

[return to home page](#)

## **This Week You Need To Know**

### **TOWARD A SECOND TREATY OF WESTPHALIA**

#### **The Coming Eurasian World**

**by Lyndon H. LaRouche, Jr.**

November 29, 2004

*First, let us speak of tragedy.*

Let such caricatures of poor King Canute as President George W. Bush, Jr., howl their denials, while they can still be heard. Let him shriek in futile rage against those thunderous winds of chaos which were already hurling themselves against the increasingly bankrupt national financial systems of the world. That chaos, now excited to the greater turbulence caused by the desperate antics of such poor, enraged fools as he, now descends with its own, added, uncontrollable fury upon our hapless, present world monetary-financial system. So, now, just a few weeks following our modern Canute's recent claims of electoral victory, the oncoming waves of a great storm of global breakdown crisis are striking on the gates of the governments of the world, and are already pounding the hoaxster's illusion of Bush's economic recovery to shreds. The terminal breakdown-crisis of the 1971-2004 world monetary system is thus now fully under way.

In that Classical definition of tragedy which takes its origin from ancient Greece, but contrary to the incompetent, Romantic doctrines usually taught in university courses on the subject of drama, a tragedy does not represent a calamity whose primary cause is an error by the current leadership of a society. Rather, *both the selection of, and the relevant failures by that leadership are determined by the systemic features of the culture and institutions within which both that selection of leadership, and the forces acting upon its behavior are operating.* Such is the U.S. situation today.

Look at the folly of the Peloponnesian War, and learn. As Plato understood, and showed in his dialogues, this was not the mistake of a leader, but of the way in which the behavior of leadership, from Pericles through Thrasymachus, and the Sophists of the Democratic Party of Athens, was governed by the ruling moral degeneracy permeating the leading institutions of the population of Athens during that span of decades. So, it is with the tragic forces which have controlled the step-by-step descent of the U.S.A. and western and central Europe into self-inflicted doom over, especially, the recent four decades. The people whose institutions arranged the selection of the nation's leaders, prefer to blame the leaders, as Romantics do, for the ills of society; they evade the question: Why they did prefer not to choose, or to develop better ones?

So, in the current case of the Bush Administration, the origin of the present crisis is less a product of that Administration, than those U.S.A. institutional forces, including the Democratic Party as much as the Republican, which have shaped the selection and behavior of the leadership and policies and practices of both government and also private institutions during a more immediate period of four decades. Much of the blame for this dates from wrongheaded changes in direction of U.S. policy-making outlook already under way since the regrettable selection of Senator Harry S Truman as a Democratic Party Vice-Presidential candidate in the Summer of 1944.

In an existential crisis, such as the present world situation, which has those or similar attributes of a threatened general breakdown of the system, the danger comes chiefly from the leadership which fails to break with the pre-established policy-shaping trends, the failure to break in the way President Franklin Roosevelt did in his 1932 election-campaign, and in the turnabout in U.S. policy which he introduced beginning his first hours in the Administration. Like fabled King Canute, U.S. President George W. Bush, Jr., has more the character of a piece of noxious flotsam floating on the flood waters of doom, than the true cause of the crisis in which he plays the part of the official First Fool.

The great leader for a time of crisis is one *whose selection* breaks the rules, those rotten rules which are the relevant expression of the relevant, essential corruption. For that reason, society has tolerated only a relatively few truly great leaders for more than a short time. For example, as in the case of President Charles de Gaulle of France's Fifth Republic after 1963, the way in which bad governments recur or are maintained, is that the relevant leading institutions of society kill or otherwise eliminate capable leaders, even one such as de Gaulle who saved his nation in a time of existential crisis, when his rivals could not; but, who go against the whims of the representatives of the currently leading body of opinion, and are then, first undermined, and, later, ousted by aid of a corrupted majority of popular opinion. As Solon of Athens wrote, such expressions of popular opinion are the true root of Classical tragedy.

It is a virtual rule, that a corrupt popular opinion turns quickly against the leader who rescues that people from the consequences of its own popular follies. So, the French ingratitude to de Gaulle might remind one of a celebrated apostle of France's Nineteenth-Century decadence, who wrote insightfully of the beggar, who attacked savagely the first person who offered the beggar alms.

Traditionally fickle, so-called "democratic" popular opinion sometimes treats the wrong-doers of its nation almost as savagely as it might express ingratitude toward its heroes. In this present state of crisis, nothing that the Bush Administration might have thought were to be its triumphant schemes for the months ahead, will go as planned. Anyone who assumes that Bush's intentions will be carried out as planned, is as much a fool as the doomed Bush himself.

It is typical of that paragon of gutter hypocrisy, Bush, that he is mobilizing now for what he solemnly swore, repeatedly, during the recent televised campaign debates, that he would never do, "privatize Social Security." He is as evil and stupid as a Gila monster, as he moves to reward the poor dupes who voted for him, by sadistically increasing the proportionate tax burdens on those poor, and looting their small pensions, while gleefully cutting the taxes on his friends, the rich, especially the legendary "filthy rich" of such as Enron and Halliburton notoriety.

That folly of his Administration will generate countervailing consequences, probably even the fools' uncalculated ones, like those which soon embraced the five great fools of 1914, the German Kaiser, the Austrian Kaiser, the Russian Czar, and the chauvinism of the British and French populations. So, the spirit of the plagues of ancient Egypt is already descending upon its lawful prey, that modern gutter-Pharaoh's realm.

Nonetheless, in this stormy moment, nothing is settled, except the fact that the greatest monetary-financial crisis in modern history is already buffeting the world. In one way or another, this crisis is already threatening the Bush Administration with an early, self-inflicted doom. Meanwhile, what the actual outcome of this rising tumult might be, remains to be decided: by us, if we can find the will to do so.

## **Latest From LaRouche**

*The following leaflet, issued by LaRouchePAC, is now being distributed across the country. It is expected that millions of copies will be circulating in the immediate days and week ahead.*

# Bush Adopts Pinochet Plan — To Steal Your Social Security

The corpse of the Bush Enron swindle is barely cold, and still stinks. Hundreds of thousands lost their shirts, and Californians are still paying billions, with the highest electricity prices in the country, thanks to the deregulation scheme that Bush pushed through for the fat cats who funded his 2000 campaign.

The next big stink to come from Bush's Crawford Raunch is what's left over after George W. Bush feeds your Social Security check, Pinochet-style, to the Wall Street billionaires who funded his 2004 campaign.

Bush's Social Security Rip-off is now in full swing. George has endorsed the Chile plan as his "example"—the plan carried out by fascist dictator Augusto Pinochet in 1981. Just what is the Pinochet model?

\* It takes your Social Security payment, and gives it to financial managers and banks:

\* It lets the bankers managing the funds take 25% of the funds, and make profits of 50% and up.

\* It loses your money in the markets, leaving you dependent upon a pittance, or welfare, paid for by the state.

After 25 years in operation, this is precisely what the Pinochet plan has done. Everyone, from the World Bank to Chilean officials, agree it's been a failure for the workers. One fact, reported by a Chilean think tank, suffices to tell the tale:

If two work colleagues reach retirement age in Chile today, both with the same salary and the same number of years contributing to social security, the one who remained in the old pay-as-you-go system, and the other who changed to the privatized system back in 1981, the latter will receive *less than half* of the pension of the former.

It's not the Baby Boomers whom you have to worry about taking your Social Security—it's Bush's Pinochet-style ripoff! This is a repeat of Enron—but this time, it's your grandmother, and then you, who will be eaten alive.

Bush's plan for Social Security privatization stinks. Crush it now!

## FIRST, THE BUSH CROWD STOLE AMERICA'S SACRED VOTE — AND NOW THEY'RE OUT TO DESTROY SOCIAL SECURITY

*Lyndon LaRouche was interviewed by Brian Smith and Jim Hogue at WGDR-FM in Plainfield, Vermont, on Dec. 9 2004. The interview was also aired on the internet at [www.wgdr.org](http://www.wgdr.org).*

BRIAN SMITH: You're on the air here at WGDR Plainfield 91.1 FM. We're discussing the election, or the selection, in 2004, and the questionable legitimacy of the outcome. And we're here with Lyndon LaRouche, a Presidential candidate.

JIM HOGUE: And do you want to tell us anything about your investigation regarding Ohio?

LAROUCHE: Well, first of all, everything was a mess. But what we have very clearly, and on the webcast we did shortly after the election, on the 9th, I emphasized this: Don't get involved with playing games with recount. We should do the recount. But, that's not the way to put the emphasis. Don't risk everything on the recount.

What we have dead to rights, is the fact that the Republican Party, and a large parts of it at least, engaged, with encouragement of Karl Rove, in a vote suppression program, targetting Americans of African descent and others who were suspected of Democratic proclivities, and they did this in various ways in order to suppress the vote. And, in the course of this process, there was an open statement, from Republican circles about the *intention* to conduct a program of vote suppression; and I had this in direct reports from Democratic officials—responsible ones—during the period of the Boston Convention.

So, what we have them dead to rights on, is the fact, there was a voter suppression action, which is in violation of the Voting Rights Act, and which is also in violation of the principle of the Constitution, upon which the Voting Rights Act is predicated.

So, we've got them dead to rights on this.

Now in the hearings before Conyers yesterday, in the Congress, this was all aired quite clearly. Conyers, I believe, is quite clear on this. Others are quite clear on it. We've talked to people in the Democratic campaign leadership, who are also quite clear on this. So we're going for it.

Now, the two things we're going for, in dealing with the recount issue—that is, the implications of the recount issue: *Was Bush fraudulently elected?* That's a tough one to do, because you have to do that on the state level and so forth; you would have to prove that you would overturn the election by virtue of the results you have in hand. And the problem here, is that the recount problem involves evidence we *don't* have in hand, because it's buried under false pretenses.

So therefore, we say, let's go at the thing from the standpoint of two issues. Number 1: First of all, we have evidence of vote suppression. *That is a crime!* That is a crime for which people can go to prison, and *should* go to prison, if they're caught at it.

HOST: And they have been—they have been caught.

LAROCHE: Yeah, right. So therefore, that's why I say, let's start there.

Now, secondly, on the general issue of fighting back against what the whole complex of problems are, involving this fraudulent election: Is, the President of the United States, who is—I say advisedly—a mental case, is conducting a suicide impulse of going for a privatization of Social Security? Now, the program he's going for—*as he himself has said*, in promoting the Chilean model, which is the model he's using! In promoting that model, he is out to *destroy* the Social Security system, and to destroy the rights of the majority of American citizens!

HOST: And the issue, basically came right out of the box with, right after the election. The first thing after the election results, was the Social Security issue.

LAROCHE: Exactly. Now, this is the one thing, which in all probability, *can sink* Bush's election—or at least the credibility of it—before the thing goes the Electoral Commission report in January.

So therefore, to me, these two things are related—.

HOST: Yeah, to me, they're related too. But, how can you explain to other people that they are related, and that this is a reason to overturn the election?

LAROUCHE: Well, first of all, many of the poor fellows who voted for Bush, on the assumption they didn't like same-sex marriage or something like that, are also people who are also suffering—as in the state of Ohio—from a collapse of the state economy in agriculture and industry, and a shift to what employment there is, from high-tech employment in former industry and agriculture, into the lowest level of general employment, which is in the poorest, most lowly paid functions in restaurant and hotel.

So, these people are suffering. They're losing everything. But, they were deluded for a time, by believing that this same-sex marriage—which was not actually a threatened reality in the state of Ohio; and similar kinds of issues—they were deluded into voting for Bush.

Now, you turn around and you say to the same people, "Bush is going to take your Social Security away, going to kill your grandmother." Now that voter is going to suddenly decide, that maybe he made a mistake. And, in politics, it is not merely the technicalities of law which are important, it's also *the intent of law*. And the intent of law, is to allow people in an election, to select a Presidency, for example, that they choose. If they were fraudulently represented, and made the wrong vote, they are going to complain. And there are mechanisms, in the Electoral College and in the Congress, in January, which could lead to an overturning of the reputed vote for George Bush.

*Or*, failing that, to put such a restriction on the elected Bush Administration, the inaugurated one, the re-inaugurated one, that it would be under the control of a mounting process in the Congress and elsewhere. In other words, you could find that Bush's putative re-election could do him about as much good as the re-election of Dick Nixon.

HOST: So, where do you think—what earliest point, or what are some of the earliest steps that people could take to focus on, like you said, weakening his victory, so to speak, on the way towards Inauguration Day?

LAROUCHE: Right now! The time is now. Not some date down the future.

HOST: And what steps do you think?

LAROUCHE: That's what I'm doing. Now, the problem we've had in the Democratic Party—we had it all the way through the campaign, up until after Labor Day: The Democratic Party was trying to lose a national election by the way it was running the campaign. By playing, "me-too" weak sister, "let's not fight the Republicans" kind of approach.

So, we started a serious campaign, on behalf of the Kerry-Edwards nomination—too late. That was after Labor Day. And it was when Clinton intervened with Kerry, convinced Kerry to change the character of the campaign, and campaign committee was changed in certain features of composition—and began to do an excellent job. But, it was late.

So, the problem we have in the Democratic Party, still today, is, many people in leading positions in the Democratic Party still don't believe in fighting. Even after what they helped to bring about, in terms of this catastrophe on Nov. 2 and 3. And therefore, the problem now is, people standing up, in the Democratic Party and showing leadership. How do you expect the American citizen, who feels like he's a helpless creature under these giant, moving circumstances, how're you going to expect him to get out and *fight for you*, if you don't provide the leadership to show you have the guts to fight for him? It is those Democratic leaders, and I think they're going to find more of them, around Conyers and others, who are going to support the kind of leadership I'm demanding, from the Democrats, who can begin to *mobilize* the population, in confidence that not everybody out there's a coward. That some Democrats have the guts to fight. And it's the guts to fight, leadership under conditions of battle, which win wars.

HOST: So, what do you think—I mean, do you have a lot of background, or a lot of information on the origin of the

Democratic Leadership Council? Where it got its start, and how we can get rid of 'em?

LAROUCHE: Oh yeah! This is Michael Steinhardt, and company! Some people connected to Meyer Lansky-pedigreed people, hmm? Who decided to intervene in politics, by funding, in the South, essentially, the Democratic Leadership Council; as a Southern adaptation to the defeats of the Democratic Party during the 1980s.

Clinton, of course—who's a man of tactics, though he has policy and principle behind him; but up front, he's often a man of tactics—joined it. And it was through the Democratic Leadership Council that Clinton got the leverage to make a successful bid for the Democratic nomination.

Since then, of course, Clinton is no longer a creature (and never really was), of the DLC. But, it's one of the factors inside the Democratic Party leadership you have to deal with, in dealing with the problems of the party as a whole. It's not the *only* problem—but it is a major problem, still today. And it caused a lot of damage, particularly over the course of the 1980s and later, to the Democratic Party's ability to show real leadership, against the real issues of the time, especially the economic issues.

HOST: What do you think of the *DNC's* failure to even breathe a little more deeply, when the Kerry-Edwards team conceded? I know somebody who was fairly high up, in the DNC, who said he was furious at them. He threw up his hands: They had no *intention* of fighting this, at all!

LAROUCHE: Yeah, that's true.

We ran into this, in California, first. We had this—George Shultz and company set up this swindle, under this guy with credible fascist credentials: Schwarzenegger was run to replace Gray Davis, who had just been re-elected as Governor. And this was a swindle, because the issue in California was largely the effects of what Enron had done [hosts laugh], and Schwarzenegger was a key player in the Enron swindle!

So, the guy who helped swindle the state of California, is elected on the basis on an anger reaction *to* the swindle!

So, now, the Democratic Party—I was fighting. With our friends in the Democratic Party, the circles around Gray Davis and so forth, I joined the fight against Schwarzenegger. And we continued to fight all the way. And when push came to shove, down the line, my associates—particularly the young associates in the Los Angeles area and in the Bay Area, where we had some clout, significantly turned the tide to bring about a victory against Schwarzenegger, in those districts! But, in the rest of the state—they goofed!

So, the problem was, the Democratic Party didn't fight; and it was the national Democratic Party that didn't fight, as much as the locals—more than the locals. Gray Davis would have fought. He was told not to. He was pressured not to. Clinton came out there for a while, to California, and was going to join the fight. And he found he had a Democratic Party machine on his hands, and they weren't going to fight—so he walked away from it.

I stayed for the fight. All of the other Democratic contenders for the nomination refused to fight. I fought. We demonstrated—as we did later in Philadelphia, where we were invited to help the Street campaign for re-election: We demonstrated, that our approach of leadership, from the Democratic Party, works. Whereas the do-nothing, soft-soap variety, doesn't.

The same thing happened, of course, in the general election. We had a soft-soap panel, in terms of the candidates, except for Kerry in New Hampshire, and after that the thing was a disaster! A soft-soap campaign run by the Democratic

leadership.

HOST: Election fraud helps a little bit, too. I mean, you know, switching votes from one candidate to another is fairly effective.

LAROUCHE: Yeah. I know. Well, I don't believe in going too far with this party business. I think—I've always insisted on the Franklin Roosevelt legacy of the Democratic Party, as what should be a leading factor in U.S. politics, at least up to the present time. And I've become somewhat of a minority on that issue, up until recently.

But, I believe that when we go to a vote, the party affiliation leaves at the door of the polls. And the voter should vote on the basis of an informed conscience, not an obligation, not a deal, not a treaty. The voter should think of the interests of the country, the best that he can or she can. And, that's the way they should vote. The party then resumes its function after the election. But, in that sacred moment, of going into the polls and voting, it *should be* the conscience, or the *informed conscience* of the voter which casts the vote, regardless of party affiliation.

