly to go into retirement.

Farber: Why the emphasis on Cheney? He's only the Vice President.

LaRouche: Yeah, but the point is, the President ain't much. The President is not a man of great intellectual temper, shall we say. I don't think he's capable of understanding most of the issues of the world. He does have strong opinions, and strongly expressed opinions, but I don't think there's much cognitive substance to them. Cheney is not much, but he has a lot of advisers—he has Wolfowitz, he has a lot of other people who advise him, and he has people behind him who support him. Remember, that Cheney and Rumsfeld, as sort of a Bobbsey Twin chain, ran the 1975 Halloween Massacre in the Ford Administration. They were the boys behind the scenes who orchestrated the event. So, these guys are old coup specialists.

They're also committed to the idea of preventive nuclear warfare—Cheney in particular—they're committed to seeking wars when we don't need any, and they're also—they don't like people too much, they're not great on people, so I think that they're dangerous. But Cheney is especially dangerous, not because he's that good or that powerful, but because he's a man in a position in a certain time of life.

Farber: Okay, stay where you are, because I'm going to give you a chance to lay out your platform, and I will do what I intended to do in this segment, and that is, go back to 9/11, and bring you forward politically, economically, and regarding the war on terror.

[Commercial break]

Managing the President

Farber: Oh, I can hear my friends, I can already hear my cousin Ernie, saying to me, "Barry, Lyndon LaRouche sounds like an intelligent man, but by golly, I understood everything he said. Why were you so in awe of his intellectual powers?" Well, Lyndon LaRouche, right now, is playing customer's golf. He's just going at a fraction of his intellectual pace. If he wanted to, he could take off into one of those flights through history, bringing up names like Olof Palme, and Szalasi, the fascist leader of Hungary for a few days before the Soviet Army. He has such an incredible, encyclopedic knowledge of history, and as I say, when he's talking the way he's talking now, I can deal with him, I can argue with him, I may even find an occasion or two to pat him on the back, but when Lyndon LaRouche gets real, I can't hang on to what he's saying for more than eight seconds.

Well, Mr. LaRouche, I understood what you said in the last segment. You said that Hitler, Mussolini, Franco—they would sneer at Dick Cheney's low intellect, and you're saying Dick Cheney sneers at the President's low intellect. That doesn't put the President very high on the intellectual chart, does it?

LaRouche: No, it doesn't. But, when you're serious about government, as I am, you don't just look at Presidents like tissue paper that you throw away. It's an institution, the Presidency, and you've got an incumbent in there who's a problem. You try to manage the problem; you don't go spinning around it, you try to manage the problem, and I have a great challenge, a great intellectual challenge in figuring out how we, the American people, or the institutions of government, could manage this President, because he's a very difficult person to get competence out of him.

Farber: Well, how important is that kind of intellect in the Presidency? Jimmy Carter was a failed President, and literally a rocket scientist, a nuclear scientist in name.

LaRouche: [laughs]

Farber: Harry Truman was a high school dropout, and he's regarded as one of the better Presidents.

LaRouche: I think they dropped him on his head.

Farber: Is that nice?

LaRouche: No, it's not nice, but my feeling at the time, as a veteran returning from war to Harry Truman after having experienced the war under Franklin Roosevelt, there was big letdown.

Behind 9/11

Farber: Okay, let's go back to 9/11, and I'll just sit back and let you take, use the microphone as a piece of chalk and the air across America as your blackboard.

LaRouche: All right. 9/11 had two important precedents in history; there are other precedents. One was in France in June and early July of 1789, at a time when people thought that France was going to adopt a Constitution like that of the United States, under Bailly and Lafayette. A bunch of characters, steered from London, called Philippe Egalite and Jacques Necker, staged a stunt called the siege of the Bastille. The siege of the Bastille was an event, a shock event, orchestrated event, which succeeded essentially in destroying the government of France, and destroying the chance of actually getting a republican France, of the type that the United States represented.

Later, in 1933, you had this fool, Hitler, who had been appointed, a dangerous fool appointed by Hindenburg to become the Chancellor of Germany, and in March, Goering, who was the top boss of the Nazi Party of Brandenburg at that time, staged an event. He set fire to the Reichstag; Hermann Goering was responsible for that. The Reichstag Fire was used to throw out about 80 deputies, out of the Chamber, the parliament of Germany, and to make Hitler a dictator, and that dictatorship continued until the end of the war.

On September 11, 2001, we had an accident which I feared would happen, I had said so in January, that the danger of a Reichstag Fire-type event in the United States was a serious danger for the period ahead. As a result of that event of September 11, 2001, the policies of Cheney, which had been his policies since 1991, were suddenly brought forward, and have become the policies or predominant policies of the United States ever since.

Farber: Forgive me, Lyndon LaRouche, I've got to knife in at this point, because I can't believe I'm hearing what I'm hearing. The Reichstag Fire was set by the Nazis, but one thing I've never understood is, just because you don't have a place to meet where you used to, why can't you meet someplace else? Why did that end parliamentary government? Don't waste time with that. We're just about through with this segment anyhow, so this is drama; this is a cliff-hanger, because what I'm hearing from you, and I want you to clarify it after the next commercial break—what I hear from you is, 9/11 was a Reichstag Fire-like event. In other words, until you clarify, I'm going to be laboring under the supposition that Lyndon LaRouche is accusing George Bush and Dick Cheney and their government of causing 9/11 ourselves!

[Commercial break]

Farber: Well, we have fundamentalist Islamic imams who say America did 9/11 to itself; we have some fringies and some crazies who say that; there are even a few Americans who believe that; but do we have an American Presidential candidate who says that the George Bush Administration staged 9/11? Lyndon LaRouche, when you say that 9/11 was a sister event to the Reichstag Fire, what other conclusion can I come to?

LaRouche: Well, you have to think as I think. First of all, we may never solve who actually did the operation. It's like the Kennedy assassination; it was an assassination, we may never solve it, at least we haven't solved it so far, and we've had no luck in solving what happened in 9/11. But, we have to live with the fact that it did happen, we have to understand the nature of the event, and government must go on, taking into account the fact that it did happen, without necessarily coming to the bottom line of who did it.

Obviously, President Bush did not. He's not capable of doing it, he's just not intellectually capable of even conceiving of how to do it. It had—there were certain peculiarities in this thing. Remember, that I've been in the business, in the sense I was involved in proposing and designing the SDI proposal in 1982-1983 with the Reagan Administration, through a special job I was doing with them. I've been involved in things of that nature, scientific and so forth, and military security, with our government and that of Germany, France, Italy, other countries back in that period. So, I looked at this as a professional, knowing that the potential was there, and knowing how these things work. And I knew that the configuration of data, the way it happened that day—and I was on radio at the time when it happened, and I described it then—could not correspond to any foolish thing of the type that's been interpreted, by some bunch of Arabs in the Middle East or something of that sort. This was a highly professional, well-trained, very difficult operation to execute as it was executed. So, this was done from a very high level, by somebody who knew that certain parts of our previously established security system were not working, otherwise you couldn't have gotten three planes in that way.

So, somebody did it, somebody with a great deal of knowledge at a very high level. Over a year to a year and a half of preparation, had done that job; it was not some bunch of Arabs. It had to be somebody inside the United States, or someone with inside access.

Farber: So, does anything that you've just said steer your campaign, or steer your views on the war on terror?

[Break in feed; commercial break]

A Banking Crisis 'Beyond Belief'

Farber: I'm Barry Farber, and we're in our last segment with Lyndon LaRouche. And you were explaining that, although we don't know who caused 9/11, you're convinced that the story of Osama bin Laden and his ragtag band of Islamic fundamentalists in the Middle East—you don't believe that. Well and good; let's leave that. We've just got a few minutes left. Tell me what you would do as President, economically.

LaRouche: Well, first of all, we have a banking crisis beyond belief. Now, we're going to have to put banking systems into receivership around the world, in most of the world, Europe, and in particular, here. We've got to protect the integrity of our economy. We must insure that things continue to function, and therefore, only the Federal government has the power, under our Constitution, to do that. We have to do some of the things that remind people of what Franklin Roosevelt did, or intended to do. We have to get the economy moving again. We have to build up the level of employment in production to the point that we're above breakeven in terms of what we're producing in wealth with what we need to maintain our economy. So, we need a recovery.

The danger is, that we will be afraid to bite the bullet on doing the things we need to do to revive our economy, and the fear of biting the bullet, may lead to a disaster. So, we have a terrible situation, but it's curable with the right leadership. We've got to have the guts to do what's needed to do to get this nation safely through this situation in the same spirit that Roosevelt approached the Depression in 1933.

Farber: Practically, in how many states are you going to be on the ballot in the Democratic primary?

LaRouche: I intend to be all the way, and I intend to be in virtually all. The first challenge, of course, is to establish my position even more than with votes; that is, with the number of people who are respectable people, shall we say, who come behind me, who would represent a portrait of the kind of people I would be bringing into government. Even before the primary, my objective is to show the American people that I am prepared to lead government from Day One of the next Administration. That I have the people around me and behind me who, like Roosevelt with his team, are prepared to do the job.

Farber: Well, isn't it insurmountable, when they don't even invite you to appearances with the so-called "nine"? Why don't they make it ten, and include you? How can you hope to achieve anything if you're shut out of the—how can you score a touchdown or win the game if you're not allowed onto the playing field?

LaRouche: Well, let's put it this way. I have more popular support, financial support, that is, in terms of numbers of supporters, than any of the other candidates. Now, what does that say about the other candidates? What does that say about the "nine"? Doesn't it say that maybe they're going the wrong way? That maybe I'm right? Maybe I'm the bowling ball, and maybe they're just the nine pins, ready to be knocked over?

Farber: Well, you haven't appeared with them yet, have you?

LaRouche: I've challenged them to appear, and they haven't had the guts to do so. And that, they haven't had the guts to deal with any of the *real* issues; they duck all the real issues. They talk about some gimmick; this gimmick, that gimmick.

They're no place. I don't think there's a candidate the Democratic Party has, apart from me, as an actual running candidate. They have a bunch of guys out there doing something, but it's certainly, it doesn't look to me like seriously running to become the next President of the United States under the present conditions. I'm not impressed by them.

'We're Doing Just Fine'

Farber: Has anybody who runs one of these things—you know, we're going to get all the candidates down here in South Carolina, we're all going out to a barbeque in Iowa—has anybody tried to include you with the other nine candidates?

LaRouche: There have been efforts to do so, but the DLC—the Democratic Leadership Council, which is now a dying organization by the way—and the DNC, the Democratic National Committee members, especially with Joe Lieberman and probably Al Gore too, have put the maximum pressure on the DNC to exclude me at all costs. It's not going to work; it's only a temporary game. Very soon things are going to change.

Farber: Would you tell us how many followers—others start campaigns and attract followers, you seem to have had a whole cadre of loyal followers, from the very beginning. How large are your forces?

LaRouche: Oh, I don't know. We're talking about thousands, of course, in terms of people overall. I don't know exactly how many thousands, because we have a lot of people we talk to all the time, a lot of people who work with us, a lot of people who support from time to time this or that. So, I have a lot of people who are associated with me, a lot of institutions. I'm well known in the population, so I don't worry about these things. I think we're doing just fine.

Farber: The four-page document that I cited, the headline is "The DLC Wanes—Sewers Are Often Suburban." You talk a lot about, you seem to hate fascism, and you're constantly attacking fascism, and yet, you seem to oppose a war on Iraq, which eliminated one of the dangerous fascists in the world today.

LaRouche: I don't think he was. I think that Saddam Hussein—well, he was not a person I'd recommend, but you don't conduct a war against a country because they have an objectionable leader. We have had a lot of people who are heads of government, including our own, who are highly objectionable; we don't make wars on that account. We do try to deal with the situation. In this case, in the case of Iraq, I believe we could have dealt very successfully with the situation working with the UN Security Council; we should have stuck with that. There are ways of dealing with the problem.

You see, when you go to war, as our generals understand, and as some of the Defense Department does not, you don't go to a war to see how many people you can kill; you go to a war to bring about a peace at the end, a satisfactory peace. We went into this thing with no preparations for peace, just to kill. And now, we're in a mess. That's a mistake; you don't go to that kind of war.

Farber: Lyndon LaRouche, you are, as I said before, unique, and I salute you for your energies over all these years, and I'll be watching your campaign with the most intense kind of interest.

Lyndon LaRouche, he's the tenth that they don't tell you about, or at least one of the ten Democratic candidates for President.

Choose Gray Davis

by Lyndon H. LaRouche, Jr.
August 8, 2003

LaRouche Says:

If you know someone in California,

Vote for the man, not the machine.

We need Gray Davis.

Germany tried importing one right-wing head of state from Austria. It didn't work out.

We need Gray Davis.

Argentina TV: LaRouche Interviewed in Neuquen

Lyndon LaRouche was interviewed Aug. 7 by host Alejandro Polizzo of the popular "Ten Minutes" program on Channel 7 TV in Neuquen, Argentina. The 20-minute interview aired at midnight that night, which is prime time in Argentina; an estimated 150,000 viewers tuned in to the program.

Alejandro Polizzo: How are you? Good evening. Welcome. We will begin here with "Ten Minutes" on Channel 7 of Neuquen. No one will be actually seated here in our interviewee's chair today, at least not physically, but he will be here through telephone communication.

He was born on Sept. 8, 1922, in the United States, with professional experience as a management consultant and economist between 1947-48, and from '52-72, founder in 1974 of the weekly *Executive Intelligence Review*, co-founder in 1975 of the Fusion Energy Foundation, also member of the Schiller Institute. I am speaking of Lyndon LaRouche, a contender for the Democratic Party Presidential candidacy in the United States in the years 1980, 84, 88, 92, 96, 2000, and for the coming 2004 elections in the United States.

He was the Labor Party Presidential candidate in 1976, and candidate for Federal representative [Congress] for Virginia in 1990. He was convicted in 1988, in December of that year, and jailed on conspiracy charges from 1989 through 1994, in a political trial, which the German jurist Prof. Friedrich von der Heydte said in 1989, was comparable to the scandal of Capt. Alfred Dreyfuss in France. All that we could find out about the case against Lyndon LaRouche was no more than another painful reminder of the exploitation of the judicial system for political ends. Disgracefully, it is a method that has been used repeatedly in our times, both in the West, and also in the East. And we Argentines probably know something about this.

A little while ago, we held a phone conversation with Dennis Small and Carlos de Hoyos, in the United States, and with Lyndon LaRouche in Germany, with whom we are now going to have a 20-minute interview. We are going to discuss various things, having to do not only with international policy from the standpoint of economics, of what is going to happen with the war in Iraq, how he sees Mercosur, how he sees Argentine integration with other countries, and if there are possibilities for getting out of our financial crisis.

Greetings, Mr. Lyndon LaRouche. Thank you very much for this telephone interview. I would like to know, from your international viewpoint, Mr. LaRouche, how do you see the Argentine republic? From what point of view do you see our foreign debt? It frightened us when the military government ended in 1983, how large the debt was, and today, that debt has tripled or quadrupled. How do you see this from the outside, and how did this come about for our country?

Lyndon LaRouche: There is a solution, but it's going to take an international conspiracy by people who care about the principle of maintaining a community of sovereign nation-states. We can do it. It's a difficult fight. I've been in it for a long time, but I'm determined that we shall win. As an American patriot, I'm determined that Argentina should succeed in overcoming this difficulty.

The question is, how many people in Argentina must suffer before the problem is solved? So, my solidarity with the people of Argentina, as a Presidential candidate of the United States is, I think, an important factor. I'm optimistic we can win, but it's going to be a difficult fight.

Polizzo: I agree with your sentiment. It is going to be a difficult battle, because what we have right now in Argentina, is that half the population lacks genuine employment, and of those, 60% are under the poverty line. So, would you think the battle is lost here before we begin it?

LaRouche: No, because all it would take, going through the history of the Depression of the 1930s, which I lived through, is a decision by the United States government on reorganizing the international financial system, and we could create credit to immediately begin the reval of the economy of countries such as Argentina.

I would add one very important point. In 1946, Argentina was about the fourth-highest-ranking country in the world in standard of living. That reflects a deep cultural root in the combined leading populations of Argentina of Spanish, Italian, and German origin. And whatever the criticisms of Peron, as such, the fact is that the culture which he reflected was a culture which is capable of doing this.

In my study of the history of renaissances since ancient Greece, if we unleash a revival of the economy of Argentina through credit, we will find the cultural factors which are deeply embedded in three or four or more generations of the population, will begin to produce the rest of the result. And the other factor is that the countries of Central and South America are the first line of defense, together with the United States, of the Americas as a whole. And therefore, when the United States comes to its senses, as it would under my Presidency, there would be a revival, a renaissance, throughout the hemisphere.

At present, I would tell people, from what I know from behind the scenes, my chances of becoming President are greater than probably anyone outside inner circles imagines. So, we have not won the war and we have no guarantee of winning the war, but I believe that we *can* win the war.

Polizzo: We just have one minute left [in this segment]. The crisis in Argentina is not only national, but international. So, what would be the solution at an international level? An international bankruptcy?

LaRouche: In a sense, but it has to be a qualified international bankruptcy. A consortium of nations of the world must declare the International Monetary Fund in bankruptcy, and take it into receivership, and reorganize it. Unfortunately, this is not likely until the conditions become so bad—which will happen soon, however—that they are willing to agree to such a measure.

But you start from the Christian principle, that the lives of human beings are sacred, but money is not sacred, which is the fundamental principle of natural law. This is also the fundamental law of the United States, and it's the impulsive law of all states of this civilization. Therefore, if we decide to save people from the genocide of a great depression, then we will act to save the people first, and reorganize the banking system as a secondary interest, as Franklin Roosevelt did in 1933.

Therefore, this aspect of the Roosevelt tradition is very important for all of the Americas. And though I'm not directly a

simple follower of Roosevelt, I follow the Roosevelt tradition, because that is the tradition in my own country, which could be mobilized to bring about this change. That's the basis of my confidence.

Polizzo: How do you see the situation in Iraq? We are puzzled, we can't justify, and we can't comprehend. Where is the justification that there existed a world threat of weapons of mass destruction that was the basis for the U.S.-British invasion.

LaRouche: First of all, I can assure you from the experts that I know, that there were never any weapons of mass destruction in Iraq. The whole business of the war was a fraud. It was forced by circles around Vice President Cheney, the man who I'm trying to have impeached from office for his crimes against humanity, and against the Constitution of the United States.

The place is a mess. We now have irregular, guerrilla warfare in Iraq. It's an endless pit unless we get out of there. Therefore, I am organizing internationally for the immediate resignation, or impeachment, of Cheney, and for bringing the issue of Iraq back into the United Nations Security Council, where I believe we could solve the problem.

Polizzo: What about your candidacy? We have seen reports that come through *Resumen Ejecutivo* and *EIR*, that your campaign is growing rapidly.

LaRouche: I have the broadest, actually active, popular financial support of any candidate in the Democratic Party right now. I am also building an organization from among people in government circles—that is, the permanent establishment, military intelligence, diplomatic, and so forth—which would be the people I would take into government as President. I am prepared to govern the United States, and I think that none of my rivals, including the present President, are qualified to do so.

Polizzo: In *Resumen Ejecutivo*, in March, there is a headline on a picture under the caption, "Friend of Martin Luther King, acclaimed by 50,000 Germans" [the photo was of Amelia Boynton Robinson—ed]. What can you tell us about that?

LaRouche: I represent, in part—one of my key constituencies, to which I am most closely attached, is the so-called African American Civil Rights lobby, especially people who are in state and Federal office. And these are among my closest collaborators. Obviously, I'm in the tradition of Lincoln. We're committed to fight this fight out, not only in the United States but internationally.

Polizzo: Finally, something that interests Argentines a great deal, in the minute and a half that remains: How do you view our Argentine President, and integration with Mercosur.

LaRouche: I don't really judge Presidents, because of a matter of discretion, as such. I do sometimes make comments on them.

My commitment is, that I am a candidate for the Presidency of the United States, and I am committed to a correct relationship with whoever is the President of Argentina. What I will represent in that relationship is my policies, which I will recommend as the terms of collaboration between whoever is the President of Argentina, and me. In other words, the Presidency of Argentina is a personal friend of mine, whether the incumbent President makes mistakes or not. The friendship is permanent.

Polizzo: Thank you very much, and we certainly hope you can visit us in Argentina sometime.

LaRouche: I'd be delighted to.

The following statement was issued on Aug. 7 by LaRouche in 2004, the Presidential campaign committee of Lyndon LaRouche.

Modern Korea Needs No 'Salem Witch Trials'

The tragic death in Seoul Aug. 7 of Hyundai Asan Co. Chairman Chung Mong-hun, "should finally shame the corrupt Korean media, and old regime elites, to end to their politically biased witch-hunt against the modern development of Korea," U.S. Democratic Party pre-Presidential candidate Lyndon LaRouche said Aug. 4. Over the past months, "friends of the Republic of Korea (ROK) have watched, in sadness," as the architects of President Kim Dae-jung's Sunshine Policy, have been indicted or carted off to jail, on the charge of bribing North Korea to hold the June 2000 Pyongyang summit, in order to "buy" President Kim's Nobel Prize.

"Men of vision worldwide," view this treatment of some of Asia's ablest leaders, as a political frame-up, a sick travesty of justice, "and patently absurd," LaRouche said. "The Republic of Korea is a modern industrial state, and has no need of the 16th-Century methods used in the infamous Salem Witch Trials in Massachusetts."

The May 22 arrest of President Kim's chief adviser, former National Intelligence Service head Lim Dong-won, was, until now, the most outrageous in a set of biased prosecutions, featuring the arrest of President Kim's sons, the arrest of Korea Development Bank President Lee Keun-young, and of several more Blue House officials. Not a shred of evidence has been produced in any of the trials—much as with the Iraqi "Weapons of Mass Destruction."

"Let us say, with the death of Hyundai's Mr. Chung: now, enough is enough," LaRouche stated. Chung had been on trial for the illegal payment of \$100 million to Pyongyang, in "conspiracy" with Lim and Kim—although his company had such large-scale business dealings with the DPRK as to easily account for such transactions. Only sheer embarrassment has kept prosecutors from arresting President Kim himself, who is in grave health—thanks to these legalistic atrocities.

Moreover, it is time for the ROK media and political elite "to ask serious questions, regarding the true motives of the neo-conservatives in Washington," who have been urging these corrupt prosecutions, LaRouche said. Washington neo-cons have been hammering at Seoul since January 2001, insisting that the Sunshine Policy must be reversed, he noted—but it goes far beyond just that.

The Cheney 'Axis of Preemption'

"Vice President Dick Cheney, Defense Secretary Donald Rumsfeld, Paul Wolfowitz, and their neo-con salon, have their own agenda, with zero regard for the ROK population," LaRouche said. "Since 1991, they have been lobbying for the ideological theory of a U.S. 'pre-emptive first strike' against weaker nations. For over 12 years, they have promoted this 'Dr. Strangelove' policy for the Korean Peninsula, as in Iraq, Iran, and around the world, disregarding its likely result: the nuclear incineration of millions in the ROK and Japan."

"North Korea policy is not the real issue," LaRouche said. "What is at stake here is the national sovereignty of South Korea." President Kim and his successor, President Roh Moo-hyun, in all their efforts to modernize Korea, have come up against an *ancien regime* in Seoul, which includes long-entrenched law enforcement, bureaucracy, and politicians, some put in place by previous military governments—and many under the influence of Cheney's "axis of preemption" in Washington.

Presidents Kim and Roh, in building the New Silk Road "from Tokyo to Pusan to Paris," have proposed to transform the ROK into a driving force to help create a new Eurasian economic superpower. The rise of such a new Eurasian superpower was expressly attacked as something not to be allowed, by Mr. Cheney and Mr. Wolfowitz, in their original Pentagon 1992 Defense Planning Guidance, drafted when Cheney was Secretary of Defense.

Now that the USSR is gone and the USA is the sole superpower, Wolfowitz wrote in the 1992 draft, "Our first objective is to prevent the re-emergence of a new rival ... from dominating a region whose resources would be sufficient to generate global power. These regions include Western Europe, East Asia, the territory of the former Soviet Union, and Southwest Asia." Not only China, but Japan and the European Union, were openly targetted to be "contained." This view is so fundamentally against the American Constitution—and it so angered Bonn and Tokyo—that even former President George Bush, Sr. ordered Wolfowitz's original draft be toned down.

Now back in government, Cheney's group is promoting their old plan with a vengeance—and they see the Eurasian Land-Bridge and the Trans-Korean Railway as an adversary. "But the economic modernization of Eurasia, via construction of the Eurasian Land-Bridge and the Trans-Korean Railroad, is in the fundamental self-interest of the entire Korean population, as well as the population of Japan, and the Eurasian landmass," LaRouche said. It has nothing to do with a payoff to Pyongyang, which is being used as an excuse.

Weighing the self-interest of the Korean, Japanese, and Eurasian economies, against the narrow self-interests of Cheney and Wolfowitz, the road forward is obvious, LaRouche said. "In honor of the memory of Mr. Chung and his father (Hyundai founder Chung Ju-Yung), let us honor the dying words of Chung Mong-hun today."

In a suicide note found on his desk after he jumped from his 12th-floor office window on the morning of Aug. 7, Chung asked Hyundai Asan President Kim Yoon-kyu, to "strongly promote" Hyundai's many Inter-Korean development projects in North Korea, begun by the elder Dr. Chung. Born in North Korea, Chung's father pioneered numerous South-North projects, personally driving 1,500 head of cattle over the border in June 1998, at the height of the DPRK famine, to launch economic cooperation programs. These featured the development of the area around the historically revered Diamond Mountain and the Trans-Korea Railway. In June, Hyundai broke ground for a large industrial park in Kaesong, a North Korean city just over the DMZ where the railway lines are being re-connected. In another note to his family, Chung Mong-hun asked that his ashes be strewn at Diamond Mountain.

Professor Grigori L. Bondarevsky Killed In Moscow

by Mark Burdman

A terribly shocking event occurred in Moscow Aug. 8: the murder of Professor Grigori L. Bondarevsky. He was found comatose in his apartment by his daughter, and died in the hospital several hours later. One of Russia's foremost authorities on Islam, the Middle East, and Eurasia in general, Professor Bondarevsky was a long-standing associate and collaborator of the LaRouche movement and personal friend of Lyndon and Helga LaRouche. Those in the LaRouche movement who have known him, feel enormous pain and grief over his death, but also outrage, at what has been done to this 83-year-old good soul and Russian patriot.

