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

### **- LaRouche International Webcast: -**

### **'Confronting the Deadly Crisis of International Relations'**

*Lyndon H. LaRouche, Jr., addressed an international webcast conference on Jan. 5, 2005, speaking by video hook-up from Germany to an audience in Washington, D.C. The event was sponsored by the LaRouche Political Action Committee. LaRouche's opening keynote is published here. A lengthy discussion followed, which can be found archived at [www.larouchepac.com](http://www.larouchepac.com).*

*Lyndon LaRouche:* At a meeting with some of my associates here in Germany, on the 4th of January, the question was asked of me as to whether, in an article which I had written and which was published in *EIR* on the 17th of December, whether I had actually prophesied, in a sense, the coming of this tsunami. Let me just read the paragraph in question, the opening paragraph of that article, to you. It will go up on the screen, but I'll read it to you in my own voice at the same time, and then come back and explain to you what this is all about.

The article begins as such, in the first paragraph:

"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."

Now, my answer to that question, which was prompted by this paragraph I just read to you, was that this was obviously not a prophecy by me. I don't prophesy tsunamis. But it does have another lesson we must learn from it.

First of all, when the tsunami was known to the U.S., the U.S.—as Debra just said—did absolutely nothing, from the Presidency, from the official institutions, nothing to warn people in those parts of the Indian Ocean whose lives could still have been saved, from the effects of the tsunami. Nothing was done.

The thing got up to a G-7 or someone of that rank in the State Department, and according to him, it stopped there, because he had no authority to go further. Nothing was done. Obviously, tens of thousands of people who might have lived, died as a result of that negligence by the United States. But worse, as Debra has indicated, four days passed before the President of the United States had anything to say of relevance about that catastrophe, or proposed anything to do to deal with the

effects of the greatest international catastrophe in modern history.

Now, the question is this, the question posed to me on the 4th of January: Was I being prophetic in some ironical way, when back in November when I wrote that first paragraph of that article? No, but this is the nature of history.

You know, the history of mankind on this planet, which is probably about 2 million years long, so far—if we don't make a mess of it, it may continue—it's been besieged by natural catastrophes. Gradually, over the period of passing generations, with the help of science, we've learned to deal with some of these catastrophes, to anticipate them, to ameliorate their effects, to control them; in some cases, even prevent them. And we would hope that that would continue. But natural catastrophes are a part of living on this planet. And therefore, what happens is, mankind has a system of government, a system of society. Everything seems to be going according to plan, and then something intervenes, a natural catastrophe, either foreseen or not foreseen. And the whole culture is put into jeopardy.

For example, about 1,600 years before Christ, you had an explosion on the island of Thera, in the middle of the Mediterranean, something like this type. It just blew the whole island apart; fragments still exist today, but the island was blown apart, and the entire region was subjected to an effect like this, that we saw in the Indian Ocean. And much of civilization of that period, in that part of the world, was wiped out by the effects of that sort of thing.

What happens in a crisis like this, a great natural catastrophe, is that the question is, can the existing society, can the existing culture, respond effectively to that crisis? Can it respond in a way that enables it to survive? And on that evil day in this past month, George Bush and the United States did nothing, until finally Europe shamed us into doing something, and President Clinton and President George Bush, the former President, took joint action to get the United States to recover some of its dignity.

But still, this President, the incumbent President, does not understand the situation. And the culture he expresses by his Presidency is a culture of a people who have lost the moral fitness to survive. And the challenge before us, the challenge posed by the tsunami, by George Bush, Jr.'s failure to respond to it appropriately, is: Are we, our nation, morally fit to survive? Is this a test of us?

Now, there have been crucial moments in history before. Sometimes man-caused, or natural catastrophes. One was the great religious warfare which was launched beginning actually in 1492, when the Grand Inquisitor of Spain expelled the Jews from Spain, in a manner which presaged what Hitler was going to do to the Jews of Germany some centuries later. And that event, that religious persecution of the Jews, and later the Moors, by Spain, set into motion throughout Europe, religious warfare that continued for more than a century, about a century and half, until the 1648 Treaty of Westphalia. All of the accomplishments of the 15th Century, the Renaissance, the founding of the modern nation-state, the beginning of modern science, the beginning of modern culture, were put in jeopardy. It didn't destroy this entirely, but it nearly did.

And then, when the Treaty of Westphalia was signed, which established modern international law and civilized behavior among nations (at least those of Europe), the people of Germany, who had been the chief target of this war, rejoiced. And they rejoiced in the form of a hymn, named *Jesu, meine Freude*. Later, at the beginning of the 18th Century, a great man, Bach, re-set this hymn, which was already an established hymn, which celebrated the relief of mankind from this terrible century-long, more than century-long, epoch of religious warfare.

And today, I think we should celebrate in a similar manner and in a similar spirit, and therefore, I have planned that, on this occasion, we shall precede the discussion, the further discussion tonight, with another performance, a somewhat still more enhanced performance of what you heard back on Nov. 9, an enhanced performance of Bach's *Jesu, meine Freude*, in memory of the victims of this great tragedy, which was a natural catastrophe, and an affirmation, the affirmation of Europeans following the Peace of Westphalia: that we're going to go on to build things, rather than destroy them. So let's

have the youth deliver this, and then we'll get back to other business.

[Chorus performs Bach's motet.]

## A Classical Tragedy Today

Now, there are three topics which I wish to address, but I wish to put them under an umbrella.

What we're talking about, today, is essentially Classical tragedy. We're looking at a Classical tragedy of humanity.

Now, there are several ways of looking at tragedy. You have the Classical Greek tragedy, which ended in the worst for all concerned, generally. And from these great Classical Greek tragedies, great lessons were learned, and they pertained to things largely which involved the culture of all the people of that time.

But then Plato criticized that kind of tragedy, because it left out one thing: It left out the factor of the Sublime. It left out the fact that there has to be a solution for mankind, out of every tragedy; maybe not a happy ending for that particular story, but there must be a clear lesson learned, from study of an actual case of tragedy, a lesson learned which gives people hope for a solution.

Remember the Thirty Years War in Central Europe. Two-thirds of the population barely survived, in terms of population level. But out of that came international law, the first founding of modern international law, based on the rights of nation-states, and the obligations of nation-states to consider the advantage of the other nation, to help the other nation. So there was a sublime solution, the Treaty of Westphalia, to a great tragedy, over 100 years of religious war.

We have entered into a great tragedy. Our tragedy in particular, in the United States and Western Europe in particular, has been a tragedy of about 40 years.

In the post-war period following World War II, we were still, despite the mistakes we made, we were still, in the United States and increasingly in Western Europe, we were producer societies. We in the United States were known for our production of wealth; we were proud of our production of wealth. We were proud of increasing the standard of living of our people. We were proud of these achievements, and then, about 40 years ago, about the time that the Vietnam War was launched, we went through a cultural change, from a producer society to a post-industrial Utopian society. More and more, particularly after the establishment of the present monetary system, which wrecked the old system which did us well, the new monetary system transformed the nations of South America, and other parts of the world, into nations to be exploited.

We ceased to produce our own wealth more and more over the course of the 1970s and 1980s. Instead, we relied upon the cheap labor of others. We lowered the standard of living in Mexico, throughout the Americas, and we prospered on their cheap labor. But we didn't prosper so well, because we began to abandon our places of work. We dumped the lower 80% of our family income brackets in the United States, into a relatively more destitute position. And only the upper 20% of family income brackets were really in on the system, in on the benefits.

Now, we've come to a point, like that in Europe and that here, we've come to a point where that system is dead; it's hopelessly finished. *This international financial monetary system can not be saved.* The IMF system can not be saved in its present form. The World Bank can not be saved in its present form. Wall Street, as we call it, can not be saved in its present form.