Otherwise, I'm a party man, in the sense of saying that the FDR tradition *is* the best tradition, for the United States, the partisan tradition, for today.

HOST: Now, did you answer Brian's question? I'm not sure. He asked, what are we supposed to do, right now? Other than just generally fight, what are we—?

LAROUCHE: What I've done—well, I knew this was all in process. So, I set up in advance. I knew I was probably going to end up supporting Kerry, from the time the New Hampshire primary ended. But I didn't think it was wise for me to jump out of the race at that time, on the basis of "Oh, I'm going to join the winning ticket." I had a message to deliver, which nobody else would deliver. I had to deliver it. I had to put myself forward, as the most qualified candidate for President.

Actually, I had three people who were qualified for President, for the nomination: Number 1, was me; Number 2 was Clinton, who couldn't run, because of a Constitutional amendment; and the third was Kerry, who had imperfections, as far as I was concerned.

But I saw the reality, and knew that by when we came to Boston, I would probably end up endorsing Kerry, in all likelihood. And I did. But, at the same time, I'd made a decision, at the conclusion of my nomination campaign, to launch a PAC, which I've done. And the PAC is now the vehicle, which is now—is not the DLC—but it has a similar function inside the Democratic Party as a whole, particularly because of the fight we staged *in* the general election, as a part of the Democratic Party machine.

And we are organizing, as a PAC, together with other Democrats—and with other citizens, Republicans, too—to deal with the issues which are posed by this election, and the issues which are not addressed by this election.

So, leadership is the issue.

HOST: Okay. Now, is your PAC trying to throw the sons of bitches in jail, who were responsible for the blatant election fraud that we have just seen?

LAROUCHE: Well, I should say that's my intention.

HOST: Okay: Congratulations! That's my intention, too! That's what I'm working on.

I mean, the way that the DNC and the Democratic campaign, and many of the Democrats—I'm a Libertarian, by the way, which is neither here nor there; just —

LAROUCHE: [laughing] I've been accused of being it, and I never was! But, that's all right!

HOST: Well, and I never was, until about three months ago. But, my disgust with the Democratic Party, for turning its back on its supporters! On the people who worked for months and months for no pay, and went, you know, thousands of miles to pass out leaflets and talk to people! These people were just ditched like dirt! And I will never, ever support a party that does that to its people.

LAROUCHE: We don't have much choice! [laughing]

HOST: Well, I don't think I'll ever, ever vote Democratic, in my life, again. And I'll probably never, ever vote Republican, again. I don't think I've voted for a winning Presidential candidate since I was about 20. And, I'm not going to start now.

But, that's why I'm—one of the reasons why I wanted you to be a guest today, is because you've been a fighter all your life. And, I was—you know, wanted to let you know, that, hopefully, that's what we can stir up. And Brian and I were just talking, that maybe the Ukraine will teach us, something about how to overturn a fraudulent election!

LAROUCHE: Well, I think Ukraine may have run a less fraudulent election, than we ran here! And, after all, much of the fraud in Ukraine was run by Brzezinski, and his friends. And George Soros and Brzezinski, who've run most of the fraudulent side on the western side of Ukraine, is run by them. And you have these guys being paid, vast amounts of bucks, by the circles of Brzezinski and Soros! The same circles that are financing terrorism out of the North Caucasus into south Russia, generally, in those areas generally—are sitting out there, parked in tents, having mass entertainment in Kiev, while this goes on.

And obviously, something else is going to happen. There probably was fraud all over the place in this Ukrainian election, because you had two forces, foreign forces, including those of the United States around Brzezinski, were in there with mega-bucks, trying to rig a fraud, in the same way that Karl Rove and company were trying to rig a fraud in the United States with this election.

So, I think, the purpose is, we ought to fight for the idea of honest elections, rather than trying to say that we can win in one case, and then, ignore the others. We have to fight for honest elections all around the world.

HOST: I'm going to give you a chance to catch your breath, here. I gotta do a station id. You're listening to WGDR, Plainfield, it's 91.1 FM on the dial. We also broadcast on the web, at [www.wgdr.org](http://www.wgdr.org). It's 5 o'clock.

We have in the studio, Jim Hogue, WGDR's own Jim Hogue and founder of Vermonters for Voting Integrity. And on the phone, we have 2004 Democratic Presidential candidate Lyndon LaRouche. We're talking about the results of the election, the legitimacy of the election, and many other things.

And you talk a lot about economics, and you mentioned the Social Security issue, how Bush is going right after it, right out of the box. In your studies of the issue, what is the difference between the myth and the reality of the liquidity of the Social Security fund?

LAROUCHE: The thing to do, is look at, in particular—the studies are available now—look what happened in Chile: Because the Chilean model of what happened to Social Security, or the equivalent there, is exactly what Bush intends here. Now, you look across the Atlantic, into Europe, you look at Hartz IV in Germany; you look at the new head of the party of Chirac, the political party of Chirac, Sarkozy, in France; you look at some tendencies in Italy and elsewhere: You find that there is a global effort, toward fascism, on economic issues, around the Social Security issue now, the same kind of thing we saw around Brüning, and von Papen, in Germany, in the period between 1931 and 1933.

So, what we're faced with, in a period of the greatest financial-monetary crisis in modern history, which is now coming on fast, with the dollar now rated at about \$1.35 per euro and going toward \$1.40, and possibly going toward \$2 per euro; in a bankrupt United States, bankrupt on the current account deficit, bankrupt in terms of our long-term ability to deal with our existing deficit, you have a mood—shall we call it Enron II: This is a hundred times bigger swindle than Enron was, and by the same people who brought you Enron, who are out to swindle the world, especially the poorer people of the world, the more vulnerable, by aid of this vast swindle, called the Social Security privatization program.

If people look at this, and know about this, they're going to realize that they're being subjected to a fascist impulse, by a President, who probably really doesn't know what he's talking about.

So therefore, the clarity on what the issue is, in terms of the details, *what happens to your Social Security*, if Bush's impulses, or the impulses of about four of these committees on proposals, are put through? We don't have a chance.

HOST: It's interesting. Because, it's almost got a parallel to the way you were talking about Schwarzenegger and Enron earlier, it's like the guy that was involved with these folks got into power, by basically being outraged about the situation. And George Bush and the neo-liberal, neo-con whatever you want to call them, they keep talking about how we've got to reform Social Security because it's gone bankrupt, but their solution will actually bankrupt the system so much faster! By diverting funds from the actual general —

LAROUCHE: It's worse. There is no problem with Social Security, as such. There are technicalities, which should be made. For example, we've undergone a vast inflation in the recent period. People don't admit it, but it's a vast inflation. You look at the grocery store bills, and look at them from ten years ago and look at them today: You got a inflation! Look at rent. Look at housing costs—inflation, everything.

All right. Now, the problem is, is that our present Social Security tax rate, goes to a lower level, than we should be paying Social Security taxes at, as a result of this vast inflation. Now, what Kerry's office, I believe, and others have recognized in the Senate, is that if you raise the cap on the peak level at which you continue to pay Social Security taxes, we don't have a problem with managing it. Provided we continue with the present system, and don't steal Social Security funds for the purpose of trying to balance budgets.

So, we don't really have an honest problem. The statement of the problem is a lie. Because there are measures, which have been discussed, in the Congress, responsibly, and by experts in the Congress, which could deal quite effectively, when maintaining the integrity of Social Security into the generation of people now in the 30- to 45-year age-bracket. That could be done—provided we don't have a collapse of the economy.

So therefore, what Bush is saying, is a fraud, all the way around. First of all, there is not a problem, in the way *he* says there's a problem. It doesn't exist.

Secondly, his proposed solution is not a solution to the problem, it is the disease.

So, the question is one of educating the American people on how big a swindle this bum is trying to pull off on them!

HOST: And, can you take that both back and forward, to what you see as further—even going back further into the roots of the problem, and then projecting it into the future?

LAROUCHE: Yeah, sure. We have two things, first of all, there are two related things, in our history, which were big mistakes, which we have to take into account in understanding the problems we have, and the solutions we require for these problems.

First of all, the United States, as Roosevelt proved: We were really the only nation which got out of the Great Depression. We got out of it by Roosevelt's methods. Roosevelt's methods were not some kind of radical thing, newly concocted. These were simply the methods, which his ancestor Isaac Roosevelt, the banker who had been a collaborator of Alexander Hamilton, represented. These are the methods of the original American System.

Our system is intrinsically a *protectionist* form of constitutional system. We know that money is an idiot. Or we did know it. That money has to be regulated in its circulation, so that it does not become a disease, rather than a convenience and a necessity for assisting in the circulation of goods. And therefore, we had what was called a "protectionist economy" based on a fair-trade system domestically, and the idea of a fair-trade system in international relations.

When we got away from that to a floating-exchange-rate system, and eliminating protectionism, money began to behave as an idiot. And this was particularly true under the influence of the Trilateral Commission, as inaugurated under Brzezinski, which, through Paul Volcker in October-November of 1979, unleashed the system, and destroyed it. It also happened earlier, with George Shultz and company, back under Nixon: Where they sank the monetary system of the post-war period, which had been successful.

And, that again. So, we were destroyed, because we destroyed the fundamentals of a sound management of our economy, which says, that we maintain the level and quality of employment, and investment in our country, investment in terms of capital investment, by providing protection for those kinds of investment and employment which are necessary for our people. We don't try to do anything to loot other people. But, we protect ourselves, and we encourage them to do the same.

That's our problem. We've got to go back to that.

HOST: It's interesting, that you started about the world system. I noticed on your website, I was reading about your PAC, and you talk about the new book *Confessions of an Economic Hit Man*. Just wanted to know, if you wanted to discuss our actions, since you brought up the IMF and things like that, how that affects—how it's one big cycle basically, how we're kind of, creating the economic conditions overseas, which allow for corporations to go in and get lower-wage labor, which lowers the standards here.

LAROUCHE: This is a product, actually, of what Nixon did. I think what Perkins, what John Perkins, who is the author of the book (which I understand is going through quite a rave expansion in sales and distribution); what Perkins refers to, is actually a peculiarity of the 1972-1990 on system: In which the introduction of a floating-exchange-rate system, as manipulated by basic banking systems, turned the IMF—the International Monetary Fund—and World Bank into a system of looting, a system of piracy.

We began to loot other countries, we destroyed their economies, seized everything we could seize, piled debts on them, killed people in those countries who resisted this, and this is what John Perkins is talking about. But, it's a peculiarity of the change in the system: See, John's a younger guy—he was born in what? '49? Something like that. And so therefore, he

doesn't belong to my generation, which lived through the experience as adults, of what happened before he entered adulthood. So, he's actually talking quite accurately about his experience, as an adult, in this career that he talks about, the economic hit man career. And that's true. But, actually, the problem goes back earlier, to a change in the system, at about the time that John as an adult, was entering it.

So, that's my view of the matter.

HOST: We just had a caller, asking your take on the theory that Social Security money disappeared, through Bush's tax cuts to the rich? That huge surplus was given to the rich.

LAROCHE: Essentially that is true, in direction of thought. And you would find people in the Congress—I think probably Sen. John Kerry and some others would tend to—they wouldn't say it, the way I would say it—but in their own terms, would agree with that: Is that, if we had not tried to loot the poor for the sake of the rich, and we had made the adjustments in the Social Security program, which coincided with the effects of inflation of the dollar, then we would have had no problem.

And therefore, what has happened, as with everything else—look, for example: Take two curves. Take the curve, as measured in physical consumption, of the consumption of the lower 80% of family-income brackets since 1977; then look at the curve for the upper 20% of family-income brackets. And you will find, now, that the income of the people in the upper 20% of family-income brackets exceeds the total income of people in the lower 80%.

So, we have been in, since Nixon, and since Brzezinski, we have been in a gigantic swindle of the average American person. We have destroyed *the purpose and the intention of the Republic* in terms of economic policy, under these systems. And the Social Security system problems, which are manageable if we go back to the right policy, are simply a reflection of that change.

HOST: And if you look into the next one year from now, say, where are we going to be, in terms of our ability to live and maintain our standard of living?

LAROCHE: That is a very good question—but you've understated it.

HOST: That's true! [laughing] I felt that, as I said it! But, go ahead.

LAROCHE: We are on the verge of *the biggest financial collapse in world history—right now*.

For example: China, Japan, Russia, Europe, are in the process of moving out of the dollar. During the recent period, we sustained a bankrupt U.S. economy, by inducing foreign countries to subsidize us, by holding large reserves of dollars. Now, the dollar has sunk by about 40% in value, under Bush.

HOST: And they don't want to hold it any more.

LAROCHE: Well, they can't! Because it would bankrupt them.

So, what you have is, countries like China, are moving into dollar investments—Brazil, Argentina, Canada, elsewhere—are moving into mixes of currencies, of baskets of currencies, as opposed to the dollar. And for example, China is probably, or Japan, or both are probably moving out of the dollar, at the same rate that they're earning dollars now.

So, you're in a situation where the dollar is about to go through the bottom. We're about to hit—. You're looking at, in reality, the potential of a \$2 euro, you're looking at a 100% collapse of the value of the dollar; I mean, a 50% collapse of the rate of the dollar.

HOST: Now, I've read some of your material, and the people that you write about, and explain how wrong they have been, this is the way in which they have been wrong? I mean, many of them are still saying, "Oh, the dollar's hit the bottom. Don't worry about it. It's hit the bottom." And then, next week, it's a little lower—"Oh, it's hit the bottom." This is what you're talking about now.

LAROUCHE: Absolutely. It's absolute idiocy.

The problem is—the second problem, about which I said there were two problems earlier, about 1964, we went through a cultural paradigm shift, which was induced by a program called the Congress for Cultural Freedom. We went through an ideological transformation, which had a great affect on those young guys entering university in the middle to late 1960s. We underwent a transformation from being the world's leading producer society, to something like ancient imperial Rome: a bread and circuses society. We're living on the dole, and we are more and more living on entertainment—not production. We depend upon the rest of the world, as our slaves, like the Roman Empire, to feed us with cheap labor, with products of cheap labor, like China.

So, we made this change. And this is the problem that's killing us. We are no longer a productive society. And our wealth depended upon our ability *to loot other parts of the world to support us*. Our political/military power supported us.

Now, we've come to the point, that we've exhausted our ability to launch conventional wars. Iraq is right now, the end of the ability of the United States, to try to go through the pretense of conducting a conventional warfare —

HOST: Hear, hear!

LAROUCHE: We're now going to just nuclear weapons and craziness, hmm?

So, under these conditions, we've lost our credibility. Bush has caused the United States to be hated, where it was loved before. We're now isolated, and we're on the way down, and we're about to go on the junk heap. And therefore, we have no credibility and we have no real authority, in terms of monetary authority.

*We are now more vulnerable, than ever before*, to what is potentially the greatest financial collapse in modern history, which is about to hit us, *now*: during 2005.

HOST: So, for those of us who live out in the country, small farms—that's very common in Vermont—should we be buying horses, and chickens, and thinking in terms of wind power and solar power, exclusively, and burning wood and going back to the 19th Century? Should we be thinking about that?

LAROUCHE: I don't—no, it won't work. Besides, they've had laws passed: For example, you have Monsanto's laws on patenting varieties of crops, seeds —

HOST: We don't obey laws out here!

LAROUCHE: Well, anyway, they put people in jail on the Canadian border for that, huh?

So, you know, we're producing a limited number of varieties of foodstuffs, in each category. How many varieties of tomatoes do we grow any more? And other products?

HOST: We grow enough up here —

LAROUCHE: We have a varietal crisis in agriculture, where the honest small farmer, or the guy who wants to do family farming, as a reserve, as he did back in the 1930s, he no longer can legally do it! It's just physically denied to him, virtually.

But, however, we're in a situation, where I don't think that's an alternative. But, I do think, that we're in a period where survival tactics are extremely important. And people who do have the ability to grow some of their own food and do things like that, and to maintain things, that's important.

But we have to actually—there's no alternative to winning this war. I believe that we win. I believe that this great crisis which is hitting us now, if we have leadership, will cause the American people, who acted pretty much like fools under Hoover and Coolidge, to in a sense, come back to their senses again. And accept the kind of recovery policies, or the kind of *thinking* about recovery policies, that Franklin Roosevelt typified: What we need is that.

In the meantime, everybody should be intelligent. They should use their good judgment; stop going into debt, if possible; hunker down, reduce their expectations; don't spend too much money; don't get into big expenditures. Hunker down, and ready for the big cyclone to come! It will come.

HOST: We mentioned the folks getting out of the dollar. To kind of get an idea of the scale: What percentage of debt is held by—I heard China and Japan have a *huge* percentage of our debt, right now, that they're holding?

LAROUCHE: I don't know what the exact percent is, but it's enormous. If this debt were to be eliminated, that is, if it were called in—we're out of business!

It's not going to be totally called in, it's going to be phased in. What you're going to get, you're going to get a kind of step-wise collapse, in the entire monetary-financial system. Someone withdraws some money from the dollar system. Now, the dollar system requires about \$2 billion a day, approximately, to keep us from collapsing, coming in. So, if foreigners withdraw the subsidy, the rate of subsidy they're giving to the U.S. dollar now, that will accelerate a collapse.

It can trigger such things, for example, as a chain-reaction collapse of the Fannie Mae-related mortgage-based securities system. You could have the whole mortgage-securities system of the United States go into a crisis. You can have other parts of the U.S. economy go into a crisis.

That, in turn, will send you down another notch, another ratchet, another ratchet. These ratchets will accelerate, as for example in the extreme, the case of 1923 Germany, as in the 1923 crash in Germany. This kind of thing can happen. We're on the verge of it. With a government, a U.S. government—for example, if I were President now, I wouldn't be afraid of this. I'd be afraid of not doing certain things, but I wouldn't be afraid of it: Because, we could deal with this. We could enter into agreements with other countries, to stabilize the situation, to prevent panic from occurring, which is the main thing we should worry about—stop the panic. And to manage our way out of this problem by changes in policy, back toward the Roosevelt-kind of policy.