The murder bears all the earmarks of the Cheney-Khodorkovsky-"synarchist" crowd, intent on eliminating opponents of their wild imperial looting designs. Bondarevsky was an outspoken critic of Cheney and his U.S. neo-con buddies, and thoroughly and enthusiastically backed Lyndon LaRouche's efforts to bring about Cheney's downfall, during several discussions over recent weeks.

The murder of Professor Bondarevsky was the number one item on Russian *First Radio* this morning, as monitored inside

Russia. There is also a radio *Ekho Moskvy* item on it today, based on a report from the news agency *Interfax*, and a prominent *Pravda* item, the latter with the title, "Who Killed Professor Bondarevsky?" *Radio Mayak* interviewed Academician Gennadi Osipov, who spoke with emotion about the irreplaceable analytical talent of Professor Bondarevsky. *Interfax* notes that this is the fifth murder of a prominent Russian academic figure, during the past two years.

According to *Interfax*, the Professor was found in his apartment, lying in a coma, at 7:15 p.m. Friday evening. He died at the hospital at 11:00 p.m. Obviously relying on police reports, *Interfax* says that he died of head wounds, caused by blows from a heavy object. Both his mobile telephone and various computer disks are believed to be missing. At the point of his death, he was writing a report on Russia and the Caucasus, and was known to be advising the Russian government on key matters.

EIR notes that there had recently been break-ins into the building where Professor Bondarevsky and his late wife have lived; these break-ins were a factor, in adding to the health problems of his wife of over 60 years, who died some three months ago. It is more than likely, that these break-ins were a "security stripping probe," as, until that time, the building had had a workable internal security system, of neighbors and others.

Importantly, through a combination of direct quotes and paraphrases, *Ekho Moskvy* and *Interfax* cited Bondarevsky himself, about his key points of advice to the Russian government, and to others. On the one hand, he is cited insisting that he has, for several years, been studying a new terrorism, out of Central Asia and Chechnya, a terrorism that is well financed, well disciplined, and recognizes no borders. Only with the tragedy of Sept. 11, have the Americans begun to understand what this is all about.

Additionally—and this is most critical as to why he was a thorn in the side of Cheney et al.—he is cited as a key expert, who insisted that, under no conditions, should Russia support the American war against Iraq, as Iraq is a serious and promising partner for Russia, and to support the U.S. would, in his words, lead to the "total discrediting of Russia." The remains of Russia's authority would collapse with terrible force, he is paraphrased saying.

That gets to the crux of the matter. In reaction to news of the Professor's murder, Lyndon LaRouche stressed that, whatever might be the specific details of the crime, it has to be seen in the context of the systemic features of the real conflict now going on in Russia. On the one side, there are "the old Russian elites," who are trying to win President Vladimir Putin over to a Russian-interested policy. But on the other side, are the Khodorkovsky-Berezovsky "artful dodgers," the "thieves," who come out of "Old Fagin's kitchen." This crowd, in an operation typical of the synarchists since Napoleon was sent into his insane military adventures, loot for foreigners, for the merchant bankers. This is all the more crucial now for the synarchists, since they are financially desperate, and need the loot.

It is to be recalled, that Cheney recently, and secretly, met Yukos oil chief Khodorkovsky in the U.S. Also, President Bush and others have stepped forward, to defend Khodorkovsky and Berezovsky. The roots of the Berezovsky operation, go back to the early-1990s machinations of the International Republican Institute.

EIR will have more to say on all this, in the coming days.

***EIR* Will Commemorate Professor Bondarevsky**

EIR founder and contributing editor Lyndon LaRouche stated to associates on Aug. 9, that *EIR* will be preparing, over the days to come, a world-exclusive "In Memoriam" report, on the subject, "Who Was Professor Bondarevsky?" Drawing on both a personal relationship our movement has had with him for 13 years, and verbal accounts of policy elites in Russia, India, and elsewhere, the Memorial will have two components. One, will be to document the nature, and role of Grigori Bondarevsky, as one of the highest-ranking intelligence experts in the world. The second component, will be unique

insights into Bondarevsky the man.

Bondarevsky is survived by a son and daughter, and by one grandchild (one of his grandchildren died of medical complications). One surviving family member expressed enormous gratitude today, on hearing that *EIR* will be preparing this Memorial.

Beauty Is a Necessary Condition of Man

by Helga Zepp-LaRouche

Helga Zepp-LaRouche gave the following presentation to a two-day cadre school of the LaRouche Youth Movement on Feb. 18, which following the International Caucus of Labor Committees/Schiller Institute annual Presidents' Day weekend conference. Her presentation was followed by several animated hours of discussion. She was introduced by LYM leader Michelle Lerner. The transcript has been edited for publication.

Bond Plunge Sign of Systemic Economic Crisis

by John Hoefle

Aug. 5 (EIRNS)—Trying to walk the line between inflation and deflation, Federal Reserve chairman Sir Alan Greenspan finds himself in a no-win situation: If he lowers interest rates further, the system will explode in a hyperinflationary supernova; and if he raises rates, the system will implode into a deflationary black hole. Any way he turns, he loses.

Greenspan finds himself at the tail end of a series of bailouts of the system, each one of which bought the system some time, at the expense of creating an even bigger problem down the road. The result is a crushing level of government, corporate, and household debt, a shrinking income stream, a collapsing physical-productive sector, and a decaying infrastructure—along with very few options.

To save the system, Greenspan must find a way to roll over the debt yet again, but the system can't absorb the increased debt service the larger debt levels will require. Whatever he does, somebody—and then everybody—gets burned. - Bloody Bonds -

The May-June-July period was the worst three months for the Treasury bond markets since at least 1927, with the 10-year notes losing 10% of their value and 30-year bonds losing 15%, according to Blanco Research. Since its June 13 peak, yields—which rise as bond prices fall—jumped from a 45-year low of 3.11% to 4.42% on the 10-year Treasury, and from 4.17% to 5.33% on the 30-year.

This drop "ranks among the most rapid bond sell-offs ever," and marks the end of a two-decade bull run in the bond markets, according to the *Wall Street Journal*, which reported the figures. Australia's *Sydney Morning Herald* was less restrained, running a story under the headline "Bloodbath in bonds terrifies traders."

According to market accounts, what precipitated this bloodbath was the perceived shift in policy by the Fed, with Greenspan first suggesting that the Fed would continue to cut interest rates and perhaps even buy Treasury bonds in order to inject liquidity into the system to fight deflation, and then suggesting that deflation was under control. Believing that lower interest rates were locked in, speculators placed large, highly leveraged bets in the bond and interest-rate derivatives markets, bets which would be lucrative if the assumptions behind them were correct, but disastrous if they were wrong. And wrong they were.

In late June, when the Fed cut rates only a quarter-point instead of the expected half-point, many speculators started bailing out, sending Treasury bond values plunging, and yields soaring. The problem quickly spread to the mortgage-backed securities market, where the rise of long-term interest rates caused a sharp decline in mortgage refinancings, which in turn

triggered a sell-off of long-term securities by Fannie Mae, Freddie Mac, and other big mortgage holders, as they rebalanced their interest-rate hedges. That, in turn, drove bond values even lower, and yields even higher, in a vicious circle. - Insanity -

Bond-market players have expressed their rage and dismay at Greenspan's actions, but that only exposes their own diminished psychological state. The idea that the system could be saved by the Fed buying Treasury debt is ludicrous, and shows how far removed from reality these speculators have become. That the bond market could go into a tailspin over a quarter of a point in interest rates, is a sign that the financial markets are dangerously unstable and over-leveraged, dependent upon the wildest of monetary manipulations to keep the edifice from crumbling.

Despite the criticism, Greenspan has done nothing to sully his reputation as the chairman of the bubble, and perhaps the worst central banker of all time. In the testimony before Congress which sent the bond markets into a tizzy, he indicated that he was prepared to cut interest rates to zero if necessary, and said that the Fed was studying ways to add incentives after that. He also said the collapse of the U.S. manufacturing base was "economically irrelevant," as it made no difference whether the nation made its own goods or imported them. - Pensions Plunge -

The three-year decline in global stock markets has wrought havoc on both public and private pension plans. During the run-up of the stock market in the late 1990s, companies used the rise in the values of the stocks in their pension funds as an excuse to lower, or even stop, their contributions to those funds. At the height of the stock market, many of these plans were considered overfunded, but these pension surpluses evaporated along with the stocks.

The Pension Benefit Guaranty Corp. estimates that U.S. corporate pension plans are underfunded by some \$300 billion, and a study by the actuarial consultant firm Watson Wyatt shows that the percentage of employers with fully funded plans fell from 84% in 1998, to only 37% in 2002.

Government plans are also in trouble. The U.S. has some 2,200 state, county, and city pension plans covering 17 million public workers and 6 million retirees. These plans have about \$2 trillion in assets, but are still underfunded by hundreds of billions of dollars; \$65 billion was contributed to public pension plans in 2001, but \$101 billion was withdrawn.

These pension shortfall projections, as grave as they are, are actually based upon rather rosy assumptions about future economic growth. When the stock market enters its next downturn phase, the pensions will take another big hit, and the shortfalls will grow even larger.

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The Tremonti Plan: 'Euro New Deal': A Fight for Survival

by Andrew Spannaus

MILAN, Aug. 5 (EIRNS)—The battle for a policy centered on infrastructure-building and investments in the productive economy continues to dominate debate in Europe, as the Italian Plan known as the Euro-New Deal has begun to provoke open challenges to the free-trade policies of the past decade. The Italian Plan, which has been endorsed by most European governments, calls for massive investment in large-scale infrastructure projects such as high-speed rail, highways, and port systems, and proposes a financial mechanism which would exempt spending for such projects from the monetarist constraints of the "Stability Pact." That Pact requires each country to limit spending so as not to run a deficit of over 3% of the national budget, and also imposes limits on national debt and inflation rates.

The proposal to use the European Development Bank to finance projects which would provoke growth in the productive economy, is intended as a direct attack on the free-trade policies which have led to the current global economic crisis. In an interview with the daily *Corriere della Sera* at the end of July, Italian Finance Minister Giulio Tremonti took direct aim at these free-trade policies. He blamed the rules of the World Trade Organization (WTO) for the industrial crisis in Italy, and decried "the too violent opening of the markets.... Trade is either with rules or it is not trade.... In the long run, trade will surely make everyone richer, but in the meantime, we must avoid dying." Tremonti said that the concept of "free trade" must be replaced with the formula "trade based on rules," and again called for a protecting industry against the labor-gouging policies of globalization.

He explicitly supported the abandonment of the monetarist policies imposed by the Stability Pact, in favor of the Growth Plan which Italy has proposed to the European Union. This plan, he said, "is the first form of economic policy after the [introduction of the] euro," and it serves to resolve a situation of paralysis, wherein European governments have lost their power to intervene in the economy.

At present, the free-market faction which originally imposed the Stability Pact on Europe, is doing its best to continue enforcing the policies of the past decade, by demanding nations cut key sectors of the economy in order to balance the budget. A recent report from the bureaucracy of the European Union, for example, criticized an Italian economic planning document, saying that it failed to make the "structural reforms" necessary to eliminate the deficit and reduce the public debt. The report demanded that Italy enact serious cuts in the public pension system in order to get into line. This line of "structural reforms" is currently the battle cry of all the free-market institutions, and is being used to denounce any attempt to return to state intervention in the economy. - Return of 'Survivors' Club'? -

Along with the explosion of the debate provoked by the Euro New Deal plan, there are signs of a resurrection of the proposal for a "Strategic Energy Partnership" between Russia and the European Union which was originally discussed in October 2000. Then, the possibility was raised that long-term agreements could be signed which would guarantee European capital investment for the Russian productive economy, in exchange for a steady and cheap supply of energy resources from Russia.

At that time, Lyndon LaRouche spoke of the emergence of a "Survivors' Club": a group of nations that are not willing to commit suicide simply in order to avoid clashing with the dominant financial oligarchy in the United States and Europe. These countries—including, principally, the strategic triangle of India, China, and Russia—began working to establish economic cooperation which could provide long-term benefits for their populations, while dismissing the Western demands for globalization and free trade.

Today, the growth potential for such a grouping is enormous, given the undeniable collapse of the physical economies of Europe and the United States over the past three years. At the same time though, the oligarchs behind such free-trade policies have now launched a desperate attempt to beat the world into submission, through the neo-imperial adventures of Dick Cheney and his Synarchist cronies, who are manipulating the Presidency of George W. Bush.

On two recent occasions—during the summits in St. Petersburg and Athens—leaders of the European Union have once again begun to concentrate on the "energy partnership" with Russia. Discussion has gone forward on the infrastructure corridors necessary for improving pipeline connections with Russia, and a team of experts is to be formed in order to manage the EU-Russia contracts. Finally, there is also a move to use the euro for all such transactions, as opposed to the dollar. Apparently, some in Europe intend to join the Survivors' Club.

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The World Needs a Cultural and Moral Renaissance

by Helga Zepp-LaRouche

Schiller Institute founder Helga Zepp-LaRouche gave the following presentation by telephone to the national conference of the Citizens Electoral Council (CEC), the Australian branch of the LaRouche Movement, on July 27, 2003.

Subheads have been added.

I want to say hello to you, members of the LaRouche movement in Australia. Let me start with, in the TV and newspapers the pictures of the two dead sons of Saddam Hussein. I think that everybody who's morally and emotionally still alive around the world, will understand that this demonstrates how close the world is to collapse into barbarism.

Remember that the whole Iraq war was started, if not for weapons of mass destruction, then for regime change, so that the dictator would be replaced and that human rights and democracy could be brought in Iraq. Now, with these pictures, the U.S. Administration discredits itself completely, because this is the method of Genghis Khan. This is the method of ruling your opponent by sheer terror, and to simply take any place that resists, slaughter the people, and it has been done many times in history—that they then take the cut-off heads and put them out on posts as a warning sign.

What this does—it's typical Nietzschean man, ruling a nation by doing a thing so terrible, it shocks people into submission. This is the typical Nietzschean, Synarchist tactic, and if this is continued, it's designed to prevent any peaceful resolution of the conflict, and to, indeed, really provoke the kind of clash of civilizations with the Islamic world, but also worldwide, in general.

These are the methods of religious warfare in the extreme. And, it's really to be noted that, if the so-called world leader in democracy, namely the United States, is doing this, this is giving democracy a very, very bad name, and a very bad image.

Now, I think what is happening around these kinds of things, underlines that Lyndon LaRouche is absolutely on the mark when he says that the danger is, that the world collapses into a New Dark Age, and even if you don't have World War III, which we are very much on the course towards, if you don't have Lyn's economic resolutions with the New Bretton Woods and the Eurasian Land-Bridge, as the basis for a global reconstruction, one can see how close the world is to collapse into barbarism, right now.

Now, I think that we should be very much aware, that if we're not successful in getting the impeachment of these people—the neo-cons, Cheney, Wolfowitz and so forth—they will continue with their war against Iran, Syria, North Korea, and I can assure you that many countries of the world, already are calculating what the world will look like *after* World War III. And it is the absolute opinion of many people in the world, that the United States can start World War III, but under no circumstances can they win it.

I personally don't want to think about those scenarios after World War III, because that is not exactly the kind of solution I'm looking at, but I can assure you, many countries in the world are proceeding from the assumption that this is what is going to happen. I don't want to elaborate at this point, but that is the stark reality of the world picture.

Now, if this would occur, then the two pictures of Saddam Hussein's sons, probably will be what future generations, maybe after three-four generations, will put in the history books, as the image of the Bush-Cheney Administration and the reason why global civilization collapsed at this point.

Schiller's 'Aesthetical Letters'

So, this makes all the more important, why the world urgently needs a cultural and moral renaissance. Schiller, in his "Aesthetical Letters," had written, how come we are still barbarians? Now, if Schiller would be alive, 200 years later, he would say, "How come we are worse barbarians than 200 years ago?"

Now, Schiller asked—after the collapse of the French Revolution, when people initially had the hope that the American Revolution could be replicated in Europe—but when the Jacobin Terror took over, Schiller was appalled: How come that a great moment had found a little people? And then he came to the conclusion, that the only way to improve the political situation, can occur through the ennoblement of the individual, through the aesthetical education of man. And Schiller was absolutely certain that it was not only the intellect which had to develop, but that you had to have an education of the emotions to the level of reason.

Schiller said that he thought the education of the *Empfindungsvermögen*, was the most urgent task of his time. Now I have not found a good translation of *Empfindungsvermögen*, so let me describe it, and unfortunately not exactly adequately, maybe we should just use the word *Empfindungsvermögen*. In English, it's the ability to take the world with your senses into account, but not in a brutish form, not on the level of simple sense-certainty, but to educate your ability to sense the world on the level of reason. In other words, educate your emotions and your senses so that there is no contradiction to the level of reason. And I think this is very important in terms of the debate Lyn is raising about the two geometries, about the world of sense-perception and sense-certainty, and the level of universally valid principles, where Schiller makes emphatically the point, that people can develop their senses and their emotions in the same way, like we can educate our reason.

So, Schiller was absolutely convinced that this *Empfindungsvermögen*, that which distinguishes man from the beast, that that was the key to a renaissance, and to liberate man to be truly free.

Now, the reason this is important is because the oligarchies have only one purpose, to brutalize the senses, to brutalize the emotions, and the two images or the two pictures of the sons of Saddam Hussein: They're like the metaphor for that kind of brutalization.

Now, if you want to change the world, you have to do exactly the opposite. You have to liberate people so that they become beautiful in their ability to emotionally grasp the world. And this has to be done, not just in one culture, but it has to occur worldwide. It has to occur in each culture. Each culture has to be on that level, and that is why, only through a dialogue of cultures, can we answer this threat of a clash of civilizations.

Now, this is a long time, my absolute, firm opinion, that we will only succeed to create a new, just world economic order, based on the worldwide extension of the Eurasian Land-Bridge, if we combine it with the dialogue of cultures.

The Peace of Faith

Now, I think that the best way to approach this, is still from the very beautiful dialogue of Nicholas of Cusa, *De Pace Fidei* (On the Peace of Faith), because this dialogue was written by Nicholas in 1453, after the fall of Constantinople. Now this was considered at the time, a gigantic clash of civilizations. When Mohammed II conquered Constantinople, there are reports about this, which came to Europe, to Western Europe at that time, which were those of murder, rape, blasphemy, and so forth. So people thought, really, that this terrible thing had happened. But on the other side, from the standpoint of the Islamic world, Mohammed II is *not* regarded as a butcher, but as somebody who actually pursued an ecumenical policy, and a peaceful solution among Christians, Muslims, and Jews. But that is a more complicated question.

In any case, Nicholas of Cusa had just returned from Constantinople at the time, where he had done original research in

finding the documents of the early church councils, proving that the cause for the split among the churches, between the Roman and the Eastern Orthodox, was absolutely not valid, because the famous Creed, involving the Filioque, had been in the early church councils, and that was the debated point among the churches, before the split.

Anyway, this is just in parenthesis.

So, Nicholas had just come from Constantinople, where he led the delegation of the Patriarch to the Council of Florence, when the news about the fall of Constantinople hit. So, everybody was reacting to it as a clash of civilizations, but Nicholas, being the thinker of the *Coincidentia Oppositorum*, of the unity of the contradictions, had a completely different approach. And he wrote this beautiful dialogue called "On the Peace of Faith."

Now, in the dialogue, 17 representatives of different religions and nations send their emissaries to God, and they say, "We are all killing each other in Your name. This cannot be Your intention, so can You not help us?" So God says, "Well, you all are not only representing your different religions and nations, but you are also philosophers in your religions. You are sages in your nations. And, as such, as philosophers and sages, you know that there can be only one truth." And they all say, "Yes, as philosophers we can say, 'there can be only one truth.' " Then they say, "But why do we still kill each other in Your name?"

Then, God says, "Well, you make the mistake that you mistake the word of the One God, with the word of the Prophets. The word of God is One, but the words of the Prophets are many." So they say, "Yes, we can see that, but can You help us some more." And then God says, "You make the further mistake, that you mistake the One Truth with the many traditions. The Truth is One, the traditions are many." And they say, "Yes, we can see that, but how can You expect us to go to our people and teach them the new religion, when they have spilled so much blood for the sake of the old one?" And then God says, "I'm not expecting you to teach the new religion, but I want you to talk about the one religion which is above all the different religions, the One God which is before all differences."

Now, this comes from Nicholas of Cusa's thinking that the One has a higher quality than the many. And that is a very important methodological approach, because it helps you to solve conflicts, because if you're able to conceptualize the universal unifying principle before you go into the differentiation, then, that is a method that can be applied to both religious conflicts, but also political conflicts, social conflicts, personal conflicts, and so forth.

Now, when I read this very beautiful dialogue recently again, when I issued a call for a dialogue among cultures, just after the war against Afghanistan had started the clash of civilizations, I said, look, let's see if this same conception does exist in other religions as well. And I went to look again at the *Rig Vedic* writings, those writings which are the first writings of human civilization, and they are probably going back in the verbally transmitted form, many, many millennia, and they're probably 6,000 years old, or even longer, maybe 10,000 years old. And you find in these very beautiful *Rig Vedic* writings, also the idea that there is only one God, whom the sages have given different names. The One Truth which shows itself differently in the different souls. The One Truth which is looked at by people wearing different glasses, and therefore it looks different to different people, but it is still the same truth.

Then you find exactly the same conception in Islam, in the Koran; and then I recognized that that is indeed what we have to do: We have to establish that which is universally common to all religions and all cultures, first, and then be very happy about the differences. If you first establish the universal principle, then the differences are not a threat, but you are happy, and you recognize that these differences exist. Because according to the *Rig Veda*, God wanted them. God wanted a multiplicity in the world, because otherwise He would not have created it.

A New Movement Founded

Now, I find this a very beautiful idea, and that was essentially one of the concepts which we presented at the Bangalore [India] conference. The Bangalore conference was the continuation of the Bad Schwalbach [Germany] conference, trying to put together the forces of the Eurasian Land-Bridge. And one of the participants, Mr. [Chandrajit] Yadav, was so happy about what he saw of the seriousness of the participants in Bad Schwalbach, that on a very short-term basis, he decided to organize a conference in Bangalore in the state of Karnataka, and this was actually the founding of a new movement around these ideas. And especially, the idea that if you have a youth movement, internationally, of young people who dialogue among their different cultures—from that standpoint, that will be the end of oligarchism and the end of racism. Because if you know what is universally the same in all other cultures, and you appreciate and actually love the difference and the beauty of the difference, then human civilization will really make a new step. You will not any longer feel threatened by foreigners, by things which you don't know, simply because you know it.

Now, it seems to me that if you start this dialogue among the high points of culture, that that is the basis for a new renaissance. Schiller, in his "Universal History," said that to explain our present existence, that we are all sitting in this room—as a matter of fact, that you are sitting in that room, and I'm talking over the telephone with you from the other side of the world (where people are not standing on their head by the way, but where we are walking on our feet)—Schiller said, to explain our present existence, that we are together in this way. You need to explain what all the generations before you contributed, all the sacrifices they made, all the many contributions they made.

Then Schiller says, therefore, we have to have a noble desire that we take the gifts from the past, and add what we can do, so that our future generations have a more rich and more beautiful future for themselves.

Now, if we take from each culture their best experiences—and there are many high points, in Chinese culture, in Indian culture. As a matter of fact, China had many renaissances. The Confusianism/Mencius period, the Sung Dynasty, even in the 15th Century in the Ming Dynasty, there were incredible things, and many times, these high points occurred when other parts of European or other cultures had collapsed.

The same thing with Indian culture: You had the early *Rig Veda*, you had the Gupta period, and these were all high points when, for example, the Roman Empire collapsed. You had many renaissances in Egyptian history. Then you had the Greek Renaissance, building on the best traditions of the Egyptian and Asian cultures, the Italian Renaissance reviving the Greek Renaissance, the German Classical period going back to the best of the Greek, the Italian Renaissance and even then branching out to India—the Wilhelm von Humboldt studies on the Sanskrit language, and so forth.

Now, I think it is very important that we will only come out of this crisis, if we look at all of these different cultural periods and find the universal principle that combines them all, but nevertheless, learn what are the specifics in each cultural period which did represent a step forward in human knowledge.

Now, Lyn in his recent paper about the complex domain ["Visualizing the Complex Domain," *21st Century Science & Technology*, Fall 2003], talked about the two geometries, the one belonging to the worldwide sensorium, as he called it, the world of sense perception, and the other one belonging to the world of the real universe, the world of the universally verifiable principles. And you can find that difference both in science, but also in Classical art. In art, you have the world of the Classical cultures, universally verifiable principles, and you have the world of the sensory domain which is the world of the Romantic, self-evident feelings.

Now, ideas are not found in the world of sense-certainty, but great Classical art is full of ideas which belong to the world of metaphor. In Schiller's Classical drama and poetry, you can study this. I heard that some of you are performing tomorrow, a scene from *Joan of Arc*, and there you have a total elaboration and celebration of the metaphor of both the Sublime, and the metaphor of immortality.

Now, some of you may know the little poem Schiller wrote about the Maiden of Orleans. If you have not planned it in your program, I would ask you that tomorrow, somebody should recite or read the Schiller poem, which Schiller wrote, in a certain sense, as a self-reflective memory of his writing the drama, *Joan of Arc*, because Schiller himself said, that the *Joan of Arc* was his personally most beloved drama, and that with which he identified the most. And one can actually say that Schiller, in the person of Joan of Arc, really makes a mirror image of himself.

Now, in this little poem, "The Maiden of Orleans," Schiller uses the very beautiful sentence, talking about Joan of Arc, "You were created by the heart, you shall live immortally." Now, the idea of immortality is exactly such an idea, a metaphor which lies beyond the world of sense-certainty, because the idea of metaphor, of immortality, you cannot grasp with the senses. There is no way the idea of immortality can be smelled, heard, or otherwise grasped with the senses.

Now, I want you to study this, because only if we locate our identity in the series of such ideas, can we fulfill what we have to do.

The Immortal Personality

Now, mankind can only come out of this crisis, if each civilization produces enough leaders, men and women, who locate their sense of identity in this series of universally valid principles in science and art, which are such ideas.