We've come back to a condition somewhat like that faced by Franklin Roosevelt in March of 1933, but *worse*. We're in a situation where the President of the United States *then* acted, as Roosevelt did, to put the bankrupt banking system into bankruptcy reorganization under Federal control, and by these measures, prevented a panic, prevented destitution. It also prevented us from going the way that continental Europe went, into fascism, one nation after the other, because they didn't take the kind of steps that we in the United States took under Franklin Roosevelt.

Roosevelt gave us a system, he built a system during the time he was President, a system which was perfectly consistent with the intent of the Founders of the United States. A system that said that the government is responsible for the general welfare; we must defend the general welfare. He did an excellent job. We escaped fascism here, we helped to free Europe from fascism, we provided the margin of support which defeated that monster, and we gave the world a post-war world which we proceeded, after Roosevelt's death, to make a mess of.

But the institutions he gave us, like the Social Security system and what that implied, systems of regulation and protectionism, this made us a strong economy, the strongest in the world. We were able to assist other nations to develop in a similar way. Europe was reconstructed because of us. Parts of the world as a whole benefitted because of us. Even under the conditions of this conflict with the Soviet Union, we still prospered until the middle of the 1960s, when we became idiots, and decided to flee from the finest system of economy that existed on this planet, and go into a post-industrial Utopia. We became pleasure-seekers, instead of producers.

And we stopped producing. We shipped our jobs overseas, and now we've come to the point where the great swindle, the great financial swindles, the swindles of credit financial derivatives, have brought us to the point that the present international monetary system, the present banking system, the banking system of the United States, the banking system of Europe, are now hopelessly bankrupt on their own. Only government intervention of the type that Roosevelt took, could save this system from chaos.

Take the case of one of these crisis cases, the Schwarzenegger syndrome. You have a predator who escaped from Hollywood, who was turned loose on the people of California. He's now the governor. He walked into a mess which he helped to create, because of him and his financial friends who helped to profit from the Enron system. It was the Enron system which bankrupted California, or virtually did. He moved in and took credit for saving California from what he created, under the direction of George Shultz, his controller. As governor, he made the debt of California far worse than what it was when he came in, and everyone who understood it, knew that was going to happen. Now California is about to go off the Pacific shore, into the Pacific Ocean—that is, financially, because the real estate bubble in California, everything else in California, is more bankrupt, more hopelessly bankrupt since Schwarzenegger has been governor, than ever before. And Schwarzenegger represents that interest. Not only is he a predator, and a tasteless creature, but he represents that interest, that financier interest typified by George Shultz, which has created the mess.

And unless we have a government that says, "George Shultz, you're wrong, the Mont Pelerin Society is wrong, and we've got to go back to a Franklin Roosevelt way of thinking about the nation," unless we do that, California is doomed and the rest of the nation is doomed. What is about to happen to Schwarzenegger, in the emergency conferences that he's having in California, is only a foretaste of what is going to happen to the United States as a whole.

The same thing is true in Western Europe. Except for the markets in Asia, the markets in Russia, India, and especially China, of Germany, in particular, without those markets, the economies of western continental Europe would go flat today. So therefore, we're in that kind of situation.

## Three Crises

So, we have three crises. One, we have a monetary-financial crisis. The system is going down. Anyone who tells you

differently is either insane, stupid, or lying, and I don't know whether maybe George Bush the President is all three—the President. Secondly, we have a crisis of economic decadence. We in the United States no longer have the ability in our labor force to produce as we produced before. We've shipped our technology overseas, we have not developed improved technology of production in the United States, we've shut down our factories, we've shut down our farms, our people have lost the skills they used to have to be productive. We have a major job of putting the country back together again.

Now, 40 years is also, to speak of economic decadence, the lifetime of investment in basic economic infrastructure, such as a power station, a power system, a river system, a water management system, a system of locks and dams, highway systems, mass transportation systems, and so forth. For 40 years, we've moved into a net shrinking of investment, wasting our investment of 40 years ago in basic economic infrastructure. Our railroads are gone, our farms are largely gone, our river management systems are gone, our power systems are going, our cities are rotting, and the housing crisis is about to collapse. Also, a similar situation exists in Europe.

## The Pinochet Model for Social Security

We also have a second class of issues; we have certain immediate issues, apart from the crisis itself. We have Bush's intent to rape Social Security. Now, the Bush people—I'm not going to accuse Bush of understanding anything. I wouldn't stretch people's imaginations that much. I mean, the man is sitting down at his ranch there, and the greatest natural crisis in his lifetime has blown out, affecting the world as a whole, and he's sitting around bicycling around the shrubs of his little patch down there, and saying that it has nothing to do with me. It's an act of God. Go blame God.

But this guy is nonetheless intent on bringing the Nazi program of Augusto Pinochet from Chile into the United States.

Now, Pinochet is a Nazi. At the end of the war, some people like the friends of George Shultz, before George Shultz was fully grown then, but the friends of George Shultz, like Allen Dulles, protected the Nazis. They took a whole chunk of the Nazis, including the cartels, which are the real financial part of the Nazi system, and they saved them, and they brought them into leading institutions in the United States and into Europe. They moved some of them down, by the "rat-line," into South America. And they nested down there, in places like Bolivia and Chile and Argentina, and so forth, and other parts there.

So these fellows were *used* by people like Shultz and the people behind them, in the beginning of the 1970s, to start to bring Nazi forms of operations into South America, using live Nazi veterans of the type that had been saved by Allen Dulles and company, and using them to overthrow governments and to commit mass murder, like Operation Condor, which was done under the supervision, from the United States, of George Shultz, Henry Kissinger, and others. They did it.

So, we built up Pinochet as a new Nazi dictator in Chile, and through him, we also ran Operation Condor, with a lot of missing persons, mass killings of people, just the way Hitler did mass killings—not as many, but the same way—under the governments of that time: the dictatorship in Argentina, the dictatorship in Chile, and so forth.

Now, come the 1980s. The Pinochet system doesn't work. They're about to go bankrupt. Fascism is not exactly a very good system. What do they do? They steal the social security system of Chile, which is the only thing left standing of much worth, and they steal it. They privatize it. And it's about gone now, and people have died as a result of that.

Now, George Bush, the President, has announced he's determined to privatize the U.S. Social Security system, and also, if we can believe one of his aides, that he intends to do something else: to default on the sovereign debt of the United States, which George did in order to cut taxes on the wealthy, who least needed the tax cuts. What he did was, he stole the money from the Social Security fund, the paid-in Social Security amounts. He took it! To cover it, he created a debt, a bonded

debt, a promise to pay by the Federal government, the same thing as a Treasury bond. A promise to pay by the Federal government. And now he's going into a situation where the Social Security system is going to be collapsed, and he intends to pull it off—or at least his advisors do—by defaulting on the sovereign debt of the United States. If the President of the United States, at this time, defaults on the sovereign debt of the United States, what the hell is the dollar worth in the morning? We'll go into the same category that we've put Argentina into, immediately.

Now, what will probably actually happen, if he were to do that, he would steal about \$2 trillion, which he'd give to his friends on Wall Street, the financial gamblers. But that would cause the dollar to go up on the market for a short period of time. What would the Chinese, and Indians, and others do, who have large holdings of U.S. dollars? They would dump their dollars on the market quick, as the last chance to get the best option for getting out from under a dollar that was going to collapse totally. Where are we then?

So this is not just a smart predatory deal by President Bush. This is stupid beyond belief, and that stupid person down in Texas, has gone for this, under the pressure of certain swindlers who are concerned only for what they can steal in the short run, and not the future of the nation, or the future of humanity. They're willing to destroy the United States, and you have some suckers in the United States who are still willing to support George Bush in the privatization of Social Security.

Now, Social Security is not broken. If you can keep George Bush's paws off it, it's not broken. If we maintain the system—and we may have to increase some rates of pay-in on Social Security by people who are earning income in the upper brackets; we did that before, we may have to do it again. It didn't hurt anybody. We maintained the levels, the guaranteed levels, and we actually made some improvements in what people received, monetary-wise, in Social Security. The Congress went through this in the last session, this question. There is no threat to Social Security in the United States today, except the threat from President George Bush and his friends: the threat to privatize.