But, with this guy in the White House—this man, who's, you know—you have people who support him, will say, when you ask them on the streets: "Do you accept George Bush as your personal Lord and Savior?" And you get people on the streets

will say that, "Yes. I do!" You have a man, who only talks to himself, because he wants to talk to God—in the White House! This nut is dangerous! This government is dangerous!

HOST: He certainly is dangerous to the Iraqi people.

LAROUCHE: And dangerous to the American people, too.

HOST: I have a question: Have you been following the work of Catherine Austin Fitts? It seems to parallel what you're talking about.

LAROUCHE: No, I haven't been following it.

HOST: The deficit numbers are just—I can't believe this. I was reading the deficit estimated for next year, is something like \$600 billion? Is that correct?

LAROUCHE: I think that is—highly optimistic.

HOST: And the national debt, I think I read, up through 1975, I think was actually less than what the deficit's going to be, next year.

LAROUCHE: See, I'm not too much worried about the national debt, as such. Because I think like Alexander Hamilton, about this matter: The sovereign debt of the United States we can arrange to pay. Because, the sovereign debt of the United States, that is, U.S. Treasury bills, bonds, that is part of part of the security of our system. We must maintain that currency as value, for our citizens, with that pledge. The stability of the U.S. itself, as a political system, as an economy, depends upon the United States honoring its owed, incurred debt.

Now, Federal Reserve debt, which is not Treasury debt, is a different matter. Other debt is a different matter. They all go on the chopping block for financial reorganization in bankruptcy, in due course. Most of the international funding goes on the chopping block for due process consideration, under bankruptcy proceedings.

But, we must defend the integrity of the U.S. dollar. Because, we need—. See, the problem here, is, to organize a recovery as Franklin Roosevelt did, we need to have a commitment by the government, on which the provision of the Constitution for the creation of debt, by the Executive branch, with the consent of Congress, remains. Because, we're going to require a vast flow of government-backed credit, through a bankruptcy—a banking system, rather, which is in bankruptcy reorganization, in order to fund large-scale infrastructure projects, in the public sector and also in the private sector; which will cause a general increase of employment by about 10 million people in this country. Under that basis we can stabilize the system.

Therefore, I would not do anything to impair the integrity of the U.S. government's to take measures like those Roosevelt took to get a recovery going. But, everything else, is up for grabs.

HOST: Now, a question from a caller: What do the neo-cons—I mean, besides instituting complete fascism—what do the neo-cons have to gain by destroying the U.S. economy?

LAROUCHE: You're dealing with an ideological problem, where what they have to gain is, their ideology. It's like Adolf Hitler.

Take for example, let's take the case of Hitler's killing the Jews.

HOST: He did real well, didn't he?

LAROCHE: As a perfect example of how this thing works, ideology works.

Now, the idea of killing Jews came from Spain in 1492, with the Grand Inquisitor, the Expulsion of the Jews, categorically, from Spain, which was the antecedent of what Hitler did. Now, Hitler, as a purely ideological reason, did what he did to Jews in Europe, and elsewhere. Right?

But, what was ideology? The Jew had been, in Europe, in Germany and in Eastern Europe, had been liberated from slave-like conditions in general, by the acts, particularly from Germany, from Moses Mendelssohn and his friends, in Germany in the 18th Century. So, the Jew achieved a political status, as citizen, in Europe, gradually step by step, through the initiative of a great Jew, Moses Mendelssohn, and his friends in Germany in that period.

As a result of that, you had the Jewish population of Germany, first, was transformed into largely peddlers, poor peddlers with no rights whatsoever, into a very important part of the scientific and other cultural community of Germany. The same happened as a spillover, in the form of the Haskalah, into Eastern Europe, in Poland and elsewhere, in the form of the so-called Yiddish Renaissance: These Jews were among the most important and most precious complements of the population of Europe—and Germany, included. So, that *taking them away* from the German population, was actually an *injury* to Germany.

What did Hitler do? He took part of the population, which was a *precious aspect* of the German population—and he moved to kill it. He moved into Eastern Europe, where the Yiddish Renaissance Jew was an essential part of the civilization in Eastern Europe! And killed them!

Now, this is not a self-interested action, by a government or a political movement: This is an ideologically, purely ideological movement—of the same type as religious war.

And this is what the neo-cons are. They are fanatics. They are insane. There is essentially *no difference* between them, in terms of qualities, from the Nazis. They're the same time.

And many of them *are* Nazis. Remember, the neo-cons are a product, in the United States and elsewhere, of those sections of the Nazi establishment, which the right wing in the United States brought back from Germany at the end of the war.

HOST: Well, it was home-grown here.

LAROCHE: Well, you got a few home-grown types that go for that.

HOST: Now, we just had another question, and I think the answer you just gave to the former one, is the answer to this next one. What does the Bush Administration have to gain from destabilizing the Middle East?

LAROCHE: Well, remember the ideology of the fanatics, who share this strange acceptance of Bush as their "Lord and Savior," in the United States. What's their ideology? Their ideology is—and they call themselves Zionists, they call themselves "Christian Zionists": Their ideology is, that they want the Battle of Armageddon to come on schedule. They've got a train schedule. They've got the Battle of Armageddon on the train schedule. They want *nothing* to interfere with the

train coming in on time.

What happens when the Battle of Armageddon happens, then the victory of Christianity occurs, therefore; and they go around and kill all the Jews who don't convert to Christianity! That's their ideology!

HOST: And then, they go up to Heaven in the Rapture.

LAROUCHE: I don't know what they go to—I think they go in the other direction, actually. But, that's a different point.

But, anyway, this is the ideology. We're dealing with a sense of a form of mass insanity, in the form of ideologies, which make no sense from the standpoint of concrete human interests, even of the people who presumably advocate these kinds of crazy things.

HOST: I mean, I always looked at it, I thought with the administration that we kind of had a mixture. We had the fanatics you're describing right there, that kind of have this Apocalyptic view that they're going to put into motion; and then you've just got profiteers, obviously. That, people always ask me why I thought we went to war in Iraq, and of course, everybody was talking about oil, oil, oil, oil, oil. And I just looked at them, more like, it's a theft! It's like right out in the open; we're just basically robbing not only the wealth of that country. But, we're using that, through increased defense spending and such, to kind of rob ourselves and hand it basically to the same —

LAROUCHE: Actually, when you look at these financially motivated aspects of the thing, you find out that you're dealing with the same kind of ideology, just as lunatic, as this right-wing fundamentalist type of fanatic. They have a fanaticism about their system.

In their case, as the case of Gingrich—and George Shultz, for example: George Shultz and his father have a long tradition in this direction. These are people, in the United States and Europe, who have this idea of going back to something like a Roman Empire. And their idea, particularly after the fall of the Soviet Union, over the period of '89 through '91, that, "Now, we can have an empire. An Anglo-American empire. And we're going to run the world forever! We're going to destroy all the nation-states; destroy the populations; take over the world's raw materials; control the world's raw materials, reduce the world's population! And we're going to have utopia, where we all run and kill each other," just like the Romans did in the time of Nero, or something.

But that's the ideo—the guys who seem to be, hard-nosed, financially motivated people, are just as loony, and as loony and more dangerous, perhaps, than the lunatics who are coming out of these funny churches.

HOST: I mean, to me, I think the biggest outcome of the situation in Iraq, is that—like you said I think earlier, you touched on it. We basically exposed how unable we are to actually complete what you just talked about, this grand empire. Because, we essentially attacked a country that had no standing army, and we can't really even occupy this country.

And so, the fact that they're talking about Iran, and they're blustering here, and blustering here and there—. I mean these people have no reason to—. I mean, our leaders may be crazy enough to try it, but we've pretty much killed any credibility, or pulled back the curtain to expose how little we actually can control militarily.

I mean, we have the big weapons, and we can wave the nuclear weapon at them. But, in terms of actually moving in, and taking over countries and occupying them, such as like Great Britain did back in the 1800s, it just not possible to do that.

LAROUCHE: This is an argument which was made by Leibniz, when he said, "this is best of all possible worlds." Which

some people couldn't understand, or didn't want to understand: Is that, evil ultimately destroys itself, and the good must ultimately prevail. But, the good needs a lot of help.

HOST: We asked you earlier, what you think we can do to overturn the election, and getting to voter fraud. But we just had a caller who wants to know what we can do now, to persuade the people who voted for Bush, that it—I forget exactly his question—but it's a suicidal venture, to keep on with this. Is there any way to get through to these ideological—?

LAROCHE: Yes, there is. But, as I said, it's leadership. And there is some success in the Democratic Party—and among Republicans. Remember, not all Republicans are insane. And some people who are not part of any party, are also not insane.

So that, if you provide leadership—it's like a military situation of leadership, those who went through real, in the old days when we had wars were honest wars, not these kind of crazy things. Is, the decisive thing is the quality of leadership. And leadership is not pushing people around: Leadership is taking responsibility.

For example, a commander-in-chief, like say, MacArthur in the Pacific during the Second World War, or at Inchon in Korea, took upon himself the personal responsibility for an outcome, which in the first instance would determine *whether the United States existed or not*; in the second case, whether the U.S. forces would get out of this Korea mess, alive or not: In both cases, he took personal responsibility, on his own shoulders for the decisions that he had to make.

Now, leadership essentially, is that quality. And, it's what people see. You have a lot of people, like people in foxholes, quivering, or hiding here and there: What gives them the confidence to come out and fight? And that is, having leaders who will take upon themselves, the personal responsibility for making the right decision, and take the responsibility for the outcome of that decision. This is what we've lacked in the Democratic Party in recent times. It's what Roosevelt represented, but what we've lacked.

It's what was lacking among the candidates during the primary campaign. It's what began to come out in a certain sense, but inadequately, in the general election campaign on the part of the Democratic Party, among some people.

We have to realize, that if you want to fight, you want to mobilize the people, you've got to give them a reason to fight. They've been betrayed so many times, that you've got to show them that you're willing, *at all risk to yourself, to do what they need done*.

Then they'll support you.

HOST: Do you see anyone in the Democratic Party, who is in any power whatsoever, who is about to do that?

LAROCHE: I'm doing it. And I have some, at this point, as a result of what's happened over the course—actually, since Nov. 7, 2000, when I stepped in on the basis of the catastrophe which had just happened in that election: And I began to build up a machine internationally, and in the Democratic Party, a new machine, around this particular issue. And, as a result of the way things worked out, particularly after Labor Day, between the Boston Convention and Labor Day in the Democratic Party, we have—despite all the residue of all the rubbish that we had before then—we have something new that's going on in the Democratic Party.

And it's not just limited to the Democratic Party. There are also leading people in the Republican Party. There are also people associated with the institutions of the Federal government, like the military, intelligence services, other services—either past or present—who *realize* what this is.

We have people, who are prepared now to begin to move, to show American people, more and more, that there is the kind of leadership that a great people requires, for a great undertaking. We have it right now.

I'm doing what I'm doing. I would hope that other people will join me and will take my example and do the same thing. We get enough of us moving in this way: We'll win.

HOST: We have somebody here on the line with a question.

CALLER: Greetings, actually just being on the road, I realized that Lyndon LaRouche was on the program.

In backtracking just a bit, I wanted to go back to the Roosevelt Administration. What seems to be interesting, is since Roosevelt's Administration, a lot of agencies have been created, and certainly first into his administration. And, if you can tell us about Public Law 1, or the suspension of the gold standard.

And then, subsequently, he created loads of agencies that began to regulate Americans, usurping, actually, them of their liberties and rights.

LAROUCHE: Well, that's a common mythology. I mean, what you're saying is very common mythology, and it began—actually, as I first recall it, clearly, from Alf Landon's Presidential campaign of 1936, which was my first expedition into American politics in a conscious significant way. And since that time, there have been attempts to blame and defame Roosevelt, with charges which are either untrue, or which are factually premised, but untrue on principle.

For example, the methods of regulation which were used by President Roosevelt, to save the United States from a collapse of the U.S. economy by one-half, between the time of the October crash of '29 and Roosevelt's inauguration, actually saved the United States from Hell. If Roosevelt had not been elected, and done as he did, we would have had a fascist government like that of Hitler in the United States, by 1934-36.

And there was the famous coup attempt, which was reported on this stuff, on that effort.

So, the criticism on the gold standard: Fine. The gold standard—the idea of the freedom of the gold standard is idiocy! The gold standard, which the British had repudiated in 1931 because it no longer worked —

CALLER: That's Constitutional money. It's Constitutional.

LAROUCHE: No. Constitutional money is not the gold standard. Constitutional money is the authority of the United States for its own currency. The metallic system is the British system, which ruined us for a long time. The gold standard is what *ruined* the United States, repeatedly, especially from the period of the repeal—or the Specie Resumption Act of the 1870s. That's what ruined the United States.

CALLER: Article I Section 10 states that gold and silver are Constitutional money.

LAROUCHE: Well, that's a false assumption. There was an effort to get that going, but that was a mistake. It's not consistent with our Constitution.

CALLER: Uh, this is why you've been labeled certainly a socialist/communist. Um, if you can you, yourself, state that this

is not our Constitutional currency. Whereas see, our currency from the Federal Reserve Act of 1913, privatizing our monetary system, under the Wilson Administration and then just segueing from the Wilson into the Roosevelt Administration, Wilson's Trading with the Enemy Act, and then, the War Powers Act under Roosevelt *amended* who an "enemy" is, i.e., one who carries Constitutional money or the gold, or gold and silver.

LAROCHE: Well, gold is not a Constitutional money. Constitutional money is what is specified by the Federal Constitution, period. The other interpretations of Constitutional money, which are very popular in the right wing, they're very popular—they're insane, they're wrong. And that's the kind of thing that ruined—

Remember, the Federal Reserve System was a scheme, run by the British monarchy through its agents in New York City, and pushed through by Teddy Roosevelt and Woodrow Wilson; both of whom, whose affiliations were not the Federal Constitution, but the Constitution of the Confederacy! Teddy Roosevelt was a nephew, and protégé of his uncle, who was the chief of intelligence for the Confederacy. Woodrow Wilson was an enthusiast for the Ku Klux Klan, and brought the Ku Klux Klan back into prominence in the United States, from the White House while he was President through aid of that film, the so-called—the film he did all over the place.

So, these guys do *not* represent—as far as I'm concerned, they represent implicitly, *traitors* to the United States! And what they consign to be law, these right-wingers—and you get the same thing today, from the fascists. You get these people who are sympathetic, the crowd of people who backed Hitler, from the United States, in 1931 into 1933; the people who funded Hitler's party in order to make him the dictator of Germany. Who later turned around, and for different reasons, supported Roosevelt in fighting the Nazis—these people are the people who are the source of these ideas about Constitutional money and all that other stuff.

It's their propaganda: don't be taken in by it. *Study the U.S. history* as it was actually written by the Founders, and issues as they were fought.

HOST: I have another question for you about fiat money. The most successful currency I've ever read about is the Franklin mint, and his system of currency which is based on goods and services, and it was the British East India Company that quashed that, because it was too successful. Am I correct in that?

LAROCHE: Not quite. You're correct in the sense that what happened is, the United States always has tried to use the management of the metallic reserve currency, that is, gold—not silver. The bimetallic thing doesn't work. But use the monopoly over gold, or the gold price, the management of the gold price, as a way of protecting the United States from things that were played with gold bidding overseas, like the British gold system. So, that part's true.

And the United States also used, as Roosevelt did... What Roosevelt did, was mobilize the gold reserves of the United States, as in the famous act which some people complain about, mobilize them as a weapon to defend the United States, against the predators that were about to come in after us from Europe. And it was an act of defense of the nation's economy. He knew what he was doing.

HOST: Well, in the time we have remaining, we should be moving forward, in terms of how to save ourselves. And you've done a very good job with that so far. At another time, I'm fascinated by some of what you've written that I have read, going back to the Eleatics, and the Sophists, and right up through Cervantes and the British East India Company, indeed. If that ties into anything, any advice you have for us today, feel free to ...

LAROCHE: I'd just say one thing. We are a product of European civilization. A European civilization which was developed around the Classical currents in ancient Greece. This is our civilization. We are now at a point where the European civilization is now in jeopardy, because of the things we've done to ourselves, and because of the rise of the

populations of Asia, such as China and India. China's over 1.3 billion people, and a growing population with many problems inside. India has over a billion people now, with about 300 million who are living at, shall we say, satisfactory levels of existence, and about 700 million not.

We face this kind of world. The time has come that we have to, in the United States, go back to our traditions, as a leader in the fight to defend the principles of European civilization. And find new ways of cooperating with the emerging cultures of Asia, so that we can maintain a system of sovereign nation-states on this planet, which will be peaceful, and which can prevent the kind of circumstances that lead us to new wars. Because new wars, of any importance, in the world today, would mean the extinction of civilization.

And therefore, that's the mission we have today. We have to stick to European civilization, recognize what the United States represents, in terms of aspirations of Europeans since Solon of Athens; and then recognize today that we have a responsibility, as Roosevelt, Franklin Roosevelt, was thinking of the post-war period, we have to go out and see the peoples of Africa, of Asia, in particular, and see them as an emerging part of the planet, and we have to develop ways and means for providing for a secure future in cooperation within the planet in the coming period.

HOST: So, of the current officeholders, or national officeholders, can you identify some folks that you think, that are in office right now, that would possibly qualify as somebody to lead into that era?