Lyn talked about that there are two methods from the standpoint of universal natural law, where people can locate their identity. If you know that your physical life is very short, and only encompasses a very short span, from conception to death, it is very clear, that for the developed person, the identity is in the immortal personality, which for a very short period inhabits the mortal body.

The lower possibility of the personal identity, places the identity within the limits of the sensuous experience. This is what we know as the Now Generation, the fun society, the aim to get the maximal lust out of every occasion, to live in the here and now, to avoid risk, because, you know, anything which is a risk to your physical existence is regarded as the most important. And these are people who are cowards, they're mediocre, they're people who are never any threat to the system, even if the system is becoming as it is now.

The second possibility is the true human identity, where people are locating their identity in the long series of principles in science and art, which are shared and contributed from generation to generation. And it is very clear that the existence and success of each civilization, depends on contributions of persons who are committed to the second, immortal identity. There must be an orientation in leaders, for the sake of those who are morally corrupted, and who have put their identity in the first kind of identity.

Now, another way of looking at the same question, is from the standpoint of Vernadsky, because Vernadsky, in the tradition of Plato and Nicholas of Cusa, basically developed this idea of the evolution of the universe, from the inorganic to the organic, to the noetic principle, and Vernadsky calls the cognitive realm, the noesis. And the noesis intervenes into the rest from the outside, like the noetic dominates the biosphere more and more.

Now, Nicholas of Cusa already had the same conception where he said, that the different levels of the inorganic, the organic, the level of reason, and the level of divine reason, are not developing, as Darwin would say, from the lower to the higher species, but Nicholas of Cusa actually had the idea that each species only develops its full potential, by participating at least in one point, in the next higher species. And this can be called truly the beginning of the law of evolution. Now, the jump from the inorganic to the organic, is what defines the qualitative leap, in the same way the leap from the organic to the noetical principle of cognition defines the division between the two species. And, in the same way, the level of

cognition to the level of divine reason, which Cusa calls the ability of man of *capax Dei*, of participating in God, in one point.

However, the evolution does not occur from below to the higher, but Nicholas says that it is always the higher principle which almost violently pulls up the lower into the higher domain. And that's what Vernadsky taught, that the noetic principle becomes more and more dominant, and eventually will completely control and dominate the biosphere. It is coming from the higher to the lower, and not the other way around.

Now, if you understand that these levels all interact, and that the universe is first developing, that you have actually an in-built process of higher degrees of self-organization, then you really understand the law of evolution. And that the anti-entropic principle of noesis, is there from the beginning, but it only becomes efficient for man.

Now, it is very clear that if you understand the lawfulness of the universe in this way, that it is only man and woman, who locate their personal identity in cohesion with this view of the universe, and who are therefore efficient idea-givers of mankind in science and art, who are adequately addressing reality at each given point. Anybody who has any other feeling about the universe—you know, about ecology, about all kinds of emotional questions, and so forth—they tend to fail as leaders, especially in moments of extraordinary crisis as we have it today.

Now, what I'm just referring to, is actually a discussion among many people around the world. Many people in many cultures are discussing that the present paradigm is one which will lead to the total destruction of civilization, and therefore, they are discussing the question: What should be the new paradigm? What are the ideas which will put the world in cohesion with the laws of the universe? And that is the only way out: that we put the political order in cohesion with the laws of the actual universe.

In some other civilizations, like in India for example, there is a debate among some intellectuals that the world must be put in cohesion with the cosmic order of creation. And as one philosopher recently put it, if you think about our wide, huge universe, our little planet, Earth, is just a tiny little planet in a very, very vast universe, and while the whole rest of the universe is governed by negentropic ideas, our little planet is ruled by the laws of the oligarchs which are entropic, and which are completely violating every law of the universe as such. And therefore, it is very clear, that unless we bring the political order on our planet into cohesion with the much larger laws of the universe, this planet will collapse—rather the life on this planet will collapse.

Now, from the standpoint of Nicholas of Cusa, that means we have to bring into cohesion the laws of the microcosm, with the laws of the macrocosm. The laws of the microcosm, being the laws of the mind, of cognition, which have, like Leibniz's Monad, all lawfulness of the large universe, the macrocosm. In Chinese culture, you would say, that the principle of *Li*, that every existence in the universe must find its rightful place and develop its fullest capacity, must be realized, together with the principle of *Ren*, which is the equivalent of the Christian principle of *agape* in European civilization.

The Beautiful Soul

Now, what that means is, that we must understand that the world will get out of this crisis only if we create a true renaissance movement, where each person defines it as their personal task to indeed become a better person, a beautiful soul. And I think this is very important, because with all the many goals and many objectives, and missions and so forth, the one which seems to be glaringly absent in our present culture is the idea that each individual desires to become a beautiful soul. People go to the fitness club to have a beautiful body. People have all kinds of goals, but people must care about the beauty of their soul.

And that is not an abstract question. This is a highly scientifically knowable question, because Schiller defines the beautiful soul as the person for whom beauty and necessity, passion and beauty, become one. So you are like the Good Samaritan, educating your emotions in such a way, that without thinking, you can always follow your emotions and they will never do something different than reason would dictate. And Schiller called that the great task of our existence—to bring the inner person into cohesion with that noble idea.

Now, I think the definition of the beautiful soul that Schiller gave, that it's only the genius who creates rules, and enlarges these rules in a lawful way, who can become a truly beautiful soul. A genius which enlarges the rules in a lawful way, coherent with this lawfulness of the universe, and locates his identity in this process, that is what Schiller calls a beautiful soul.

Now, I think when you look at the barbarism of the globalization, with all of its terrible values, which actually have led to a global *moronization*—making people idiots, morally and intellectually—then it is very clear that we have to counter that with the absolute, passionate commitment to create a new worldwide renaissance, in which the human character of each individual is celebrated through new acts of creativity, and contribution to the future of mankind.

Now, I think this is what we will hear later when you do your musical and poetical performances, and I want to encourage you that this becomes, not some kind of entertainment, or a thing where you somehow retreat from the terrible world into some cushioned world, but that the kind of thinking, thinking like Schiller, thinking like Beethoven, all the time, is what will make you strong and gives the strength to come victorious out of this present crisis. And that is what I wanted to tell you.

Discussion

Question: My question is about Iraq. My concern is that the soldiers that are there, both Australian and American, are humiliated for being used as no more than mercenaries, to plunder the country, and my concern is that the country itself is in desperate need of leadership with the reconstruction. Could you consider that please?

Zepp-LaRouche: Yes. Look, the situation in Iraq is much, much worse than the media has admitted. We have talked to people who either have relatives on the ground, or who have some historical knowledge about the situation, and they are all telling us that the situation, that what you know from the media is about 5% of what really happens. That you have not just some Saddam Hussein loyalists, but you have the whole country in a guerrilla fight against what is perceived as an illegitimate occupying power. And it's complete chaos; it's a terrible situation with no infrastructure, no hospitals. I mean it's an absolutely horrendous situation, and the only way to solve that, is to as quickly as possible, immediately, give the responsibility for reconstruction to the leadership of the United Nations. Because nothing else would be considered as a legitimate way of reconstructing the country. And there has to be a very quick reestablishment of logistics, of health care, of electricity, of all of these questions of daily life, and then there has to be a quick conferring of power from the United Nations, to the Iraqi people itself. But it can only occur under the leadership of the United Nations, and not in the present form. So, if this would occur, I think the only way to really solve the problem, is to have a reconstruction with the kinds of programs which Lyn discussed many years ago in the Oasis Plan.

Now, the whole Gulf region [must become] part of the Eurasian Land-Bridge, and that is the only way. Only if you put such a perspective of hope, and true reconstruction on the table, can you have a hope of a peaceful region, and preventing it from plunging into a terrible collapse, into chaos as we see it now. So, I think the United States, and the Australians and others, must immediately accept the going back to the United Nations or else there is no solution to this problem.

Educating the Emotions

Question: Helga, in your presentation tonight, you spoke around the idea of the aesthetical education of man, and you were talking about the education of the emotions, so there is no distinction between them and your senses. I missed a bit before you said that, and I wonder if you could just elaborate on that idea, of the education of our emotions?

Zepp-LaRouche: You know, the problem is that a lot of rational people neglect their emotions, so you have the case of the very rational engineer, who does his work well, at his workplace, but then he goes home and he beats his wife and his children. Or you have the case of the persons who are very rational when they are doing their job, but then, when they have their so-called leisure, entertainment, they become completely bestial. I mean, that's the problem with a lot of people who think that recreation means you throw reason out of the window, and you have to go to a rave party, or some disco, or some other kind of just banal recreation, where people truly throw out of the window every kind of cognitive identity, the moment they think they have a vacation, holiday, or weekend.

And that is just a symptom, of this division between intellect and emotions. Now, a developed person will develop their emotions so that they find joy in whatever their cognitive conscience is doing. And true joy is not banal, it's not abandoning the idea of reason, but is actually a celebration of it.

Now, when Schiller says that what he regarded as the biggest problem of his time, and remember, 200 years ago—in a certain sense, I find the brutality of 200 years ago, mild compared to what we see today: Just think about the perversions of pornography, of the Internet, child abuse, of all these things, of children soldiers, of all of this—there is no question that our present world, in that sense, is much, much more barbaric than Schiller's time. I mean, there you had terrible things also, no question, but because of the mass media, and the modern communication and also the brutality of our time, the development of modern weapons and so forth, we have this same problem Schiller described for his time, on a much, much extended level. And when Schiller said, that the development of the *Empfindungsvermogen*—and I can only ask you to try to understand the German word because there is no good English translation—as the most urgent task of his time, I can only say this is an even much more urgent task today, given the fact that the barbarism has become much worse.

Now, if you read Schiller's "Aesthetical Letters," which is a very beautiful elaboration of how to deal with this problem, Schiller first describes the situation of: Where should the change come from when the state is corrupt and the masses are degenerated? So where should this change come from? And then, Schiller comes with the surprising answer that it can only come from great Classical art, because only there, do you have the highest ideas where the artist, who only deserves to be called an artist if he ennobles himself to the highest ideal of man, at least in the moment where he creates his art, or he performs it. And it only has a predictable effect on the audience, if he chooses to discuss a universal principle, because otherwise it's arbitrary and does not deserve to be called great Classical art. Schiller then, in the second part of these "Aesthetical Letters," goes through what to do, because, he says, there are three drives, one is the *Formtrieb*, (the forming drive), the *Stofftrieb*, (the material drive). Now these are not the exact notions, please forgive me, but I'm trying to describe it anyway.

He describes the *Stofftrieb*, the material drive, as the ability of man to, again and again, absorb new things, to be open to new things, for new experiences, for new ideas, for new developments. And then he calls the *Formtrieb*, the forming drive, that which enables man to conceptualize these new occurrences in the sensuous realm, in the realm of experience, and to give it a concept, to hypothesize what this new phenomenon is.

Schiller says, much damage has been done to human development by not having the *Stofftrieb*, the ability to absorb new things. You would call it, to be blocked psychologically. And as much damage has been done by using the *Formtrieb* too early, when you have an experience and you too quickly try to give it a name, a concept, some system, you try to put it into a system. And Schiller says, both things are devastating if you are not trying to absorb new things, and if you are trying to give the new things too quickly a name, in a new system.

These things are both devastating. You have to develop both sides of your existence, and the best way to do it, he says, is to unite and unify these two things, in what Schiller calls the play drive. And he says, man is only fully man, when he plays. And this is actually very interesting because, what is the act of creative discovery? What is the act of the mind when you indeed develop a new thing? And Schiller calls that ability, the play drive.

Lyn calls this, that facility in the human mind which enables man, in the field of natural science, to conceptualize an adequate new hypothesis, which solves a paradox and brings you to the new domain of understanding about the laws of the physical universe. In Classical art, that same faculty also exists, as that which enables the human mind to create a metaphor, which creates something beyond what was there before. And I think this is very important, for example, if you would sit down and write a good poem—a good poem, a poem organized according to Classical form—you have to have a poetical idea, then you have a thorough composition, and then you end with something which brings the mind to the higher plane of the metaphor, which is the real content of the poem, because the content of the poem is not in the prose content, because otherwise you could write a piece of prose. The content of the poem is that which is the unified whole above the prose text, as such.

The same thing happens in musical composition, where the composer has a musical idea, something which in germ form has the entire development of the musical piece in it. Then the composer develops the thorough-composition and the end in an absolute necessary way. And this is one of the big differences between Classical art and Romantic art, that Classical art has a necessary end, simply because the idea has been concluded, while in Romantic art, it goes on and on and on, and it could end almost never, because it doesn't matter.

The 'Talk Show' vs. Socratic Dialogue

Now, the reason why all of this is important, is because it has something to do with your emotions. Because, for example, the typical problem of today is that people have their identity in the realm of sense-certainty, and the Romantic way of looking at the world. The typical expression of this is the talk show. The talk show starts with somebody raising a subject, and then the next person takes one word out of the last sentence of what the previous speaker said, and says a new idea based on this one word. The third speaker again takes a word of the second speaker's sentence, and starts the new thing, and it goes on and on and on and on, and it never ends, it never concludes. And that's typical, that method of talking to each other, is typical for the world of sense-certainty.

Now, if you look at Plato's dialogues as opposite to that, you have an hypothesis or you have a thesis, and then the Socratic dialogue discusses that one issue, without changing the issue to all these new words and new sentences out of the new words, but it tries to come to the truth of that particular thesis by not accepting any assumptions which are not proven. And that method of truth-seeking, should be the way people talk to each other, because people should not talk to each other in the way people talk among themselves in talk shows, but they should try to exhaust one issue with the method of Socratic reasoning, until they have found the truth. And that is a big difference in terms of method, how people relate to each other, how people go about writing leaflets, or doing anything, and I think this is very much worth studying.

Now, I think the question of great art is also very relevant, because already Moses Mendelssohn, Lessing, Schiller, and so forth—they all said that the reason that it is important to study great Classical art, especially drama, but also poetry, is because when you go into the theater, and you see how the heroes on the stage are confronted with questions which pertain to the life and death of their country, of their nation, of future generations to come, and on their ability to either act on the level of Sublime, and therefore make possible a positive solution to the conflict, or, act on the level of sense-certainty, and personal greed and other such motives, and then the drama on stage ends as a tragedy—that for the little person, or the average person to go to the theater, and in a sense train how to react in such extraordinary circumstances, that to do that again and again in Classical art, somehow trains you to have the same kind of reaction in real life. Because as Lessing and Mendelssohn and Schiller said, real life sometimes comes too quickly, and if you are not prepared, and you have no

reference point inside yourself of how to elevate your action to level of the Sublime, you may not be able to do it. And therefore you have to rehearse in a certain sense, conceptually, how to think in the Sublime, through Classical art.

And I think all of these things are perfect ways to educate your emotions, and eventually you will see that you can get rid of all these nasty little character aspects which prevent people from realizing their true self. So the more you do this, the more beautiful you will become.

Korea Settlement Possible — If Cheney Gang Shut Their Mouths

by Kathy Wolfe

Aug. 5 (EIRNS)—Developments on the Korean peninsula show that South Korea, Japan, Russia, and China are moving to bring the U.S. and North Korea to a settlement of their weapons dispute which is threatening the nuclear incineration of millions of people in Seoul and Tokyo. A settlement can hold, however, only if Vice President Dick Cheney and his lunatic neo-conservatives are kept out of the process and shut up.

The Russian Foreign Ministry announced July 31 that North Korean Ambassador to Moscow Pak Ui-Chun had delivered a message to Russian Deputy Foreign Minister Yury Fedotov, accepting the proposal for "Six Power" peace talks made by Russian Defense Minister Sergei Ivanov on April 10. Ivanov, after meeting with the South Koreans and Chinese, had proposed that the U.S., Japan, Russia, China, and both Koreas agree to a six-way mutual security guarantee. This would diffuse the crisis which began when the Bush Administration last October accused Pyongyang of a secret uranium weapons program, and scrapped the 1994 peace pact between North Korea and the Clinton Administration.

Agreeing to the Six Power plan is a shift by Pyongyang, which till now has insisted on only two-party talks with the U.S., after Washington in January 2002 began to threaten that it "reserves the right" to make a first strike against the North. North Korea's point was to demand that the U.S. recognize its right to exist.

Russia, China, and South Korea all proposed again Aug. 1 that the other five powers guarantee the North's national security, in exchange for Pyongyang's dismantling any nuclear weapons program. To keep Pyongyang talking, Washington needs to agree.

U.S. Presidential candidate Lyndon LaRouche has strongly supported a Six Power solution since 1994, and has widely circulated an economic policy for it, for all six parties to build up the Trans-Korean Railroad and the Eurasian Land-Bridge "from Tokyo to Pusan to Paris." - Neo-Con Lunacy -

The Bush Administration welcomed the North Korean acceptance of the Six Power plan. "We are very glad that the North Koreans have apparently accepted President Bush's proposal," said State Department spokesman Richard Boucher, trying to give the clueless President the credit. The talks could take place in Beijing as early as September, officials said.

Yet, the day before the breakthrough, on July 30, neo-con U.S. arms negotiator Undersecretary of State John Bolton had attacked North Korea in the most provocative way. North Korean leader Kim Jong-il "seems to care more about enriching uranium than enriching his own people," he said in a Seoul speech. "While he lives like royalty, he keeps hundreds of thousands of his people locked in prison camps, with millions more mired in abject poverty, scrounging the ground for food. For many in North Korea, life is a hellish nightmare."

Bolton also insisted that even while sitting down to any multilateral talks with North Korea, the U.S. would be "pursuing simultaneously" its inflammatory April 9 initiative to haul North Korea before the UN Security Council for world condemnation. Russia and China vetoed the last attempt at that in April, and North Korea has referred to it as a "cause for

war."

North Korea, in an Aug. 4 statement, condemned Bolton as a "beast man," a reference to Nietzsche and the philosophy of Leo Strauss, which LaRouche has exposed as being at the center of the neo-con world view. "Such a human scum and bloodsucker is not entitled" to have anything to do with Korean negotiations, the North said. Voicing a desire to continue talks with more reasonable folk in Washington, they added, "We have decided not to consider [Bolton] as an official of the Administration."

North Korea is no paradise, but the point is that since Cheney and his salon put Pyongyang in the No. 2 slot of an "axis of evil," of Iraq, North Korea, and Iran, in the January 2002 State of the Union speech, it has been Cheney lunatics such as Bolton, who have been threatening a U.S. first strike. But North Korea, if attacked, could, in return, obliterate large parts of Seoul (population 13 million) and Tokyo (population 21 million), something no sane man would risk.

The *New York Times* and other Western media loudly reported Aug. 1 that North Korea's *quid pro quo* call for a U.S. non-aggression pledge has been rejected by Washington—which seems odd, since otherwise there is no explanation for Pyongyang's Aug. 1 compromise.

"American officials say they would be willing to consider making a statement to that effect as part of an accord, but the idea of a treaty was ruled out this week by Secretary of State Colin L. Powell," the *Times* sniffed. "A senior administration official, speaking anonymously, was more blunt. 'Non-aggression agreements went out with the 1920s,' he said." - Phony October Blow-up -

Sane men in fact are raising their voices, to ask if the neo-cons' intelligence last October was cooked up, when they suddenly insisted that North Korea was building uranium bombs, and ripped up the 1994 treaty.

The latest issue of *Naval War College Review* presents documentation that "Senior Administration officials" deliberately created from whole cloth the October 2002 confrontation with Pyongyang, by charging that North Korea is enriching uranium to weapons grade, despite the fact that evidence gathered by the CIA and other agencies "is far from definitive."

EIR has been told separately by U.S. diplomatic sources that it was Vice President Cheney and National Security Adviser Condoleezza Rice who wrote a "fixed script" which Assistant Secretary of State James Kelly took to Pyongyang last October, to pick that fight. *Naval War College Review* author Dr. Jonathan Pollack warns sharply that as a result, "the severest of future crises could yet loom."

Reprinted from the Aug. 11 New Federalist.

Chickenhawks Beat The Drums On "China Threat"

by William Jones

Aug. 5 (EIRNS)—Just as the Bush Administration is learning the value of the U.S.-China relationship, at the point when Chinese diplomatic efforts appear to have succeeded in getting the North Koreans to agree to sit down with the U.S. in a multilateral forum acceptable to both parties, the neo-cons have resumed their drumbeat about a Chinese military "threat" to the United States.

The occasion was the publication July 28 of the annual Pentagon report, "The Military Power of the People's Republic of China." An annual report was mandated in the National Defense Authorization Act for Fiscal Year 2000, and was a response by the Congressional "chickenhawks" to Clinton's success in getting Congress to accord China Permanent Normal

Trade Relations status. Every year, the debate on Normal Trade Relations (formerly Most-Favored Nation Trade status), gave the opportunity for any and all to jump on the China-bashing bandwagon before another year's NTR status was awarded to China (as it almost always was). But the assignment of Permanent status to China took away the China-bashers hobbyhorse, and they wanted something in its place.

Thus the substitute for the MFN debate: the mandating of an annual Pentagon report on China's military power. The other measure was the establishment of a Congressional U.S.-China Security Review Commission, which holds hearings on topics related to China.

Undoubtedly when the Congress comes back in September, the Commission will also use the report as a pretext for more hearings on the Chinese military "danger." - Designed To Foment Fear -

While the 52-page report had little to say that would have been new to knowledgeable observers, it was packaged so as to foment new concerns about the goals of Chinese military modernization. The day the report was released, it became grist for the mills of the most notorious Chickenhawk scribblers. The Washington Times published the incorrigible Bill Gertz's rendition of the report under the headline, "Pentagon Says China Refitting Missiles To Hit Okinawa." This undoubtedly got the attention of Japanese readers, which was precisely the intention. (The report does mention in one sentence that China is developing solid-fuel rockets, that is, upgrading the 1950s V2-style liquid-fuel rockets they have been relying on; solid-fuel rockets and satellite guidance systems, which they also plan to develop, could reach Okinawa. This would be roughly equivalent to the United States developing missiles which could reach Jamaica!)

The report underlines the fact that China is now purchasing most of its most up-to-date equipment from Russia, trying to paint a picture of a looming Russia-China alliance. Until the United States slapped sanctions on China after the Tiananmen Square events of 1989, the primary provider of military equipment to China was this country. Can one complain that they would look elsewhere, when the U.S. shut the door by imposing sanctions on just about anything of importance going to China?

What the neo-cons don't seem to realize is that much of China's increased purchase of modern military equipment is motivated by U.S. policy. Over the course of the last two years, China has seen the United States move militarily into Central Asia, where the U.S. apparently intends to stay; invade the sovereign nation of Iraq, in defiance of UN opposition, on the pretext of "weapons of mass destruction" (which have yet to be found); and issue a doctrine that the U.S. will conduct preemptive strikes against any nation by which the U.S. "feels" threatened.

In addition, the Bush Administration has sent decidedly mixed signals to China as to whether it is a friend of the United States or a "competitor." Any government that didn't begin to reconsider its defense policy in light of these factors would be guilty of treason to the nation.

The neo-cons fail to understand that their arrogant posturing toward the world community has set off alarm bells in many directions, and for a nation like China, brutally suppressed by foreign invaders for hundreds of years, the bells have a much shriller sound. The type of imperial mentality so lauded by the new military analysts at the Washington Times and the Weekly Standard, and more quietly harbored by the Cheneys and the Rumsfelds, can in fact create enemies where previously they didn't exist.

Iran and Syria Targetted for War by Cheney-Sharon 'Disinformation Units'

Special to EIW

President George W. Bush's gutlessness toward Israeli Prime Minister Ariel Sharon represents the greatest security threat to the United States at this time, stated Lyndon LaRouche, candidate for the Democratic Party Presidential nomination in 2004.

By the time Sharon left Washington after his July 30 meeting with Vice President Dick Cheney, his government was breaking every agreement he had made with Bush at the Aqaba summit of June 4, and every requirement of the Middle East Road Map. And after the killing of four Palestinians by Israeli military forces over the Aug. 2-3 weekend, another meeting between Sharon and Palestinian Prime Minister Abu Mazen (Mahmoud Abbas) was cancelled, and the fragile cease-fire is about to break down—exactly what the neo-conservative cabal around Cheney wants.

This would be "business as usual" in the Sharon-Bush relationship, for when Sharon is in the room, "W" stands for "Weak." But this time there is more at stake. On July 29, LaRouche raised the question of whether the Cheney-led neo-conservative cabal and their "Synarchist" controllers might be orchestrating a new terrorist attack against the United States, in order to complete their fascist coup d'etat.

Cheney forecast a new 9/11 attack in his July 24 speech at the neo-con stronghold, the American Enterprise Institute. He said: "Having lost thousands of Americans on a single morning, we are not going to answer further danger by simply issuing diplomatic protests or sharply worded condemnations.... We will act, and act decisively, before gathering threats can inflict catastrophic harm on the American people.... The terrorists intend to strike America again." On July 31, he repeated the warning. On Aug. 3, Attorney General John Ashcroft echoed Cheney's prediction. Cheney's demeaning reference to "diplomatic protests" was widely understood to be a jab against Secretary of State Colin Powell.

Propaganda Campaign Against Iran

As reported in the *EIW* Middle East Digest last week, new information suggests that the secret deployment of Sharon's master spy and assassination expert Rafi Eytan to the United States could be involved in the Cheney crew's "new 9/11" plot. The same two corrupt intelligence units that foisted phony intelligence about Iraq on the U.S. Congress and the United Nations — the Office Special Plans in the Pentagon, and the parallel special unit under Ariel Sharon — are spreading false intelligence reports to set the basis for new U.S. attacks on Syria and Iran.

And there are clear indications that the still-secret meeting between Prime Minister Ariel Sharon and Vice President Dick Cheney on July 30 centered on laying the groundwork with a massive propaganda campaign, combined with covert operations, for a U.S. strike against Iran and Syria.

This was hinted in a story in the Israeli daily *Ha'aretz* on July 30, citing sources claiming to have been close to the talks between Sharon and President Bush. *Ha'aretz* says that Sharon presented Bush with aerial photographs and other alleged evidence of Iranian efforts to enrich uranium for use in weapons development, as well as evidence claiming that Iran was supporting militant Palestinian groups, including Hamas and Hezbollah, and that Iran was trying to undermine the cease-fire. Sharon also told Bush that Iran was offering \$50,000 to would-be suicide bombers.