So, if you want to save the United States and save your Social Security, don't privatize it... [audio break] What is going to happen if you go into the private sector at the point the economy is going to crash? You're going to make a profit, on the magic of compound interest, in a collapsing economy, an economy which you're helping to collapse? No, Social Security is, in general, the only security left for families in the United States. The pension plans, the private pension plans are collapsing. Major pension plans are about to collapse now. You don't want to put people in private pension plans now. That means no pension. And therefore, we must save and defend the Social Security system. And these guys are planning to steal for a short term, for the sake of power. Now, I know what is really going on in the minds of the people who are doing the manipulation. The mind of George Bush, that's another question; everyone can make their own guess. But the guys behind—I know what's on their mind.

The only way that you can get by with this, is the Pinochet way, the Hitler way. You know, in the final analysis, there's no guarantee that money is worth anything. Any money system, any banking system, can go under. There's no such thing as an infinitely protected, guaranteed banking system or money system. Money is only worth the backing behind it. The backing behind it is usually governments. Currencies have been cancelled before. Many currencies have ceased to exist, national currencies. They go out of business, and new currencies replace them. What these guys have in mind, the guys on the George Shultz level, not the guys on the poor George W. Bush level, but on the Shultz level, they know that if you establish a dictatorship, a Hitler-style dictatorship in the United States and Europe, you don't have to worry about anything. You make your own money. You declare new money. You cancel the old. You cancel old debts, repudiate them. Create new debts. You and your friends get along just fine. The people don't.

So, what's in motion here, if anybody's foolish enough to rally to support George Bush in his intent to go the Pinochet way with U.S. Social Security, tell 'em, "You're crazy, buddy. You're not going to get anything, except dead."

## **Iraq and the Drive for Empire**

Now, we also have some other immediate issues. We have the Iraq issue, and that's kind of interesting, as General Hoar, formerly from the Marine Corps, has emphasized, and others, who have come to the same conclusion that many of the rest of us have come to. They may not all agree with me, but we all agree on one thing, and that is, that the danger is that if we don't get out of there, or get out of this war quickly, which we never should have gotten into, we're not going to have a U.S. military anymore. Because what we're doing to people we're cranking through this Iraq war scene, is we are destroying the U.S. military, the volunteer system. We're losing. People don't want to sign up for the Reserves anymore. They don't want to join the National Guard anymore. They don't get health care, there's negligence. We're just not going to have a capable military anymore. That's one of the things. We've got to get out of there.

Now, how did we get into there? We've got to face the truth about that. We got in there because Dick Cheney wanted to go there. I don't think George W. Bush knew where it was on the map. He just heard his Daddy was there one time.

But Cheney wanted to do that, when Cheney was Secretary of Defense back under George H.W. Bush. He planned to go to, preventive nuclear warfare, it was called, with things like mini-nukes, and planned to use warfare around the planet to establish a new global system. The idea was, the Soviet Union was collapsing, so why can't we become an empire? We have the muscle, we have the power. Why don't we just become an empire, and declare that history is over? The United States has become a world empire, and there's no more history. Everything is simply administration of this thing that has suddenly taken over the planet.

And the way they thought they were going to do it was to go back to what some people thought back in 1945, '46, '47, when they thought that the use of nuclear weapons, when we had a monopoly on them, that we could intimidate the Soviets and others, and we could establish a world government. We'd turn the United Nations into a system of world government in which sovereign nations would no longer really exist. They'd be simply local departments of a world government. But then came the Korean War, and simultaneously the discovery that the Soviet Union had developed a thermonuclear weapon which was already operational, and we didn't have one yet. So, they called off preventive nuclear warfare, for the time being. We then went to a new system, called Mutual and Assured Destruction, which developed over the course of the 1960s, 1950s, and the idea that we would create weapons so terrible that nobody would dare go to war, and we could bluff our way through, somehow, with that system.

Now, that's dead. But then, once the Soviet Union had collapsed, some idiot thought, "Ahhh! Land of Opportunity! We've got superiority in nuclear weapons, let's use that superiority to go around clobbering countries one at a time, clobber them into submission. Pick Islam as an enemy. Start a general religious war against Islam, and let's get going, buddies." These were the so-called neo-conservatives.

And therefore, because they wanted to start that process, they took a spot, Iraq, as a place to start the game. Go into Iraq, then go after Syria, take on Iran, take on North Korea, and keep going. The intended targets for warfare included China, and what remains of Russia. That's where they intended to go.

So, on the basis of falling for that, the policy that was represented largely by Cheney—he's not the brains behind it, there's a fellow in London who's a little bit more important on that—but this is the policy. And because of 9/11, because the American people were *terrified* by this spectacle of 9/11, which was like the Reichstag Fire in Germany, set by Hermann Göring, which induced the German people to submit to decree government under Adolf Hitler—Hitler became a dictator because of Hermann Göring setting fire to the Reichstag, and saying the enemy did it, the Communists did it, and they needed emergency powers. And they gave Hitler emergency powers, and he never gave it up, willingly. And that's what Cheney was up to.

So they were intent to use the power, the intimidation of the American people, to believe that the safety of the people

depended upon backing George Bush and Cheney against the terrible Islamic peoples, who are coming to get us, or other people. Anybody who's coming to get us. "We've got to kill 'em all!"

So they got into a war, on a pretext. The pretext was a *lie*. There were no weapons of mass destruction in Iraq. There never were, and Cheney knew it. He lied! If the President of the United States understood anything at all, he must have lied! Or maybe he simply believed what Cheney told him was true. But they lied. They all lied. The entire Bush Administration, collectively, lied, to get us into a war. Now the Congress shouldn't have capitulated, but because of 9/11, they too decided to go along to get along. And they gave Bush a wedge, an unconstitutional wedge, to get into a declaration of war by the back door. And Bush used it.

At the time, he was afraid that the United Nations was going to come up with a settlement of the problems that were mentioned in Iraq. Bush acted on that weekend, to go to war, for fear that the United Nations would take the action which would remove the pretext for war that he was playing with. We got into this war.

That was bad enough. First, when we went into war, we had a fellow called General Garner. Garner was assigned to take over the function of managing things in Iraq, after Iraq had surrendered. That was his position. Iraq did surrender, about the time of that famous battle at the airport outside Baghdad. But then, what did they do? They sent in Bremer to replace Garner.

Now, what Garner had started to do—he'd done the intelligent thing that any general officer in the field would do, in a territory which had just surrendered to you. He would call in the relevant forces, including the military, which had surrendered to him, and the people who run government, who had surrendered to him, and say, "Okay, we're now in charge of this place, and you're working for us. We're not going to stay here, but for the time being, you're going to work for us. Because, in the meantime, while you're still working for us, we're going to get this country back in shape. You in the military are going to be responsible for certain logistical things, and you're going to be responsible for security in the country." You're talking about a fairly modern army, to run security, 200,000 approximately, a modern army to run security in Iraq, the former Iraqi army, minus a few people we had some strong objections to.

And all the Ba'ath Party, who were the bureaucrats, who ran all the deals of government, all now working for us. We didn't need to have an extra bunch of troops in there. They were going to do it themselves, under our auspices. But Bremer was sent in there, and he fired all the Iraqis who were supposed to work for us, and who would have worked for us. He fired the Ba'athists, who would have worked for us, and we got a mess. And then somebody inside the thing started a real resistance against the United States. It wasn't al-Qaeda! That was a lie too. It was Iraqis, and probably part of the old secret services of the Iraqi system. And now you had approximately 200,000 people, trained military people, who were out of jobs, who were a little patriotic, and they wanted to fight. And you had Ba'ath bureaucrats, who know how the country works and who know where the monkey sleeps, and they're now available as recruitable people. And what we got was a case of what's called asymmetric warfare.