LAROCHE: I think, what we have is not so much individuals. I haven't seen any individuals, quite with the guts. I think Clinton has undergone a change, since he left the Presidency in terms of rethinking his experience. He probably would be a better President today than he had been when he was in office. But in general, my opinion is we have produced a defective quality of development of political leaders.

However, we have in the whole roster of people who are former servants of government, and in government, we have a whole roster of people who are very serious leaders, at various levels. This *combination* of people, of leaders, brought together around a common purpose, as Roosevelt tried to do in terms of the war, that kind of combination, is capable of providing leadership from the United States, for bringing the rest of the world together. That's true today.

The United States still has a unique mission within it. We're just making a mess of it. We have to bring that tradition back into play, and we do have people...

I mean, Kerry, for example. Kerry is not my idea of a commander-in-chief, but he would make a very good colonel in a regiment, in an actual combat situation. We have other people who have similar talents. Kerry's a very intelligent person. We have others in the Congress who are extremely intelligent, in the House of Representatives, and in the Senate. We have people in the government institutions, the military, the intelligence services, other parts of government service, past and present; some professors who are associated with this process, who are consulted by governments on important areas. These people, brought together, do represent a core of leadership, which, if united around a sense of common purpose, can do a job as good as we did under Roosevelt, during World War II.

HOST: You mentioned that you thought Clinton would probably make a better President now. Do you think our system, electoral system, allows a great person to even make it through to the top office these days? And, if not, what do you see as the biggest changes we could make in our electoral system? Since this is how the whole conversation started today, with the electoral vote. How do you think we could change it, to make sure, folks that actually are visionaries, and are powerful in ideas, can actually get through the grind that we have out there?

LAROCHE: If you look at the history of civilization as a whole, and of course, I specialize in everything from ancient Greece to the present, as what I look at on the table, any time I look at any problem in any part of the world, at any time—I

always take this whole panoply of what I know of world history, that part of world history, into account, and look at it from that standpoint.

That, in that view, you take the case of Charles de Gaulle, for example, as an example of this. Charles de Gaulle was not a perfect leader at any time. He was not perfect as a colonel or a general, in the process leading into World War II. He was not perfect by any means in his role in the immediate post-war period. He acted as an inspired genius in the period that he came in to save France from the effects of the Algerian War. But then, once—and he'd created a Fifth Republic, which was not a bad job. He did many things which the French nation is benefitting from still today, economically.

But then, as soon, 1963: Kennedy is killed. We had gone to Hell. Things are breaking down all around the world in 1964. We go into the Vietnam War, and the French people, who have just been saved from a horrible fate, by this President de Gaulle, begin to turn against him, and they dump him unceremoniously in 1968, after they virtually destroyed him beforehand.

This is the history of this planet. We find that, as in the case of Roosevelt. Roosevelt, Franklin Roosevelt, one of the greatest geniuses and leaders this country ever had in top office: The day after he died, this country, under Truman, began plunging into the right wing, and into many of the horror-shows that we're facing today! This is the history of the United States. This is the history of virtually every other nation. It's the history of the case of the aftermath of Louis XI of France, the founder of the first modern nation-state. It's the history of what happened to England after Henry VII, when his crazy son, Henry VIII, came in there and got confused over a sexual problem.

This is the problem.

So the problem is, we have to keep fighting, and fighting, to get good leaders; to develop them; to get them in office, and to try to keep them in office once we've got them there.

HOST: On a side issue, I've been following and interviewing Wayne Madsen—you ever read his material?

LAROCHE: I know his material, yes. I have respect for it.

HOST: Well, he has an interesting theory that the CIA is so furious at the gutting of its intelligence operations, that some of the operatives are beginning to turn on the Bush Administration, and indeed that is where he is getting some of his material. I find him optimistic, and I wish I could be as optimistic as he is, and I was wondering what you might think.

LAROCHE: I'm optimistic too. I may not agree with Wayne on everything, but I share his optimism, and I share his viewpoint on this question. I think that the institutions of the United States, people who have given their lives, their adult lives, in particular, of devotion to service to the interests of the United States, its well-being, who see the United States being betrayed, and sent down into the sewer, by what's happening now, will, without violating their oaths, without violating their principle of loyalty, their principle of respect for the integrity of our institutions, will tend to do what they can to unify themselves, and to help out, in the system.

HOST: Where have they been for four years? That's why I'm a little pessimistic.

LAROCHE: This—where has the Democratic Party been? Where have the American people been? Where's everybody been for the past four years? I've been there, I've been fighting this stuff all along. You have to, you have to be patient with human beings. They usually make a mess of things, but if it's like being a parent—you love them, they're making a mess of everything. They're making a mess of the house. You keep at it, and you rejoice the day they do something right.

And you have to have that attitude in dealing with a situation like this. It's my attitude, it's the only way I can handle the situation.

HOST: Thank you, that will help me get through another few more days.

LAROUCHE: Good!

HOST: Speaking of optimism/pessimism, how much tougher, or how tough does it make it, to fight the fight with the situation of media consolidation, and corporatization, and basically, like you said, we were entertaining ourselves to death? I think someone actually wrote a book with that title. Do you see the fact that fewer and fewer hands are owning more and more outlets, making things tougher to change?

LAROUCHE: Not really. Changes generally come in the form of crises. They come in the form generally of gradually. You have gradual changes, but gradual changes are generally improvements based on the general acceptance of a principle, which people begin to work on, to implement. It's like people take a job, and they try to do the job better as they go along. But taking the job is the first step.

Until the job is taken, I think people will not tend to improve. But, once we realize how bad, how *absolutely, stinking bad*, this Bush Administration problem, how evil and stupid the things are, that led into even considering electing an idiot like that—once we get that idea in our heads, and we realize that we have a mission of recovery before us, a job of recovery, I think we'll be better.

I think we have to be patient with the American people. I mean, I say this from the standpoint of studying history, I deal with history all the time. I see situations like this all the time: *You have to be patient with the human race*. If Jesus Christ could be patient with these guys, I have to be, too!

Do your job.

HOST: What kind of timeframe are you looking at? How long do you think it will take for things to get awful enough to wake people up?

LAROUCHE: They're right here now. We're right in it now. I think, and many people would agree with me, I think, in political circles, what Bush is doing with his privatization of Social Security, is probably the straw that will break the proverbial camel's back. This thing could result in a change in the destiny of the putatively newly elected administration, faster than you can say, "Dick Nixon."

HOST: Will the press go along with your predictions?

LAROUCHE: Well, the press is a prostitute, it'll go along with whatever is for sale.

HOST: Okay. And you think that that will be a more overwhelming story than Bush trying to shut it up?

LAROUCHE: We're at the point the nation won't survive unless that does happen. And that's on a short term. That's not long term.

HOST: So, the press will get it through its head, one way or another, that it has to begin covering this.

LAROUCHE: The *New York Times* began to get on the case several years ago, on the question of the Iraq war. The *Washington Post* did not. But there were changes. I think you'll see more changes coming as the crisis gets worse. Either way. For the worse, or for the better.

HOST: Okay. Yeah, I'm praying that the Madsen story breaks, because that, in itself, will just cause the whole house of cards to break down, but, of course, it has to be correct.

LAROUCHE: Cheney will go ape on that news. Cheney will go berserk. So will George Shultz. But Cheney will be more obvious about it.

HOST: That will be good. I will appreciate seeing that reported.

LAROUCHE: Okay, good.

HOST: I'll tell you what we can do in the last five minutes here— I'll let you off a little early, since you stayed with us for nearly two hours. Do you have any information you want to give out on yourself, your PAC, your other activities, your book, your website? A promo. You want to tell people...

LAROUCHE: Well, they can all they want, if they use the internet, they can get all they want from larouchepac.com. We try to keep a fairly fully served website, and if you get to the right buttons, you can go into all kinds of other things, historical things, background and so forth, access. There's very little about me which is not immediately accessible, if somebody goes through that search routine. And I would suggest that people do that. It's all there, and enough people do use the web system that most people could get it.

HOST: And what about the book? The Satan book?

LAROUCHE: The Satan book? The *Children of Satan*? This is something we published as a packet. It was done on the basis of an enhancement of things we published during the campaign period, and this is simply identification of what Cheney is. It's what Cheney represents, where he comes from, where the problems are.

HOST: Yeah. I read just a little bit before I rushed over here to the station. It's very well written. Your people are good writers.

LAROUCHE: Well, we have to do our work. We love it. We love doing our work. It's not the money that does it. It's that we like it.

HOST: Well, that's for sure, in my case. I think I went after the Bush Administration for four years, and it's certainly been costing me more than it's been earning me....

Thank you very much for joining us, Lyndon LaRouche.

LAROUCHE: Thank you.

# InDepth Coverage.

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## Feature:

### [TOWARD A SECOND TREATY OF WESTPHALIA](#)

#### [The Coming Eurasian World](#)

[by Lyndon H. LaRouche, Jr.](#)

November 29, 2004

First, let us speak of tragedy. Let such caricatures of poor King Canute as President George W. Bush, Jr., howl their denials, while they can still be heard. Let him shriek in futile rage against those thunderous winds of chaos which were already hurling themselves against the increasingly bankrupt national financial systems of the world. That chaos, now excited to the greater turbulence

## Economics:

### [PRIVATIZE AND POVERTIZE](#)

#### [Bush's Lies on Social Security Could Cost Americans Trillions](#)

[by Paul Gallagher](#)

Starting with a Dec. 6 meeting with Congressmen, President George W. Bush began a drive to privatize and loot some or all of the \$125 trillion which American workers are scheduled to contribute to Social Security over the next 70 years, proving himself a liar in his repeated campaign promises that he would 'not touch the benefits of America's retirees.'

### [Privatizing Social Security Is 'Enron II'](#)

[by Richard Freeman](#)

The failed Chile model of Social Security privatization, which has cost Chilean retirees their pensions for 25 years, is nonetheless the model which the insane George W. Bush insisted, at the APEC summit Nov. 19-21 in Santiago, Chile, is a 'great example' to be rammed through immediately in the United States.

### [Bush's Chile Model: Take Their Pensions and Run!](#)

[by Cynthia R. Rush](#)

Almost 25 years ago, in 1981, the free-market ideologues directing the economic policy of Gen. Augusto Pinochet's military junta in Chile—most of them trained at the University of Chicago in the fascist quackery preached by Milton Friedman and Friedrich von Hayek—privatized that country's Social Security system. Today, Chile is George W. Bush's model for Social Security privatization. Chile took \$22 billion deposited in the government-run Social Security fund and handed it over to 18 private investment funds, known as AFPs (Pension Fund Administrators).

### [European Labor Rejects 'Frankenstein' Directive](#)

[by Rainer Apel](#)

In late November, a number of labor unions from several European countries staged protest actions against the European Union Commission and its 'Bolkestein Directive' for radical deregulation and privatization. Three thousand members of the European Federation of Building and Food Workers, and the European Federation of Public Service Unions, marched in Brussels on Nov. 25, under the banner, 'Bolkestein Equals Frankenstein,' and charged the EU Commission with proposing 'death to the European social model,' by imposing 'the law of the jungle.'

## **International:**

### **Eurasian Nations Counter U.S. 'Unipolar' Insanity**

**by Mary Burdman**

Since 1998, when financial crises in Asia, Ibero-America, Russia, and the United States nearly crashed the whole system, a 'survivors' bloc' has emerged of nations which, as Lyndon LaRouche then described them, are not willing to go down with the wreckage of the U.S. dollar system. Were George W. Bush not in the White House right now, the United States would be leading the 'survivors' bloc.' Until sanity can be imposed on Washington, the three Eurasian giants, Russia, China, and India, are doing what they can.

### **From Arabia Felix To Modern Yemen**

**by Muriel Mirak-Weissbach**

In late 1990, when the U.S. government of the senior George Bush was preparing to go to war against Iraq, there were a handful of countries which resisted the drive. Jordan, the Palestinians, Sudan, and Yemen were those few which, despite massive arm-twisting, bribery, and outright blackmail at the United Nations, refused to capitulate to a war policy they considered wrong. All these forces were severely punished for what was considered insubordination; their citizens, who had found employment in many of the rich Gulf countries, like Saudi Arabia and Kuwait, were sent back home. Hundreds of thousands flooded into Jordan, and an estimated 850,000 Yemeni workers were expelled from the neighboring Saudi kingdom.

### **First National Conference of Yemen's Youth Union: Youth Are Key to Future**

**by Our Special Correspondent**

Although Yemen is an ancient land, it is also a very young country, whose two parts, divided by foreign occupation, were unified only in 1990. The problems which the government of President Ali Abdullah Saleh has faced, since unification, are many, and awesome.

## **National:**

### **Conyers Takes the Point Against Bush's Voter Suppression**

**by Edward and Nancy Spannaus**

The senior Democrat on the House Judiciary Committee, Rep. John Conyers of Michigan, told a packed hearing room on Dec. 8 that Democratic members of the House Judiciary Committee will go to Ohio to hold hearings there, to examine voter disenfranchisement and irregularities in the Nov. 2 election. Conyers' promise came during a forum on 'What Went Wrong in Ohio,' which was so crowded that an overflow room was needed.

### **AIPAC Raid Spotlights Escalating Spy Wars**

**by Jeffrey Steinberg**

On Dec. 1, FBI agents raided the Washington office of AIPAC (American Israel Public Affairs Committee). It was the second time in six months that the Bureau obtained and executed search warrants on the powerful Israel lobby; but, intelligence community sources report, unlike the polite and low-key raid of Aug. 27, 2004, the December action had FBI agents invading the AIPAC headquarters with guns drawn, carting off computers, and serving grand jury subpoenas to four top officials.

### **Torture-Report Leaks Point to Rumsfeld, Cambone, and Boykin**

**by Edward Spannaus**

Secretary of Defense Donald Rumsfeld and his top civilian aides, such as Stephen Cambone and Gen. William 'Jerry' Boykin (now operating on the civilian side of the DoD), are caught deeper than ever in the growing prison torture scandal, by newly disclosed documents from military and civilian agencies involved in the so-called war on terrorism. The new disclosures totally undercut Rumsfeld's contention that the torture abuses were the work of a handful of 'bad apples' among low-level troops. The 'bad apples' are actually to be found at the highest branches of the Pentagon.

# U.S. Economic/Financial News

## Dollar's Agony at Center of Economists' Meeting in Venice

Four Nobel Prize winners—Michael Spence, Betty Williams, Robert Merton (of LTCM fame), and Robert Mundell—were featured speakers at a one-day meeting in Venice, Dec. 2, sponsored by Telecom Italia, *La Repubblica* reported Dec. 7. The dollar crisis was at the center of discussions. Cardinal Poupard was also a featured speaker.

Robert Mundell pushed his usual idea of world monetary union, adding an urgent call for an "emergency committee" to dictate policy to the European Central Bank. Mundell said he shares Paul Volcker's view that there is "a 75% probability that the dollar crisis will turn into a financial crisis for the USA." "We must acknowledge that we are in an emergency moment and undertake emergency measures ... creating an emergency committee with very few members, technicians coming from the three main Euroland economies, France, Germany, and Italy—and possibly, Spain. Such a committee must be established in an emergency meeting, after which it must very quickly elaborate a defense strategy, substantially a series of direct interventions on the markets to counter the apparent strength of the euro. And, above all, it must establish national political authorities, so that they accept the idea of real and decisive active measures.... If the United States intends to go ahead with this policy of unlimited credit, it must realize that such an enormous deficit is a growing threat to the entire planet. And it is no longer a fiction to speak about global recession."

## Garten Wants New Plaza Accord To Head Off Dollar Crisis

Former U.S. Commerce Dept. official Jeffrey Garten (whose career spans the Nixon, Ford, Carter, and Clinton Administrations), says the Administration's plan to just let the dollar keep falling, on the supposition that this will boost U.S. exports, won't work, and that the falling dollar is "a one-way bet for speculators." Rumors are rampant that several central banks will diversify into other currencies; hedge funds and speculators may be moving in. "If the momentum to sell dollars gathers steam, it could lead to a dollar plunge, a global financial crisis, and deep worldwide recession."

Garten's proposed solution, however, will only make the situation worse: It is that the U.S. should negotiate a new Plaza Accord with Japan, China, and Europe. China and Japan should revalue and commit themselves to support the new currency levels. Europeans should deregulate to open up their economies to more imports. And the U.S. should take such measures as postponing tax cuts, and only privatize Social Security after finding a way to finance the \$1-2 trillion transition costs "without deepening the deficit." The insanity in the White House seems to be contagious.

## Shorting U.S. Dollar Reaches Record High

The Commodities Futures Trading Commission reported that "non-commercial traders," meaning primarily hedge-fund speculators, have placed a record number of short contracts, betting on the dollar's continued fall, the *Wall Street Journal* reported Dec. 6.

## Ford Extending Furloughs at St. Paul Truck Plant

As part of the automaker's production cuts, due to falling sales, Ford will close the plant for the weeks of Dec. 13 and Dec. 20, bringing the total weeks of furlough to six since Oct. 1, according to the *Detroit News* Dec. 6. The president of UAW Local 879 said that the temporary closure, which affects about 1,600 workers, is the most significant shutdown since about 1992.

## **Delphi To Cut 8,500 Jobs Next Year**

Delphi, the world's biggest auto-parts supplier, said it will cut 8,500 jobs worldwide, next year, because of falling production by GM and Ford, as well as rising costs of raw materials. The layoffs, announced Dec. 10, will hit about 3,000 U.S. hourly employees and 5,500 overseas workers. Already in the first three quarters of 2004, Delphi has eliminated more than 9,100 jobs.