There can be little doubt that this same "information" was discussed in even greater detail, when Sharon met Cheney a day after meeting Bush. Through a back channel in the Office of Special Plans, set up for Cheney and Secretary of Defense Donald Rumsfeld, by the Likudnik network in the Pentagon, the capability exists to launder Sharon's cooked up "intelligence" on alleged weapons of mass destruction in Iran, directly into the media and into White House and Presidential speeches — exactly as was done with the case of Iraq.

On cue, a report appeared in the *Los Angeles Times* on Aug. 4, entitled "Iran Closes In On Ability To Build a Nuclear Bomb," by Douglas Frantz. The article claims to draw on "secret reports, international officials, independent experts,

Iranian exiles and intelligence sources in Europe and the Middle East."

Among the Iranian sources Frantz quotes is the terrorist Moujahedeen el Khalq (MEK), which, despite the fact that it is on the U.S. State Department's list of terrorist organizations, has now become useful to the chickenhawks in their campaign against Iran.

Frantz cites what he claims is a French government report, claiming that Iran is close to producing weapons grade plutonium. Citing "a foreign intelligence officer and an American diplomat," Frantz says UN inspectors have found samples of enriched uranium during their inspections in Iran. Iran, he claims, is concealing weapons research laboratories, including one in a watch factory near Tehran.

Accompanying the article is a map with all the sites where Iran allegedly has nuclear weapon facilities, and detailed explanations of each. Frantz claims that Pakistani nuclear scientist Abdul Qadeer Khan has been helping Iran for years—although he quotes Pakistani President Pervez Musharraf denying it. Allegations of North Korean, Russian, and Chinese roles are also detailed.

Frantz writes: "Foreign intelligence officials told the *Times* that the Central Intelligence Agency, which has long contended that Iran is building a bomb, has briefed them on a contingency plan for U.S. air and missile attacks against Iranian nuclear installations. 'It would be foolish not to present the Commander in Chief with all the options, including that one,' said one of the officials." Of course the CIA refused to officially comment on such an assertion. Nonetheless Frantz wrote that a preemptive strike would have a precedent in the 1981 Israel strike against Iraq's nuclear reactor.

As soon as the *Times* story hit the streets, it became big news on Israeli Army Radio, where it was the lead news item every hour. The same day, a senior Israeli military officer was briefing a closed-door session of the Knesset's Foreign Affairs and Defense Committee, claiming that Iran will have the material needed to make a nuclear bomb by 2004 and will have an operative nuclear weapons program by 2005. Prime Minister Sharon told the committee: "It is clearer than ever that the Iranians are making every effort to acquire weapons of mass destruction."

Getting into the act, the right-wing Japanese daily *Sankei Shimbun* (Aug. 5) claimed that the North Koreans are holding talks with Iran, about exporting their Taepodong 2 long-range ballistic missile and jointly developing nuclear warheads. The paper said that this missile is claimed to have a range of 6,000 kilometers.

This anti-Iranian hysteria is building up just as the International Atomic Energy Agency had a delegation in Tehran to negotiate a new inspections arrangement.

In response to this propaganda assault, Iranian President Mohammad Khatami, speaking before a meeting of senior Iranian officials, including Supreme Leader Ayatollah Ali Khamenei, declared that Iran has no interest in producing nuclear weapons. "I emphasize that Iran is totally against any form of weapons of mass destruction and denounce as false and groundless the claims that Iran is producing nuclear weapons." But he added, "Iran will not renounce the development of nuclear technology, one of the pillars of the power of the people."

Targeting Syria

Syria is being given the same treatment as Iran, with Israel leading the propaganda assault. Writing in *Ha'aretz* on Aug. 5, military commentator Reuven Pedatzur warned that the Israeli military is playing up an alleged Syria missile threat that in reality doesn't exist. Pedatzur cites a recent report in the journal *Foreign Report*, published by *Jane's Defence Weekly*, which quotes Israeli sources claiming that "100 Syria missiles are aimed at Israel," equipped with payloads of VX nerve

gas. Why is this reported now? he asked. After all, Israel has known this since 1988. Furthermore the Israeli military knows it has a powerful deterrent and knows "the Syrians would not dare launch ballistic missiles topped with chemical warheads at Israel because it was clear to them that the price they'd pay would be so high, with painful Israeli Defense Forces attacks on the Syrian rear, that it would not justify the first strike at Israel."

The author writes that this anti-Syria campaign is a repeat of the one against Iraq, which is no longer a threat. It is now building up the phony Syrian threat in order to justify massive investments in the "Home Front" command, including the billions wasted on gas masks for every Israeli, and on building an antiballistic-missile system for a threat that doesn't exist. He writes that the U.S. has done the same thing, with its think-tanks pumping out studies about "the new ballistic missile threats from Iraq, Iran and North Korea. It didn't matter to anyone that the threat didn't really exist, because those three countries don't have missiles with the range to reach the U.S.... The probability that those countries would fire a missile capable of hitting American territory was nil, even if it managed to develop missiles capable of hitting the U.S. With an impressive fear campaign, the American defense establishment managed to enlist enough politicians and public opinion to neutralize the serious threat—of budget cuts."

Border Provocations

Sharon is also heating up the situation along the Israeli-Lebanese border, in an effort to provoke the militant Hezbollah guerrillas in Lebanon to attack Israeli targets. This effort also constitutes an effort to lay the groundwork for attacks on Iran and Syria, the main backers of Hezbollah. Despite the fact that the border has been quiet for over a year, Israel continues to conduct totally illegal overflights with its bombers creating sonic booms over Lebanese territory, as far north as Beirut.

On Aug. 3 there was the mysterious assassination of Hezbollah operative Ali Hussein Saleh. Israel has been accused by Hezbollah and Lebanese government ministers of being behind the assassination. It has been noted that the method of using a powerful car bomb in the assassination is the trademark of Mossad chief Gen. Meir Dagan. A long-time crony of Sharon, Dagan promised, when Sharon named him to the position, that he would restore the Mossad's "proactive" operations, including assassinations.

This campaign against Syria is a major point of dispute between the chickenhawks and the U.S. military-intelligence establishment. This was documented in a feature article by Seymour Hersh, in the *New Yorker* on July 28. Hirsch documents how Syria had become the CIA's most important source on al-Qaeda since the Sept. 11 attacks. This was coordinated directly between Syrian President Bashar Assad and CIA Director George Tenet.

Syrian intelligence proved to be extremely valuable, since many al-Qaeda operatives belong to the terrorist wing of the Muslim Brotherhood, which has been engaged in undermining the Damascus regime for 20 years. The U.S.-Syrian cooperation yielded information that prevented at least one terrorist attack on American forces based in the Persian Gulf. Because Syria hoped to use this contact in an effort to establish a direct channel to the Bush Administration, to restart serious peace negotiations with Israel, the cooperation flourished, despite the persistent attacks on Syria by the chickenhawks and Israel.

Hersh reports that the chickenhawks did everything possible to undermine this cooperation, even though it was yielding highly useful intelligence. When Syria, like most of the countries on this planet, refused to support the Iraq war, the chickenhawks escalated their attacks and false allegations. This came to a head on June 28, when special U.S. army units crossed deep into Syrian territory to destroy a convoy of vehicles they claimed were transporting Saddam Hussein and other high Ba'ath party officials. The attack left 80 people dead, including many Syrian civilians. The convoy turned out to be a group of smugglers trying to transport Iraqi oil into Syrian territory.

Although Syria was willing to maintain the cooperation, the hardliners in the Bush Administration forced a break-off of the

ties. Hersh reports that the CIA is "pissed," but the big losers are likely to be American citizens who could become the victims of the next Sept. 11-style terror attack—an attack from which Vice President Dick Cheney and Israeli Prime Minister Ariel Sharon would both greatly benefit.

Fox Tells Mexicans: 'Let Them Eat Cream'

by Gretchen Small

Aug. 6 (EIRNS)—Following the official announcement that unemployment in Mexico is at its highest since he took office in 2000, President Vicente Fox asked his Secretaries of Labor and Economy to join him on his July 26 Saturday radio show, where he announced, with great pomp, that "we have left aside the idea of a neo-liberal economy.... Starting now, our absolute priority is the strengthening of internal markets."

Before his listeners could begin to hope that their President had suddenly recognized reality, Fox made clear that his government has no plans to invest in job creation, but intends to continue with its policy of strict "fiscal discipline." Fox said, instead, that his government will encourage individuals to invent their own jobs. Mexico must "advance from being a country of workers, to a country of entrepreneurs," he intoned, as his Secretary of Economics, Fernando Canales, explained that what they are recommending is "self-employment."

A few days later, Canales elaborated this economic "strategy" before a Congressional committee. The Congressmen present listened, incredulous, as the lunatic free-trader went on about how the Fox government planned to help those with "the simplest idea," such as baking cakes in their home, or putting up a taco stand on the street; those who do not sell the corn produced on our farms as corn on the cob, "but as grains complemented with cream." Adding cream to corn exemplifies how Mexico can "add greater aggregate value" to its products, said Canales! - Losing Control -

Fox has, in fact, championed this feudal "micro-business" strategy (a World Bank favorite) since before he was elected. But he staged his "I'm not a neo-liberal" show, in an attempt to make it appear that his government is doing something, as opposition to his non-government grows on every side.

Ferment over the economic breakdown—75 million of Mexico's 100 million people today live in poverty—is exploding. Mass marches have been called by major peasant and farm organizations for Aug. 8 in cities across the country, against the government's failure to assist the bankrupt farm sector.

The way things are going, the President may soon decide to cancel his public appearances. In the first days of August, he held a public meeting to discuss the problems of education. The woman invited to speak for the students held up her diploma, reported that she had graduated with top honors, and said she had no job. What, Mr. President, is the point of education, if there are no jobs for those who study? So, too, when Fox followed up with a meeting on health, the chosen spokesman of the medical field asked why the President bothered to hold these meetings, if there are no hospitals, nor clinics, nor medicines with which to work?

On the other side, the foreign financiers who put Fox in the office, are squeezing him to deliver on the economic "reforms" needed to increase their looting of Mexico: eliminating labor protections, and opening the oil and electricity sectors, in particular, to foreign investment. - A Sign of Real Desperation -

Fox's PAN Party was so badly whumped in the July 6 mid-term elections, however, that he doesn't have the base in Congress to get those reforms through. He turned for help to George Bush the elder's corrupt buddy (and Mexico's former President) Carlos Salinas, the man who put through the genocidal North American Free Trade Accord (NAFTA) during his term in office, 1989-94. Some call the deal Fox and Salinas struck, one of "co-government": Salinas is to line up his faction

in the PRI Party behind the reforms, in return for which the despised former President is permitted again to play king-maker in Mexican politics, in the jockeying for the 2006 Presidential elections.

The financiers' hopes rose when a well-known Salinas agent, Elba Ester Gordillo, was elected head of the PRI faction in the Chamber of Deputies in July (although not by a great margin). The financiers figured that she could deliver the PRI votes, and Fox those of his PAN Party, to pass the reforms.

However, PRI Senator Manuel Bartlett, who led the successful fight a year ago to defeat efforts to privatize the energy sector, declared on July 23, that the privatization of Mexico's energy sector will not go through. "PRI members are very clear on what our national interest is: preserving energy for Mexicans, and preserving sovereignty," he told the press.

Bartlett is a man of deeds as well as words. On June 25, he and PRI Congressman Salvador Rocha Diaz filed a bombshell suit before the Federal Superior Accounting Office, demanding that 225 licenses to generate electricity granted to private parties under the former Zedillo and current Fox governments, be investigated for being in "flagrant violation" of national laws and the Constitution.

On July 28, the two chairs of the Chamber of Deputies' Energy Committee, one of them a PRI member, announced that should the Executive branch proceed with schemes which de facto privatize natural gas, they will bring a suit before the Supreme Court.

Bush Has A Chance to Dump Cheney Before It's Too Late

by Jeffrey Steinberg

On Aug. 4, the Washington Post printed a front-page leak alleging that Secretary of State Colin Powell and Deputy Secretary Richard Armitage had recently informed Condi Rice that they would leave the Bush Administration the day after the 2005 inauguration, if Bush is reelected. While Powell's office immediately issued a carefully worded disclaimer, denying the purported Armitage-Rice meeting where the resignation message was delivered, Lyndon LaRouche has identified the significance of the Powell maneuver.

Powell, in effect, has issued a powerful warning to President George W. Bush and his chief political adviser, Karl Rove, that there is no longer room inside the Administration for himself and Vice President Dick Cheney and the gaggle of neo-conservative Chickenhawks who operate under Cheney's protection. As Rove is well aware, a Powell resignation would be the kiss of death for President Bush's reelection hopes.

While the "story behind the story" of the Washington Post leak is not fully known, Powell did make a point of spelling out his views on the Cheney/neo-con gang in an interview, published the same day in the Washington Times and many other newspapers around the country, with syndicated columnist Georgie Anne Geyer. While he bristled against speaking directly about the neo-cons by name, Powell made clear that the events of Sept. 11, 2001 shifted the direction of the Bush Administration very negatively.

"The President came in with a philosophy that I could very much identify with," he told Geyer, "with helping people in need as well as dealing with these kinds of challenges. Then 9/11 came, and that fundamentally changed the nature and tone of the Administration. But I never lost sight of what the President was trying to accomplish in the first place. He is still active on those goals, but they don't get spoken about or written about enough."

Powell indicated his notion of diplomacy is "not moving armies around. It's moving alliances and friends around.... My job is to try to see if we can create conditions where military force won't be necessary"—an obvious rebuff to the Pentagon

civilian neo-cons, who are promoting a string of "perpetual wars" in Eurasia, as part of their fantasy of a Pax Americana.

Powell acknowledged frictions in the Bush Administration, but saved his harshest words for the issue of intelligence and truth, a stinging, if veiled, attack on the Cheney-Rumsfeld-Wolfowitz cabal who are under mounting attack for "spinning" intelligence to fit their Iraq war plans.

"I spoke to my intelligence crowd two days ago," he told Geyer, "and I told them, 'The highest loyalty you can show me is when you tell me what you think; and when you don't tell me something because you're afraid it will be contrary to what I want to hear, or because you think it will make me mad, then you're not being loyal to me.' "

Powell expressed his confidence that the Iraq war will not transform the country into a "different America"—i.e., a wannabe empire, as envisioned by Cheney et al. "I have supreme confidence in the judgment of the American people to stay true to the values of the country and to sort things out."

Geyer's own conclusion: "So who really is Colin Powell? He's the calm, rational and cultured center around whom the typhoons and riots play. And despite the care he takes in what he says, those typhoons and riots are not always in foreign lands, but are right around him, in the fanatical mind-sets of the 'other' part of this Administration. Out of loyalty and because of his own character, that's the story he simply will not tell." - But Others Tell It Like It Is -

LaRouche's assessment—that Powell has delivered a subtle but deadly ultimatum to Bush and Rove, that Cheney and the neo-cons must go—has been corroborated by several Washington intelligence sources, who say Powell has strengthened his position by this move. According to one, Powell recently moved to fire State Department arms control chief and former American Enterprise Institute vice president John Bolton for inflammatory statements about North Korea, and was rebuffed by "the White House"—that is, by Cheney. This prompted Powell to deliver his ultimatum.

On Aug. 5, Powell, his wife Alma, and Armitage visited privately with President Bush at his Crawford, Texas ranch, and sources close to the Administration report that the President asked Powell to pledge that he'd stay on. Today, the Powells, Armitage, President Bush, and National Security Adviser Condi Rice all held a press conference together at the ranch, in what some sources characterized as a dramatic show of confidence by the President in his Secretary of State.

LaRouche observed that the question is squarely on the President's plate: Will he move against his neocon "enemy within"? If Bush fails to clean house, and Powell departs or confirms that he will not be part of a second Bush Administration, LaRouche noted, Bush will not have to resign. He will *be resigned* by the American electorate.

Over the past week, fresh ammunition against Cheney and his war party has surfaced, giving the President further cause to start dumping the neo-cons.

Most significant was the public reemergence of Ambassador Joseph Wilson, who delivered a series of devastating exposés of the role of Cheney, his chief of staff Lewis "Scooter" Libby, and the Pentagon neo-cons, in fabricating the evidence to start the Iraq war, and then launching vicious smears against those honest officials who dared to challenge their criminal misconduct.

Wilson, who travelled, at the behest of the U.S. intelligence community, to Niger in February 2002, to investigate charges that Iraq was seeking to purchase 500 tons of uranium precursor ("yellowcake"), gave TV interviews to MSNBC's Chris Matthews and CNN's Wolf Blitzer on July 31 and Aug. 3. He appeared on Aug. 4 at the National Press Club in Washington, to deliver his most detailed account yet of his mission, and the role of Vice President Cheney in perpetuating the fraud of Saddam Hussein's nuclear WMD program, to armtwist the Congress and the United Nations into backing a

needless and now disastrous war.

In his opening remarks and in response to a question from this author, Wilson made clear why he was certain that Cheney had received an official report-back on his mission to Niger, in which he concluded that the reports of Iraq seeking uranium were very dubious. First, it was Cheney who tasked the intelligence community to probe the yellowcake story, through the official CIA briefer assigned to his office. This was not an informal request, but part of the standing procedure, through which the Vice President initiates intelligence probes. Wilson met with representatives of a number of intelligence agencies before his trip, and was informed that his mission was the result of the Vice President's initiative. He was debriefed upon his return, and a cable was generated off that debriefing on March 9, 2002.

Wilson made clear that he considered it out of the question that Cheney was not briefed on the results of the mission he had tasked.

Wilson also gave an account of the retribution against him—including a Robert Novak syndicated column based on reports from "two senior Administration officials," naming his wife as a CIA operative engaged in work on WMD—following his public account of his Niger mission. The leaking of the identification of a CIA officer, he pointed out, is a serious Federal crime. Although the laws prohibiting such leaks were not the basis for the prosecution of convicted Soviet spy Aldrich Ames, Wilson drew the parallel between the "senior officials" who leaked to Novak and Ames' spying for Moscow.

Ashcroft Gestapo Tactics Under Fire

by Edward Spannaus

Aug. 1 (EIRNS)—As the record of violations of the rights of U.S. citizens and immigrants by Attorney General John Ashcroft under the so-called USA-Patriot anti-terrorism law, is piling up—and is now the subject of a major lawsuit just filed in Detroit—the story is also coming out as to how Ashcroft is using the threat of declaring a suspect an "enemy combatant" and throwing him into the black hole of endless military custody, to coerce defendants to plead guilty to charges which the government might not be able to prove in court.

Although the U.S. government has but two U.S. citizens locked up and being held incommunicado, in denial of all Constitutional rights, in military prisons as "enemy combatants" under President Bush's Military Order issued Nov. 13, 2001, the corrupt benefit which Ashcroft derives from this is much broader, as shown by some recent cases.

The use of threats of draconian punishment to pervert the justice system, is characteristic of the manner in which Ashcroft operates.

In a June 5 appearance before the House Judiciary Committee, Ashcroft demanded that Congress give him still more powers—more surveillance powers, more drastic sentencing provisions, and more death penalty applications. Ashcroft made it clear that his desire for harsher sentences is not for purposes of punishment or deterrence, but as a lever for coercing "cooperation" and plea-bargaining. Ashcroft complained that "existing law does not consistently encourage cooperation by providing adequate maximum penalties to punish acts of terrorism," and called for greater use of the death penalty and life imprisonment. - The Lackawanna Six -

The Washington Post reported recently how Ashcroft's Justice Department has used the threat of indefinite military imprisonment, to compel guilty pleas from six young Yemeni-Americans from Lackawanna, N.Y. The six were coerced into pleading guilty to terrorist crimes, with sentences of six to nine years, under the threat that if they didn't, they would be designated as "enemy combatants" and shipped off to military prisons, where they would have no access to lawyers or the courts.

The six have admitted attending an al-Qaeda training camp in Afghanistan prior to the 9/11 attacks—having been recruited to go there for ostensibly religious purposes—but the government could offer no evidence that they planned any terrorist acts against the United States.

Lawyers for the six feared that if they went to trial, and the case started going badly for the prosecution, the government might transfer the cases to the military. (This is similar to what occurred in the case of Lyndon LaRouche et al., which was being tried in Federal court in Boston in 1988; the case was dropped and transferred to the Alexandria, Va. "rocket docket," when the Justice Department realized that it was losing the case after five months of trial.)

"We had to worry about the defendants being whisked out of the courtroom and declared enemy combatants if the case started going well for us," said a defense lawyer. "So we just ran up the white flag and folded. Most of us wish we'd never been associated with this case." Neil Sonnet, the chairman of the American Bar Association's task force on the treatment of enemy combatants, says: "The defendants believed that if they didn't plead guilty, they'd end up in a black hole forever."

"These guys wouldn't hurt a flea, but they were fools to go [to Afghanistan] and fools not to be honest," says a Lackawanna man who had coached most of the defendants in soccer. "After the Sept. 11 attacks, it became a disaster. I told my nephew, 'Take a plea because no jury is going to sympathize with you now.' "

It is also reported that this was the reason that Ohio truck driver Lyman Faris pleaded guilty to having had an implausible plan to bring down the Brooklyn Bridge, because he feared being declared an "enemy combatant" if he didn't plead guilty. It's hard to see how any jury would have taken such a wild charge seriously: namely, that Faris was supposedly going to cut the supporting cables of the bridge and cause it to collapse—without anyone noticing!

Another twist to the Lackawanna Six story, relates to Defense Secretary Rumsfeld's evolving plans for targeted assassinations (as in Iraq). Defense lawyers naturally sought to question the two men who had recruited their clients to go to Afghanistan for "jihad training." One, Juma al-Dosari, has been widely reported to be in the Guantanamo Bay military prison, but the Justice Department refuses to acknowledge his presence. The other, Kamal Derwish, was killed along with five other men when U.S. forces fired a missile at their car in Yemen, in an Israeli-style targeted assassination. "He's the alleged recruiter, but now he's been incinerated by the government," said a defense attorney. - The Moussaoui Case -

Also being closely watched, for its implications for civilian trials in terrorism cases, is the proceeding in Federal court in Alexandria, Va., involving terrorist suspect Zacarias Moussaoui. Moussaoui, a French-Algerian, is charged with participation in the Sept. 11 conspiracy—even though he was already in jail at the time of the hijacking attacks—and could face the death penalty if convicted.

Moussaoui's lawyers have sought access to Ramzi bin al-Shibh, identified as a top al-Qaeda operative involved in planning the Sept. 11 attacks, who is being held by the U.S. military at an undisclosed location abroad after being captured in Pakistan last year.

Under the Sixth Amendment to the U.S. Constitution, an accused person is entitled to call witnesses on his behalf, and Moussaoui's desire to question bin al-Shibh is about a clear exercise of a Sixth Amendment right as can be found. According to press reports, bin al-Shibh has told his interrogators that Moussaoui was considered untrustworthy by the al-Qaeda leadership, and that he was not part of the 9/11 attacks. Irrespective of the truth or accuracy of such reports, Moussaoui is certainly entitled to call such a witness, who could offer exculpatory testimony. The judge trying the case has agreed, and has ordered prosecutors to make bin al-Shibh available for questioning by Moussaoui's attorneys, as a potential defense witness.

The Justice Department and the Defense Department have totally refused to cooperate with the judge's order, grandiosely claiming that any questioning whatever of bin al-Shibh, could jeopardize the entire U.S. war on international terrorism. And so far, even the Fourth Circuit Court of Appeals, which has upheld most of the government's actions in terrorism cases (such as the "unlawful combatant" designation), has declined to overturn the judge's order.

The Justice Department has been dropping broad hints that it will abandon the Federal court case, and transfer Moussaoui to military custody, if faced with no choice but to produce bin al-Shibh. Of course, even the military tribunals may grant defendants the right to call witnesses, so that may not work either. But there is nothing in the way the Justice Department interprets the law, or in the President's military order, that says that the government has to put "unlawful combatants" on trial. They can just be held indefinitely, without access to a lawyer, the courts, or even to their families.

Although such detention—such as is being done with over 600 military prisoners—violates international legal conventions to which the U.S. is a party, John Ashcroft could care less. And, as can be seen from the Lackawanna and Brooklyn Bridge cases, the use of such military detentions only increases his leverage in civilian cases. - ACLU Sues Ashcroft -

On July 30, the American Civil Liberties Union filed a lawsuit in Federal court in Detroit against Ashcroft and FBI Director Robert Mueller, asking the court to declare the notorious Section 215 of the USA-Patriot Act unconstitutional, and to issue a permanent injunction preventing the FBI and Justice Department from enforcing it.

According to the complaint filed in court, Section 215 allows the government to obtain access to a person's financial and other records and personal belongings—without having to show probable cause or any convincing proof that the person is involved with terrorism.

The FBI can obtain financial records, membership lists, records of library borrowing or Internet use, and the like, in total secrecy, and without the person targetting ever knowing about it.

Nor, contrary to the Justice Department's assertions, is this power limited to non-citizens. All the FBI has to do, is to claim that the records are sought in connection with a foreign intelligence investigation. The application is made to the supersecret Foreign Intelligence Surveillance Court, which has little authority to question an application presented by the FBI and Justice Department.

The Detroit suit was filed on behalf of six organizations that work with Arab-Americans and Muslims. Many of the groups deal with immigrants; one assists refugees from Saddam Hussein's Iraq, many of whom had helped the United States during the first Gulf War. That group, called Bridge Refugee and Sponsorship Services of Knoxville, Tenn., had all of its records relating to Iraqi refugees subpoenaed by the FBI.

Section 215 has also been the subject of intense opposition from a group that usually does not get involved in political protests: librarians. The provision allows the FBI to obtain access to a library's records concerning a subject's reading habits, borrowing, or Internet use.

About 165 communities around the country have now passed resolutions or bills condemning the Patriot Act, and in some localities, barring local officials from cooperating with Federal agents trying to enforce Section 215.

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Tom Delay: How the Texas Bum Became a Top Fascist
by Anton Chaitkin

House Majority Leader Tom DeLay (R-Texas) visited Israel in late July, to destroy the U.S. "Road Map" plan for Mideast peace and promote all-out war. Prime Minister Ariel Sharon stayed in Israel to confer with DeLay, putting off Sharon's own scheduled trip to Washington to meet with President Bush. Informed sources report that DeLay told Sharon not to take seriously what the President or Secretary of State Colin Powell would say, that DeLay and his allies had them under control. To various Israeli groups, DeLay used "end-times" rhetoric, called for new arms shipments, and ruled out a Palestinian state. He declared, "There is no middle ground, no moderated position worth taking," and demanded war "until the last terrorist on Earth is in a cell or a cemetery."