It's the kind of foolishness that we got into in Vietnam. The kind of foolishness which the French got into, in a more difficult situation in certain respects, in Algiers. We were going into a replay of an Algiers kind of asymmetric warfare, which has been corroding our troops, corroding everything we try to do there. Because the Bush Administration is clinging stubbornly to trying to keep this war going. And the only mess we have in Iraq today is not Saddam Hussein; it's the mess we created under the Bush Administration.

## **What's the Alternative?**

Now, we've got to get out of there. And I mentioned before, we have to go to the positive. In crisis, you have to find positive solutions, not just go at the negatives. What's the alternative? My alternative personally—and I think it's a model

for anything anybody else wants to do—my alternative is, I said, let's take Southwest Asia. Southwest Asia is bounded on the north by Turkey, it's bounded by Armenia and Azerbaijan, it's bounded by Iran, and it includes all the Arab countries, down into Egypt and beyond. This is Southwest Asia.

This is the richest oil-producing area of the world. It probably has an oil supply for cheap oil, at probably one-tenth of the price of most other sources around the world, producing cheap oil, probably for about 80 years to come, maybe more. It's dominated largely by the role of Saudi Arabia, which has been in this sense a partner of the United States since the days of Franklin Roosevelt and his deal with King Saud. Why does somebody want to make a mess of that? Here is a key part of the world's essential, presently, of its power systems: petroleum, plastics, and so forth. Why do we want to make a mess of that territory, where petroleum will cost 20 times, 20 times as much in other parts of the world, just to produce? Why do we want to do that, after we've boxed ourselves into limiting ourselves to petroleum as a major source of supply for power sources in various parts of the world?

So therefore, we have an interest, and other nations have an interest, in stability in an area called Southwest Asia, which includes the countries I named, in particular. It means stability along the Nile River, because if you have civil war in the Blue and White Nile area, or below that, if you have a disruption of the water flow of the Nile north, you're going to have hell in Egypt, and that hell is going to spread throughout the region. So don't play games with that area of the world in that way, either.

So what we need, is, we need an agreement among these nation-states, to administer their own region on certain principles. In order to bring that off, there's one sticking point in the whole system, and that is the Arab-Israeli conflict. Now, if we don't stop that conflict, there are not going to be many Palestinians, and probably no Israelis left. We're in a process of an end-game there, which can only result in the extinction of Israel, and the extinction of a lot of Palestinians.

Therefore, an Israel-Palestinian peace, whether as one nation or as two nations, is necessary. And this has to be done by aid of power exerted by the United States government, and by the cooperation of other governments. But it has to be based also on a community of interest, of mutual security interest, in the region of Southwest Asia. We now have an excellent situation—Turkey is an excellent partner in that region for such a venture. We can get along with Iran, get along fine. We don't have a problem that can't be solved, if we go at it in the right way.

## **Vote Suppression**

Now, we have a third issue, for the time being, apart from the Iraq issue and its implications: Vote suppression. What the Bush Administration did, and the Bush campaign did, is, relied on a massive campaign of vote suppression.

Now, another name for vote suppression in many parts of the country, was racism. And what Karl Rove's crowd did: pick an area, which they think that too many people of African descent are in that area. "Let's cut down the vote, because they're likely to vote Democratic. So let's assume that everyone who looks black must be a convict. And let's assume they have no right to vote. It may not be true. They may not be convicts. They may have the right to vote. But let's assume they don't, and let's treat them on the basis of that assumption. And let's send in goon squads. Let's threaten them. Let's scare the devil out of them. So they won't vote. Let's rig things, so their votes aren't counted."

Vote suppression. Now, that's a violation of our Constitution! It's a violation of the Voters Rights Act. It's a Federal crime, but a lot of Republican agents did it. They are known. It is known they did it. It's a crime! It's a Federal crime!

What are you going to do about it? Do you believe in law and order? Do you believe in justice? Do you believe in due process? Do you believe in catching criminals? Well, these guys are criminals! If they did that—they committed a couple

of offenses, which are confirmed. If they engaged in vote suppression, particularly the racist variety, which is one of the common varieties, you know where they belong.

Are we going to do it? Is the Republican Party going to clean up its mess and turn these guys in, for court administration, shall we say? Are we going to say that the vote means something in the United States? Are you going to let hysteria, and muscle, and mob violence determine who can vote and who can't? And then say that this guy in Texas, who doesn't know what a natural catastrophe is, has been honestly and fairly designated as the re-elected President of the United States, with that stinking mess sticking out there?

Vote suppression! We don't know what the result of the election was, because we don't know what the effect on the election was of corrupt practices such as vote suppression and related kinds of things which, if they're not formally crimes, ought to be considered as tantamount to crimes.

## The Opportunities Before Us

Let's go to the third issue: the question of the opportunities before us. Now, one of the reasons I'm in Europe at this point, well, the principal reason for my schedule, is that I'm engaged in exploring, in ways that I can do better than anyone else, as the kind of citizen I am, in exploring some options for new kinds of understanding between the United States and our partners, not only in Europe, but new relations with the nations of Asia and coming to common decisions on what we're going to do about the injustice, the terrible situation in Africa, for example.

In the Western Hemisphere, we could do something ourselves: If we wanted to behave ourselves, we could fix our relations with the nations to the south of us. It might take some patience, but we could do it. But in the world at large, in a world in crisis, we have to develop new kinds of ties, new kinds of relationships, with the world at large.

We have to develop a new understanding with Western Europe and Russia, for example. We have to bring in a new system.

Now, for some time I've been on this case, back to the 1980s, for example, in particular, when I was pushing the Reagan Administration to adopt the SDI, which it did do. And as a part of that, one of the things that I was doing in my negotiations with the Soviet government on behalf of the Reagan Administration, was to propose this kind of arrangement. I said, let's get rid of this immediate threat of a thermonuclear confrontation. Let's do this by getting other nations to agree with us—and I did find a lot of agreement in Italy, Germany, France, and so forth on this—why not propose that we consolidate, scientifically, the technologies needed to develop systems which are superior to any kind of system which we have now, but which we know exist and can be developed, in order to intercept missiles of this type, in such a way that we can prevent anyone from winning a war by the use of thermonuclear ballistic-missile barrage? And use that technology which we develop for this particular purpose, and use it immediately for many other purposes, to improve the economy of the nations of the world, and share this technology with people.

Various people proposed that. Let's build a world, a new kind of world in which we have new kinds of cooperation among nations. This is the way to resolve these political problems, by creating a platform from which we can negotiate the political problems by platforms which represent common interest.

So what we need today, we need to get rid of the terrible relations which the Bush Administration has created with Europe. We have almost lost our friends in Europe, at least as far as this administration is concerned. Some people in Europe are frightened of the United States. They try to be nice to Bush, as Putin does in Russia. But they know that the United States is really their enemy. You saw this come to the fore again recently when Brzezinski was meddling in Ukraine. You saw the angry reaction from Russian President Putin.

Things are not good. Don't believe it: Just because Germany is nice, and because the French ask to cut deals, and the Italians are nice, don't believe that they're happy with the United States. They're not. Going into the greatest crisis in modern history, which we're in now, we need to come to common action and understanding for common action, with nations in Europe. We need to think in the long term, of our relations with China, our relations with India, with Asia in general. We need to think about justice for Africa, as well as other things. So therefore, these are the kinds of discussions we ought to have, and my job is to pioneer in finding out, and spreading the propaganda, and finding out people in Europe and elsewhere who are interested in that kind of proposition.

There's a movement in the world today which was somewhat activated by George Bush's unleashing of war against Islam. One of the figures in this, of course, is Pope John Paul II, with his continuation of his efforts for peace among religions, a dialogue among religions, ecumenical program, which became expanded into a general dialogue of cultures. And there's a move for a dialogue of cultures in many parts of the planet. The time has come to do that. We have to think about this kind of future relationship. And I'm involved in particularly one thing, in particular.