## **Urban Gridlock Costs Billions in Lost Productivity**

A study produced by the Texas Transportation Institute (TTI) dramatically shows the effects over time of a lack of infrastructure investment and an aging highway system, *USA Today* reported Dec. 6. Using a complex formula that took into account vehicle occupancy, time/distance travelled during peak conditions, fuel costs, and hourly wages, the TTI has put into dollar terms the cost of traffic gridlock to our economy. The figures tell the story: In 1982, the first year studied, the loss in productivity was estimated at \$14.2 *billion* on an annual basis. By 2002, that figure had more than quadrupled, to a whopping \$63.2 billion. That's more than a billion dollars a week in lost time. During the same time, the total hours of congestion-related delay went from 0.7 in 1982, to 3.5 in 2002, and the total amount of wasted fuel grew from 1.2 to 5.7 billion gallons.

*USA Today* notes that this is a significant factor in changing the work habits for a growing number of people, who now commute to work as early as 4 or 5 a.m., in order to avoid the congestion. In case you're wondering, the at the top of the list of gridlocked cities, in almost every category, was Los Angeles. To find how your city ranked, go to

<http://mobility.tamu.edu/ums/>.

## **U.S. Doctors Told Avian Flu Is 'High-Threat' Situation**

Outgoing Health and Human Services Secretary Tommy Thompson announced Dec. 7 that the government will purchase 1.2 million doses of flu vaccine out of the 5.2 million which had been found over six weeks ago for importation. The 1.2 million doses will be distributed via the Centers for Disease Control's determination of communities most in need to serve high-risk citizens. The special arrangement made between Bush's FDA and manufacturer GlaxoSmithKline to import the vaccine, is that it will be allowed into the U.S. as an "investigational new drug," since the FDA did not have enough time for full licensure procedures. (The vaccine is, however, currently in use in 30 countries, an FDA spokesman noted.) This will mean that users of the Fluarix vaccine must read and sign lengthy consent forms prior to receiving the shot. GSK has another 2.8 million doses available, but the Bush Administration hasn't moved to purchase them as yet.

Meanwhile, CDC head Dr. Julie Gerberding, speaking in Atlanta before the American Medical Association's delegates, forewarned them, "Flu is getting off to a slower start than it did last year," but, "is unpredictable. A slow start doesn't necessarily predict a slow season," and she recalled that in nine out of the last 21 years, February has been the peak month for flu. "We are a long way from February today."

Even more ominous, however, was Gerberding's urging of physicians to be watchful of the still-expanding avian influenza epidemic in Asia. She said, "We would characterize the situation with avian influenza as a high-threat situation."

## **Lawsuits Force IBM To Drop Pension Scam**

IBM has been forced to stop its "cash balance pensions" scam, as a result of expensive lawsuits brought against it, the *Wall Street Journal* reported Dec. 9. As *EIR* has reported, cash balance pensions were a method of looting pension funds, by putting no money at all in any fund for the employee, while writing an IOU, and giving a lump sum upon retirement. IBM

adopted this approach five years ago, thus boosting "profits" (i.e., unpaid pensions) over those five years by \$4 billion. However, older workers and retirees soon learned that the new process reduced their pensions by 20%-50%, due to the change in accounting methods, and filed suits, winning judgments of about \$300 million, with more pending.

So IBM has dumped the "cash balance pensions" for all new workers—reverting to 401(k)s, a (perhaps) less efficient form of looting. As *EIR* has pointed out, these various schemes to avoid funding pensions were warm-ups for the privatization of social security.

## World Economic News

### UNICEF Sounds Alarm on State of World's Children

More than half the world's children are suffering extreme effects from poverty, war, and HIV/AIDS, denying these children a healthy and safe childhood, according to the annual UNICEF (United National Children's Fund) report on the state of the world's children, released Dec. 9.

This year's report found more than 1 billion children were growing up hungry and unhealthy, with schools that may be subject to attack by warring parties, and subject to entire villages being wiped out by AIDS.

The report points to a failure of governments to live up to the 1989 Convention on the Rights of the Child, which has led to permanent damage to children, and blocked progress to human rights and economic development.

"Too many governments are making informed, deliberate choices that actually hurt childhood," said Carol Bellamy, UNICEF'S Executive Director. "Poverty doesn't come from nowhere. When half the world's children have become targets and whole villages emptied by AIDS, we've failed to deliver on the promise of childhood."

Key conclusions include: Out of 2.1 billion children in the world, 1.9 billion live in developing countries. Some 640 million children do not have adequate shelter and 140 million, the majority of them girls, had never been to school. One in six children in the world is severely hungry; one in seven had no access to health care; one in five had no safe water; and one in three had no toilet or sanitation facilities at home.

The report was compiled by UNICEF and researchers at the London School of Economics and Bristol University.

## United States News Digest

### Kerik Pulls Nomination; Bails Out of Bush's Sinking Ship

Former New York City Police Commissioner and Rudy Giuliani protégé Bernard Kerik asked the White House to withdraw his nomination as Secretary of Homeland Security Dec. 11, ostensibly his failure to pay taxes on the salary of a nanny, and over the possibility that she was in the United States illegally. *Newsweek* of Dec. 11, after a few days of background research on Kerik, who briefly headed an Iraqi police training program for Bush, found that there was also once an arrest warrant on Kerik in New Jersey, stemming from a civil case over \$5,000 in unpaid bills. Much to the White House's embarrassment, none of this information came out in the vetting of Kerik for the DHS post, and now the White House is trashing Kerik for having lied to the White House lawyers who were doing the background checks, prior to his announced appointment. (Given that the vetting was the responsibility of Alberto Gonzales, some people are puzzled that they didn't just torture Kerik, to worm the truth out of him.) The bottom line is that Kerik himself informed the White

House about the nanny problem, and it is not hard to imagine that Kerik decided this Administration is a sinking ship, not worth boarding. That is the word circulating widely among sane Republican Party circles these days.

According to the Dec. 12 *Washington Post*, one of the names on the short list of replacement candidates for Kerik could be Sen. Joseph Lieberman (D-Conn), who is definitely being courted by Bush to take a Cabinet post.

## **Army Short of Surgeons for Iraq**

Aside from the medical challenges of dealing with the horrendous kinds of injuries that soldiers are suffering in Iraq, the Army's medical system is also suffering from a lack of resources, reports an article in the December *New England Journal of Medicine*. It is estimated that the Army has only about 120 general surgeons on active duty and a similar number in the reserves. Secondly, a war that was supposed to be lightning quick, and with medical assets designed and outfitted accordingly, has turned into a slow-moving, protracted grind, where the number of wounded has continued to grow, increasing further, the pressure on the medical system. This means that surgeons and other medical personnel are facing second and third tours in the combat zone. As a result, recruiting surgeons into the military has become far more difficult, in spite of financial incentives, and interest in joining the Reserves has dropped precipitously.

The NEJM provides further evidence that the casualty figure for this war—1,282 American deaths as of Dec. 10—is deceptively small. The medical system plays just as much a role in whether battle-wounded troops survive as does the enemy. With Vietnam-era medicine, the U.S. death toll would be in the neighborhood of 2,760. The military-surgical teams in Iraq are saving an unprecedented 90% of the war wounded. In Vietnam, it was 76%, and in World War II it was 70%. The unasked question raised by the NEJM article is that, while the surgeons in Iraq have done a heroic job saving lives, how long can they function under such strain before the system collapses?

## **Senior CIA Officer Alleges Retaliation**

A senior CIA officer, whose identity has not been made public, is alleging retaliation for his refusal to falsify intelligence on weapons of mass destruction, according to the *Washington Post* Dec. 9. The undercover operative has filed a lawsuit against the CIA for his firing in August 2004; he has been informed that there was an investigation by the inspector general's office involving financial transactions, and allegations of sexual misconduct.

His lawyer, Roy Krieger, said that this lawsuit is the first public instance in which a CIA employee has charged directly that Agency officials pressured him to produce intelligence to support the administration in power.

## **Political Operator Named To Head Veterans Administration**

President Bush announced on Dec. 9 that he had nominated Jim Nicholson, currently U.S. Ambassador to the Vatican, to replace Anthony Principi as Secretary of Veterans Affairs. Principi announced his resignation the day before. Nicholson's last job before taking up residence at the Vatican was as chairman of the Republican National Committee. What that means for the couple of hundred thousand veterans of Bush's war in Iraq, and for veterans in general has yet to be evaluated.

## **Medicare, Medicaid Are 'Juicy Targets' for Cuts**

Together, the Medicare and Medicaid programs make up about one-fourth of Federal spending, which makes them juicy targets for budget cuts. Since President Bush wants to make his tax cuts permanent, and since Social Security privatization, if passed, will ultimately cost trillions of dollars, it appears that Bush will include cuts to the Medicaid program in his upcoming budget.

Medicaid is the nation's largest public-health insurance program, providing health- and long-term-care coverage to 52 million low-income people, elderly, and disabled people in FY2004 (about one in nine Americans). It pays for nearly half of all nursing-home care, and 18% of prescription drugs. Medicaid is jointly funded by the state and Federal governments. The Federal government matches state spending (from 50% to 77%) on all medical services that Medicaid covers and that patients need—it is an open-ended entitlement.

President Bush wants to shift Medicaid from this open-ended entitlement to having the government give the states a block grant or a flat amount of funding to use as they see fit. The administration is also keen on ripping up the foundations of the 40-year-old Federal law by providing "super-waivers" and more "flexibility" to the states to decide who is eligible for Medicaid, and who gets what services, in what part of the state, and for how long. Already several state governors, including Florida's Jeb Bush (R) and Tennessee's Gov. Bredesen (D), among others, are pushing for such super-waivers and block grants to cap state Medicaid costs. (This was compiled from the *Wall Street Journal* of Dec. 4; Families USA; and the Centers for Medicare and Medicaid Services.)

### **'Patriot II' Police-State Measures in Intelligence Bill**

The 'Patriot II' police-state measures inserted into the intelligence reform bill are only now coming to light, after the bill has been sent to President Bush for his signature. The *Washington Post* and other sources take note that some of the police-state provisions in the bill were originally part of the draft "Patriot II" act written by Justice Department prosecutors in 2002, and that many of them were written to overcome problems that the Justice Department got into, over its attempts to prosecute alleged terrorists. This includes a provision tightening the definition of "material support to terrorist groups" after a Federal court in California found the existing statute unconstitutionally vague.

Some Democrats, and the American Civil Liberties Union see the bill as an unwarranted expansion of law enforcement authorities. Sen. Russell Feingold (D-Wisc) said that, "The Justice Department has a record of abusing its detention powers post 9/11 and of making terrorism allegations that turn out to have no merit." Charlie Mitchell, legislative counsel for the ACLU, said that the law enforcement measures are "most troubling in terms of the trend they represent." He added that "they keep pushing and pushing without any attempt to review what they've done."

Rep. Ron Paul (R-Texas) charged that the bill sets up a national ID card system, leading to a system of internal passports. "A national identification card, in whatever form it may take, will allow the Federal government to inappropriately monitor the movements and transactions of every American," Paul said on Dec. 7. The bill does that by requiring national standards for drivers licences, and Social Security ID cards. "Nationalizing standards for drivers licenses and birth certificates and linking them together via a national database, creates a national ID system pure and simple.... Those who allow the government to establish a Soviet-style internal passport system because they think it will make us safer are terribly mistaken," he said. "Subjecting every citizen to surveillance and screening points actually will make us less safe," because of the history of governments abusing such authorities and because it'll divert the resources needed to pursue real terrorists.

### **FDA Relying on Funding from Pharmaceutical Industry**

Since 1992, the Food and Drug Administration has become increasingly reliant on direct pharmaceutical firm funding—called "user fees"—under new 1992 statutes under which the FDA was mandated to keep up a specified level of new drug review, and the drug companies would continue their payment of "user fees" for such reviews.

Recent Congressional testimony on the flu fiasco and the Vioxx disaster, has featured the colossal and deadly failures at the Food and Drug Administration. Many critics have pointed to a 1992 agreement, crafted by the Bush 41 Administration, in which the pharmaceutical companies would pay, in effect, users fees to the FDA in order to speed up new drug reviews.

According to the *New York Times* Dec. 6, the 1992 agreement, bringing in millions of dollars to the agency, came "with strings" attached. Indeed, the drug makers' proviso was that spending levels on new drug reviews, adjusted for inflation, could never fall below a certain level.

During the Newt Gingrich "Contract on America" years of budget-cutting, appropriations for the FDA were decreased, making the agency more dependent on money from the pharmaceuticals—the user fees. The *Times* reports that in 1992, the FDA's Center for Drug Evaluation and Research spent 53% of its budget on new drug reviews and the rest went to survey programs, labs, and other efforts to ensure safety of drugs already on the market. By 2003, 79% of the agency's drug center budget went to new drug reviews and "everything else has gotten squeezed."

FDA director of executive programs told Harris, "We get increased user funds and not increased appropriated dollars." So, to keep those funds coming, "We have stolen from the labs and other parts of the non-user fee program." A former FDA commissioner, Dr. David Kessler, said the financing agreements with industry "increasingly micromanage the FDA."

Over the next weeks, outgoing Health and Human Services Secretary Tommy Thompson is expected to propose "reforms" of the FDA. Senator Charles Grassley (R-Iowa), and others have proposed setting up an independent drug-safety center to separate the new drug approval reviews from the drug-safety reviews once a drug has been approved. Of course, such a scheme would have to be funded by Congress, a highly unlikely proposition. But more crucial is the overall question of privatizing the FDA, which the 1992 agreement assisted, along with the deregulation fanaticism of the Bush Administration, which in large part led, to the flu fiasco at the Chiron Liverpool facility.

## **Supreme Court Hears Texas Death-Row Appeal—Again**

On Dec. 7, the Supreme Court heard the Texas death-penalty case of Thomas Miller-El for the second time. The same Justices heard the same two lawyers who argued the case before the Court in February of 2003. Miller-El was convicted of the murder of a clerk at a Holiday Inn in Dallas in 1985, and his appeal was based on the fact that, during jury selection for the trial, the prosecution had deliberately excluded blacks from his jury.

The first time around, the Court ruled 8-1 that Miller-El's evidence of discrimination in the composition of his jury was enough to entitle him to a hearing before the appeals court, in the Fifth Circuit. When the appeal went back to the Fifth Circuit, they repeated what they did the first time: They dismissed it without a hearing, adopting, not the majority opinion, but the sole dissent of Justice Clarence Thomas. During the Dec. 7 hearing, several of the Justices indicated that the concerns they expressed the first time had not been allayed, and those concerns apparently extend to the implementation of the death penalty in Texas and the conduct of the Fifth Circuit appeals court, as well.

## **Ibero-American News Digest**

### **Bush Administration Resource Grab in the Americas**

Assistant Secretary of State for Western Hemisphere Affairs Roger Noriega told a Center for Strategic and International Studies (CSIS) forum on Dec. 3, that it is time to develop "a common Western Hemisphere energy policy," as part of the "ambitious agenda" of reforms the Bush Administration wants adopted in the Americas. "The hemisphere has no alternative to this reform agenda: decentralization, deregulation, strengthening property rights, reforming labor laws, and investing in basic social services," Noriega pronounced. The administration's conception of "basic social services" is that of the "stakeholder's society": "affording individuals the opportunity to pull their own weight and create personal wealth."

Noriega specified that the administration wants to see decentralization of revenue collection throughout the region—e.g.,

municipalities doing their own taxing—which would lead to separatist movements throughout the region.

Noriega's "common Western Hemisphere energy policy" is an old scheme, first officially adopted in Zbigniew Brzezinski's 1978 secret Presidential Review Memorandum 41 (PRM-41), which mooted the possibility that the U.S. might "attempt to seal the border" to Mexican immigrants, should Mexico not accede a "North American community"—the NAFTA-Plus which Mexico's President Fox is again championing.

As next week's *EIR Online* will report in another installment of its "economic hitmen" series, then-Mexican President Jose Lopez Portillo rejected any such "North American Community" out of hand, because it would "hinder our industrial development," and condemn Mexico to "perpetually extracting and exporting raw materials for their consumption by more advanced societies. To counter this blatant oil grab, Lopez Portillo campaigned for a worldwide agreement for cooperation on developing new energy resources for all, which should function as the old post-war Bretton Woods agreement had. "If at Bretton Woods we were able to establish an orderly structure for handling monetary and reconstruction matters, we could today ... establish a new and more orderly structure for handling energy and resources," he told the UN General Assembly on Sept. 2, 1987.

### **Anti-Mara Sweep in Mexico**

Mexican police and security personnel carried out an aggressive operation against the dangerous Maras Salvatrucha gang in 25 states, with a special focus on the southern state of Chiapas, on the border with Guatemala. "Operation Costa," carried out in late November, was defined as a "national security" operation in which forces from the Federal Police, Government Ministry, Army, Navy, and National Immigration Institute participated—a total of 1,500 people deployed. The operation was carried out in coordination with U.S., Guatemalan, Salvadoran, and Honduran authorities, according to Eduardo Medina, head of the Interior Ministry's intelligence arm, the Research and National Security Center (CISEN).

In the 25-state sweep, the largest such operation carried out to date against the gang, 193 Maras were arrested. Members of the gang have been previously arrested and accused of auto theft, rape, and drug-trafficking, but there was a particular concern in the current operation about their activities involving the trafficking of illegal Central American immigrants brought into the country through Chiapas. Both the Federal government and the Chiapas state government have vowed to continue to "deal with the problem created by the presence of the Mara Salvatrucha in the state."

### **FARC Prisoners Agree To Leave Battle for Pardons**

Colombian President Alvaro Uribe signed pardons on Dec. 2 for the release from jail of 23 lower-level FARC terrorists who were convicted of crimes that do not fall into the category of "atrocious" (terrorist bombings, murder, kidnapping, rape, etc.). The 23 FARC prisoners were released from a variety of prisons around the country, and reportedly agreed in writing to abandon armed fighting and to "reintegrate" into civil society.