Tom DeLay controls the U.S. House of Representatives. House Speaker Dennis Hastert is spoken of as his puppet. The coercion through DeLay's huge election-funding PACs, the bullwhip he displays slaveowner-style, as an emblem of intimidating Congress, and his rise from the obscurity of a pest-control business, have given him the nickname "Terminator." (Some call him derisively "Messiah," for his Christian Zionism; he seems to have amalgamated the two concepts.) His power makes him a lynchpin of the Cheney-Rumsfeld-Ashcroft global fascist agenda. - The Bum and Beelzebub -

When he was first elected to Congress in 1984, Tom DeLay was just a boozing, partying, whoring thug. By his own account, he had "eight, 10, 12 martinis a night at receptions and fundraisers." This personal deterioration, against a background of family members' failure and alcoholism, left him mentally vulnerable to an elite, satanic power-cult. Exposed in the March 2003, issue of Harper's magazine, this secretive group works under cover of Christian themes and is known variously as "The Fellowship" and "The Family." To men whose lives are collapsing, their pitch is, Do our bidding and we will give you earthly power. Say you love Jesus and He will forgive any crimes you commit for the power structure we serve. Their admitted models for secrecy and loyalty are Napoleon, Hitler, and Stalin, the "Jesus" overlay notwithstanding.

Founded in the 1940s by Anglo-Dutch intelligence operatives, The Fellowship serves the Cheney faction as a political-religious management team surrounding President Bush and other weak minds. The apocalyptic rightist Kansas Senator Sam Brownback *resided* for years in the cult's C Street premises in Washington, D.C., as do several other members of Congress today. (The group runs the famous Washington Prayer Breakfasts.)

Representative Frank Wolf (R-Va) reportedly did the initial capture of DeLay in 1985, making the freshman Congressman weep at the futility of his life. Charles Colson evidently became DeLay's manager within The Fellowship. Colson himself had been psychologically grabbed at the point he was indicted for his role as the "hatchetman" in the Nixon Watergate scandal. The cult created through Colson the Prison Fellowship Ministries, which they now run under Colson's name throughout America's prison systems. In the flagship unit in Tom DeLay's home district, Texas has given the cult full-time control over many prison inmates. Dutifully, Tom DeLay now teaches a class series at his home church in the theology of Chuck Colson! - Casino Jack and the Death Squads -

The next step on DeLay's road to power was his coupling with Jack Abramoff. Jack's ties to top Nazis (despite being Jewish), assassins, and the Mafia would prepare DeLay for the limelight he entered with the 1994 conservative sweep of Congress.

Jack Abramoff is known as a leading lobbyist in such fields as sweatshops and casino gambling, and as Tom DeLay's financial angel, the chief "fixer" and fundraiser for the PACs by which DeLay wields power in the GOP.

In Washington as national chairman of the College Republicans (1981-84), Abramoff jumped into many ultra-right covert-action projects: the cocaine-running Nicaraguan Contras, the opium-funded Afghani Mujahideen (spawning al-Qaeda), and the British imperial gun-drug-gambling circuits controlling the South African apartheid regime. Abramoff chaired Oliver

North's Citizens for America.

Abramoff led the U.S. end of the International Freedom Foundation (IFF), a covert U.S.-British-Israeli propaganda and purported assassination bureau for the South African military. IFF supervisor and co-founder, the spy Craig Williamson, was accused in 1996 in South African courtroom testimony of having carried out the assassination of Swedish Premier Olof Palme (Palme was reportedly investigating South African/East German gun-running). Williamson was alleged to have run the 1985 gunning-down, in London, of a Seychelles Islands opposition figure. From Abramoff's IFF office, Williamson surveillance teams were also tailing someone tied to that 1985 victim.

Abramoff produced a 1989 propaganda film, "Red Scorpion," for the South African regime. The IFF and Abramoff worked with the World Anti-Communist League, the post-World War II set of old Nazi operatives, death squad leaders, and anti-Semites.

Jack Abramoff was introduced to Tom DeLay by South African rightist Rabbi Daniel Lapin, whom Abramoff sponsors for Lapin's cultivated ties with Pat Robertson (an African imperial investor) and the U.S. Christian Zionists. And Abramoff's fanaticism for the Israeli ultra-right has been joined by DeLay.

There are big payoffs.

Congress in June 2000 passed a DeLay-supported bill giving chunks of land to the Choctaw Indians, in connection with casino gambling. DeLay has led the swing of Indian casino operators and their campaign contributions over to the Republicans, while the gambling tribes have paid DeLay's go-between, Abramoff, uncounted millions—\$10 million from the Choctaws alone.

Abramoff has also secured vast sums for himself, DeLay, and their PACs by promoting slave labor in the Marianas Islands. Abramoff has been the official representative of the infamous Pacific garment sweatshops. DeLay runs Congressional strongarming to keep the lucrative nightmare conditions in that U.S.-run commonwealth. - Miami Hit—"Unsolved" -

Abramoff and his partner, Gambino/Gotti-linked Adam Kidan, bought SunCruz, America's largest fleet of seagoing casino gambling ships. But the seller, Gus Boulis, complained Abramoff had bilked him and actually not delivered the \$23 million due. On Feb. 6, 2001, two cars boxed in Boulis's car in an ally and he was shot to death.

Former DeLay aide Mike Scanlon, spokesman for the SunCruz operation, told reporters, "I do think it's a bit premature to follow a storyline about how a Washington lobbyist fellow, like Jack, now finds himself in this tumultuous world of murder for hire.... Abramoff and his partners can expect to be contacted soon by homicide detectives, seeking clues as they sift through the complex business dealings between Boulis and his casino antagonists."

The murder is still unsolved. But after bad publicity, Abramoff turned over his 35% SunCruz share to the murdered man's estate.

Abramoff also had to abandon a planned \$100-million junk bond offering which was to have expanded the floating casinos into Tom DeLay's Marianas Islands paradise.

But the born-again former bum has been riding high. In mid-September 2000, DeLay flew 30 lobbyists to Las Vegas, Abramoff's world of casinos, for a round-the-clock party weekend. The highlight: a lobbyist poured champagne on Tom's daughter Danielle, the weekend hostess, while she was in the hot tub.

Wolfowitz Grilled by Senate Committee

by Carl Osgood

WASHINGTON, Aug. 4 (EIRNS)—The rough treatment that Deputy Secretary of Defense Paul Wolfowitz received at the hands of the Senate Foreign Relations Committee on July 29, may be an indication that the Pentagon Chickenhawks are beginning to lose their credibility on Capitol Hill. Even more remarkable, the grilling Wolfowitz was subjected to was bipartisan—from Republicans as well as Democrats. Wolfowitz delivered an hour-long opening statement in which, among other things, he told the Committee how terrible the Saddam Hussein regime was, and he declared that the ongoing operations in Iraq are "central" to the U.S. war on terrorism.

The Senators who interrogated Wolfowitz and Office of Management and Budget (OMB) director Josh Bolten, zeroed in on the ongoing costs of the operation, and on the shifting explanations for why the U.S. went to war against Iraq, in the first place. The Pentagon has not supplied cost estimates for operations beyond the Sept. 30 end of fiscal 2003. When Bolten told Sen. Joe Biden (D-Del) that "we don't know what" future costs in Iraq will be, Biden burst out with, "Give me a break, will you? When are you guys starting to be honest with us? Come on! I mean, this is ridiculous."

Senator Lincoln Chaffee (R-RI) then took up the issue of the justification for the war. He pulled out the 1998 report of the Project for a New American Century, to document that Wolfowitz has, in fact, been in favor of regime change in Iraq for a more than a decade. Wolfowitz claimed that the difference between his view then and now was 9/11; that before 9/11 he did not advocate the large-scale use of U.S. military power to do that job, but 9/11 "changed the stakes, in my view." Chaffee did not accept that explanation and replied to Wolfowitz, "I really resent when witnesses talk that this is in the light of Sept. 11 when the evidence is to the contrary."

Senator Russ Feingold (D-Wisc) took on Wolfowitz's claim that "the battle to secure the peace in Iraq is now *the* central battle in the global war on terror." "Am I to understand," Feingold asked, "that the way to defeat global terrorists who use international networks is to have the United States Administration act on what you have described in your own words as quote 'murky intelligence,' when this action alienates important allies in fighting terror in places that do not appear to have meaningful links to al-Qaeda?"

Wolfowitz replied that he was "absolutely sure we have our eye on the ball," and claimed that the U.S. had "made some very big gains" in the war on terrorism, but then warned, "Let's be clear, it's going to be a long struggle."

Senator Barbara Boxer (D-Calif) brought the issue of the costs of the Iraq war a little closer to home. She said the priority issues in her state are jobs, getting the economy moving, and affordable electricity, all things Wolfowitz said were priorities in Iraq. "So, ... when my people hear what we are spending in Iraq right now, \$45 billion a year, they're starting to ask me questions, and I can't tell what the outlook is because you won't tell us." She wanted to know how the U.S. could square the spending of \$45 billion a year in Iraq when the annual budget for higher education is \$23 billion, \$6.7 billion for Head Start, \$31 billion for highways, \$23 billion for veterans' healthcare, and \$27 billion for the National Institutes of Health.

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Joe Lieberman: The Darling of the DLC

Washington, Aug. 4 (EIRNS)—At the National Press Club here today, Democratic Presidential hopeful Joe Lieberman (Senator from Connecticut and Al Gore's 2000 running mate), gave a speech in which he said he was charting out the future of the Democratic Party.

Lieberman's basic point, as befits a favorite of the "moderate" Democratic Leadership Council, was that the Democratic Party daren't risk opposing the war in Iraq, the war on terror, the police-state Patriot Act, and the like—and if it is "pushed to the left" (as he called it), it will wind up "in the political wilderness."

The speech featured the following hard-core DLC points:

*Economy—more free trade. "I imagine America fighting for both free trade and fairer trade, opening up new markets and cracking down on unfair foreign practices...."

*War—"FDR recognized, too, the necessity of meeting tyranny with force.... Kennedy was also for a strong defense...."

*Domestic security—"George Bush resists a Homeland Security Department and then underfunds it...."

Hospital Closings Hit Detroit's Poorest

by Stuart Lewis

Aug. 4 (EIRNS)—In a time of epidemics both looming and already here—from AIDS, to West Nile virus, to SARS, to who knows what else—another epidemic is hammering the country; that of hospital closings, especially hospitals that serve non-wealthy, inner-city populations without health insurance. Fully 20% of the nation's community hospitals have been shuttered in the past 10 years.

The latest city to be struck with the epidemic is Detroit, and the most recent hospital is Detroit's St. John Northeast Community Hospital.

The hospital serves a patient population of whom half are uninsured or on Medicare, in a city in which an estimated 60% of the residents live in medically underserved areas. They will soon be even more underserved. The hospital's owners will close its inpatient beds and emergency room, and convert it into a primary-care and outpatient facility, with devastating effect for the already-threatened health of the people of the area.

According to a report issued by the Detroit Healthcare Stabilization Group, "Detroit's population has higher rates of illness and chronic disease than other parts of the state and there is a lack of primary care opportunities and health-care professionals in the area." Also, "Detroit has higher rates of uninsured and low-income individuals than the rest of the state.... 22% of residents are uninsured, compared to 11% statewide."

Yet despite all that, the hospital made \$900,000 in fiscal year 2003; a group of physicians, the Holy Cross Foundation, has offered to take over the hospital and, according to the Detroit Free Press, they "guarantee them [the current owners] that we can make money and attract more patients." So far, however, Oct. 1 remains the date for closing the hospital.

The hospital's patients are now expected to go to Detroit Riverview, which lost \$2.9 million in FY 2003, and is located in what some describe as a bad neighborhood. For many of St. John Northeast's patients, Detroit Riverview is a longer, harder trip.

But the hospital's closure is just one aspect of Detroit's hospital problem. The move to close St. John Northeast is part of a systemwide restructuring to save the Detroit-based health system \$65 million in the current fiscal year. And, according to the report issued by the Detroit Healthcare Stabilization Group, bailing out the area's hospitals will be no small matter. The group's report states that "ultimately, stabilizing the health-care system in Detroit and Wayne County may require an

infusion of an additional \$246 million annually." The report recommends setting up a health authority for the City of Detroit and Wayne County to be funded through a "mix of Federal, state, and philanthropic funding, and patient fees."

Considering the downward economic spiral the nation finds itself in, it seems doubtful the funds will ever be found to implement this plan. And meantime, the people of Detroit pay in shorter lifespans and healthier lives.

U.S. Economic/Financial News

Soaring Home-Mortgage Rates Threaten Consumer Bubble

Surging mortgage rates could the pop consumer bubble, warned the *New York Times* in a front-page article on Aug. 5. Mortgage rates have soared as the bond market has collapsed—due partly to the Federal Reserve—causing mortgage refinancing to drop by half during the past several weeks. Were long-term interest rates to continue to rise, they would make it more expensive for Americans to buy a house or to borrow money against their houses (i.e., home-equity loans), thereby threatening consumer spending—the "pillar" of the U.S. economy, warns Edmund Andrews. Businesses would also face higher borrowing costs.

The jump in long-term interest rates shows that the Federal Reserve has lost its influence in the financial markets, Andrews notes. Investors ignored the Fed's lowering of the Federal funds rate, and instead pushed up long-term interest rates by selling Treasury bonds, due to doubts about the Fed's ability and willingness to take "unconventional" actions to flood the markets with money. "It looks to some people now as if the emperor has no clothes," stated Sung Won Sohn, chief economist at Wells Fargo, referring to Federal Reserve Chairman Alan Greenspan.

Mortgage lenders, to counter the risk of borrowers' repaying their loans early, hedge their \$5 trillion loan portfolios by buying Treasury bonds. But as interest rates shot up in July, mortgage lenders expected a drop in refinancing activity, and sold Treasuries, or derivatives securities linked to them. This pushed interest rates higher, creating a vicious cycle.

End of Refinancing Boom Could Shatter 'Wealth Effect'

Rising mortgage rates could also trigger a reverse "wealth effect" among homeowners, the *Wall Street Journal* warned in its lead editorial Aug. 6. Climbing long-term interest rates could signal the end of the mortgage refinancing boom that has propped up consumer spending. Homeowners would no longer be able to raise cash either by cash-out "re-fi's" or through home-equity loans, while facing increasing mortgage payments. Housing prices would eventually fall if rates continue to rise.

Financial institutions—notably Fannie Mae and Freddie Mac—which have bet on low interest rates, would be hit by the rising rates and resulting mortgage defaults, through interest-rate derivatives and mortgage-backed securities. In order to "cope with, and minimize" hedge-fund and bank failures due to the "bond bath," the *Journal* suggests "beef[ing] up" the U.S. Treasury's financial team.

Greenspan Has Lost His Credibility

In a *Wall Street Journal* op-ed Aug. 8, headlined, "The End of Maestro-Economics, Hoover Institute fellow Melvyn Krauss declares that the financial markets no longer believe anything Fed Chairman Alan Greenspan says. Greenspan manipulated bond prices by using unconventional measures of monetary stimulation, and talking up a non-existent deflation problem, Krauss writes.

The Federal Reserve "should use next week's FOMC [Federal Open Market Committee] meeting to start a new era by foregoing manipulative hype," insists Krauss, and by "leveling with the American people about the true state of their economy—no rosy scenarios please." "The last thing we need at this stage is for the stock market to suffer the same fate as bonds."

Rapid Interest-Rate Rise Could Trigger Huge Losses at Fannie Mae

The giant home-mortgage lender Fannie Mae faces much larger losses—billion of dollars—from a rapid rise in interest rates, than it has admitted publicly, according to the *New York Times* Aug. 7. The story is based on the company's computer models, which were leaked to the *Times* by a former employee, who said he feared Fannie was becoming a risk, not only to taxpayers (the Federal government likely would repay the debt that Fannie had issued if the company could not), but also to the entire financial system.

At the end of 2002, the models showed Fannie's mortgage portfolio would have lost \$7.5 billion—50% of its market value (assets minus debts), if interest rates rose abruptly by 1.5%. The mortgage-finance Goliath has never disclosed what its losses would be if interest rates shot up quickly by 1.5%. In its most recent annual report, Fannie claimed that if rates rose 1% on Dec. 31, it would have made \$600 million. But, this estimate includes gains not directly related to mortgages. In fact, the computer model predicted a \$2.6 billion loss, between the value of the mortgages it owns and the value of the debt it has issued.

Fannie has not indicated how much the recent jump in interest rates has affected the market value of its mortgage portfolio. "There is no reason for anybody to be worried about the company," claimed Peter Niculescu, executive vice president for Fannie's mortgage portfolio, because the company has moved aggressively to hedge its risk (e.g., using derivatives).

Bond and derivatives brokers say the company has not provided enough information to gauge its risk to abrupt swings in interest rates.

Ominously, Fannie is so highly leveraged, with more than \$50 in debt for each \$1 in equity capital, that its equity could be erased if its assets fell in value by less than 2%, according to its most recent annual report.

"The fact that they have not blown up in the past, doesn't mean that they're not going to blow up in the future," said Nassim Nicholas Taleb, a hedge-fund manager. Fannie Mae's computer models, he said, do not account for devastating jumps in interest rates.

Pension Funds Sue Freddie Mac Over Accounting Tricks

Freddie Mac has been sued by two states and a labor union pension fund, over bogus accounting practices. Combined lawsuits were filed Aug. 8 in Federal court in Manhattan by the West Virginia Investment Management Board, which lost about \$1.8 million, and the Central States Teamster Fund, which lost about \$8.2 million. Ohio Attorney General Jim Petro said he will file a lawsuit against Freddie Mac to recover funds lost by both the state teachers' and public employees' retirement systems, which lost an estimated \$25 million. An auditor's report in July found that Freddie had cooked its books to smooth out earnings, which will result in a restatement upward by \$1.5-4.5 billion.

Mortgage Rate Hikes Threaten Housing Price Deflation and Foreclosures

The recent, rapid surge in home mortgage rates could trigger a drop in housing prices, and cause home foreclosures to soar, especially in California and the Northeast United States, areas with huge home-price inflation, and high job losses, the *Wall*

Street Journal reported Aug. 6. In places such as Silicon Valley, Manhattan, and the Boston-to-Washington corridor, home prices have often doubled or tripled, even after adjusting for (official) inflation, over the past 20 years. This boom has triggered massive borrowing against home equity, in order to pump up consumer spending; households have also relied on massive cash-out refinancing, as mortgage rates fell. These "overheated" real-estate markets, the *Journal* cautions, are extremely vulnerable to a drop in housing prices triggered by surging long-term interest rates. Prices are already declining in parts of Texas, Tennessee, and Iowa.

Were mortgage rates to continue rising, and housing prices to fall, many people who borrowed against their homes could wind up in default on their mortgages, with loans that they would be unable to repay even by selling their houses, warns David Leonhardt in the *New York Times*.

Throughout most of the nation's vast middle, he states, housing prices have risen only slightly ahead of inflation, leaving homeowners with little equity to borrow against. Households in these areas that become delinquent on mortgage payments, already cannot tap into their rising home equity to raise cash. Falling house prices would accelerate the rate of home foreclosures, the highest level being in the Midwest and Southeast.

Aviation Week Highlights Collapse of U.S. Machine-Tool Sector

In a three-page feature, headlined "Monkey Wrench," *Aviation Week & Space Technology* magazine on July 28 reviews "the longest downturn since the Great Depression" in the U.S. machine-tool sector, which is now becoming a real threat to the defense and aerospace sector. The most prominent case is the collapse of flagship Ingersoll Milling Machine Co. on April 22, "which sent a shock wave through the machine tool and aerospace industries." Ingersoll was supposed to produce custom-made machine tools for Lockheed Martin. The defense contractor desperately needs these machine tools to produce special parts for the Joint Strike Fighter, for which it won an \$18.9 billion contract from the Pentagon. Efforts to maintain the production of these machine tools, in spite of the Ingersoll bankruptcy, failed. Even efforts by Lockheed Martin's attorneys, citing risks to national security, didn't help. On June 17, Lockheed hired Cincinnati Machine to produce the machine tools instead.

What is causing great worry in the aerospace and defense sector, however, is the fact that Cincinnati is now the single remaining U.S. company able to produce certain types of machine tools that are indispensable for the sector. And in line with the "Buy America" movement sponsored by the U.S. Congress—in particular, a provision in the defense authorization bill—imports from foreign machine-tool producers are no longer allowed in the production of any new U.S. weapon system.

The magazine summarizes the recent years' collapse of the U.S. machine-tool sector: Since 1999, the number of U.S. machine-tool firms represented by the Association for Manufacturing Technology (AMT) has dropped from 400 to 320. "In the last 18 months, 30 U.S. companies have liquidated, filed for bankruptcy or been sold," according to the AMT. "The U.S. formerly represented a \$5 billion piece of the \$36 billion total sales. In 2002, the U.S. either produced or purchased equipment overseas valued at \$2.9 billion. China, the newcomer in the machine tool field, either built or acquired machine tools valued at \$5.7 billion."

"Machine tool employment in the U.S. has been in steady decline for more than two decades," AMT notes. The peak was reached in 1980 with a workforce of 110,000. In 1998, the most recent peak sales year, employees already had declined to 61,000; currently, there are 41,000 in the workforce. The current down cycle in U.S. orders for machine tools has been the longest since the Great Depression."

Job-Cut Announcements Soared in July

The number of job cuts announced by U.S. employers skyrocketed 43% in July to 85,117, compared to the level in June, according to Challenger, Gray & Christmas, a Chicago-based employment firm. During January-July, U.S. firms announced 715,649 layoffs, only 12% lower than in the first seven months in 2002. In July, consumer products companies announced 15,665 layoffs; transportation firms, 9,820; government and non-profits, 9,369. Planned layoffs may take place immediately, or over a period of months.

Michigan Official Blasts Administration for Ignoring Manufacturing

"Manufacturing has lost 2.5 million jobs in the last two-and-a-half years, and it's a crisis here in the United States that has to be addressed," insisted Jim Donaldson, vice president of the Michigan Economic Development Corporation, the *Detroit News* reported Aug. 5. "There just needs to be more attention paid in D.C. as to how vital manufacturing is," he said, adding that Federal officials are babbling that if manufacturing vanishes, "we'll still be a strong, healthy country."

Donaldson called on the U.S. Department of Commerce to create an office of Undersecretary of Manufacturing to protect the interests of manufacturing companies. He was speaking on Aug. 4 at a major annual automotive industry conference in Traverse City, Michigan.

Michigan ranks in the top five of manufacturing states by employment, with more than 900,000 manufacturing workers—nearly 20% of the state's total workforce, according to the Michigan Manufacturers Association.

Ford Motor Co. said it will do more cost-cutting in 2004, beyond this year's \$2.5 billion target, in order to offset the rising cost of incentives and the higher costs of building new models. The world's second-largest automaker had already cut \$1.9 billion through June, and had announced in July a plan to cut 10% of its salaried job costs, including white-collar job cuts. But, "It is clear we will have to take further cost actions," warned vice chairman Allan Gilmour.

Dana Corp., a Dearborn-based auto-parts maker, announced it will close eight more factories or offices this year, as it completes an October 2001 cost-cutting plan. The world's largest maker of axles for pickup trucks, minivans and SUVs, already has shut down 31 plants and eliminated about 15,000 jobs, or 20% of its workforce.

World Economic News

French Government Will Step in To Prevent the Collapse of Alstom

The French government will step in to prevent the collapse of engineering flagship Alstom, the producer of high-speed trains (TGV), cruise ships, and power turbines. The Alstom group, with 110,000 employees internationally, is struggling to service its huge \$4.9 billion in debt, while the worldwide economic downturn has caused a sharp fall in its sales and orders in recent quarters. Among the top customers of Alstom is the French government. The Alstom stock price has crashed 90% in the last 12 months, and lost another 63% on Aug. 4 alone, due to talk of an imminent liquidity crisis.

According to the French daily *Les Echos* on Aug. 4, there had been an emergency gathering on Aug. 2, including French Finance Minister Francois Mer and the top executives of France's three largest banks (BNP Paribas, Societe Generale, Credit Agricole). The banks told the government that a bankruptcy of Alstom would threaten the French and European financial system (and, of course, first of all the three banks, themselves). The French government, according to *Les Echos*, acknowledged that an Alstom collapse would be a financial, industrial, and social catastrophe.

Late on Aug. 4, Alstom requested the suspension of trading in its shares. The following day, *Les Echos* reported that the

government was ready to step in with 300 million euros, which would make the government the largest Alstom shareholder. Moreover, the government might guarantee up to 2 billion euros of Alstom's liabilities. The private banks would have to write off other parts of the debt. The French government on Aug. 5 confirmed that it is participating in negotiations with 60 banks on a bailout for the Alstom group. A decision was scheduled to be released before stock trading resumed on Aug. 6.

German Christian Democrat Calls for Berlin-Moscow Maglev

Peter Gauweiler, a leading official of the Christian Social Union in Bavaria, and a member of the national parliament, published an article in the Aug. 8 issue of the *Sueddeutsche Zeitung*, endorsing a maglev project between the capitals of Germany and Russia. The call is apparently a reflection of the impact of the programmatic campaign for the September state elections in Bavaria by the Civil Rights Solidarity Movement (BueSo), which is led by Helga Zepp-LaRouche.

With Europe and the former Soviet Union area still divided in the railway sector by the differing track gauges, unified high-speed transport for the entire continent is possible only with a new technology, the maglev, Gauweiler writes. The technology allows speeds up to 400 kilometers/hour, which according to a survey of the European Union would allow travel from Berlin to Moscow in less than five hours; Berlin-Warsaw in about two hours; Berlin-Minsk in three hours; and Berlin-Smolensk in four hours. The world's only currently functioning maglev, the Transrapid, was made in Germany, and is running in China.

Those who argue such a project is too expensive and could never be financed, should notice that it would cost less than the Iraq War (which Gauweiler opposed), he writes, and the state could step in through issuing special bonds that would be bought on the private capital market. The Trans-Siberian Railway was financed by French and German capital, in the 19th Century.