At present, as you probably know, one of the central features of conflict in the world today, is a fight for ownership control, financial control, over raw materials. The United States is one of the nations involved in this. You'll find that the smart money, the smart predatory money in the United States, is reaching out to grab long-term control over raw materials. You'll find in Europe, in the United Kingdom, the same thing. An effort to grab as much as possible, of the future raw material resources of the world. Russia is itself, with the nations immediately adjoining it, a raw materials power. The mineral resources of Russia, of that area, are immense.

China is not much of a raw materials power, in terms of its own immediate territory, but China is the biggest bidder for raw materials, future control of raw materials, in the world today, moving down into South America, Brazil, Argentina, Canada, and so forth. The great shields of raw materials that we have least explored are in Eurasia, including going down into Africa, the African shield, or the Eurasian shield.

Now, there is no shortage of raw materials on this planet, at least for the foreseeable future. If we manage things properly, and use the science we have and the science we know we can develop, we can ensure that this planet has a sufficient flow of required raw materials to ensure a modern and technologically progressive society available to every part of this planet for an indefinite period to come.

For example, the richest source of raw materials is the ocean, not the land; it's the ocean, and what lies under it. So, if we proceed with the proper science, we can manage this. One of the things that we have to do, obviously, is we have to work out under a revised world system of sovereign nation-states, agreements among states to cooperate in a program of development and sharing of raw materials at fair prices, which means that every part of the world can get access to the raw materials that it legitimately requires, at fair prices.

This is one of the differences in the situation today from what it was, say, 50 years ago, or 100 years ago. We are now so expanded in terms of the advanced utilization and occupation of the planet, we can no longer assume there are frontiers that we can loot, like barbarians, indefinitely. We are taking over the planet, economically, physically, we're taking over more and more of it. But when you take over the entire territory, you don't have neighbors to loot. You've got to think about how you manage what you have. And so therefore, one of the common problems, the common interest problems of the planet, is to develop a relationship between European civilizations which have one kind of culture, and the assortment of cultures which are called Asian.

The point of unity with the great expansion of the population of China, India, and some other parts of Asia, which are the great population centers, is to deal with this problem of guaranteeing the raw materials for all, at fair prices, on fair terms, for the indefinite future. And therefore, what we need is a new, what we would call a new Treaty of Westphalia, where we

enter into a global agreement, probably through facilities of a reinvigorated United Nations Organization as a medium for doing it, to set up multi-layered agreements, multi-layered contracts, for management of things like raw materials on this planet for the future.

It goes together with things like the space program. We live in the Solar System; we're part of the Solar System. The conditions on Earth are dependent upon the conditions in the Solar System in which we live. Therefore, we do have to reach out, scientifically, and find out what's out there. We do have to discover principles that are otherwise not available presently.

## **Latest From LaRouche**

### **LaRouche Calls for a Concert of Nation-States; a Peace of Religions**

*Lyndon LaRouche was interviewed by Fahri Hassan of Radio 786, in Cape Town, South Africa, on Dec. 28, 2004.*

*Host:* Welcome to Radio 786. It's that favorite weekly news analysis program, that is always discerning, dissenting, never disappointing Prime Talk. The program that always tackles the crux of the matter, unravels the controversies, and tonight will most certainly set out to ruffle many feathers. We have the pleasure of having an individual that is a giant in his own right. He was imprisoned in America for having dared to take on the establishment clique, that included the likes of Henry Kissinger and George Bush, Sr. He's renowned as an outspoken critic of the present American regime, led by the neo-conservative cabal of George Bush, Dick Cheney, and Donald Rumsfeld, and ranks as one of the most controversial political figures of our time. He's a renowned economist, and was a Presidential candidate in the recent primaries, under the Democratic banner.

He's also the founding editor of the highly acclaimed Executive Intelligence Review magazine. He's a prolific speaker and author of several books. He has fit us into his busy schedule, because I believe he's travelling all over the world, and he finds himself in Germany at the moment. And we thank him, and he joins us now from Wiesbaden, Germany, where he's on one of his busy speaking tours. It is indeed a great honor and pleasure to welcome onto my show, Mr. Lyndon LaRouche.

Good evening, and welcome, Mr. LaRouche.

*LaRouche:* Thank you very much. It's good to be with you.

*Host:* It's a pleasure. Mr. LaRouche, before we get to the whole George Bush juggernaut and his American empire-building escapade, may I just focus first on the American electoral system, because it is widely known that originally, in the 2000 election, that launched Bush Jr. into the White House, there were many widespread fraud and corruption charges, noting the case in Florida, the Jeb Bush scam, and other related problems.

Now apparently, it has come to light that there are some irregularities that have surfaced again, in the recent elections. Would you care to elaborate on that?

*LaRouche:* I was in the middle of this process, and I've been in the middle of the follow-up, not directly on the scene, but dealing with members of Congress, and others, who are really in the middle of it.

The 2000 election was a very muscular job, by the Republicans, and there probably was a significant amount of cheating and manipulation in that. However, the point was that actually Al Gore honestly lost the election by his own efforts. He

made a number of mistakes, and his campaign made a number of mistakes, and they actually blew it. Didn't do their homework. Didn't do the job right. And they created a situation of ambiguity, in which it was possible to pull an arrangement, just to pre-empt the whole thing. It was illegal what they did. That is, the way in which George was inaugurated, with the intervention of this Justice Scalia, and so forth, was really a violation of our Constitution. It shouldn't have happened that way.

But now the thing more recently, that's just happened. I couldn't say that Kerry didn't win the election. I have many indications that the margins of vote attributed to a Bush victory, didn't happen.

Now, that by itself, isn't going to decide anything. Because of the way realities of politics go. But we do have a lot of people who are eligible for imprisonment, because there was a massive campaign of voter suppression. Voter suppression, under the U.S. law, under the Voting Rights Act, is a crime where each offense is worth five years in prison, and there are a lot of people who were caught doing just that. And there's the possibility of their being convicted for doing that, including possibly the Secretary of State of the state of Ohio could be in trouble.

There were things that were doing, that, in this case, look as though they're grounds for criminal action, as well as massive fraud.

*Host:* Mr. LaRouche, could you just elaborate on that voter suppression? What form did it take, the actual suppression of the votes?

*LaRouche:* Well, there actually was misdirection in all kinds of things. They would tell people, they would intimidate people not to vote. And an act of intimidation, not to vote—. There was a selection, particularly concentrated on persons of African descent, who were heavily targeted by the Republicans. And they actually were sent in with goon squads and so forth to intimidate them. They would actually shut down the polls, pull switches on them, so that there was a massive amount of vote suppression.

*Host:* There was apparently, I don't know how true it is, but from some reports that I read, some of these machines, these electronic voting machines, there were some irregularities concerning them.

*LaRouche:* That was the case of the Triad company, which supplied a number of the machines in the state of Ohio. There were eyewitness statements that an official of Triad, with the consent of electoral officials, was tampering with the vote, after the vote had been registered — that is, altering the vote. And that is, of course, under investigation.

The key U.S. official who is looking at this the most, is a head of a committee of the Congress, the U.S. Congress, Rep. John Conyers, and this is being pressed quite seriously, by the Democratic Party and people like that, in this matter.

*Host:* So, you are hopeful that the case will be taken further, to the Senate, and Congress?

*LaRouche:* Not necessarily. What we're doing is this. On the 9th of November, I did a webcast in which I set forth my views on what had to be done about the situation, as of Nov. 2. And there are several things I pointed to.

First of all, this vote suppression act, the violations of the Voting Rights Act: That we have in concrete evidence on. Number two, instances of that is a violation, which constitutes grounds for a five-year sentence.

We have a case in New Hampshire of the former Governor Sununu, who's involved in his campaign in something like that, from 2002. So this is quite serious.

There are other things that were doing, which are violations of Federal law.

My view is, where we have the evidence of a concrete violation of law, in connection with the election, that we should pursue that.

Now there's another aspect to this thing which is political. But, you know, people behave, as you know from your business, on the basis of politics, as much as on technicalities, or law, or fact. And what has happened is, that President of the United States is pushing to steal the Social Security funds of the people of the United States, for the benefit of his friends on Wall Street, or the financial community.