The Uribe government has come under heavy pressure to release convicted FARC prisoners in exchange for the FARC releasing some of the hundreds of hostages which it is holding in subhuman conditions around the country, in a so-called "humanitarian exchange." Family members of those being held hostage, many for several years now, represent part of the pressure, but the primary pressure comes from the narco lobby, led by former President Alfonso Lopez Michelsen (alias "The Godfather"). Lopez Michelsen has said openly that a "humanitarian exchange" could be the first step toward reopening negotiations with the FARC.

The Dec. 2 pardon was a unilateral gesture on President Uribe's part, which met the government's conditions for releasing FARC members from jail: that they agree to abandon the war. The FARC as an organization has refused to accept the imposition of any condition upon FARC prisoners for their release.

Family members and other political forces are now urging that the FARC reciprocate, and release some hostages.

## **Inter-American Court Upholds Berenson Conviction**

The Inter-American Human Rights Court announced on Dec. 3 that it had upheld the conviction of American Lori Berenson, who was tried and convicted in Peru twice for collaborating with the narco-terrorist Tupac Amaru Revolutionary Movement (MRTA). Her first trial by a military court was overturned in 2000, but in 2001, a civil court sentenced her to 20 years in prison. Berenson was first arrested in 1995, and had been working with MRTA members who were plotting to blow up the Peruvian Congress.

The involvement of the Inter-American Court in Berenson's case caused significant tension inside Peru. The pathetic President Alejandro Toledo has vociferously stated that he would never make concessions to terrorists, but there was no guarantee that he wouldn't bend to pressure, had the Inter-American Court ruled in Berenson's favor. She had been made a cause celebre by international human rights circles who claimed that she had been unjustly accused and tried. In the event that the Court had overturned her sentence—even though it lacks the means to enforce such a ruling—authorities had warned it would set a precedent for such jailed terrorists as Shining Path founder Abimael Guzman, and others among his collaborators, to appeal their own sentences and gain their release.

On Nov. 25, speaking more forcefully than Toledo had, Cabinet Chief Carlos Ferrero had told reporters that the government would defy the Inter-American Court were it to rule in Berenson's favor. He echoed statements made earlier by Foreign Minister Manuel Rodriguez. Toledo told Radioprogramas del Peru on Dec. 1 that the Court's decision was the cause of "great satisfaction and tranquility for Peruvian justice and all Peruvians."

## **Western European News Digest**

### **Retired Deutsche Bank Director Attacks Maastricht Pact**

Edgar Most, retired director and eastern Europe specialist at Deutsche Bank, called for something comparable to the former Bretton Woods monetary system in his biweekly column in *Berliner Zeitung* December 6. Most wrote that Eastern Germany's industry, in spite of the fact that its production costs are 30% below average levels in the West, despite labor market flexibility, cannot be mobilized because the state cannot intervene as it needs to under Maastricht criteria.

Most makes the point that Maastricht is an empty shell anyway, with several countries manipulating data and no longer respecting the Pact; therefore, the German government should insist that the problems and expenses of German reunification be taken into account by the European Union Commission.

Most adds that what is also required are "monetary agreements between the currencies that determine global trade. Such systems we had with the Bretton Woods Agreement of 1944." However, he points out that in that agreement was that it exclusively oriented towards the U.S. dollar."

### **Privatizing U.S. Social Security Could Sink World Economy**

The leading French newspaper *Le Monde* responded to Bush's plan to privatize Social Security with the comment: 'It's morality, stupid,' pointing out that the effort could sink the whole economy.

Economist Daniel Cohen, writing in the Dec. 4-5 weekend issue of *Le Monde*, gives a political profile of the post-Bush II voters in the U.S.

The article asks how it is possible that, with 1% of the wealthy population receiving as much as 40% of the income, those in the lower income brackets can't manage to get their act together and get political control of the U.S. The reason given by the Democrats since the end of the campaign, is that the Republicans pulled an "it's morality, stupid," against the "it's the economy, stupid" of the Democrats.

In the recent period, Cohen says, the opposition between a big-spending left wing and a money-tight right wing has totally turned around, with the Democrats imposing the policies of rigor and austerity, and the Republicans building up the deficits. From this standpoint, Cohen takes on Bush for his plan to privatize Social Security. "After being elected, George Bush declared that he was planning to "spend" his electoral capital. Unfortunately it's a remark that must be taken literally. If Bush implements his programs, namely a partial privatization of Social Security, a budgetary apocalypse is a possibility.

Without going as far as Paul Krugman, who does not hesitate to compare the United States to Argentina, Bush's project could well push the dollar, which stands at this point on the verge of the abyss, to take a great step forward. A new start for inflation, leading to interest rate hikes, a collapse of the real estate market, and other calamities, cannot be excluded. The Republicans will understand soon that moral and social questions can be more linked together than electoral strategists believe they are.

### **Dutch Babies Are Now Being Euthanized**

Babies are being put to death in Dutch hospitals—"euthanized"—according to an AP wire from Amsterdam. So the Netherlands, which in the 1980s and '90s pioneered Nazi-style euthanasia against the elderly, the chronically ill, the mentally ill, the retarded, and finally, those who were simply depressed—has now taken another step into utter bestiality.

The Groningen Academic Hospital recently proposed guidelines for "mercy killings" of babies said to be terminally ill—and then revealed that it had already begun carrying out such murders, using lethal doses of sedatives.

The hospital's declaration came in the middle of growing discussion in Holland over whether to legalize euthanasia on people who cannot decide for themselves; the Dutch doctors' association last summer urged the Health Ministry to create an independent board to review euthanasia cases for those with "no free will."

As a matter of practice, of course, Dutch hospitals have been killing such people for years, to the point that a few years ago, an Englishman on holiday who fell ill in the Netherlands was euthanized before his family was even notified that he was in the hospital; to the point that numerous reports have reached us concerning the state of terror in which the Dutch elderly live, dreading to visit doctors or hospitals.

### **Budget Cuts Mean Reduced Care for Homeless in German Towns**

High indebtedness, shrinking tax revenues, and the dictate of budget-balancing are forcing most German municipalities to cut deeply into budgets for homeless care. Cuts in the range of 20-30 percent and even more, of what municipalities have provided so far, in terms of emergency housing (especially needed during winter periods), medical care, food supply and the like, become a pattern. Additional problems are caused by the state governments increasingly cutting subsidies to municipalities.

Welfare organizations are warning of a new migration pattern, with several tens of thousands of homeless citizens moving

from cities with little or no support for them, to cities in a comparably "better" financial situation—or which are said to be in such a situation (but which are not much better off). What still remains as emergency budgets in such cities, will soon also be strained.

### **Opel Workers Face 15% Cut Income; No Job Guarantee**

The Detroit headquarters of General Motors has reiterated its plan to go for deep cuts in Europe, and it says now that even more than the annual cuts of 500 million euros in corporate expenses, which it announced in early October, will have to be made.

The only alleged "concession" the management is going to make, is that this does not necessarily imply the axing of 12,000 jobs in Europe, with 10,000 of these in Germany; an agreement with the workers and the labor union on average income cuts of 15 percent, may do most of the dirty job for the time being.

A firm guarantee for the jobs cannot be given, though, and several new projects for outsourcing the manufacturing of car parts, which the management is considering, will undermine production and jobs at the German sites of Bochum, Ruesselsheim, Eisenach, and Kaiserslautern.

### **CDU Chairwoman Re-Elected, But With Reduced Mandate**

Angela Merkel was re-elected as party chairwoman of the Christian Democratic Union, by the delegates of the national party convention in Duesseldorf, Dec. 6. She was approved by 88.4 percent of the delegates, whereas in 2002, she won 93.7 percent.

There is more behind this figure than meets the eye: especially among long time, active party members who still endorse the social market economy model, Merkel's neo-con and neo-liberal policies are opposed, though she has stronger support among younger party members of the lifestyle generation kind who are not very active. Crucial sections of the party are drifting away from Merkel's leadership circle.

### **BBC Shake-Up Will Cost 3,000 Jobs**

The big post-Hutton Report "shake up" at the BBC will cost 3,000 jobs over three years. BBC director general Mark Thompson, who took over after Greg Dyke resigned under huge pressure due to the Iraq War-David Kelly-Hutton report upheaval, is announcing an "overhaul" of the BBC which will cut jobs, and move another 2,000 employees out of London. The job cuts, including in the news department, will begin in March 2005.

Human resources, training, finances and legal services are all to be hit by the jobs cut. These divisions will lose about 2,500 jobs from a total workforce of 6,500. Overall, the BBC employs about 27,000 people.

## **Russia and the CIS News Digest**

### **'Project Democracy' Bankrolled Ukrainian Regime Change**

As ever more reports emerge on how the National Endowment for Democracy (NED) and related "Project Democracy" networks orchestrated recent events in Ukraine, Nadia Diuk, director of the NED for Europe and Eurasia, went public in the Dec. 4 *Washington Post*, under the defensive headline, "In Ukraine, Homegrown Freedom." While attempting to deny that

the Ukraine crisis had followed an NED script, Diuk took credit for doing exactly what she denied. She described the establishment of NGOs in Serbia, Georgia and now Ukraine, tasked with running exit polls, getting free media coverage for the opposition, training youth groups for street protests, etc. The NED, the *Post* noted, "has supported nongovernmental democracy-building efforts in Ukraine since 1988."

Testifying Dec. 7 before the House International Relations Committee, Deputy Assistant Secretary of State for European and Eurasian Affairs Amb. John Tefft claimed that U.S. "democracy-promotion" programs were non-partisan and open to all. He detailed them: "The United States provided funding to support independent media, provide non-partisan political party training, voter awareness and education, training for election officials and observers, and more. ... Our election-related assistance to Ukraine totaled approximately \$13.8 million. The U.S. also funded thousands of international observers. This included the U.S. contribution, funding the approximately 600-person OSCE observer mission; additional funding for another 100 observers under special agreement with the countries of Central Europe; and funding for an additional 1,000 foreign NGO representatives organized by Freedom House and the European Network of Election Monitoring Organizations (ENEMO). In addition, some 10,000 domestic observers were organized by the Ukrainian NGO Committee of Voters of Ukraine, which receives partial support from the U.S. Government via NDI [National Democratic Institute]."

The U.S. Treasury will now spring for an additional \$3 million, to fund observers for the Dec. 26 re-vote, Tefft said. He also highlighted that fact that, "Beginning in February, a wide, bipartisan range of senior U.S. officials and prominent private citizens visited Ukraine, carrying a strong message about the importance of a democratic election to Ukraine's Euro-Atlantic integration. These included Defense Secretary Rumsfeld, Deputy Secretary of State Armitage, USAID Administrator Natsios, former President Bush, former Secretaries Albright and Kissinger, Dr. Brzezinski, Richard Holbrooke, Thomas Pickering, Gen. (r.) Wesley Clark, Rep. Bereuter, Senator McCain, and of course Senator Lugar."

An AP wire dated Dec. 10 further publicized the NED's activity, citing higher spending levels: "The Bush administration has spent more than \$65 million in the past two years to aid political organizations in Ukraine, paying to bring opposition leader Viktor Yushchenko to meet U.S. leaders and helping to underwrite exit polls indicating he won last month's disputed runoff election." The wire cited disclaimers by the State Department and by White House spokesman Scott McClellan, who calls this normal democracy-building activity. But, it reported the channelling of funds through the Carnegie Foundation, as well as Madeleine Albright's (NDI) and the International Republican Institute (IRI), the "Democratic" and "Republican" arms, respectively, of the NED. Another U.S.-backed foundation is the Center for Political and Legal Reforms, whose web page lists Yushchenko's web page as one of its "partners."

The exit poll that quickly declared Yushchenko the 54% to 43% winner of the Nov. 21 run-off, according to AP, was funded by the NED, the State Department-funded Eurasia Foundation, and George Soros' Renaissance Foundation, which also gets money from State. As for the IRI, it used Project Democracy money to help Yushchenko meet Vice President Dick Cheney and Assistant Secretary of State Richard Armitage, on a Feb. 2003 visit to the USA.

## **Congressman Paul Blasts U.S. Hypocrisy On Ukraine**

Rep. Ron Paul (R-Texas), in a commentary posted on antiwar.com, attacked "U.S. hypocrisy," regarding the Ukrainian elections. President Bush recently said, "Any election in Ukraine ought to be free from any foreign influence." But, Paul wrote, we know that USAID and the NED, not to mention George Soros, have spent untold millions, and that "that money was targeted to assist one particular candidate." He noted, "Recall how most of us felt when it became known that the Chinese government was trying to funnel campaign funding to a U.S. presidential campaign," which is "rightly illegal. Yet it appears that that is exactly what we are doing abroad."

## **Yushchenko Aide Feted in Washington**

Oleh Rybachuk, Ukrainian opposition candidate Victor Yushchenko's chief of staff, was the guest of honor at a Dec. 10 event, held in Washington, D.C. by the New Atlantic Initiative. He was also scheduled to meet State Department and National Security Council officials. Rybachuk spoke frankly about Yushchenko's political overtures to powerful Ukrainian business interests, some of them under criminal investigation, quoting Yushchenko: "If you could get me angels, I would use angels." Asked by *EIR* how Yushchenko would go about "conciliating" the country, especially miners and steelworkers who might lose their jobs during further privatization and asset-stripping of Ukraine's industry, Rybachuk merely responded that former Central Bank chief Yushchenko was "the best macroeconomist in the country." He insisted, "Yushchenko will work for an open and fair privatization. ... Ukraine will be an open paradise for investors. We have already talked to many mega-investors, whose only reticence toward investing in Ukraine has been the Kuchma regime."

## **Putin Attacks 'Colonial' Interference in Ukraine**

During his Dec. 5-6 state visit to Turkey, Russian President Putin denounced Western forces that are escalating the situation in Ukraine. Ukraine should not be split into "Westerners and Easterners," or "first-class and second-class people," said Putin. Accusing the West of treating the states of the former Soviet Union like a colonial territory, Putin said it was unacceptable for "some good but strict uncle, wearing a pith helmet, to tell the second-class people, those who are politically darker-skinned, how they should make their lives meaningful. And then, if the natives resist, they get the big stick in the form of missiles—as in Yugoslavia."

## **Ukraine Will Re-Run Presidential Run-off**

The Ukrainian Parliament, the Supreme Rada, voted 402 to 21 on Dec. 8, to adopt a constitutional reform bill, which limits Presidential powers in favor of the prime minister and the parliament, and Presidential election law amendments aimed to prevent vote fraud. The vote broke a stalemate, which had developed over the weekend after the Supreme Court nullified the Nov. 21 run-off between Victor Yanukovich and Victor Yushchenko. President Leonid Kuchma signed the legislative package. He also dismissed Prosecutor-General Hennadi Vasilyev, as demanded by the Yushchenko opposition forces. And the Supreme Rada dissolved the Central Election Commission, which had initially certified Yanukovich as the winner. A new 15-person Commission was chosen, of which 11 members were also on the previous one.

On Dec. 7, Kuchma allowed Yanukovich to go on vacation, which under Ukrainian law made it impossible for him to be fired (another opposition demand, but it was dropped in order to get the vote to proceed with the Dec. 26 election). Amid rumors that Kuchma was ready to dump Yanukovich, in the event that Kuchma's preference for an entirely new election were upheld, Yanukovich made clear that he remains a candidate. He also appointed a new chief of staff: Taras Chornovyl, the Supreme Rada deputy who has publicly blamed Kuchma for the car-crash death of his father, Soviet-era nationalist dissident Vyacheslav Chornovyl, in 1999. On Dec. 7, Chornovyl said at a press conference that Kuchma had made a dirty deal with Yushchenko, leaving Yanukovich as the genuine opposition candidate.

## **Russian Defense Minister Reiterates Preventive-Strike Policy**

Russia reserves the right to carry out preventive strikes with conventional weapons, against terrorism bases anywhere in the world, Defense Minister Sergei Ivanov was quoted by Interfax as saying Dec. 10, in an address to Russian military and diplomatic officials. "The only limit is exclusion of strikes with nuclear weapons," Ivanov said. He cited UN Security Council Resolution 1566, which stipulates that any country has the right to protect itself against the threat of terrorism.

"Russia," Ivanov added, "is far from being the only country to announce its readiness to carry out preventive strikes on terrorist bases." He said that "precedents have already been set in Afghanistan and Iraq" for such pre-emptive military action. Three months ago, Russia's chief of staff, General Yury Baluyevsky, made a similar announcement as he met in Moscow with NATO's Supreme Allied Commander for Europe, General James Jones. "We will take steps to liquidate

terror bases in any region" of the world, Baluyevsky said on September 8.

## **Putin Meets Allawi; Russia Writes Off Iraqi Debt**

Russian President Vladimir Putin received Iraqi Prime Minister Iyad Allawi in Moscow Dec. 7. Earlier, Finance Minister Alexei Kudrin told a Nov. 21 Group of 20 meeting in Berlin, that Russia had accepted a U.S. proposal to write off 80 percent of Iraq's approximately \$8 billion debt to Russia. The arrangement has been approved by the Paris Club of state-to-state creditors. Putin seconded the hope, expressed by Kudrin, that Russian oil companies' contracts with the previous Iraqi regime may now be implemented. "We have agreed to write off the Iraqi debts," Putin said, "... in the name of solidarity with the friendly Iraqi people, but we also believe that the interests of Russian companies will be taken into consideration." In his Dec. 3 speech at the Jawaharlal Nehru Foundation in New Delhi, however, Putin expressed doubt about whether elections could be held in Iraq in January, under current conditions of escalating violence.