"It is true: Germany is in a conjunctural low. But the German economy will not walk up the mountain, if Germany no longer wants to push through grand projects," Gauweiler writes.

Mahathir, Sakakibara Renew Call for Asian Monetary Fund

Malaysian Prime Minister Dr. Mahathir bin Mohamad presented the opening speech to the inaugural meeting of the East Asia Congress in Malaysia, Aug. 4-6, which included participation from 13 East Asian countries. Speakers included former Japanese Minister of Finance Dr. Eisuke Sakakibara; former South Korea Deputy Prime Minister Prof. Han Seung-Soo; Singapore Development Bank managing director Dr. Fong Cheng Hong; South Korean Institute of International Economic Policy Director Dr. Cho Jongwha; ASEAN Tourism Association Secretary-General Tunku Datuk Seri Iskandar Abdullah; Prof. Kenichi Ito, CEO of the Japan Forum on International Relations; and Special Advisor to the Cabinet of Japan, Prof. Kuroda Haruhiko.

One of the main proposals by Mahathir was reviving the call for an East Asia Economic Group (EAEG), which he first proposed a decade ago. But, opposition from the United States prevented its implementation. The ASEAN+3, linking the ten Association of Southeast Asian Nations countries with China, South Korea, and Japan, approximated the original idea.

Dr. Mahathir said in his speech: "There must be no retreat behind a great East Asian economic barricade, there must be no circling of the wagons and no hiding behind great walls.... We must seek to contribute to a sense of security and well-being on the part of all the countries of East Asia, not only for the strong and wealthy, but also for the weak and poor."

Asked about an Asian Monetary Fund (AMF), Dr. Mahathir said, "We have to have an Asian Monetary Fund simply because the IMF is not as independent as it should be. As we know, there are other hands which are controlling it and those hands have other ideas contrary to the prosperity of East Asia."

Dr. Sakakibara added that the AMF might have taken off, had Japan sought China's full backing in the 1990s. "We could have said to the rest [of the world] that this is Asian business, don't bother us." He said China must be "centrally involved" in the creation of an EAEG and not be viewed as a threat.

United States News Digest

General Sanchez' Statements Show Revolt vs. Rumsfeld's Chickenhawk Command

That American troops in Iraq use Israeli Defense Forces-style tactics of humiliation and brutality, was admitted by Lt. Gen. Ricardo Sanchez, the U.S. ground force commander, in an interview published Aug. 8 by the *New York Times*. Sanchez said that the large sweeps that U.S. troops have been conducting have just about exhausted their usefulness. "It was a fact," he said, "that I started to get multiple indicators that maybe our iron-fisted approach to the conduct of ops was beginning to alienate Iraqis." He said he was getting this "from the Governing Council down to average people."

"When you take a father in front of his family and put a bag over his head and put him on the ground, you have had a significant adverse effect on his dignity and respect in the eyes of his family," is the message that Sanchez says he has been getting from Iraqi citizens who are friendly to the United States. When you do this, you create more enemies than you capture.

Under the new tactics that Sanchez is directing, the American forces are to depend more on Iraqis, meaning that American troops may withdraw from towns that have been quiet, leaving them to Iraqi police to patrol, and otherwise depend more on more dialogue with tribal leaders and clerics, as opposed to the raids and large-scale roundups they have been employing up to now.

This is part of a revolt by the U.S. military against the political command. Compare the response of General Keane, Acting Chief of Staff of the Army, when the *Washington Post* asked him about the U.S. troops in Iraq who have gone on television saying Defense Secretary Donald Rumsfeld should be fired. Keane confirmed that it was a breach of regulations, but went on to say that, "I haven't even asked" whether any action had been taken against these soldiers.

Sanchez is saying that he can redefine the rules of engagement: "Here they are." Will Rumsfeld fire him? Sanchez believes he has clout, people behind him who agree with him about Rumsfeld.

University of Chicago Is 'A Moral Cesspool' Says Constitutional Law Expert

Professor Francis A. Boyle, the University of Illinois constitutional law expert, is well known as a human rights and U.S. Constitutional law expert, who has intervened in cases ranging from Iraq to Palestine to Bosnia, defending the civilian populations, and principles of national sovereignty. His latest defense of national sovereignty — this time dealing with the United States — occurs in the form of a devastating look into the "secret world" of the late university of Chicago professor Leo Strauss, and his followers who have invaded the Bush Administration. The network is the shadow government run by Dick Cheney, which was exposed by Lyndon LaRouche in the April 2003 dossier called "Children of Satan: The Ignoble Liars Behind Bush's No-Exit War."

On Aug. 2, Professor Boyle's article, "Neo-Cons, Fundies, Feddies, and the University of Chicago" was published by

Counterpunch, an online publication, under the headline "My Alma Mater Is A Moral Cesspool."

The article begins:

"It is now a matter of public record that immediately after the terrible tragedy of September 11, 2001, U.S. Secretary of War Donald Rumsfeld and his pro-Israeli 'Neoconservative' Deputy Paul Wolfowitz began to plot, plan, scheme and conspire to wage a war of aggression against Iraq by manipulating the tragic events of September 11th in order to provide a pretext for doing so. Of course Iraq had nothing at all to do with September 11th or supporting Al-Qaeda. But that made no difference to Rumsfeld, Wolfowitz, and the numerous other pro-Israeli Neo-cons in the Bush Jr. administration.

"These pro-Israeli Neo-cons had been schooled in the Machiavellian/Nietzschean theories of Professor Leo Strauss, who taught political philosophy at the University of Chicago in their Department of Political Science. The best expose of Strauss's pernicious theories on law, politics, government, for elitism, and against democracy can be found in two scholarly books by the Canadian Professor Shadia B. Drury: *The Political Ideas of Leo Strauss* (1988); *Leo Strauss and the American Right* (1999). I entered the University of Chicago in September of 1968 shortly after Strauss had retired. But I was trained in Chicago's Political Science Department by Strauss's foremost protege, co-author, and literary executor Joseph Cropsey. Based upon my personal experience as an alumnus of Chicago's Political Science Department (A.B., 1971, in Political Science), I concur completely with Professor Drury's devastating critique of Strauss. I also agree with her penetrating analysis of the degradation of the American political process by Chicago's Straussian cabal."

Boyle describes the operations of the Straussians in the Bush Administration, their manipulation of "intelligence" to effect the Iraq war and their "Orwellian gall" in presenting themselves as the defenders of the principles of democracy.

"Just recently the University of Chicago officially celebrated its Bush Jr. Straussian cabal, highlighting Wolfowitz, Ph.D. '72, Ahmad Chalabi, Ph.D. '69, Abram Shulsky, A.M. '68, Ph.D. '72, Zalmay Khalilzad, Ph.D. '79, together with faculty members Bellow, X '39 and Bloom, A.B. '49, A.M. '53, Ph.D. '55. According to the June 2003 University of Chicago Magazine, Bloom's book 'helped popularize Straussian ideals of democracy.' It is correct to assert that Bloom's rant helped to popularize Straussian 'ideas,' but they were blatantly anti-democratic, Machiavellian, Nietzschean, and elitist to begin with. Only the University of Chicago would have the unmitigated Orwellian gall to publicly claim that Strauss and Bloom cared one whit about democracy, let alone comprehended the 'ideals of democracy.'

"Does anyone seriously believe that the Chicago/Strauss/Bloom product Wolfowitz cares one whit about democracy in Iraq? Or the Bush Jr. administration itself, after having stolen the 2000 presidential election from the American People in Florida and before the Republican-controlled U.S. Supreme Court, some of whom were Fuddies? Do not send your children to the University of Chicago where they will grow up to become warmongers like Wolfowitz or totalitarians like Ashcroft! Chicago is an intellectual and moral cesspool."

Boyle's article about the Straussians, one of dozens to surface after the publication of LaRouche's "Children of Satan," is an insider's view that flies in the face of the many media defenses of Strauss (for examples, see this week's *EIW* Europe Digest). Boyle's article is found on www.counterpunch.com.

'Office of Special Plans' Operatives Plotting Regime Change in Iran

Operatives of Vice President Dick Cheney's neo-conservative cabal have been exposed in a covert plan to change the regime in Iran. As described in this week's *EIW* InDepth, targetting Iran for U.S. military action was high on the agenda set by Prime Minister Ariel Sharon when he came to Washington on July 29-30 for meetings with the Bush Administration. *EIW* has previously put a spotlight on universal fascist ideologue Michael Ledeen of the American Enterprise Institute (AEI), as playing a key role in this operation. A leading Middle East analyst in Washington has also indicated that "talk

around Washington" was for the U.S. to hit Iran with a preemptive military strike against nuclear reactors being built there. *EIW* can now add that Ledeen has been identified to this publication as a contract employee for the DoD's Office of Special Plans, the neo-cons' intelligence agency in the Pentagon which is the subject of investigations for its role in "cooking" intelligence used to justify the Iraq war.

Now, an Aug. 9 story, in the New York newspaper *Newsday*, by reporters Knut Royce and Timothy Phelps, has taken the lid off renewed "Iran-Contra" secret government-type operations for "regime change" in Iran, involving Ledeen, and the notorious Iran-Contra gun-runner Manucher Ghorbanifar, who worked for Oliver North's and Richard Secord's "Project Democracy," the group that secretly armed Iran's Khomeini government, behind the back of President Ronald Reagan. North and Secord were both prosecuted and convicted for their illegal operations in the Iran-Contra scandal.

The *Newsday* authors report that meetings with Ghorbanifar took place in Paris, with two top emissaries of Assistant Secretary of Defense Douglas Feith—Harold Rhode (Feith's liaison to Iraqi wannabe president Ahmed Chalabi) and Larry Franklin, a Defense Intelligence Agency analyst "on loan" to the Pentagon's Office of Special Plans (OSP). Feith, a partisan of Israel's Likud party, is already under investigation for disinformation about Iraq coming out of the OSP. *Newsday* says that Administration officials suggest the meetings were set up by Ledeen—who is running a campaign to overthrow the regime in Iran out of a recently created Iran "democracy" front group spun out of AEI. Ledeen is also reported to be a "contract employee" of the OSP.

A senior official and a second Administration source told *Newsday* that "the ultimate objective of Feith and a group of neo-conservative civilians inside the Pentagon is change of government in Iran." The immediate objective of this gang, they said, is to "antagonize Iran" to provoke the government there into "reactions" that could be used to justify a U.S. hard line against Iran, instead of efforts to improve relations.

One Administration official was awed by the involvement of Ledeen and Ghorbanifar, saying "it would be amazing" if people in government "hadn't learned the lessons of last time around."

These meetings were "not authorized by the White House and appeared to be aimed at undercutting sensitive negotiations with Iran's government," reports *Newsday*.

EIW has independently documented that Feith is deeply involved in sabotaging the Road Map for Middle East peace, and in pushing disinformation about Syria and Iran, in order to get the wars against these two nations. Feith was one of the co-authors with Richard Perle, of the notorious "Clean Break" document that advocates war against Iraq, Iran and Syria, as well as scuttling the Oslo Accords, and Israeli expulsion of the Palestinian leadership from the occupied territories.

Rumsfeld Admits/Denies All About Gangster Ghorbanifar

Speaking to reporters in Crawford, Texas on Aug. 8 with President Bush, Defense Secretary Donald Rumsfeld responded to a question about the above-cited meetings with gun-runner Manucher Ghorbanifar, with lies tripping over each other: "One or two officials ... were approached by some people who had information about Iranians that wanted to provide information to the U.S. government," Rumsfeld said. The subsequent meetings were "more than a year ago," and "there wasn't anything there that was of substance or of any value that needed to be pursued further.... Everyone in the interagency process, I'm told, was apprised of it and it went nowhere." He said this was just a case of "people come in, offering suggestions or information or possible contacts...."

Just last week, another Iran-Contra convicted criminal, former National Security Adviser John Poindexter, was dumped from Rumsfeld's Pentagon, after having been caught setting up a "derivatives market" in political assassinations.

Office of Special Plans Shutting Down?

A well-placed Washington journalist told *EIW* on Aug. 6 that Pentagon sources report on a private meeting early in the week between Defense Secretary Donald Rumsfeld and Assistant Secretary Doug Feith, in which Feith was ordered to roll up the Office of Special Plans, the information warfare unit behind much of the disinformation used to convince the President to go to war against Iraq.

There are scores of journalists and Congressional investigators zeroing in on the OSP, which is far more than the four-man analysis shop claimed by Feith and by William Luti at their June 4 press conference.

According to several sources, OSP had more than 100 "private" consultants on payroll, including such neo-con notables as James Woolsey, Michael Ledeen, Roy Godson, Reuel Marc Gerecht, Laurie Milroie, Michael Pillsbury, and John Carbaugh. One OSP staffer, Michael Maloof, was identified in media reports as having lost his security clearance, due to associations with a Lebanese businessman/arms dealer named Imad El Hage, who was implicated in arms trafficking in Liberia and Sierra Leone. El Hage was arrested at Dulles International Airport on Jan. 28, 2003, carrying a .45 caliber gun, which, Pentagon sources say, was Maloof's government-issue weapon.

Ashcroft Denounced for Creating 'Enemies List' of Judges

The *Wall Street Journal* of Aug. 6 reports that Attorney General John Ashcroft has launched a major attack on Federal judges whom Ashcroft considers to be too "soft" in sentencing. Expanding on the "Feeney Amendment" written largely by the Department of Justice and passed by Congress in April 2003, Ashcroft has ordered U.S. Attorneys and Federal prosecutors to report on judges who give more lenient sentences than provided in Federal sentencing guidelines, and to appeal almost all "downward departures" from the guidelines.

The Feeney Amendment, and Ashcroft's new order, have infuriated Federal judges, including Supreme Court Chief Justice William Rehnquist, who regards the moves as an attack on the independence of the judiciary. The Feeney Amendment will "seriously impair the ability of courts to impose just and responsible sentences," says Rehnquist.

U.S. District Judge Nancy Gertner of Massachusetts calls the changes "very sad," because of the amendment's "eliminating a judge's role in checks and balances."

Rep. John Conyers, Jr. of Michigan, the senior Democrat on the House Judiciary Committee, said through a spokesman: "John Ashcroft seems to think Washington, D.C. can better determine a fair sentence than a judge who heard the case or the prosecutor who tried it. The effort by DOJ to compile an 'enemies list' of judges it feels are too lenient, is scary, to say the least."

Ibero-American News Digest

Argentine Television Seeks Out LaRouche's Advice, Again

U.S. Presidential pre-candidate Lyndon LaRouche told Argentines on prime-time television Aug. 7 that it is going to be a difficult fight, but he is optimistic that Argentina will be able to overcome its economic collapse, because "my chances of becoming President are greater than probably anyone outside of inner circles imagines." Interviewed on TV Channel 7 of the Patagonian province of Neuquen, LaRouche said that "when the United States comes to its senses, as it would under my Presidency, there would be a revival, a Renaissance, throughout the hemisphere." LaRouche has been interviewed before

on Neuquen television, and an estimated 150,000 viewers watched this one. The full transcript of the 20-minute interview is available in the "Latest from LaRouche" section of this *EIW*.

Argentine Justice Minister Seals Alliance With Transparency International

Justice Minister Gustavo Beliz has officially joined with British Prince Philip's Transparency International hit squad, to launch a national "anti-corruption" campaign. After meeting with Peter Eigen, Transparency International's international director, Beliz announced on Aug. 6 that he is putting together a national "anti-corruption" plan, in consultation with TI. Beliz planned to participate in an all-day anti-corruption workshop on Aug. 7, at which Eigen was the invited speaker. Eigen also met privately with President Nestor Kirchner at the Presidential palace.

Beliz, a member of the right-wing Catholic group Opus Dei, has been the driving force behind the assault on Argentina's national institutions, particularly the Armed Forces, police, and security agencies. Under the guise of combatting "impunity," he wants to insure the extradition of military personnel to Spain, as requested by his ally, Spanish magistrate Baltazar Garzon, a key figure in TI's European "Clean Hands" apparatus, which destroyed Italy's post-war political institutions under the guise of "fighting corruption." Beliz is also focussing on such issues as control of public expenditures, campaign finance reform, and insuring that the activities of the state are "transparent," by involving greater public participation in monitoring them, particularly anything involving allocation of funds. This dovetails nicely with the activities of the "Citizen Power" non-governmental organization, run by former Argentine prosecutor Luis Moreno Ocampo, currently TI's director for the Caribbean and Latin America.

Lula's Honeymoon Has Ended

Brazilian President Lula da Silva cancelled his scheduled visit to Africa for the first week of August, in order to oversee Congress's passage of the pension reform demanded by the International Monetary Fund (IMF) and international financial circles. The cancellation drives home the fact that Lula's six-month honeymoon with Brazil's domestic interests and its foreign creditors, has officially ended. His active schedule of foreign diplomacy has been a key element of nationalist efforts to strengthen Brazil's international position against globalization, but this, too, is now being sacrificed, in order to do the impossible: satisfy Brazil's foreign creditors that the country will do whatever it takes to pay its unpayable, \$500 billion-plus foreign debt.

The London *Economist*, in its Aug. 4 issue, made public the message coming from Brazil's creditors, that the pension reform is considered a test case for the Lula government. "The pension reforms' success or failure may determine Mr. da Silva's chances of implementing a long list of other equally important and equally controversial measures," which the country's creditors want to see imposed, the *Economist* wrote.

The *Economist* joined Merrill Lynch, Moody's Rating Service, B.C.P. Securities, and others, in announcing that "the honeymoon is over" with Lula—theirs, and that of the Brazilian population. Opposition to the pension reform has prompted strikes, bomb threats, building takeovers, and more. The big fear of the creditors is that Lula will yield to Brazilians' outrage over his failure to break with IMF policy, and will start "dragging his feet" over these so-called reforms. "Brazilians already have a good idea of how bad things might be if their president fails, from observing the unrest and misery that followed the economic collapse of their southern neighbor, Argentina," the *Economist* threatened.

"The strife over Brazil's pension changes is reviving investors' worries about the sustainability of its big public debt, of around 860 billion *reais* (\$286 billion). If investors stop rolling over the debt—as they did during last year's election campaign, until the IMF stepped in with a huge loan—their fears of a financial meltdown may become self-fulfilling. If so, the pain would spread across all of Latin America."

Lloyds of London put out the same view, in its latest newsletter on Brazil: "how much longer will the Lula government be able to tolerate weak economic growth without attempting to adopt less orthodox measures" outside the IMF strictures?

Pension Reform Passes Brazil Congress in First Round

The pension "reform" demanded by the IMF passed Brazil's Chamber of Deputies in the first round in the early hours of Aug. 6, by a vote of 358-128, with nine abstentions. As the Congressmen debated the bill, a march of 30-50,000 people against the reform turned violent, when hundreds broke through police lines, in front of the Brazilian Congress, and threw rocks at the Congress. Several people were injured. Signs included "Traitor, Get Out Mr. Lula," and "The Government Is Kneeling Before Capitalism."

To line up the votes needed for passage, the government had to agree to a couple of modifications (raising the salary ceiling for pensions of judicial employees by 10%, and exempting retired workers who receive under five times the minimum wage from social security contributions, and the like).

The modifications, which are estimated to reduce the fiscal "savings" of the original pension reform by a mere 5 billion reais (some \$1.8 billion) between now and the year 2010, were sufficient to anger Bloomberg news service and the foreign financiers for which it speaks, who protested that "Lula bowed to opposition demands to limit spending cuts."

Because it includes Constitutional changes, the bill has to be voted up a second time by the Chamber of Deputies, with line-item changes permitted to be made. The bill then goes before the Senate for two rounds of votes, and then back to the House for a final vote.

Brazil's Industrial Production Plummets

Industrial Production in Brazil was 2.1% less in June 2003 than in the same month the year before, the third month in a row that it has fallen. A 10% drop in textile output and 7% drop in mining led the fall. Industrial production was down 0.3% in May 2003 over 2002, and 3.7% in April.

In addition to the world economic crisis, interest rates are killing the economy—the benchmark rate is 24%, meaning that businesses and consumers pay much more than that.

The situation in the auto industry is critical. The Brazilian Association of Automakers reported Aug. 6 that car sales are at a 10-year low. In July, sales fell by 9% over June, after having fallen 7% in June. In an attempt to reverse this trend, Planning Minister Guido Mantega announced on July 27 that the government would offer some tax breaks and loan subsidies. Finance Minister Antonio Palocci specified on Aug. 5 that taxes on cars will be cut between 9% and 25% from now until November, as an incentive to increase sales. Automakers committed themselves, in return, not to dismiss workers, Palocci said. Volkswagen, Ford, and GM have laid off workers in recent weeks, because of falling demand for autos.

The foreign auto producers are threatening to leave Brazil, altogether. The president of General Motors in Brazil, Walter Wieland, announced at the end of July that his company is in the worst crisis of the 80 years it has been operating in the country. He warned the government that if nothing is done to change policy, auto assembly companies will have to dramatically reduce their investments, and, in the worst-case scenario, leave the country altogether. Wieland demanded a reduction in taxes, and the creation of a plan for the long-term development of the auto industry. Wieland wasn't optimistic about the government's plan, suggesting that unless it were devised for the long term, it would have little effect.

Western European News Digest

British Military Historian on Prime Minister Blair

The most devastating demolition of the "image" of British Prime Minister Tony Blair seen to date in the British press, was published in the July 23 *Daily Mail*, by one of Britain's most distinguished military historians, Correlli Barnett.

Barnett charges that Blair is effectively acting as a tool of the Cheney-Wolfowitz crowd in the United States. After lambasting Blair's speech to the combined Houses of the U.S. Congress as a "rant" and as "high-minded waffle," Barnett writes: "Does he actually share the dangerous vision of doctrinaire hawks such as Paul Wolfowitz and Dick Cheney, of a world re-shaped on America's model, through the exercise of sheer military and economic power? And did he really mean to publicly commit the United Kingdom in principle to taking part, in future pre-emptive American attacks, on the members of the 'axis of evil'?"

The core of the rest of the article, is a merciless attack on Blair — from the standpoint of Barnett's detailed study of history and leadership in times of crisis — as a play-actor on the world stage, a would-be "king of the world," who manages to filter out the reality of what is happening to him in the U.K. and elsewhere.

"Does this colossal contrast between Blair the actor of the part of a great prime minister, and the reality of an incompetent and emotional man, account for his all-too-evident mood swings?" writes Barnett. "When things have gone wrong for him before, during, and since the Iraq war, whenever his critics have pressed him hard, we have seen him haggard-faced, hollow-eyed, shrunken within his suit. Yet a day later, he will appear pink and well-fleshed, and perform his role masterfully, whether it be in the House of Commons, or in some carefully arranged cosy photo opportunity. You might almost think that dear Carole Caplin [Cherie Blair's New Age guru—ed.] was supplying him with a miraculous herbal potion.

"But to me, as a military historian who has studied top commanders under stress, Tony Blair's emotional nature, his love of role playing, his intellectual rambling, and his rapid mood-swings from deep anxiety to euphoric certainty are all truly disquieting. He is, after all, our Prime Minister — at present."

Barnett describes Blair's recent Asia diplomacy as "sickening," and "a charade," especially as he and Cherie clowning around, showing little respect or emotion, after the death of David Kelly. As for Blair's trip to Basra, Iraq, and speech to British troops, Barnett contemptuously calls it "pure Laurence Olivier as Henry V."

Hutton Inquiry Must Probe Blair's Argument for Iraq War

"A Government in the dock," is the banner, front-page headline of the Aug. 2 London *Independent*, which notes that Lord Hutton has said that his inquiry into the death of scientist Dr. David Kelly would be wide-ranging; the paper adds that this makes it "inevitable that the Government's case for war in Iraq will be scrutinised."

The top of the page features three mugshot photos. Left-most, is that of Prime Minister Tony Blair, with the question underneath, "What was your role in the handling of the David Kelly affair?" In the middle is Defence Secretary Geoff Hoon, with the question, "Were there threats to strip Dr. Kelly of security clearance?" The right-most is Alastair Campbell ("Spinocchio"), Blair's media czar, with the question, "Did Downing Street facilitate the leaking of Dr. Kelly's name?"

MI6 Head Takes Early Retirement

The London *Guardian* reported in its lead story of Aug. 3 that MI6 Intelligence chief Sir Richard Dearlove announced his

retirement because of differences with the Blair government over Iraq. According to the *Guardian*, "Britain's top spymaster has decided to retire early, dealing a damaging new blow to the Government's credibility over its presentation of intelligence on Iraq. Sir Richard Dearlove ... is thought to be dismayed by the visible rift between his organisation and Downing Street.... The move is likely to worsen MI6's crisis of confidence over Downing Street's alleged manipulation of information over Saddam Hussein's weapons of mass destruction...."

The *Guardian* says that there is a fight over the MI6 successor, with Dearlove preferring a professional known to him, and Blair reportedly wanting Sir John Scarlett, the pliable Blair ally, who heads the Joint Intelligence Committee and who helped skew intelligence, to serve Blair's war purposes.

'Old Labour' MP Pointed Inquiries on 'Yellow Cake'

Labour MP Llew Smith, from Blaenau Gwent in Wales, writes in the Aug. 2 *Guardian*, on his queries to the Prime Minister's office (somewhat of a parallel to what U.S. Rep. Henry Waxman (D-Calif.) has done):

"On June 26, I wrote to the Prime Minister with a series of questions. Despite many subsequent calls to Tony Blair's office, he has made no response, for reasons only known to himself."

Smith writes that among his questions, were:

"1: In light of the situation arising from the evidence given by Alastair Campbell to the Foreign Affairs Committee on June 26, whereby we are still being asked to rely upon assertions of fact based on unpublished sources obtained by British intelligence, would you ask the head of the Joint Intelligence Committee to make public the source used to underpin allegations about attempted uranium procurement by Iraq from Africa?

"2: Can you also confirm that Dr. El-Baradei, the director-general of the International Atomic Energy Authority and head nuclear inspector, has been provided with all British sources on Iraq's attempts to covertly obtain uranium from Africa, and can you make public the date(s) on which this information was provided to the IAEA?"

Smith documents how he and Labour colleague Glenda Jackson received substanceless obfuscations from Blair's office, in response. A parliamentary ally of Smith informs EIR, that Smith is very much to be trusted, and has a position of high respect among "Old Labour" figures, as he holds the seat in Parliament formerly held by Labour prominents Aneurin Bevan and Michael Foot.