*Host:* So, what you're saying is that they are aiming to privatize this Social Security funds, and that sort of thing.

*LaRouche:* Exactly. And this is a direct copy, by the statement of the President himself, of what was done by Pinochet in Chile, in the 1980s. So, he's out actually to steal some trillion of dollars, from Americans who rely upon the Social Security for their support. And by putting this money, privatizing it, means putting in Wall Street, for Wall Street to steal!

*Host:* That brings me to, now that you mention it, obviously, big business, and big corporations. Clearly, big business and the major lobby groups on behalf of big business, I mean, they have a lot of influence on Capitol Hill, don't they?

*LaRouche:* Well, they have influence all over the place, because it's not just big business. These are actually real, first-class thieves, of the Enron variety. These are people who are in the financial area.

For example, let's take the case of, a big one, which may bust any time now in the United States: Fannie Mae. Now, Fannie Mae was created by Franklin Roosevelt, as one of these institutions which would facilitate the ability of people to get mortgages, for home purchase. And it's actually one of the biggest banks in the world, in that sense, that kind of bank. Now, this was taken over by Alan Greenspan, the derivatives man, who's now still the head of the Federal Reserve system. And what happened, about three years ago, this was about to go belly-up. As a matter of fact, the entire mortgage-based securities business is about to go belly-up. It's the same thing in the United Kingdom. In the United Kingdom they've got a relatively more severe problem, though it doesn't have the magnitude of that in the United States.

We have the potential very immediately, of a general collapse, mortgage-based securities speculation tied to derivatives, internationally. This alone could blow out the U.S. system.

So, what Bush is doing, essentially, is, these fellows are desperate. They're about to see the entire international monetary-financial system go into a belly-up. They're desperate to save their hides. The only large source of money they can get, that's available, by any trick, to try to cover up their problem, in this eventuality, is to steal the Social Security funds.

*Host:* And, I mean, is this perhaps the reason why we're seeing this dramatic fall in the dollar?

*LaRouche:* No, the dollar is going down legitimately. As a matter of fact, the dollar's highly overpriced. In fact, two dollars to a euro is on the horizon. You're now looking at about 1.35, 1.36 right now, \$1.36, approximately for a euro. That is already bad times, and that's a highly supported dollar. I'm looking at something that looks more like \$2 to a euro, as on the horizon.

This is coupled with the irrepressible rise in the price of petroleum, not because of a shortage of petroleum, but because of the speculation in petroleum—people speculate, and they grab control of shares. And you have the same thing in raw

materials generally, which, of course, South Africa is a target of that, right? For speculation in mineral resources. This is international.

So, it's a wild situation. The whole financial-monetary system is collapsing. It's much worse than the 1920s-1930s. It's about to come. It could be dealt with by Franklin Roosevelt's methods, but the people who are in charge, are not Franklin Roosevelt, and they tend to go in a different direction. So we're likely to have an incalculable collapse of the system, centered on the United States as sort of an epicenter of this thing. It can happen any time. It's in process now.

You'll get leading circles in the United Kingdom, financial and so forth, and around Europe, are talking quite openly about it, and people I know, who are in banking in the United States, also are quite aware that this is going to happen.

*Host:* Sorry, before we continue in this vein on economic factors, I just have one question that just jumped in my mind. It's an obvious question that jumps up. So, is this perhaps one of the reasons why we have this war on terror, this mythological, you know, war on terror, and the war in Iraq, to cloud over the ills of the American economic empire?

*LaRouche:* I think, not quite. I think it's close, but it's not quite. This, for example, back in the 1990s, when Cheney was then Secretary of Defense under George Bush 41, he already had the intention to go with a campaign of war, based on mini-nuclear weapons. It's actually preventive war. At that point, under the influence of people like [Brent] Scowcroft, George Bush I said no, and Cheney went out grumbling about the fact that his plan was spoiled.

He stuck to the policy all the way through. When he became Vice President, at about the time he walked into office in January of 2001, he was again at the postings, pushing this thing. Now he is actually the controller, pretty much, of the Bush Administration, from the inside. Bush is a man of limited intelligence, and I'd say, worse than limited. And Cheney was sort of running him.

So, this was the policy.

But, there's another aspect to it, which I emphasized in January of 2001. That when you get a situation, as in the late 1920s, 1930s in Europe, when you get a situation in which the financial system is disintegrating, you are likely to get some fellows deciding they can solve the problem by setting up a dictatorship, as happened in Europe. And they tried it in the United States, and it didn't work.

We're in a period in which the very fact that we're in that kind of crisis, means that people who are thinking in terms of coup d'etats, dictatorships, and things like that, and wars in various places, these kinds of sentiments begin to get more support. And what we're seeing in Iraq, and what is threatened elsewhere, is more of this stuff. It's a period of great instability. And it's going to be quite a struggle to get things calmed down. But we're headed for a period of dictatorship. There is a correlation between financial crisis, and this kind of business, but it's not that simple; it's not a simple direct correlation.

*Host:* We would explore that. But you mentioned something very interesting. You mentioned the issue of coups d'etats and dictatorships. What we see in America at the moment certainly smacks of it. And I mean, it brings me to the insights of 9-11, and the war on terror. I mean, there's much evidence, for instance, whether you want to call it conspiracies, or conspiracy, that's surfacing now, that 9-11 may have been a coup d'etat, and a pretext. Evidence presented on many websites, and many texts, and books, and research that has been done. I'm just recalling one or two, powerhour.com, and many others who suggest that this little terrorist Osama bin Laden in a cave in Afghanistan, could not possibly have carried out this caper. That it's an inside job. This is what—

*LaRouche:* Osama bin Laden is a Bush asset. So, it didn't happen that way.

What you've got, if you look at the total picture: We had from the late 1960s, especially during the early 1970s, we had the unleashing of terrorism in Europe. Now, there is no such thing as international terrorism, as I think you can understand from your experience. There is, however, terrorism, as distinct from some entity called international terrorism. There are people who practice terrorism. Sometimes it's not called terrorism, sometimes it's called freedom fighters. Sometimes it's something quite different.

But, what we have on this planet, we have a group that we took over, from the United States, after Roosevelt died, which was a hard part of the Nazi system. We took it over, and we digested it into our system. It became part of NATO. It's all over the world. And we have these fellows that are now third generation of that sort of people. They did, as they did, for example, in the 1970s, in the case of the Pinochet coup, the Operation Condor in Argentina, Chile, and Bolivia — this was done by ex-Nazis. People like della Chiaie. And this was this type.

*Host:* Klaus Barbie and company.

*LaRouche:* Yeah. You had, for example, the killing of Aldo Moro. Aldo Moro was killed by a Nazi stay-behind, which was inside Gladio, which was part of NATO, inside NATO intelligence. And they killed a former head of state, or head of government, because he was proposing things they didn't like.

Now, I've seen coups, I've seen killings of heads of state, and people of that importance, because of this kind of stuff. I've been the target of this kind of stuff myself. This goes on all the time.

So, what we're dealing with, is not international terrorism. We're dealing with people who represent a terrorist-type capability, coup capability, killing people, or running stunts in order run coups against governments. And what I'm looking at in terms of 9-11, which I saw coming. I didn't see the 9-11 operation as such; I was looking at other things. But I knew that the United States was a target of an international terrorist-type operation, whose purpose was to try to push through what became the Patriot Act. It was an attempt to establish a dictatorship in the United States, by terrifying the people, and using a horrible incident to get the excuses, as Goering did in 1933, to get Hitler into power. The same kind of thing.

And it's going on, it's been going on all the time. I've seen people killed, heads of government killed. Mrs. Gandhi killed in India, for example, because she displeased certain people. And they killed her. They organized somebody to do it. Her son was killed, because they didn't like his policies for India, they wanted to get rid of the Gandhi family.