## **Yukos Unit Goes on the Block**

The Russian government's Federal Property Fund announced Nov. 19 that Yuganskneftegaz, the main production unit of Yukos Oil, will be sold at auction on Dec. 19, to satisfy Yukos's tax debts to the government. It appears that the Kremlin has engineered the auction, in which the starting price is \$8.6 billion, so that Gazprom, the Russian natural gas giant that is still partly owned by the state, will acquire the facility. RIA Novosti reported Dec. 8 that Gazprom is negotiating a \$10 billion short-term loan, in order to make the purchase. The loan organizer is said to be Deutsche Bank, joined in a consortium by ABN AMRO, BNP Paribas, Calyon, Dresdner Kleinwort Wasserstein, and J.P. Morgan.

Another Yukos executives was arrested November, and one of the company's lawyers, wanted for questioning in an insider-trading investigation, fled to London. Yukos CEO Steven Theede and CFO Bruce Misamore, both Americans, are currently outside Russia and not expected to return. Chairman of the Board Victor Gerashchenko said Dec. 7 that a decision on declaring bankruptcy will be taken at a shareholders meeting on Dec. 20, the day after the Yuganskneftegaz auction.

*Vedomosti* newspaper reported Nov. 18 that another Russian oil company, Lukoil, has moved into the Russia-China oil trade, in which Yukos has not been able to keep up with its previous role as supplier. A Lukoil spokesman told *Vedomosti* that Lukoil would sell 70,000 metric tons of oil to China in November, then 100,000 metric tons in December. "The oil is going to be sold to China's National Petroleum Corporation, which earlier purchased oil from Yukos," noted that report.

## **Southwest Asia News Digest**

### **New Israeli Soldiers' Group Exposes Abuse Of Palestinians**

Human rights groups and Palestinians have long accused Israeli troops of acts of barbarity against Palestinians, but the fact that IDF soldiers are now coming forward with their stories has forced IDF chief Gen. Moshe Ya'alon to admit that the string of recent cases "seem to call into question the moral standard of IDF soldiers." Ya'alon told reporters, last week, that he had spent much of the last two weeks meeting with officers in the field to discuss the allegations. One of recent infamous cases involves an Israeli army captain's killing of a 13-year-old school girl. Israel's channel 2 television aired radio transmissions of that incident. One group of soldiers claimed she was a potential suicide bomber, but she was merely carrying a bookbag, and was allegedly shot several times by a soldier, after she was already helpless on the ground.

Yehuda Shaul, an organizer of a group of soldiers called "Breaking the Silence," wrote on the organization's website that this type of behavior by the Israeli army is typical, not the exception. Yagil Levy, an author and political sociology professor who studies trends in the Israeli military, say that those who argue that this is deviant behavior are wrong. "They

don't understand the occupation has corrupted the soldiers and changed their mode of fighting. It's not fighting against an army, but policing among populations."

## **Barghouti Files for Palestinian Presidency from Prison**

Marwan Barghouti, the Palestinian leader who has been imprisoned by the Israelis since 2002, has announced his candidacy for President in the Jan. 9, 2005 elections. In polls reported on Dec. 7-8, Barghouti was shown to poll higher than all other candidates, including Mahmoud Abbas (Abu Mazen), who has the endorsement of Fatah, the largest party in the Palestinian Liberation Organization (PLO), and the party which Marwan Barghouti heads, in the West Bank. Barghouti, is considered internationally—especially by some pro-peace Israeli circles—as the "Palestinian Mandela," and has the strongest following of any leader besides Arafat.

But, ironically, as the Palestinian elections near—the first after the death of Palestinian Authority President Yasser Arafat—both Ariel Sharon and George W. Bush, who tried to "sideline" Arafat, are in trouble. Sharon finds himself without a coalition, and George W. Bush, finds himself without allies, and without a policy for Southwest Asia.

Arab observers say that recent events in Iraq, Saudi Arabia, and in the Palestinian territories are putting more pressure than ever on Bush to come up with a "success" in the Israel-Palestine strife to cover for the other disasters in the region.

Monday, Dec. 6 began for Bush, with a major leak in the *New York Times*, reporting that the CIA station chief in Baghdad had filed a report, warning that the insurgency in Iraq is not at all defeated, and larger than reported. The CIA report came when there were 1,000 U.S. troop deaths—now there are nearly 1,300 dead U.S. soldiers.

Also on Dec. 6, in Saudi Arabia, which was once the key U.S. ally in the Persian Gulf, five employees of the American consulate in Jeddah—all of them "foreign service nationals"—were killed when gunmen attacked the U.S. compound. Several Americans were slightly injured, and four of the attackers, who the U.S. claims are from al-Qaeda, were also killed. Terrorist attacks in Saudi Arabia, which used to be a rarity, are now commonplace; the U.S. was also attacked in May 2004.

A former Middle East diplomat told *EIR* that some polls in Saudi Arabia have shown 98% of the population to be anti-American, and one of the main reasons for this has been the total inaction of the U.S. in the face of massive injuries of Palestinian civilians, including children, by Israeli military attacks. Many Palestinians are being treated in Saudi hospitals, he said, recounting the story of a seven-year-old Palestinian boy who begged a Saudi man to tell him if his missing arm and leg, lost in an Israeli attack, would grow back.

Other American officials report that public opinion toward the U.S. in many other Arab countries, is similarly low, a view confirmed by a report issued in September by the Defense Science Board report, a Pentagon advisory group.

In this context, Arab world and European leaders are making clear to Bush that he must *force* Israel into talks that can be called "the peace process." Sharon has said that he will not talk with any Palestinian until after the elections, but regional security may not last till then, before blowing up.

Sharon, however, is in trouble; he now commands only 40 out of 120 seats in the Knesset, and it would be only a matter of time before he is felled by a no-confidence vote. So, negotiations are underway to try to create a Likud-Labor "unity government," with even the most rabid opponents to the coalition with Labor, such as Finance Minister Bibi Netanyahu, coming to heel. But another stumbling block is that Labor is demanding the Likud austerity budget be scrapped.

On the Palestinian side, on Dec. 1, the situation became even more complicated for Bush, when Marwan Barghouti filed his

candidacy for the Presidential election, through his wife Fadwa, who filed the necessary \$3,000 needed to qualify as a candidate. Prior to that, Barghouti said he would back PLO chairman Mahmoud Abbas (Abu Mazen), who has support in Washington.

There is massive pressure now on Barghouti to withdraw as a candidate. Farouk Khaddoumi, the new head of Fatah, the largest group in the PLO has threatened to expel Barghouti from the organization for opposing Abu Mazen. Arab sources report that Abu Mazen is telling all Palestinian factions, including Hamas and Islami Jihad, with whom he met last week in Damascus, that the Palestinians *must* back him as President, and test whether Bush will force Israel to adhere to the Road Map.

In contrast to Abu Mazen, says Fadwa Barghouti, "Marwan's message is that there can be no negotiations without resistance and no resistance without negotiations."

And, despite the wishes of Bush, Sharon, or whoever, Barghouti still has an edge over Abu Mazen in several elections polls. An Israeli source, who enjoys a longstanding dialogue with the Palestinians, reports that there is speculation that a deal could be made where Barghouti would withdraw and then become Abu Mazen's deputy. Whatever the case, Barghouti is on his way to becoming the Palestinian Nelson Mandela, who led South Africa's African National Congress for 25 years from a prison cell, only to become President of South Africa after the apartheid regime was dismantled.

### **Political Shocker for Sharon: Raid on AIPAC Offices**

On Dec. 1, a major shock hit Ariel Sharon's U.S. allies, when the FBI—with guns drawn—raided the number one Israeli lobby group in the U.S., the American Israel Public Affairs Committee (AIPAC) as part of an espionage investigation that surfaced last August. AIPAC posted a statement that condemned "baseless allegations," and promised it would not be deterred from its "central mission": trying to set U.S. policy in the Middle East. By Dec. 2, Bush's National Security Advisor Condoleezza Rice was meeting with American Jewish leaders, trying to calm them down over two things: the AIPAC raid, and the rumors that Bush would force Sharon into negotiations with the Palestinians.

### **Israel Interferes With Palestinian Elections**

Israel's is doing everything possible, short of killing Marwan Barghouti, to sabotage his chances in the Jan. 9 elections for the Presidency of the Palestinian Authority. For the last year, only his attorney has been allowed to meet him in prison; not even his wife has been able to see him. Now, suddenly, Israel has allowed visits of several Palestinians who have been deployed to convince him to withdraw from the campaign. Palestinian sources are also claiming Barghouti would consider withdrawing if Abu Mazen accepts certain demands.

Israel is also preventing other candidates from freely participating in the elections. The independent candidate, Dr. Mustafa Barghouti (a distant cousin of Marwan) who is also a leading human rights activist and medical doctor, has been refused entry into the Gaza Strip to campaign. Even in the West Bank he has been harassed, and on Dec. 8, he was prevented, at gun point, from entering the West Bank city of Hebron by Israeli military authorities. The same had happened at other locations.

Despite statements that it would allow "free elections" to be held, Israel has not changed its occupation regime. The brutal checkpoints continue, cities continue to be under siege, and on Dec. 9, Israel launched another "targetted assassination" in the Gaza Strip. Although it failed, it is clear the action was calculated to provoke a retaliation which Sharon can use to sabotage and peace negotiations.

## **Bush Told: Fire Rumsfeld Over Iraq Armor Scandal**

Following an incident in which Defense Secretary Donald Rumsfeld sarcastically answered the question of an American soldier in Iraq, as to why the American forces do not have armor for their trucks and transport vehicles, calls have gone out for Rumsfeld to be fired.

The White House tried to "weasel" out of the soldier's sharp question by spreading the line that a reporter—a species despised by White House top dogs such as Karl Rove—had prepped the soldier on the question, but within the week, the Pentagon ordered the armor manufacturing company to increase its monthly production by 100 units—from 450 to 550—per month.

Leading members of the Congress and Senate are not fooled by the White House ducking the issue.

Sen. Frank Lautenberg (D-NJ), in a letter to President George Bush dated Dec. 10, wrote that, "As a former soldier, I cannot believe that a Secretary of Defense would be so dismissive of requests for protective gear by our people in uniform.... I strongly urge you to ask for Secretary Rumsfeld's resignation and replace him with someone more sympathetic to what our men and women in uniform face in Iraq and elsewhere." Lautenberg concluded that, "Men and women under your command are not being well served by their leader, Secretary Rumsfeld. I hope you use this opportunity to take steps needed to rebuild the trust our soldiers deserve in their civilian leaders."

On the House side, Rep. Ike Skelton (D-Mo), the ranking Democrat on the House Armed Services Committee, wrote to Bush asking, since Congress has provided additional funds for meeting the armor needs of troops in Iraq, "why isn't all of the available industrial capacity [to produce armored humvees and armor kits] being used? How are we energizing the industrial base to provide armor for the full range of ground vehicles in the theater?"

## **Asia News Digest**

### **China Rep Defends East Asian Cooperation Talks**

Speaking at a Sasakawa Peace Foundation forum at Carnegie Endowment in Washington, D.C. Dec. 7, Dr. Zhang Yunling, who is also the Director of the Institute of Asia-Pacific Studies at the Chinese Academy of Social Sciences, said that the motion towards an East Asian Community is now irreversible. While the Asian nations want to engage with the U.S. in the process, "we will not give in to U.S. opposition," as happened after the 1997-98 crisis, when the U.S. stopped efforts to form an Asian Monetary System. "We learned from the crisis of 1997-98 that the responses from the international institutions were wrong, and they have admitted that they were wrong," Zhang said. "Nor can we depend on them in the future. Therefore, we *must* have some arrangement within Asia."

He said neither Japan nor China, for different reasons, can be the "leader" of this community of interest—Japan because of the history of World War II, and China "because some in the U.S. think we aspire to being too powerful." Nonetheless, he said the Plus3 (Japan/China/Korea) look at the French/German alliance as a model to study, if not copy, and noted that the meeting of the leaders of these three nations after the Chiang Mai Initiative (which was a cover of EIR at the time) was a truly historic development, which is now institutionalized.

Briefed on Lyndon LaRouche's view of the dollar collapse as systemic, the disaster of either buying or not buying the U.S. debt, and the necessity of a global solution, Zhang ducked the global issue, but responded that "it is mainstream opinion in China that we must restructure our reserves—but very carefully."

Privately, Zhang said that no one is publicly thinking about using the new EAC clout to push for a new global system—that they are hoping that the U.S. is recovering.

## **Chinese Leadership Sets Policy for 2005**

China's leadership held their three-day Central Economic Work conference to set policy for the "very crucial" year 2005. This is the last year of the 10th Five-Year Plan (2001-2005). Key issues discussed at the Dec. 3-5 conference, were continuing the national "macro-economic control policy," "handling the relationship between the market mechanism and macro-control," and to "safeguard social stability," according to the *People's Daily* of Dec. 6. China is facing severe crunches in infrastructure, especially energy and transport, problems exacerbated by rising oil prices, and very serious pollution, due to inefficient industry. The huge income gap between the fast-growing east coast and China's 900 million farmers is also a big national problem.

The government will also focus on developing the agricultural sector and better income for farmers. Much more efficient use of energy and natural resources, and energy-saving, are also top priorities.

All nine members of the Standing Committee of the Political Bureau of the Communist Party of China (CPC) Central Committee attended, and were addressed by President Hu Jintao and Prime Minister Wen Jiabao. Statements released after the meeting said China will focus "on the quality and efficiency of economic growth."

## **China Faces Worst Energy Shortages Since Late 1980s**

A report by the National Reform and Development Commission released in early December revealed that in the first ten months of 2004, China has imported almost 100 million tons of crude oil, and will end up importing almost 40% of its oil this year. The report calls for limiting gas consumption of automobiles, and discouraging use of private cars in big cities, in favor of buses, subways and bicycles, and more efficient central heating systems for all new housing.

However, China will continue to be dependent on coal, now the source of two-thirds of all its energy consumption. Coal-fired electricity plants will become more efficient, and the extremely wasteful smaller coal mines will be closed. (These are also extremely dangerous, as demonstrated by the repeated deadly accidents in China's coal mines.)

## **Shanghai, Beijing at Risk from 'Hot Money' Real Estate**

Chinese media have reported that property prices, especially for villas, are rising too fast, because of speculating foreign investors. The *Beijing Business Today* said in late November, that overseas investors are going into Chinese real estate in expectation of a revaluation of China's renminbi/yuan, and claimed that some \$1 billion in hot foreign money has gone into the Shanghai property market since the People's Bank of China raised interest rates on Oct. 28. Foreign investors have to get their mortgages at foreign banks in China, which were not affected by the interest rate rise. Real estate prices have continued to rise in China after the interest rate increase. National statistics show that housing prices rose 11.7% year on year in the first 10 months of 2004, to 2,758 yuan (\$333.09) per square meter.

Mei Xinyu, of the Chinese Academy of International Trade and Economic Co-operation (CAITEC), said that speculative capital can enter China via false exports and fake foreign loans, and said that China's trade surplus shot up to \$7.1 billion in October, after reaching only \$3.93 billion in the first nine months of 2004. This could indicate hot money inflows, Mei said. He also warned that China's interest rates, which are higher than the U.S. could attract speculators.

Andy Xie, Morgan Stanley's chief economist for Asia-Pacific, warned of a potential disaster, if speculative funds currently

invested in Chinese real estate market are used to buy renminbi.

## **South Korean President on Tour Against Military Action**

President Roh Moo-Hyun is on a worldwide tour to deliver the message that Seoul will not go along with any military action in Korea. Speaking in Warsaw Dec. 5, Roh said the first concern is "the Korean people's safety and prosperity. No one can pursue only nuclear dismantlement at the cost of leaving the Korean Peninsula torn into pieces." Roh toured Ibero-America and Southeast Asia in late November, and three European countries the week of Dec. 1st.

Lyndon LaRouche said last week that Bush "may not be able to find North Korea on a map, but he intends to bomb it, nonetheless," illusions of peace proposals to the contrary.

Part of that message appears to have gotten through to Roh. In London Dec. 2, Roh said that "no country can enforce an option unacceptable to the South Korean people to resolve North Korea's nuclear issue. The South Korean nation deserves to have a voice in these matters and will exercise its right to do so. In fact, an observation of history will show that the resort to force or forceful means has always generated considerable fall-out and this in turn has led to yet more problems in its wake," he said.

In Paris Dec. 6, Roh said that North Korea is arming itself because "the United States thinks the Kim Jong-il regime will collapse in the end," and so is not negotiating in good faith—as Pyongyang has charged for a year.

He said that China and South Korea "do not want a North Korean regime change," and "the countries that do" will have to take action to cool things down and "narrow the gap."

## **India Warns Rumsfeld Against Arm Sales to Pakistan**

Indian Foreign Ministry spokesman Navtej Sarna said Dec. 9, after U.S. Defense Secretary Rumsfeld's meeting with External Affairs Minister Natwar Singh, that "Concern was expressed from our side about the repercussions from the arms supplies on the ongoing India-Pakistan peace process, currently poised at a sensitive juncture. India-U.S. relations have seen a significant transformation during [President Bush's] first term. These arms sales would impact on the positive sentiment and goodwill for the United States in India."

The U.S. wants to sell Pakistan eight P3C surveillance planes, anti-tank missiles and other arms.

Indian External Affairs Minister Singh said in Parliament that the "government will not hesitate ... to ensure that our defense preparedness is not compromised in any way."