Bush Administration Neo-Cons and Blair Discredited

Both the Cheney-Wolfowitz neo-cons and Tony Blair are massively discredited, and this creates a highly "unpredictable" political situation, in which context, the potentials for Lyndon LaRouche's Presidential campaign in the U.S. to have a big effect, must be taken very seriously. So declared a well-connected British strategist on Aug. 5—an individual who, until quite recently, was skeptical about the LaRouche campaign being able to affect matters very much.

In a discussion with *EIR*, he said: "What particularly fascinated me, was how Wolfowitz was savaged in the U.S. Senate last week. The guy is now being exposed, very publicly, as a liar. What such events signify to me, is that something is now happening also in the States, that is more advanced here in Britain, namely the realization by the Establishment in the U.S., that it has *been conned*. You are seeing a response from the *American institutions*, the security establishment, straightforward non-neo-con conservatives, nationalists, and Democrats, who were willing to go along with the President on the Iraq war, but who now see all the justifications for that war coming unstuck."

"There have not been found any Iraqi weapons of mass destruction of any importance, and there is no al-Qaeda link.... Worse, the actual operation in Iraq is a mess, it is becoming unstuck, it's horrendous. Bush has had to eat humble pie, and seek help from the United Nations, and is getting a tough time, from the Russians, the French, and the Germans. And there is another factor, the doing-nothing in Liberia.... And imagine the reaction in the black communities in the U.S., who make a very unfavorable contrast, between what has been done in Iraq, and what is not being done in Liberia."

The source stated that "faced with all this, Cheney, Wolfowitz, and friends are trying to tough it out. But they are now exposed as liars. In my view, they are punctured balloons, much like Blair has become over here.... On both sides of the Atlantic, the economic situation has become unpredictable, the political side volatile; here in Britain, the depth of disbelief in what this government is doing, among Labour Party members, is *phenomenal*. The reality is, for both Cheney and his people, and for Blair, credibility is blown they are in trouble."

Germany's *Die Welt* Discovers 'Children of Satan' Dossier

Die Welt is the first German newspaper to mention the "Children of Satan" dossier, which was issued by Lyndon LaRouche's Presidential campaign in April 2003, in an attack on the neo-conservative cabal of followers of the late Leo Strauss in and around the Bush Administration.

In an Aug. 5 editorial under the headline, "Strauss Is To Blame for Everything," the main intent of which is to discredit critics of the Leo-cons, columnist Mariam Lau writes that "it is not just the campaign of Presidential candidate LaRouche, which talks about the neo-cons as *Children of Satan*," which is causing problems for Straussians like Richard Perle and Paul Wolfowitz. Fraudulently implying that there is nothing to these charges, Lau claims that one does not have to pay attention to "most of these conspiracy theories." That she mentions LaRouche, demonstrates she, and other neo-con defenders are paying *very close* attention.

***Der Spiegel* and German *Financial Times* Jump To Defense of Leo Strauss**

In a four-page article on the "Leo-Conservatives," in its Aug. 4 issue, the German weekly *Der Spiegel* tries to defend philosopher Leo Strauss by underplaying his role, compared to other gurus at the University of Chicago. It does acknowledge that Strauss's lectures and writings have cult status among his students, and reports that in July, the Washington, D.C.-based Straussians, including the Defense Department's Paul Wolfowitz and Abram Shulsky, met for their annual barbecue, toasting Strauss.

Der Spiegel says that Strauss—a German Jew who emigrated to the U.S. in 1938, thanks to top Nazi jurist Carl Schmitt, who helped him secure a Rockefeller Foundation fellowship in 1932—never was a string-puller behind the neo-con movement, although he had many followers. *Spiegel* says that the real breakthrough for Strauss came only in 1948, with his promotion by Robert M. Hutchins of Chicago University. Hutchins was the man who promoted the careers of three professors who had a big impact on the United States during the 1950s and 1960s: Hans J. Morgenthau, who allegedly also recruited Henry Kissinger among his followers; Milton Friedman, a recruit of Friedrich von Hayek; and Leo Strauss.

But whereas many prominent figures are among the Straussians, the two "Pax Americana" Pentagon officials Wolfowitz and Perle are more under the influence of Albert Wohlstetter's lectures, than those of Strauss, says *Der Spiegel*.

On Aug. 5, *Financial Times Deutschland* also jumps to defend the neo-cons in power in Washington, admitting their "Straussian impact" on the Bush Administration.

The article, headlined, "Neocons around Wolfowitz determine U.S. diplomacy," reports that every year, about 60

Straussians gather in Washington, D.C. for a barbecue. Wolfowitz is, maybe, the most prominent name among them at present, but there are others with influence in the Bush Administration, such as Doug Feith, Abram Shulsky, Richard Perle, John Walters, and Leon Krass, the article says.

Conceding that many Straussians occupy administration posts and that the neo-con think-tank, Project for a New American Century, developed the scripts for the policies that have been introduced since 9/11, the article claims, however, that the neo-cons only had success when "arch-conservatives" like Dick Cheney and Donald Rumsfeld switched over to their side. The neo-cons have, for the time being, passed the peak of their power, *FTD* claims, because Bush won't risk more U.S. power projections before the elections of 2004. Only with a Bush re-election, would they have a chance of gaining control also of foreign policy, by occupying key posts at the State Department, the *FTD* writes.

The *FTD* is the third leading German publication, after *Der Spiegel* and *Die Welt*, to comment prominently on the Straussians since Aug. 3.

German Media Should Take Another Look at Von Buelow Book

Leading German media, including *Der Spiegel* in its Aug. 4 issue, and the Aug. 4 *Frankfurter Allgemeine Zeitung*, have reacted to the latest book by Andreas von Buelow on *The CIA and the 11th of September—International Terrorism and the Role of Secret Agencies*.

Der Spiegel dismisses the book as "conspiracy theory" and "intelligence fiction," but the review in the *FAZ* by Wilfried von Bredow deserves more attention. Although he to some extent classes it as a "conspiracy theory," he lists von Buelow's theses that attempt to address yet-unanswered questions, such as: 1) The four crashed airliners of 9/11 were neither hijacked nor flown by those 19 Arabs, whose mission it was only to lay a false track that day; 2) the two towers of the World Trade Center were blown up, not by the crashing airliners, but by explosives placed inside the Trade Center ahead of time; 3) the attack on the Pentagon was carried out by a cruise missile, not by an airliner; 4) all of that was done by American specialists, Von Buelow charges, who wanted to prepare the ground for geopolitical conquests, based on the ideology of Samuel Huntington's "Clash of Civilizations."

Dutch Paper Flags Cheney as Liability for Bush Re-Election

In the July 26 issue of the Dutch weekly, *De Groene Amsterdammer*, Washington, D.C. correspondent Tom Ronse, uses a discussion about the chances of George Bush's re-election, to target Dick Cheney as one of the sources of disinformation in the Administration.

The article says that without 9/11 and the Iraq war, Bush would likely be one of the most unpopular Presidents of all time. Ronse mentions some reasons: the lies about weapons of mass destruction used to justify the Iraq invasion; the 3 million unemployed who have been added since the beginning of the Bush Administration; the worst fiscal crisis in 50 years.

Ronse then focusses on exposing the neo-conservatives and the Office of Special Plans. He says, for example "Undersecretary of State John Bolton [sic]* was forced to curtail his testimony to a Congressional Committee ... he was planning to assert that Syria's program for the development of nuclear, chemical and biological weapons, had progressed so far that it threatened the stability of the region, which according to the CIA, is false. This same Bolton ... in May of 2002 accused the Cubans of trying to make biological weapons. Nonsense, said the CIA. The source of this assertion was the OSP, Office of Special Plans, a kind of shadow-CIA which was set up by Rumsfeld and Cheney. Because it was Cheney, according to insiders, who insisted on keeping the false information in the Bush speech, the VIPS, an association of former intelligence officers, demanded his resignation."

[* Bolton's actual position is Assistant Secretary of State for Arms Control.—EIW]

Russia and Central Asia News Digest

New Generation of Nuclear Subs Enhances Russian Military Preparedness

Alongside President Vladimir Putin's remarks on improved nuclear weapons, during a July 31 visit to the Federal Nuclear Research Center at Sarov (see [EIW Russia Digest, Aug. 4](#)), came the announcement by Defense Minister Sergei Ivanov of progress in the development of a new, more efficient generation of nuclear submarines, of which the first units are to be delivered to the Navy by 2006.

In other military developments, shortly after the recent Russian-French naval exercise in the eastern Baltic Sea, Russian ground forces carried out an exercise rehearsing the safe supply of larger army groups with fuel under conditions of war, through the oil pipeline grid in western Russia and in Belarus. In this context, the exercises included the protection of these pipelines under conditions of war—including the pipelines from which Europe is also supplied with crude oil. The pipeline exercise was a top item in a review session at the Russian General Staff, about which Putin was briefed as well.

On Aug. 7, Adm. Vladimir Kuroyedov, commander-in-chief of the Russian Navy, began a tour of inspection and consultation with naval commanders in the Far East, in the context of the following week's start of the largest naval exercise of the Russian Navy in the Pacific region since 1991. The exercise, for which rehearsals of special purpose forces began on Kamchatka in early August, involves naval combat vessels, submarines, naval airforce, marines, and coastal forces in the entire Far East of Russia and in the Pacific Ocean. The script for the exercise includes the "protection of economic interests of the country in the Far Eastern region."

Larger rehearsals for this strategic exercise were held in mid-May, by Russian naval units on their way for joint exercises with the Indian Navy: there, Russian strategic Tu-95MC bombers hit waterborne targets in the Indian Ocean with two cruise missiles, conducting operations along a scenario of a "regional conflict developing into a real war [sic]." The air strikes—in what certainly is a signal on the global strategic level—rehearsed nuclear strikes against targets in the U.S. and U.K., especially the search for liquidation of the U.S. Navy's aircraft carrier shock groups.

"During the exercises, Russian troops will work on a complex of training missions aimed at disabling of U.S. satellites in orbit. This is important to break the stable functioning of the NAVSTAR global positioning system, the Keyhole optical-electronic satellites, and LaCrosse radar reconnaissance satellites," the daily *Pravda* wrote in a first review of these exercises, adding that this implies that "under conditions of war, these actions could blind the Pentagon and interfere with its use of high-precision weapons against Russia's armed forces."

Russian Minister Warns of Nuclear Danger in Korea; Economic Alternative Needed

In an op-ed published in the Aug. 6 *Frankfurter Allgemeine* daily, Deputy Russian Foreign Minister Alexander Losyukov writes that whereas "North Korea certainly is no threat to the security of the United States, one single medium-range nuclear missile detonation would create havoc in the region. Therefore, Russia is committed to contribute to a diplomatic solution to the North Korean problem, in whatever format is acceptable to Pyongyang. The main objective of Russian diplomacy is to establish a nuclear-free zone on the entire Korean peninsula." See [Asia Digest](#) for more.

Russia Presses for New United Nations Resolution on Iraq

U.S. Assistant Secretary of State William Burns was in Moscow Aug. 7, to try to persuade the Russians to help bear the costs and trauma of "reconstructing" Iraq. In a joint press conference following his talks with Russian Deputy Foreign Minister Yuri Fedotov, Burns said that Russia and Russian companies "have a real interest" in the reconstruction of Iraq.

The Putin government, however, is pushing for a new UN resolution on Iraq, as Foreign Minister Igor Ivanov had made clear when he supported French Defense Minister Michele Alliot-Marie's Aug. 4 statement that France was willing to take part in reconstruction—if a new UN resolution were passed. Thus, Fedotov reported in his press conference with Burns, that they had "exchanged very concrete proposals" on a new resolution. Burns avoided the question in his comments, and emphasized that the idea was to build on Resolution 1483. Both agreed that the United States and Russia had agreed to continue discussions.

Russian President Visits Malaysia

President Vladimir Putin of Russia arrived in Malaysia Aug. 4 for the first-ever state visit of a Russian head of state. Putin came to the country for 48 hours, carrying out a schedule that had been postponed after terrorist attacks in Moscow during July. Local Malaysian press noted that Putin was the third head of state or government opposed to the war in Iraq, to visit Malaysia since the war began; he was preceded by French President Jacques Chirac and German Chancellor Gerhard Schroeder. A Malaysian official said the war would be high on the agenda.

A main event of Putin's short trip was the signing of a \$900 million purchase by Malaysia of 18 Sukhoi jets. Putin also addressed the Malaysia-Russia Business Council.

Putin said during his visit that Russia is considering joining the Organization of the Islamic Conference (OIC), an organization of 57 predominantly Muslim nations. Putin pointed out that Russia has more than 20 million Muslims, more than some OIC members such as Malaysia.

On Aug. 5, Council of Russian Muftis Chairman Ravil Gainutdin endorsed Putin's proposal. "That move would be especially important, now that fighting international terrorism is in full swing," Itar-TASS quoted Gainutdin. A spokesman for the Russian Orthodox Church said, "it would be quite logical for Russia to seek membership in European as well as Oriental organizations, including the Islamic Conference."

Russian affiliation with the OIC would be of special interest, in connection with the OIC's role as a venue for promotion of the Malaysia-initiated gold dinar currency for international trade.

Malaysia To Send Cosmonaut on Russian Space Station Mission

During President Putin's visit to Malaysia, the two countries agreed that Russia will train Malaysia's first space traveler, who will launch in a Soyuz capsule and visit the International Space Station for about a week. Every six months, the Russians send a Soyuz to the station. Each trip returns a two-man space station crew to Earth and delivers a new one. The guest cosmonaut will be on the station for the week it takes for the hand-over of the station from one six-month station crew to the new one.

Malaysian Defense Minister Najib Razak told the press on Aug. 5 that this program is "a breakthrough," since it is "the first time that we are venturing into outer space." Russian space agency head Yuri Koptev, accompanying Putin, said the Malaysian cosmonaut would start training in September or early October. The mission will likely be in the second half of 2005.

Moscow Ready To Invest in Iran's Transport Sector

Russian Transport Minister Sergei Frank said Aug. 6, that Moscow is ready to invest in Iranian ports on the Caspian Sea and in the construction of docks and warehouses, *Ettalaat* reported the next day. Frank said in talks with Iran's Ambassador Gholam-Reza Shafeie, that one of Russia's main policies is to activate the north-south corridor, adding that investment in projects for construction of ports in Makhachkala, Oliya, and Astrakhan has been promising, IRNA reported from Moscow.

Shafeie also called for conclusion of long-term cooperation agreement between Iran and Russia in order to balance mutual trade and invest in projects for construction of ports, terminals, and warehouses at the ports.

The two sides said expansion of mutual transactions involving the Caspian Sea would raise mutual understanding. They called for promotion of cooperation in railway and port construction, as well as in loading and offloading goods.

Meanwhile, Russia's Transportation Ministry announced that the working group of Iran-Russia joint commission convened on Aug. 6 in Tehran to examine mutual cooperation on the north-south corridor. It added that Russia's First Deputy Minister of Transportation and head of a State Marine Transportation Company, Vyacheslav Roksha, presided over the meeting. According to the report, the two parties exchanged views on various issues, including the construction of container terminals in Iranian and Russian ports, and investment in Caspian Sea shipping industry.

It added that synchronizing customs duties and taxation of Iranian and Russian shipping lines at the Caspian ports were also discussed at the meeting.

The north-south corridor agreement connecting India to Europe via Iran and Russia has already been inked by Iran, India, and Russia, as well as Kazakstan and Belarus, while Oman and Tajikistan have expressed interest in signing it.

Russian Parliamentary Leader in China

Sergei Mironov, speaker of the Upper House of the Russian Parliament, arrived in China Aug. 4. In an interview with Xinhua, Mironov called for expanding Russian-Chinese strategic cooperation. Mironov was invited by Wu Bangguo, chairman of the Standing Committee of the National People's Congress (NPC) of China. He called for direct contacts and collaboration between special committees of the two parliaments. Mironov said that Russia and China share common views on many international issues. "When the two powers take the same stand in the international affairs, that is a powerful force," he said. He also emphasized the past three years of "stable economic development" in Russia, while the political situation "has been stable also."

Speaking on Aug. 5 in Beijing, Mironov said that the North Korean nuclear issue "can get out of the current stalemate." While Russia wants the Korean peninsula to be nuclear-free, North Korea also has the right to ask for a guarantee of security when giving up its nuclear plan.

On Russia-China relations, Mironov said that Russia attaches great importance to its relationship with China, and that the Russia-China relationship is the most important bilateral relationship in international political arena. On Russia-China economic and trade relations, Mironov proposed further cooperation in the fields of nuclear energy, military and space technologies, and timber processing. He also supported growing region-to-region and city-to-city cooperation between the two countries.

Lautenbach's 'Productive Credit Creation' Featured in Russian Monthly

The August issue of the Russian economics and business magazine *Valyutny Spekulyant* ("Currency Dealer") carries a four-page abridged translation of Hartmut Cramer's presentation to the March 2003 Bad Schwalbach conference of the Schiller Institute, on Wilhelm Lautenbach's concept of productive credit creation. The title of the Russian article, appearing over Lautenbach's portrait, is "He Could Have Stopped Hitler." On the English-language section of its website, *Valyutny Spekulyant* promotes the article as follows: "Wilhelm Lautenbach's concept of productive credit creation / Hartmut Cramer. The Russian version of an article originally published in *EIR* magazine. The disastrous economic crisis and enormous unemployment in 1930s Germany resembled the situation in the U.S.A. But U.S. President Franklin Delano Roosevelt found a way out, while Germany was taken over by the Nazis. This historical tragedy is especially irksome because Germany had a group of economists, members of the Friedrich List Society, who knew how to overcome the crisis in the same way as Roosevelt did. The most brilliant representative of this group was Wilhelm Lautenbach, who proposed a productive credit concept for Germany. Unfortunately, he did not succeed in his plan."

Valyutny Spekulyant is read by many Russian businessmen and economists. The Russian article is also posted at <http://www.larouchepub.com/russian/pdf/a332cramer.pdf>.

Moonie Times on Russia: Oligarchs Represent 'Democracy'

Russia prosecutors' crackdown on Yukos Oil prompted the *Washington Times* to decry President Vladimir Putin's "totalitarian aims," in an Aug. 3 article by Simon Bell, titled "Tilt to Totalitarianism." Bell quoted Boris Berezovsky: "Putin is creating the necessary conditions for an authoritarian government. He seized the mass media for the Kremlin. Now he wants privatization reversed and the Russian economy in his hands."

The Moonie-owned paper spoke approvingly of those whom it candidly calls the "oligarchs," equating their unbridled rule with "democracy." "Nationalism" is the enemy, and is equated with anti-Semitism. Says Berezovsky, "even educated people welcome the blow against Khodorkovsky, for two reasons: They see us as robbers and, alas, they like it that the Kremlin is doing away with Jewish capital [Mr. Berezovsky, Mr. Abramovich, Mr. Khodorkovsky, and several of the other oligarchs are ethnic Jews]. The Kremlin kindles this flame of nationalism."

Berezovsky is frank: "I was never ashamed to formulate the power of capital and say that capital is the most important element of politics. By capital, I don't just mean money, but brains and culture. You can't keep capital out of politics except by brute force. Rockefeller was vice president in America.... In order to preserve democracy in 1996, we had to prove to them that Yeltsin was stronger. When the oligarchs demonstrated their power, the undecided 20 percent of the population who were afraid of the communists saw that maybe power lay with Yeltsin. That is what [the oligarchs] must do now."

Chevron-Texaco Seeks Chunk of Yukos

An article in the Aug. 3 *Sunday Times* of London reported that the oil giant Chevron-Texaco is negotiating to purchase 25% of Yukos Oil, the Russian company which is the subject of a law-enforcement crackdown. Chevron-Texaco has reportedly made a \$4 billion offer. The report coincided with rumors, denied by Yukos, that the company's planned merger with another Russian oil company, Sibneft, was on the rocks.

Mideast News Digest

State Department Cuts Back Loan Guarantees to Israel

"Israeli expenditures on settlements" in the occupied territories "will be deducted from loan guarantees," said State Department spokesman Phil Reeker at the Department's press briefing in Washington on Aug. 5. Reeker's statement was

made while Colin Powell and Richard Armitage, the two top officials of the State Department, were meeting with President Bush in Texas.

Asked about reports that the United States would cut loan guarantees or funds in response to the Israeli building of the separation fence, Reeker told a reporter, "As some of your colleagues indicated and as your question indicates, consistent with the legislation that authorizes loan guarantees, Israeli expenditures on settlements will be deducted from loan guarantees." Reeker's answer indicates that, regarding the settlements, this is official U.S. policy.

"But," Reeker added, "in terms of the specific link to the fence, that's something that we're discussing. And some of the reports that I've seen about decisions having been made are clearly premature."

A reporter had noted, referring to the *terms* of the loan guarantees, that "there is reporting that says that the United States really doesn't have any option but to reduce U.S. aid to Israel by the amount seen as violated ... depending on the route of the fence." While Reeker repeatedly evaded the question about whether the U.S. had threatened Israel with cutting off the loan guarantees or aid, over the building of the separation wall, he admitted that discussion about that matter is going on in the State Department, and announced the subtraction of settlement funds from the loan guarantees as an ongoing policy.

In Texas, White House spokesman Scott McClellan also confirmed that the loan guarantee issue is being discussed, but scolded reporters for "speculating."

Bronfman Attacks Jewish Leaders for Opposing Road Map

Edgar Bronfman, president of the World Jewish Congress (WJC), told the Israeli daily *Ha'aretz*, on Aug. 2, that certain Jewish figures and organizations are deliberately acting to cause a crisis between Israel and the White House in an effort to prevent the implementation of the Road Map.

The day before he spoke with *Ha'aretz*, it was reported that Bronfman had penned a letter to President George W. Bush last month, urging opposition to the separation fence and expressing his concern for the future relations between Israel and the Bush Administration. The letter was co-signed by former Undersecretary of State Lawrence Eagleburger, who happens to be a next door neighbor of Bronfman. Bronfman has recently emerged as one of the harshest critics of the American Israel Public Affairs Committee (AIPAC) and the Conference of Presidents of Major American Jewish Organizations, which, he says, are "dominated by the right wing." Both Israeli Labor Party leader Shimon Peres and Israeli Justice Minister Yosef Lapid sent letters of support to Bronfman.

WJC Chairman Israel Singer also slammed right-wing Jewish leaders, saying they are doing everything to destroy the political pluralism in the Jewish community and boycotting anyone whose opinion is different from theirs. He said public opinion polls show that 80% of Jews support the Road Map and peace process.

Bombing at Jordanian Embassy in Baghdad

A huge bomb, put in a minibus, targetted the Jordanian Embassy in Baghdad on Aug. 7. At least 12 people were killed so far, and at least 50 wounded. The U.S. media emphasized that, after the bomb went off, the embassy was stormed by Iraqis shouting anti-Jordanian slogans; however, that story does not explain the incident, which represented the biggest single irregular warfare attack since the "hot phase" of the war ended.

According to one American journalist, who spoke to CIA sources, there are indications that al-Qaeda or Muslim Brotherhood operatives may have been behind the attack, and that former GIA Afghani mujahideen from Algeria are also

said to now be operating inside Iraq. A more fascinating report came from an Egyptian source, who suggested that the attack may have been the work of backers of Ahmed Chalabi. Chalabi is hated by the Jordanians (who consider him a thief), and it is known that Jordan's King Abdullah II mobilized Egyptian and Saudi support to block U.S. Defense Secretary Donald Rumsfeld's plans to install Chalabi as the gauleiter of Iraq. In the immediate aftermath of the 1991 Operation Desert Storm, according to the Egyptian source, a CIA-led coup scheme against Saddam Hussein, which had the backing of Jordan, was sabotaged, by Chalabi tipping off Saddam. This was behind the CIA's dumping of Chalabi at the time, and deepened the Jordanian hatred for Chalabi, the source concluded.

Court Rules Against Sharon in Continuing Corruption Probe

The daily *Ha'aretz* reported Aug. 7 that an Israeli prosecution is beginning to close in on Israeli Prime Minister Ariel Sharon and his two sons, Gilad and Omri. All three have refused to answer questions of police investigators, claiming they would incriminate themselves. At the same time, the sons are not talking about their father, because they say they do not want to incriminate him. Gilad not only refused to answer questions, but refused to hand over documents requested by police.

The prosecution took this last case to court, and the court ruled that Gilad has to turn over the documents. Gilad has now appealed this decision to the high court, but the prosecution has gone back to the court to demand that the documents be turned over immediately.

There are two criminal investigations involved here. One involves a case of bribery involving Israeli real estate developer David Appel, called the "Greek Island" affair, and the other is the transfer of \$1.5 million into the account of Gilad, used to pay back Ariel's illegal election campaign debts.

Omri, who is a Knesset member, will also be questioned soon. If he doesn't talk, it will create a scandal in the Knesset.

Shinui party Cabinet Minister Yosef Baritzky threatened that his party would collapse the ruling coalition, if Sharon's sons do not stop stonewalling on the two cases.

***Ha'aretz*: 'Do It Right: Indict**

In an commentary entitled, "Do It Right: Indict," *Ha'aretz* political commentator Yoel Marcus, on Aug. 7, called on the Israeli Attorney General to indict Prime Minister Ariel Sharon. Marcus wrote that the various criminal investigations revolving around Sharon's illegal financing of his election campaign are becoming his "Sharongate," adding that, just like President Richard Nixon's attempt to cover up the events at the Watergate Hotel, Sharon and his sons are refusing to cooperate with the police investigation, in an attempt to cover up their illegal activities.

In concluding, Marcus called upon Attorney General Elyakim Rubenstein to indict Sharon. "In the atmosphere of political corruption pervading this country, and especially now as Rubinstein prepares to join the Supreme Court, it seems only right to expect some bold move from him. He should speed up the investigation and press ahead with an indictment. That in itself will be a step up in establishing norms of integrity in Israeli public life."

New Temple Mount Provocation

The Israeli High Court of Justice, on Aug. 6, rejected a petition from the Temple Mount Faithful to allow its members to visit the Mount the following day, which is the site of al-Haram al-Sharif mosque, the third holiest site in Islam. The Temple Mount Faithful planned to go on the Jewish holiday of Tish B'Av, which commemorates the destruction of the first

and second temples in Jerusalem. Public Security Minister Tzachi Hanegbi, in his affidavit, said such a visit would lead to bloodshed, as did Ariel Sharon's visit to the site two years ago. For the past 20 years, the "Faithful" have tried to lay a foundation stone to rebuild the Temple.