*Host:* You refer to "they," "them": Are you focussing and referring to this cabal, this Rumsfeld, Henry Kissinger crew?

*LaRouche:* No, no. They're a lower level. What this is, is: Remember, the Nazi system was created in the wake of the Versailles Treaty, under the conditions of reparations agreement, and a group of bankers, private bankers, largely based in Europe, but extending to New York City—it's called the Synarchist International Their first coup was a British asset actually, Mussolini, who was organized through the famous Venetian bank, by his particular banker, Volpe di Misurata, and then you had a series of these fascist coups throughout Europe, going through the Hitler thing, and so forth.

Now, this was a political operation, run by a financier interest, which was conspiring to take over the world, for their particular financier interests. The same type of people, the continuity of the same type of people.

For example, Prescott Bush. Prescott Bush, the grandfather of the present President of the United States, was the guy who wrote the letter which authorized the release of funds controlled by Harriman and company, the funds to finance Hitler's

being refinanced to become dictator. So, these are the kinds of people involved.

So, it's not the little guys, it's not the little conspiracy, it's not the Henry Kissingers, and so forth. These guys are flunkies.

*Host:* Yes, I want to come to that. Because this reminds me, Zbigniew Brzezinski, he writes a very interesting text called *The Grand Chessboard*, in which they laid out and set out, the way I understand it, the conquest of the world, dividing it into various regions. And one of the areas that, interestingly, he focussed on that was not under the control of what you called this secret, or this cabal, was Central Asia, and that is where the issues are happening now. Could you elaborate on that a bit?

*LaRouche:* Well, you know, Brzezinski's part of this operation, which was set up, part of this key. He comes from a Polish minor aristocracy, that is, the state aristocracy — his father was. He's a little bit crazy. He was backed by Harriman, he was picked up by Harriman at one point, and he's had a certain influence in the Democratic Party. He's associated with this fellow Huntington, who is—they're the same thing, they're the Bobbsey twins. Madeleine Albright was the same thing. She's part of the same crew. Holbrooke is part of the same thing. Condoleezza Rice is the same thing.

So, you have a whole group of people inside U.S. institutions, who all belong to a certain bloc, with certain antecedents, and they're this.

Now, I did a documentary tape in 1999, as part of the year 2000 election campaign. Which was called "Storm over Asia," in which I documented exactly this stuff. That Brzezinski, of course, who was the author of the Afghanistan war against the Soviets, which never stopped. We saw a whole part of the Red Army became drug pushers, because they were involved, about 80,000, 100,000 Soviet troops in there, and they became drug pushers, lots of them. They became part of the drug operations, expanded drug operations throughout Europe, gangs. In other words, they went from Red Army veterans, into becoming gangsters.

Now, what he did, he took the Central Asia area, and the North Caucasus, and began to use it after the fall of the Soviet Union, began to use that as a base of operations, of terrorist operations. Like what happened, the recent terrorist operation in this area. The operations against Ukraine, and so forth. And yes, he's doing that. This is the kind of thing that goes into the Balkan wars, and things like that.

*Host:* Speaking about Ukraine, is there much evidence to suggest that the money has been flowing into Ukraine to agitate people to have a rerun in the election there?

*LaRouche:* More than that. It's an attempt to split the Ukraine. That's the intent. To split the Ukraine, and to start—. They're out to get Russia. They're out to destroy Russia. That's Brzezinski's particular game. And he's got the International Republican Institute, George Soros's crowd is in on it, a whole lot of other people are financing this thing. But it's essentially the hard core, the center, is Brzezinski.

*Host:* You know, there's so much things that have come up now. If we can shift to the Middle East, and look at that region, and what is transpiring there now, because clearly, you mentioned earlier Dick Cheney, and his role as having been at the head of it. And one thing that became clear and obvious, even, I think, it was in "Fahrenheit 9/11," where Michael Moore exposed the fact that Halliburton, the Dick Cheney company, had major interests, even before the war, and it so panned out. Now that Iraq is nicely packaged, Halliburton moved in, and actually took most of the contracts.

*LaRouche:* Well, they haven't got much, have they? They got a U.S. paid contract, but they haven't gotten much in the way of assets from Iraq. That whole thing is a mess. It's going to go through a new phase of deterioration. The United States is

really in trouble in Iraq right now. There's no way the United States can come out of that thing successfully.

*Host:* Now, what are you seeing back home, in the States, amongst the people, the general populace, on the war in Iraq?

*LaRouche:* Well, the issue is—it's not just Iraq. Iraq was obviously an obvious target. But the whole thing—you have to look at Southwest Asia. You look at an area which includes Azerbaijan, Armenia, Turkey, Iran, as well as the Arab countries, including Egypt. Now, this area is notable in raw materials, because the price of getting oil out of the Gulf area, is the cheapest in the world. And it's done next to water, which means the transport is easy. It also—the supply of this, according to the estimates, we had one of these meetings at the Zayed Center, when they had these in Abu Dhabi, in Dubai, and we discussed this, and the experts estimated that the supply of petroleum, from this area, is about 80 years at least.

So, you have the world's longest-lasting and cheapest supply of abundant petroleum in this area.

Now, at the same time, this is an area that has two other significances. First of all, it's the pivot of the Islamic world, Southwest Asia, with all the complexities of that. Egypt is key. The Southwest Asia as such is key. Turkey is key. Iran is key. If you want to start a general war, the way that Brzezinski and Huntington do, using Islam as a target for world war, of a special kind, that's a good place to do it. It happens to also involved petroleum.

Also, by taking at the petroleum target, and destroying the area, you create a crisis for the entire world. If you want to take over the world for some bloc, there's no better way to try it, than to take this area, and sink it. Just sink it.

Now, you look at what's happening in Iraq. There's no possible way that the United States can win a successful war, or call it successful, in Iraq. It can't happen. What they're doing is they're destroying the country. My argument to people is, "Yes, you're right, they are destroying the country. But that's not their mistake. That's their *intention*. That's what they intended to do. And they intend to do that to other countries as well."

What you're in is, now you're in a "great game," the great game behind the picture; it's not what Brzezinski calls "the chessboard." It's a real great game.

If you look at the world, all of the money in the world, that is, the money that's going to grab things, is concentrating largely on raw materials, mineral raw materials, chiefly. Look at the price of minerals. Look at the way that derivatives money is swarming in to buy up contracts, to take control of these minerals: nickel, copper, everything, as well as petroleum. Look at the fight about the Russian oil.

What you have is—the United States is a raw materials power. Central and Western Europe, including the United Kingdom, are a raw materials power; they should know that in South Africa. A raw materials power. Russia is a raw materials power. China is not a raw materials power, but it's the biggest bidder for raw materials of anybody in the world right now.

*Host:* Mr. LaRouche, if I get you right, and I mean, the sense that I get from what you're explaining, is that, there is basically resource wars that we are having now. I mean, are you, finding ourselves in Africa, South Africa, and having seen for the last 50-odd years what is happening in Africa, I mean, this is precisely the way things have panned out here in Africa. Angola, DRC, the Democratic Republic of Congo, Sudan, Somalia — I mean, these are all just because of resources that they want to plunder.

*LaRouche:* Yes, exactly. Remember, you had Henry Kissinger in 1975, wrote this memorandum, National Security Study Memorandum 200, which was later declassified and released, so people could look at it. This thing specified the policy of

Kissinger's crowd, under Nixon, and also spilling over when Nixon was replaced by Ford, was, the United States should have a policy — and in Central Africa the policy was specific: Africa has raw materials. These raw materials belong to the future of the United States, not to the Africans. In the meantime, the Africans are much too populous. They're consuming too much of these raw materials which we want conserved for our future.

Also, the Africans want technological progress. Their populations are growing. They want technological progress to feed their populations. They're going to use up those raw materials, or they're going to try to protect them, and hold on to them. And keep them away from us. What are we going to do? We're going to destroy all sub-Saharan Africa. By how? By what method? The methods we've seen. And that's how it's worked.