## **East Timor President Gives Lesson on Treaty of Westphalia**

Speaking in Washington Dec. 7, East Timor President Xanana Gusmao was challenged by the Amnesty International's spokesman on why he has refused to support the "international community's" demand for a tribunal against the Indonesian military, regarding the violence after the independence vote in August 1999. Gusmao said, in paraphrase: I stated in 2001, and I repeat today, a tribunal is not my priority. If you are to hold a tribunal, don't put it on us. We have a fight for justice, but we see the need for justice in feeding our people, in convincing those who fled or disagreed with us about independence from Indonesia that they can come back and live in peace. We see our Indonesian friends across the border, and we say "hello, you can return." We travel to Jakarta, and say "the past is the past, let us live as neighbors in harmony."

## **Australia Offered Special Forces to Thailand**

Australian Foreign Minister Alexander Downer made an offer of broad assistance to Thailand's Foreign Minister, Dr. Surakiart Sathirathai, including possible deployment of Australian special forces or military advisors to counter what the Howard government worries could lead to the establishment of radical terrorist base in southern Thailand, which could serve as a base for the terror group Jemaah Islamiyah (JI), and a staging post for attacks on Australia or Australians abroad.

In an interview with the *Asian Wall Street Journal*, Foreign Minister Downer said the insurgency in Thailand was not started by JI, but had "the potential to be mercilessly exploited by JI." Downer warned that more people had been killed by terrorists in Thailand than in the Bali bombing in October 2002. "We've said to the Thais that we would be happy to provide them with some assistance. I made that offer to the foreign minister," Downer said.

While more than 500 people have been killed in southern Thailand in 2004, Downer betrays an ignorance of the roots of liberation movements in southern Thailand, which were once part of a separate state. A spokesman for Downer was more circumspect about what type of assistance Thailand could request, and said nothing was in the works.

## **Thai Intel Reports U.S., Israel Operating in South**

According to the *Bangkok Post* of Dec. 5, a source within a Thai intelligence agency said U.S. and Israeli spies have been watching Muslim instigators in the three southern border provinces of Yala, Pattani, and Narathiwat and had warned Thai authorities to prepare for violence, including suicide bombers. "The U.S. and Israeli intelligence agencies are paying attention to violent Muslim movements in southern Thailand and checking if they have connections with al-Qaeda and Jemaah Islamiyah terrorist groups," the source said.

## **Africa News Digest**

### **A North-South Accord in Sudan will Leave Two Time-Bombs Ticking**

The North-South accord in Sudan, expected to be signed by Dec. 31, will leave at least two time bombs ticking: the unresolved question of Nile River water use, and SPLA leader John Garang's unrealistic promise to his soldiers (see next item) that all will get jobs. There is no real solution to either problem in a rapidly devolving world economy.

The *East African* (Nairobi) noted Dec. 3 that the issue of Nile water use was actually removed from the agenda of the Sudan North-South talks two years ago because it was too explosive. The newspaper quotes Yoanes Ajawin, Director of Justice Africa, who said the semi-autonomous SPLM/A regime in the South will be forced to negotiate with Egypt and Khartoum over the use of resources once the North-South agreement is signed. The existing regime governing use of the Nile's waters is based on the 1929 Nile Water Treaty which prohibits Sudan, Kenya, Uganda, and Tanzania from carrying out projects that use Nile water without the prior permission of Egypt. It was really an agreement between the British and Egypt, he says.

Ajawin was addressing "a conference on resource-based conflicts in the Horn of Africa being held in New Site, South Sudan."

The treaty needs to be renegotiated in any case, but the Anglo-American scheme is to steer the renegotiation such that southern Sudan, and possibly some of the upstream countries named above, emerge as choke-points to control Egypt and the rest of Sudan.

## **Algeria Replaces Morocco as Western Ally, Newspaper Claims**

"Algeria has just replaced Morocco as strategic partner of the Atlantic Alliance on the southern rim of the Mediterranean," according to unnamed military experts cited in *L'Expression* (Algiers) Dec. 5. *L'Expression* claims that Morocco is not suitable as a base from which to fight drug trafficking and illegal immigration, because, it says, it is riddled with these activities. It also claims Morocco "is already exposed to a fever of terrorism that is profoundly sapping the strength of the throne of [Moroccan King] Mohammed VI."

It does not mention that Algeria is an oil state, and Morocco is not. And it certainly does not mention a very strong advantage, that Algeria is run by a secret government (not so secret since 2001) that crushed its population in the 1990s on behalf of the IMF, using the terrorist methods of the French special forces on display in the 1960s film, "The Battle of Algiers." Its original leaders, headed by Khaled Nezzar, were, in fact, an extension of French synarchist networks from the time of the Algerian war of independence: They fought on the French side, and changed sides at the last. This leadership organized the Armed Islamic Group (GIA) terrorist organization of expendables to discredit the Islamic Salvation Front (FIS) and Islam itself.

The claim that Algeria has replaced Morocco as the Atlantic Alliance's strategic partner, while highly plausible, has not yet been confirmed by other sources.

The claim is, however, supported by the choice of Algiers for the seat of an all-Africa counter-terrorism center, funded by the U.S., European Union, UN, and African Union. The center, nominally run by the African Union, was inaugurated Oct. 13. U.S. European Command has expressed its high regard for Algeria because of its ostensible expertise in counter-terrorism.

NATO Secretary General Jaap de Hoop Scheffer visited Algiers Nov. 25 and said that NATO foresees a partnership with Algeria in which "nothing will be imposed [and] everything can be discussed." Five NATO battleships were expected to make a four-day call in the port of Algiers beginning Dec. 4.

## **U.S. European Command Assembles North African Army Chiefs**

For the second time this year, the Sahel and other African governments' army chiefs of staff were assembled in Europe by U.S. European Command (EUCOM). The meeting opened Dec. 5 in Stuttgart, at the "invitation" of EUCOM chief Gen. James L. Jones.

The Algerian daily *El Khabar* Dec. 6 called the meeting one of a series being held on two levels. The first is between NATO and the countries of the Mediterranean, especially since NATO announced the enlargement of its counter-terrorism operations to encompass the entire Mediterranean. The second is between EUCOM and the Sahel and other North African countries, launched after the visit of EUCOM Deputy Commandant Gen. Charles F. Wald to Algeria earlier this year.

Wald, who had led U.S. air forces in Afghanistan, was described as spending "about half of his time on African-related issues" as far back as in a *New York Times* article of July 5, 2003.

The *Times* article, citing an interview the previous week, reported that "General Jones said he envisioned what he called a family of bases. In Africa, this would include forward-operating bases, perhaps with an airfield nearby, that could house up to a brigade, or 3,000 to 5,000 troops. 'It's something that could be robustly used for a significant military presence,' Jones said. A second type of base would be a forward-operating location, which would be a lightly equipped base where Special Forces, Marines or possibly an infantry rifle platoon or company could land and build up as the mission required."

An aspect of this is the recent establishment in Algiers of a facility for the so-called Mine Countermeasures Force Southern Europe (MCM Force South), described as an intervention force capable of "ultra-rapid deployment" by *L'Expression* Dec. 1.

At the first such EUCOM meeting with Maghreb military leaders, in late March, Algeria was represented by its then Chief of General Staff, Mohamed Lamari, one of the generals who imposed a secret government of general terror on the Algerian population in the 1990s for the IMF, including massacre and "torture on an industrial scale," as his former colleague, Mohammed Samraoui, has described it in his 2003 book, *Chronique des Années de Sang* (Chronicle of the Years of Blood). It was Lamari's third visit to EUCOM in two years, according to *Le Quotidien d'Oran* March 25.

Meanwhile on the NATO track, the second meeting of NATO foreign ministers with their Mediterranean counterparts, was to commence Dec. 8, with a focus on terrorism.

### **NATO, EUCOM Invasion of North Africa Based on Hoax**

The justification for the NATO and U.S. European Command (EUCOM) invasion of the Maghreb is as phony as a \$3 bill. It rests on what unnamed terrorist groups that are allegedly linked to al-Qaeda, or allegedly like al-Qaeda, could do, might do, or are expected to do. The only group that is ever named is the Salafist Group for Preaching and Combat (GSPC), of Algerian origin, which obliged EUCOM by allegedly declaring its allegiance to al-Qaeda in September 2003. Alas, the Salafists in the Sahel are now down to less than 40 members. But, not to worry: They have links or even members all over Europe, or so it is claimed. It is not claimed that any definite members have been apprehended in Europe, but there is some hand-waving about their involvement in the March 11 Madrid bombing.

A briefing by EUCOM Deputy Commandant Gen. Charles F. Wald to *Aviation Week* Nov. 15 follows this pattern of unnamed groups that might conceivably do harm. It is a handy use of the pre-emptive principle. In an interview with the *New York Times* of July 5, 2003, Wald had gone so far as to say, "They're bad people, and we need to keep an eye on that." President Bush couldn't have said it better.

"Does the GSPC represent a serious threat to the security of governments?" someone asked J. Cofer Black, counter-terrorism chief for the State Department (and former CIA special ops man), at a press conference at the U.S. Embassy in Algiers Oct. 14. Black's response, according to *El Watan* (Algiers) Oct. 16: "In my opinion, so long as there is a single GSPC activist, he constitutes a threat." Black "didn't mince words," *El Watan* noted approvingly.

### **UN Demands Rwanda Withdraw from DR Congo**

The UN Security Council demanded Dec. 7 that Rwanda withdraw "any forces it may have" in the Democratic Republic of Congo. It said there were multiple reports of Rwandan military operations, including from the UN Mission in Congo. Rwanda denies that it has invaded.

The European Union condemned Rwanda's invasion Dec. 3. The EU is sending its Commissioner for Cooperation and Development, Louis Michel (former Belgian Foreign Minister), to visit Rwanda, Congo, Burundi, and Uganda, beginning Dec. 15.

But the Anglo-American powers and their allies have yet to cut their aid to Rwanda, which amounts to half its annual budget.

## **Congo, Uganda Cooperate Against Rwandan Invasion**

A Ugandan military delegation, led by Minister of Defense Amana Mbabazi, and including the Deputy Chief of Staff of the Army, arrived in Kinshasa Dec. 2 for discussions with Congo's military leaders.

The Ugandan army clashed for a few hours Dec. 4 with "soldiers suspected to be members of the Rwanda Defense Forces, who were crossing to eastern Congo via Bunagana border post," according to the *Monitor* (Kampala) Dec. 7. This is the area north of Goma (capital of North Kivu) where Congo, Rwanda, and Uganda meet. Ugandan Defense spokesman Maj. Shaban Bantariza told the *Monitor* that "we are still verifying whether they were Rwandan troops or Congolese rebels of the RCD-Goma." The Rally for Congolese Democracy (RCD-Goma) in North Kivu Province is an armed Rwandan puppet party.

The *Monitor* states, "Eyewitnesses at the border of sub-county Nyarusiza told the *Monitor* that hundreds of heavily armed soldiers have been crossing Bunagana border from the Rwanda side into the DR Congo since last week."

It continues: "Last week, the UPDF [Ugandan army] deployed troops along Uganda's border with the DR Congo to prevent incursions by 'negative elements' based in Congo," apparently referring to RCD-Goma and possibly to the generally lawless Rwandan Hutu militias who for years have taken refuge from the Rwandan government in Congo's Ituri Forest.

## **Red Cross: Genocide Committed in Invasion of Congo 1998-2002**

The invasion of Congo by Rwanda and Uganda in 1998—with Anglo-American complicity—to preserve their control over the government of Laurent Kabila, killed more people than any other conflict since World War II. The latest report by the International Red Cross, presented in Geneva Dec. 9, assesses a loss of 3.3 million human lives for the period August 1998-August 2002, and 2.7 million persons displaced.

The figures are a conservative estimate. Independent experts speak of a much higher human toll, especially if one adds, as one should, the wars during the same period in neighboring states, to complete the picture.

## **This Week in History**

### **December 13 - 19, 1714**

## **Celebrating the Birthday of a Great Scientist — And Grandfather of the American Revolution**

No, it's not Benjamin Franklin, although our birthday celebrant collaborated with the somewhat older Franklin on both scientific and political matters. Born on Dec. 19, 1714 in Boston, John Winthrop was a member of the fourth generation of the Winthrop family in America, and was the great-grandson of the original John Winthrop who planned and led the settlement of Massachusetts Bay Colony. This later Winthrop became the leading scientist in America, and was renowned in Europe as an astronomer, mathematician, physicist, meteorologist, geologist, and the world's first seismologist.

Both Franklin and Professor Winthrop, as he came to be known, were protégés of Cotton Mather, whose many scientific works included a study of comets. Like Mather, both Franklin and Winthrop fought superstition and irrational fears about science by educating the American population in Classical scientific method, and by publicly demonstrating the wonderful

results of scientific breakthroughs. As they created an informed citizenry, Franklin and Winthrop also inspired much of the future leadership of the American Revolution. In Winthrop's case, his students included Samuel Adams, John Adams, and John Hancock.

John Winthrop was an excellent student at Boston Latin School, and entered Harvard College in 1728. When he graduated in 1732, he had already developed a strong interest in mathematics and astronomy. Happily, a London merchant-banker named Thomas Hollis, to whom Cotton Mather had dedicated his *Christian Philosopher*, endowed a Professorship of Mathematics and Natural Philosophy at Harvard. When the first occupant of this position proved incompetent, John Winthrop, at the age of only 24, was appointed to the position. Ben Franklin reported on Winthrop's installation ceremonies in his *Pennsylvania Gazette* of February 1, 1739.

The new professor made observations on sunspots, the transit of Mercury in 1740, lunar eclipses, meteors, and comets. He also began a 20-year series of meteorological observations. One of his most important international collaborations was during the two transits of Venus in 1761 and 1769. Two European observatories—Greenwich and Paris—sent out five different observing parties to America. Harvard and the Province of Massachusetts participated by granting the use of the Province's sloop to carry Professor Winthrop and two assistants and instruments to St. John's, Newfoundland.

Winthrop's lectures on the transit of Venus demonstrate the lucid literary style and infectious good humor which was so admired by his students: "A transit of Venus over the Sun is the most uncommon and most important phenomenon that the whole compass of astronomy affords us. So uncommon is it, that it can never happen above twice in any century; in others but once; and in some centuries it cannot happen at all. And the importance of it is such as to supply us with a certain and complete solution of a very curious problem, which is inaccessible in any other way. On both accounts it well deserves a very particular attention.

"So extremely rare are these phenomena, and in fact till that which was observed in 1761, there never had been but one seen since the Creation. This was in December of the year 1639, and it was seen by two persons only: Jeremiah Horrocks, a young English astronomer of an admirable genius, who was the only person that predicted it, and a friend of his, William Crabtree. And when this of next June is passed, the present race of mortals may take their leave of these transits, for there is not the least probability that anyone who sees this will see another.

"On account of their rarity alone they must afford an exquisite entertainment to an astronomical taste. But this is not all. There is another circumstance which strongly recommends them. They furnish the only adequate means of solving a most difficult problem—that of determining the true distance of the Sun from the Earth. This has always been a principal object of astronomical inquiry. Without this we can never ascertain the true dimensions of the solar system and the several orbits of which it is composed, nor assign the magnitudes and densities of the Sun, the planets, and comets; nor of consequence attain a just idea of the grandeur of the works of God....

"It will not be easy to give a distinct account of the several steps in the method of applying these phenomena to this purpose without the use of diagrams, which are not suitable to this place. I shall, notwithstanding, endeavor to convey to you as clear an idea as I can of the general methods, and in order to do it I shall trace things from their first principles."

The fact that Winthrop spoke of the solar system and the several orbits of which it is composed, rather than saying the system was composed of planets, marked him as a follower of Johannes Kepler and Gottfried Leibniz. The pitched battle which was being fought out in Europe over scientific outlook and method was also reflected in America. The old Aristotelian empirical outlook of the feudal system, which refused to recognize anything but sense-certainty, was pitted against the Platonic republican method of discovering principles which could be encompassed by the mind, but were not necessarily directly apprehended by the senses.

This republican idea of man's creativity was at the heart of the coming American Revolution, just as it was the bedrock of Winthrop's and Franklin's scientific research. For that reason, Great Britain monitored both political activity and scientific research closely, and the two allies, Winthrop and Franklin, often had to be guarded about what they revealed about their collaboration. This was true about the origins of Franklin's discoveries in the electrical nature of lightning.

On May 10, 1746, John Winthrop, who had established the first American physics laboratory, demonstrated at Harvard the first controlled American experiments in electrical phenomena. Franklin was there that year and began his own work on electricity shortly after returning to Philadelphia, and later obtained an electric battery for Winthrop from London. Yet he cautiously writes in his *Autobiography* that his new interest in electricity derived from an "imperfect" experiment by a touring Scottish scientist that he saw in Boston.

The collaboration with Winthrop also surfaced in 1755, when a major earthquake caused frightened people to claim that the catastrophe stemmed from the growing use of Franklin's invention, the lightning rod. Winthrop publicly attacked the rumors, and disseminated his own research on earthquakes, which suggested that the disturbances of the Earth's crust were in the form of waves, and transmitted a pendulum-like motion to buildings and objects on the surface. He posited an analogy between seismic motion and musical vibrations, and discovered the principle that the quicker the motion, the shorter the wave length of the disturbance.

Although Professor Winthrop's political role as one of the leaders of America's republican networks was not as public, he was consulted by George Washington during the French and Indian War, as well as during the Revolution. General Washington appointed him to oversee the munitions for the Continental Army's siege of British-occupied Boston, and he was appointed to a similar post by the new government of Massachusetts. Winthrop proved that he was in the thick of the fight when his old student John Adams agonized over the question of whether the Continental Congress should declare independence from Britain. Winthrop warned him in a letter of April 1776 that unless the decision were made "pretty soon," Massachusetts would "do it for themselves."

John Winthrop died of pneumonia in 1779, but he had trained several crucial generations to carry on his work.

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[top of page](#)

[home page](#)