A ruling is awaited from the court on the plan of three Likud Members of Knesset, who also want to start a new war, to visit the site on the holiday. Sephardic chief rabbi Shlomo Amar said there is no religious reason that the MKs should visit the Temple Mount. Likud House Committee Chairman Roni Bar-On said that he has seen the classified information upon which the police banned non-Muslim visitors to the site, saying it must be taken seriously. Infrastructure Minister Joseph Paritsky, from the Shinui party, added: "Apparently there are MKs who are tired of the quiet and of the attempt to reach a diplomatic agreement, and they want to re-ignite the fire of the intifada."

Alon Touring U.S. Bible Belt Promoting War

Israeli Tourism Minister Benjamin Elon will make a "Bible Belt tour" of the United States to promote his genocidal plan for the transfer of Palestinians from the West Bank and Gaza to Jordan, where he wants the "Palestinian state" to be created. "Our Christian evangelical friends understand quite clearly the importance of Israel fighting terror and not giving in to the whims of Palestinian Arab terrorists," Elon said. "We will not remove settlements or make concessions, as our stay in Judea and Samaria is not temporary, and we will not permit the creation of a terrorist state in our biblical heartland."

On his seven-day U.S. visit, beginning Aug. 12, Elon will meet with Gary Bauer, former chairman of the Family Research Council; Roberta Combs, president of Pat Robertson's Christian Coalition; Mike Evans, chairman of the Jerusalem Prayer Team; Ed MacAteer, founder of the Moral Majority; and talk-show host Janet Parshall. His stops will include Atlanta, Ga.; Columbia, S.C.; and Memphis, Tenn.

IAEA in Crucial Meeting With Iranians

Members of the International Atomic Energy Agency met in Tehran on Aug. 5 with Iranian experts to discuss the technical, legal, and political aspects of the additional protocol to the nuclear Non-Proliferation Treaty.

The meeting was held following IAEA chief Mohamed ElBaradei's recent visit to Iran and an agreement with President Mohammad Khatami on the dispatch of these experts, IRNA reported.

According to the Iranian Foreign Ministry, the talks are to give both sides an opportunity to comprehensively examine the protocol in order to clear ambiguities on the Iranian side, and enable its experts to give a report on the nature and effects of the protocol to the government. The two sides termed the talks "positive and constructive."

Asia News Digest

North Korea Suspends All North-South Projects After Hyundai Suicide

On Aug. 5, North Korea halted all North-South projects for an undetermined "period of mourning" after the death of Hyundai Asan Co. Chairman Chung Mong-hun. (See this week's "Latest From LaRouche" for a LaRouche in 2004 campaign statement.)

Chung was *the* top Seoul corporate official in charge of relations with North Korean Chairman Kim Jong-il, and was personally much closer to Kim (whom Chung had met many, many times) than anyone in the Seoul government. In fact,

none of South Korea's current top officials, including President Roh Moo-hyun, have ever met Kim Jong-il. Chung was also in charge of building large sections of the Trans-Korean Railway, reconnected June 14.

The North's pause for mourning could either be brief—since many leaders in Seoul have vowed to continue cooperation—or could become serious, if the South Korean prosecutors continue with their witch-hunt against Hyundai. On Aug. 6, the prosecutors called five of Chung's employees to interrogate them on Chung's dealings with the North. Putting this together with U.S. Assistant Secretary of State John Bolton's outbursts against the "nightmare regime" in Pyongyang July 30 in Seoul (see this week's "InDepth"), this gives a picture of a royal brawl in the U.S. between those who want to go with the Six Power talks to reach a peaceful solution to the North Korea crisis, and those who want to blow up North Korea. The same brawl is reflected inside Seoul politics.

Meanwhile, President Roh Moo-hyun's government is falling apart, as a result of the undercutting of his every move from Washington. "Roh's Ever-Plummeting Approval Rating—Leadership Crisis Results in National Dilemma," was the title of the *Korea Times* editorial July 30, after his approval rating fell to an unprecedented 24% in the polls; and the *Times* is very pro-Roh.

Neo-Cons Woolsey and McInerney Outline Insane Plan for War on North Korea

In an Aug. 4 op-ed in the *Wall Street Journal*, neo-conservative warmongers James Woolsey (Mr. "World War IV") and Thomas McInerney rant that, unless China succeeds in ending North Korea's nuclear weapons program, preferably through a "change in regime," the United States and South Korea must plan for "The Next Korean War" within weeks to months. Woolsey, a former CIA director, is a member of the secretive Defense Policy Board, run by the Cheney/Rumsfeld/Wolfowitz cabal that produced fraudulent intelligence in order to justify the Iraq war. Recent allegations have appeared in the magazine of the U.S. Naval War College, that intelligence about North Korean weapons of mass destruction, has also been distorted by political ideologues who want to provoke a war.

It is no accident that the op-ed appeared in wake of reports that progress was being made in setting up U.S. multilateral talks on North Korea.

"Force is an option in Korea," the neo-con warmongers claim, and the U.S. and South Korea must "begin to assess realistically what it would take to conduct a successful military operation to change the North Korean regime."

According to the two utopians, the U.S. could defeat North Korea decisively in 30-60 days, by using massive air power to strike the nuclear reprocessing facility at Yongbyon and other key sites, plus deploying two U.S. Army divisions and Marine Expeditionary Forces. Specifically, "the U.S. should begin planning immediately to deploy the Patriot tactical ballistic missile defense system plus Aegis ships to South Korea and Japan," as well as move in aircraft carrier battle groups.

Russia Committed to Economic Support for North Korea

In an op-ed published in the Aug. 6 German daily *Frankfurter Allgemeine Zeitung*, Deputy Russian Foreign Minister Alexander Losyukov writes that, whereas "North Korea certainly is no threat to the security of the United States, one single medium-range nuclear-missile detonation would create havoc in the region. Therefore, Russia is committed to contribute to a diplomatic solution to the North Korean problem, in whatever format is acceptable to Pyongyang. The main objective of Russian diplomacy is to establish a nuclear-free zone on the entire Korean peninsula."

But Russia is committed also to essential economic contributions to a future package deal for North Korea, Losyukov

writes: "Russia would supply electricity to North Korea, and would also build a pipeline to supply natural gas. Moreover, Russia does have an interest in the completion of the Trans-Korean railway project, as part of the design to establish a direct rail freight transport link between Asia and Europe, via the Trans-Siberian Railway."

China, Russia Launching Joint Sci-Tech Center

A joint science and technology center is being sponsored in Lianoning, China by the Shenyang City (China) Engineering College, Russia's Tomsk Polytechnic College, and the Siberian branch of the Russian Academy of Sciences, to conduct research on aeronautics and astronautics, bioengineering, energy, new materials, laser technology, and environmental sciences. It is to be completed in 2005, and ultimately should include 10 institutes. The center will also be open to other institutes in China, Russia, and other countries.

The Chinese are also planning a high-tech industrial park catering to Russian technology in Shenyang, in northeast China. This center plans to follow up with a Russian-Chinese science park in Russia, in a bid to introduce Chinese high technology, practical technology, and products to Russia.

Iran Promotes 'Reviving the Ancient Silk Road' to China

In an interview with the Beijing English-language magazine *World Great Talents*, reported in the Aug. 4 *Tehran Times*, the Iranian Ambassador to China, Fereydoun Verdi Nejad, referred to the "many-thousands-year history of the Silk Road" which served travellers, a path for exchanges of culture and art, and an economic transit road among all countries on its path for centuries. The boosting of Tehran-Beijing political and economic ties can play an important role in efforts aimed at reconstruction of that ancient road." Now, he said, "Chinese technicians and engineers are currently busy at such infrastructure facilities as road, subway, airport, and power plant construction in Iran." He said that the "vast unused potentials in both countries" can be used to expand relations.

Taliban Killing Off Clerics Who Support Afghanistan's Karzai Government

New York Times correspondent Carlotta Gall reported from Kandahar, Afghanistan on Aug. 3 that the Taliban are now in the process of killing off those Afghan clerics who do not agree to the holy war call issued by the Taliban militia. Three senior clerics have been killed by the Taliban in the last 40 days. The killing comes in the midst of increased Taliban activity in southern Afghanistan. Local officials reported capturing 20 Taliban suspects in the last few days in two operations in Kandahar province, says Gall. The authorities also caught a Taliban member trying to plant a mine meant to kill the Governor of Uruzgan province, north of Kandahar, and home province of Taliban supremo Mullah Mohammad Omar.

The strategy of the Taliban is to silence the Kandahar-based Ulema-e-Shura, or Clerics' Council. The 15-member Ulema-e-Shura had pledged its support to the Karzai government in Kabul. Ulema-e-Shura issued a religious edict seven months ago, denouncing the Taliban's call for *jihad* against the American-led forces in Afghanistan. Ulema-e-Shura chief Maulvi Muhammad Huq said that, unlike the Soviets, whose intervention here in the 1980s was intended to occupy the country and so justified a jihad, the American-led forces had come to expel terrorists and bring peace, and had United Nations' support.

Iran Supports a Stable Afghan Regime

Iranian Foreign Minister Kamal Kharrazi, during his Aug. 5 meeting with the UN Special Representative to Afghanistan, Lakhdar Brahimi, said that "Iran has consistently voiced support for a stable and strong government in Afghanistan that guarantees peace, stability, and welfare of the Afghan people. This is our government's policy." Brahimi, who was visiting

Tehran, also lauded Iran's participation in the Afghan reconstruction work in various areas. He described these efforts as "very positive and useful," adding, "We attach special importance to consultations between the United Nations and Iran."

In another meeting with the Deputy Foreign Minister for Asia-Pacific Affairs, Mohsen Aminzadeh, Brahmi expressed appreciation for Iran's role in the work of reconstruction in Afghanistan. Aminzadeh also said Iran is meeting some success in curbing poppy cultivation in Afghanistan.

China Painted As 'Enemy' For Refusing To Devalue Its Currency

In an Aug. 4 article about China's resistance to the devaluation of its currency, the *Toronto Globe and Mail* points out that in some circles, China is being viewed as a threat for making this decision.

"China is being blamed for millions of job losses in the United States, Canada, Europe, and Asia. And with the U.S. election season approaching, the outcry will only grow noisier; and the yuan has suddenly emerged as the *bete noire* of politicians and business leaders around the world." Bank of Canada Governor David Dodge has joined a chorus of many other European and American government officials in calling for a rise in the yuan's value.

"Beijing's public reaction has been unsympathetic," says the *Globe*. "In the official media, Chinese policy makers and opinion leaders are scoffing at the Western complaints, seeing them as an admission of economic illness. 'If they are sick, why let China take the pills?' asked Xiao Guoliang, an economist at Beijing University. He accused Western leaders of 'retaining a Cold War mentality.' 'China is now becoming the Japan of the 1980s,' said Wenran Jiang, a political scientist at the University of Alberta. 'I think this is very much a new chapter in the "China threat" theory.'"

See ECONOMICS NEWS DIGEST for: [Mahathir, Sakakibara Renew Call for Asian Monetary Fund](#)

Africa News Digest

South African Government Plans Use of Anti-Retrovirals

South Africa will have "a detailed operational plan" for treating HIV/AIDS sufferers with anti-retrovirals by October 1. The report of a joint taskforce of the Health and Treasury departments on HIV/AIDS treatment, was the subject of a special cabinet meeting in Pretoria Aug. 9, after which the announcement was made. The Health Department has been given until October 1 to develop the plan.

The government of President Thabo Mbeki has been slow to act, protecting its sovereign decision-making powers from undue pressures: There is the danger of emptying the Treasury to buy anti-retrovirals (ARVs) for the sick, while defenses against HIV infection in the form of nutrition and infrastructure development go a-begging. There is also the danger of distributing ARVs without education and medical supervision: If patients are not very consistent in taking medication, the HIV becomes quickly resistant to treatment. Several steps toward solving these problems have been taken.

Twenty percent of the country's population of ages 15-49 are infected; 11% of the entire population is infected.

Taylor's Troubles Began When He Cut Off Israeli Diamond Dealers

Liberian President Charles Taylor is not being forced out because of his brutality, terrorism, or tyranny, a well-informed source told EIR July 6. "My take is that while Taylor was cutting the Israelis in on his blood diamonds, he was fine," the

source said. "But when he went independent, he was finished. Just like Savimbi in Angola."

Asked whether Taylor has had access to diamonds from Sierra Leone since the UN peacekeeping operation took hold there, the source said that "Taylor has been raking off profits from renegade operations in Sierra Leone and Guinea." (Liberia produces gold, but little in the way of diamonds.)

The alleged link between Taylor and al Qaeda was asserted once more in an Aug. 3 *Washington Post* article by Douglas Farah, the reporter who originally developed the story. Farah claims in his Aug. 3 article, "[Sierra Leone] Special Court prosecutor David Crane, who earlier served as senior inspector general in the Pentagon, and his chief investigator, Alan White, a former cop and Pentagon investigator, have found compelling evidence that al Qaeda was active in the profitable diamond trade Taylor controlled. In the months before 9/11, al Qaeda sought to protect its financial assets by buying millions of dollars of diamonds from Taylor.... The evidence amassed includes numerous eyewitness accounts, telephone records of calls to Afghanistan, bank records and other documents."

EIR's source responded, "I don't believe in any al Qaeda-Taylor link unless, of course, it involves the Israeli-connected diamond dealers."

EIR notes that, if an al Qaeda link did involve the Israeli dealers, that would explain why, according to the Post's Farah, "Crane and White have been unable to get the CIA or FBI to undertake a serious investigation of the al Qaeda ties. Amazingly, their evidence is largely ignored and dismissed." And, of course, the mass media's standard "charge sheet" against Taylor does not mention al Qaeda.

Futile U.S. Policy Fight Over Liberia

The U.S. policy fight over Liberia is between the neocon "manipulate the actors" policy now in effect, and the liberal imperialists' "send in the Marines" policy. Both will fail. Under the current policy, the Bush administration expects to steer events through its considerable influence over the Economic Community of West African States (ECOWAS)—through such clients as the current ECOWAS chairman, Ghana's President John Kufuor, and the President of West Africa's heavyweight, Olusegun Obasanjo of Nigeria. The Bush administration has a former U.S. Air Force Major General as Kofi Annan's special representative for Liberia, and a small team of Marines with special (unpublicized) qualifications in Monrovia. There is also the U.S. ambassador, in touch with all parties.

The New York Times continues to attack this neocon approach, most recently in an Aug. 8 op-ed entitled, "Send In the Marines," by CFR Fellow Kenneth L. Cain, a UN human rights officer in Somalia, Rwanda, Haiti and Liberia in the 1990s, who writes, "counting on regional forces to bring peace to Liberia without substantial American participation is a mistake, one that will likely come with tragic consequences."

Cain witnessed in 1995-6 the operations of the regional coalition's forces of the time, ECOMOG (ECOWAS Military Observer Group), and says it "supported and armed an ever-growing list of ethnically-based rival rebel factions. The theory was that these factions would thwart the biggest rebel, Charles Taylor, from taking power by force." It backfired, he says. Taylor took all of Liberia except Monrovia, where he was blocked by the coalition. So, the war became a bloody stalemate and the country descended into chaos. The coalition, instead of protecting civilians, protected commercial interests, putting troops near diamond mines and stands of tropical timber.

"In 1997, the West African coalition broke the impasse it itself had created, capitulated to Mr. Taylor, and choreographed a lopsided election on his behalf.... And the cost? More than 100,000 civilian casualties from 1990 to 1997—and the catastrophe before us today." Cain's account of what took place is confirmed in detail by other sources.

Therefore, he says, "the U.S. should immediately deploy at least two dozen mobile, squad-sized Special Forces units" of the kind he witnessed in Haiti. The professionalism of American forces "will raise the bar considerably for everyone.... Witness Sierra Leone. The initial ECOMOG and UN arrangement was on the verge of failure until a very small force of approximately 1,000 British soldiers arrived in 2000. Since then, the situation has stabilized. The triangular combination has been infinitely more effective."

What Cain and his fellow Limps fail to say, is that, unless an intervention force is willing to support a new government in forcing its own, nationally oriented policies upon foreign commercial interests—interests in gold, diamonds, iron, hardwood, rubber, prostitution, and narcotics—then new incarnations of the Raw Materials Liberation Army and the National Patrimony Bakesale Front will continue to appear, as in the Congo. (Indeed, much of what Cain lays at the door of ECOMOG, was doubtless urged on it by these commercial interests.) It seems that such an intervention is unthinkable without the change in the world economic regime that LaRouche is fighting for, as in his New Bretton Woods proposal.

Threat to Taylor: 'Leave Liberia While You Can'

Kofi Annan's special representative for Liberia, Jacques Paul Klein (a former U.S. Air Force Major General), has issued a clear threat to Taylor. In an interview with Francois Nsenguyumva of Voice of America (VOA), Klein urged Taylor "to leave the country while he can," in Nsenguyumva's paraphrase. VOA headlined the story, "UN Warns Charles Taylor to Leave Liberia Immediately."

Liberian President Charles Taylor says he will hand over power to his Vice President on Monday, Aug. 11. This will mean nothing, if he remains in the country and runs things from behind the scenes. He says he will not go into exile in Nigeria, unless the indictment for crimes against humanity against him is lifted—a virtual impossibility. Presidents Mbeki, Obasanjo (or his foreign minister), Kufuor (Ghana) and Eyedema (Togo) are flying into Monrovia to attend the handing-over ceremony, and to try to get him on a plane headed for Nigeria.

The LURD rebels, meanwhile, say they will not accept Taylor's hand-over to his Vice President, Moses Blah, or the Speaker of Parliament, neither of whom they trust, and want a neutral President. Negotiators say Blah may be replaced by someone unconnected to the Taylor government or any of the rebel organizations within days. LURD had agreed to pull out of the port once peacekeepers arrived, but then told Reuters Aug. 8 that Taylor's forces must first withdraw from the rest of Monrovia. Civilians cannot walk over the bridges to the LURD-held port. The 1,100 tons of food stores in the port have been looted.

The ceasefire that began in Monrovia Aug. 5 continues; fighting continues elsewhere. There are about 800 ECOWAS peacekeepers patrolling Monrovia, but these few have not attempted to patrol the front lines.

Reports say that hunger is worsening on the government-held side (30% of children under five on the government-held side of Monrovia are suffering from acute malnutrition—15% is considered an emergency by aid agency standards). The 42 tons of food flown into Robertsfield International Airport, held by ECOWAS, in recent days are a few drops in the bucket.

Diplomats at the UN say that South Africa, India, Pakistan and Bangladesh, along with several West African countries, are willing to contribute troops to the full-fledged UN stabilization force that is targetted to take over October 1, after a comprehensive political settlement has been reached.

Pentagon Secretive About Its Team in Monrovia

The U.S. landed a team of seven in Monrovia July 6. At the Pentagon, a spokesman called the team a "liaison element"

with ECOWAS that would, in the paraphrase of Associated Press (AP), help "in a planned several-week build-up of [ECOWAS'] peacekeeping force,... and coordinate civilian contractors who are providing other logistical and humanitarian services." The team reports to the commander aboard the three U.S. warships anchored off the Liberian coast.

A Pentagon official wishing to remain anonymous said, "Do not look at this as a vanguard of more people to come." The team may increase in size, but only to a maximum of 20.

AP's Pauline Jelinek adds, "Pentagon officials declined to provide information on the type of troops in the new liaison team, whether they are Marines or from another service, where they came from, or what their skills are." She writes, "There has been much U.S. activity [in the past few weeks], but much of it has been shrouded in secrecy."

One of the team could be heard on Reuters TV introducing himself to an ECOWAS officer as from the Marine Corps.

SA Trade Unions Welcome Decision To Improve Infrastructure

The Congress of South African Trade Unions (Cosatu) has welcomed President Mbeki's July 30 announcement that the Cabinet will invest in the country's infrastructure. Mbeki announced that the Cabinet had decided that large investment was needed in railways and harbors. A document issued at the press briefing stated the government would provide new resources to improve Transnet's rail network. More money will also be put into easing congestion at the Durban, Cape Town, and Port Elizabeth ports. The country's road program will also receive more resources, accompanied by a phased reduction in axle mass limits on the roads, the document said.

Cosatu stated: "These proposals are a concrete outcome of the Growth and Development Summit and a vindication of Cosatu's long-held view that the state and the public sector have to play a dominant role in economic development if we are to achieve the GDS target of halving unemployment by 2014." Cosatu's statement also said that it looks forward to seeing the detailed proposals as soon as possible, so that work can begin without unnecessary delay.

Sudan Prepares for Worst Floods in a Century

Sudan is preparing for the worst floods in a century, according to a report by Pekka Reinikainen of the International Federation of Red Cross and Red Crescent Societies (IFRC) Aug. 5. There have been—and continue to be—unusually heavy rains in areas feeding the White Nile, the Blue Nile, and their tributaries.

In Khartoum, where White Nile and Blue Nile converge, the levels of the two are continuously increasing. On Aug. 5, their levels exceeded the same-day levels of 1988 (1988 and 1946 witnessed the worst floods of the past 100 years—in 1988, 2 million people lost their homes). Khartoum State is preparing for all possibilities.

Red Crescent branches in the states of Sinnar, Gezira, Elgedarif and White Nile have reported ferocious local floods. But the worst hit so far is the town of Kassala, near the Eritrean border. Two thirds of the population of 500,000 has become homeless since July 30, when the river Gash burst the dikes protecting the town. Kassala teaching hospital is flooded and evacuated. Electricity and telephone/mobile phone infrastructure is wiped out. Two kilometers of the road from Kassala to Khartoum is washed away. The airport, on higher ground, is the remaining lifeline for delivery of relief supplies. Much of the population is huddled on high ground without protection from the elements.

This Week in History

August 11-17, 1935

On Aug. 14, we mark the anniversary of one of the landmark pieces of New Deal legislation enacted by President Franklin Delano Roosevelt, the Social Security Act of 1935. This Act marked a decisive commitment to the Federal government's playing a role in securing the general welfare of the unemployed, the elderly, the disabled and the poor—against the Social Darwinian ideology of the "free market" which had characterized the 1920s, and other periods of American history.

The Social Security Act was enacted in the face of an enormous assault by the "free marketeers," and reflected a compromise in many respects. The Act was immediately challenged in court, and the case ended up in the U.S. Supreme Court in 1937. In May of that year, however, the Court's majority ruled that the provisions for unemployment insurance and old-age insurance were Constitutional on the basis of the *General Welfare* clause of the U.S. Constitution. Associate Justice Benjamin Cardozo cited the magnitude of unemployment, noting that the states had been unable to give the requisite relief, and that the unemployment problem "had become national in area and dimension."

"There was need of help from the nation if the people were not to starve," Cardozo wrote. "It is too late today for the argument to be heard with tolerance that, in a crisis so extreme, the use of the moneys of the nation to relieve the unemployment and their dependents is a use for any purpose narrower than the promotion of the general welfare."

At the same time, again citing the General Welfare clause, Justice Cardozo expressly adopted the Hamiltonian view of the general welfare power, as opposed to that of Madison. "The conception of the spending power advocated by Hamilton and strongly reinforced by Story has prevailed over that of Madison," Cardozo wrote. He said that in response to the nationwide calamity that began in 1929, Congress had enacted various measures conducive to the general welfare, including old-age benefits and unemployment compensation. Only a national, not a state, power can serve the interests of all, Cardozo declared.

The Provisions

Let us review the provisions of the Social Security Act now, before making a few more analytical remarks.

In a June 8, 1934 message to Congress, Roosevelt spoke of a "national social insurance system," to protect against "misfortunes which cannot be wholly eliminated in this man-made world of ours." After commissioning and receiving the recommendations of a Committee on Economic Security, Roosevelt issued a message to Congress on Social Security on Jan. 17, 1935, presaging legislation which would achieve "the security of the men, women, and children of the nation against certain hazards and vicissitudes of life."

Despite the hysterics of Newt Gingrich's political forebears, in August of 1935, the House of Representatives passed the Social Security Act by a vote of 372-33; the Senate by 77-6. On Aug. 14, 1935, President Roosevelt signed the Act into law. The Social Security Act not only provided for social insurance for retirement, but also provided for assistance to the indigent elderly, the blind, and families with dependent children; and established the first comprehensive national unemployment insurance system. Taking this Act's major provisions:

* Old-Age Insurance—a giant national retirement system based on social insurance principles, and intended to be the chief method of assuring income to an individual after retirement. The basis of the system is a Federal payroll tax, assessed on most employees and their employers. Today, the tax is 6.2% each for employers and employees. An individual becomes eligible for a monthly cash payment at 65, if he has worked a specified amount of time in employment subject to the payroll tax and has thus, along with his employer, contributed toward the costs of his own pension. Eligibility is a matter of right and does not depend on need.

* Old-Age Assistance to the Indigent—authorized Federal matching grants to the states to help them make monthly cash payments to indigent elderly people.

* Aid to the Blind—authorized Federal matching grants to the states to help them make monthly cash payments to those who are blind.

* Aid to Dependent Children—Federal grants to the states to help them support needy children and a parent, if the children have been deprived of normal parental support because of the death, incapacity, or absence from the home of a parent. Now called Aid to Families with Dependent Children, the program incorporates the premise that society should leave no one destitute.

* Unemployment Insurance—a system established by the Act, whereby the states set up their own unemployment insurance programs, but by means of a tax offset device, are compensated by the Federal government. For the first time in American history, laid-off workers could collect unemployment insurance.

Revolutionary Implications

The Social Security Act was a revolution in social policy. Different nations in Europe had differing elements of this package, but America had had none. Now, it had all of them in one package, and it was recognized that those unable to help themselves *had a right* to receive help from the government.

As you will have noticed, the Neo-Conservatives of today are determined to reverse this revolution. Already, the Aid to Dependent Children program enabled by the Social Security Act—what has been derogatorily been called "welfare"—has been gutted. The next target is the Old-Age Insurance section, which the privatizers have had in their sights for years, but have been unable to eliminate so far. Unemployment insurance too, which is administered by the states, has been made more onerous in many states.

Yet, as we enter ever deeper depths of the depression, there is good reason to believe that the Social Security concept, and Act, will be strengthened, not gutted. The *principle* of the general welfare must be revived, or the future will be grim indeed.

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