*Host:* AIDS?

*LaRouche:* The latest thing about Thatcher's boy, getting involved in the mess.

*Host:* Oh, of course.

*LaRouche:* Typical of the whole operation. The operation of the use of mercenaries and so forth, to facilitate all kinds of little wars. What happened in the Great Lakes area. For example, the way the Rwanda thing was run by these guys. The way that George Bush Sr. moved in, in Zaire, in northern Congo, to grab the gold reserves up there.

This is the pattern, is to destroy the place. One war after the other. Genocidal wars, of Africans killing Africans. Nations disappearing.

*Host:* Mr. LaRouche. Another question that stems from that: Clearly they need, for that to happen, they need conduits. You mentioned one already, mercenaries in the form of Mark Thatcher, allegedly speaking. Of course, having grown up here, in this part of the world, one has seen the rapacious rise of big corporations, and from—I'm just looking at the big corps that are involved in the mineral resource extraction. You know, companies like Anglo-American, companies like Rio Tinto, and LonRho, and all these companies. Are they the conduits of these cabals?

*LaRouche:* They're the instruments. They're not the owners, they're the instruments of the financier interests which do use them. But they also discard them. Like LonRho, who went through a couple of operations after coming out of the so-called Northern Rhodesia operation.

No, what you're looking at now is even worse: You're looking of a pattern of young boys, many of whom have not reached puberty yet, who are being trained as killers, in Africa. They're using African children, to kill Africans, and to kill each other. And look at the map, one part of Africa after the other. Look at the map, and look at where these things are going on.

*Host:* Rwanda, for instance.

*LaRouche:* You're looking at, somebody's created a machine for self-inflicted genocide. And what's happening is the heavy military forces are moving in to create compounds, where they surround and protect the mineral assets they want to control, and hope that everything else goes to hell. So, you have this kind of no-man's land developing. Areas they don't want to bother with, they turn them into a no-man's land, like what's going in the eastern part of Congo.

*Host:* Mr. LaRouche, just before we continue. Unfortunately time has caught up on us, we have to break for ads, but just a thought, if you can stay on with us for another couple of minutes. After the break, I would just like to focus on the very interesting that Jeff Steinberg did on John Perkins' book the *Confessions of an Economic Hit Man*, because clearly they —

it brings in the triad of the IMF, the World Bank, and WTO, and their role in furthering this globalization of genocide.

*LaRouche*: That's right.

## [station break]

*Host*: Now, before the break, I asked you to comment, because there's clearly, in economic terms, a process of globalization has taken place. Big corporations, transnational corporations, are expanding into the world, and setting up shop all over the world. And apparently, the way I understand it, the IMF, World Bank, and WTO is the kind of regulator, or vehicle that is being used to further their interests. Now, what I would like to know is, are they in cahoots with big business? ...

I read a book of John Perkins, *Confessions of an Economic Hit Man*, and also one of your journalists, Jeff Steinberg, has commented, and reviewed the book.

The question is, could you outline for me how this fits in with the globally demonic plan?

*LaRouche*: What you're looking at, a period which starts in 1971-72, in which a group inside the Nixon Administration, led by George Shultz, orchestrated, first of all, the decision that was made on the 15th of August, 1971, which sort of collapsed the dollar, and then, the following year, the fight between the Nixon Administration, and the Pompidou government of France, over the issue, at the Azores conference, of the IMF.

Now, since that time, the IMF and World Bank, and some other institutions, have actually functioned as organizations of financial and political rape around the world. Typical of that, was the case of Chile, Pinochet. The Pinochet coup was a fascist coup, using, literally, people left over from the Nazi regime, put into that part of the world. And then "Operation Condor," which was rather notorious, occurred to eliminate, by murder, mass murder, possible resistance to these regimes of Chile, Bolivia, Argentina, and so forth.

So, from that point on, the kind of thing that Perkins describes in his book, until about 1989, when they put the head of government of Panama in jail, after the little war down there, the policy was pretty much what Perkins describes. They would move in on a country, get them to go into debt, use the over-indebtedness of the country to take the country over, and loot it. And if someone, such as a local politician, resisted this rape, they'd kill him. They wouldn't kill him directly, as Perkins describes it quite accurately. They wouldn't come in and kill him—the same people who were doing the operation. They would have somebody else, like an ex-Nazi, or some other team, professional-killer team, come in and do the assassination, or perhaps some government agency.

Now, what's happened is, in those days, as Perkins describes it—and this goes on from about '71-72, until 1989-90—in those days they would start with the bankers up front. The bankers would go in, and try to get the country to buy this loan package, to go into debt, to support this foreign contractor to come in and do something and rape the country. Then they get the country way over in debt, way over its head, and they make certain demands, to take the country over, for its debt. And if the head of state, or somebody else, gets in the way of the project, and he doesn't come around to "reason," as they would put it, suddenly somebody comes in and kills him. As Perkins calls them, the "jackals."

That happened. And that was the characteristic of that period of about 20 years.

After that, we went through a change, which is now in effect. Now, they kill first, and send the bankers in second. You see this in the pattern in Iraq. They move in with a war, to kill. They've already half-killed the country with the first war, and the conditions put on it. Now, they move in to kill. And what do they come in to? They come in with the bankers to pick the

bones of the victims of the war.

Now, what's going on now, is not bankers trying to grab this, or grab that. We're actually in a process of globalization, which is the elimination of the nation-state.

Look for example, at what's happened in Europe—the case of the Common Market. Under the Maastricht Treaty, the problem is, the predicament of France, and particularly, of Germany, which could otherwise have handled this problem, managed it, is that under the European Bank, the European Central Bank, these countries no longer have the sovereignty to deal with their own crises. So that, globalization means, essentially, the elimination of the sovereign nation-state as an institution, and going to some kind of imperial glob, run by a cartel, rather than a system of nation-states.

*Host:* So, Mr. LaRouche, the way I hear you say, what happened to democracy? I mean, is this—?

*LaRouche:* See, the problem is, if you convince people that their vote doesn't mean anything, which is what's happened in the United States. The lower 80% of family-income brackets have essentially been phased out. The point is, we used to have the lower 80% of income brackets, would be the dominant part of income, of national income, personal income. Now, the upper 20% of family-income brackets, has more income than the lower 80%—by far! So, what you've had, is a change in which the poorer people, which are the great majority of society, do not believe that they actually have power to shape the policies of their government. They believe they have the power to *beg*, and to bully their government, into making concessions to them. But the idea of going in and telling the government, "this should be your policy": No, they don't do that any more.

So, therefore, we've gone through a phase of "democracy doesn't mean anything," because the people themselves have been, in a sense, pushed out of playing a leading role, as they used to play, say, in the United States. They would *influence* the parties, they would *influence* the government. They would *campaign*, and *vote*, on the basis of what they thought the Federal government ought to do.

Now, they put pressure on the Federal and state government, not to change the policy of the government, but to get a favor. So, therefore, we have lost the sense of what we used to call democracy, because, first of all, we make it dysfunctional by this kind of method, and then, when the people are weak, because they've given up control over their government, then government moves in and tries to put in dictatorial measures.

*Host:* So, what I understand you're saying, is, I'm thinking you're making me very nervous. I'm thinking about South Africa, and we've just voted, and 70% of the people voted for a particular party. And well, not so long ago, we took a loan from the IMF, about \$1 billion, or \$2 billion, I think, which obviously increased our debt to quite an alarming extent. And so, am I to believe that President Mbeki is singing the tune of George Bush, and the cabal?

*LaRouche:* Well, I think a lot of people are. But you know how it works, if you look at it objectively. Because the problem in this thing is, which I have deal with in myself: You see a situation like this, and your passions are aroused, because the injustice of it all impresses you. But then you have to sit back and make sure you're thinking clearly. Because you have to think about how to *beat* it, not how to *complain* about it. And I'm in the business of trying to do something about it, not complain about it.

Yes, I know this goes on. My view is, that we have to develop the positive side. We have to develop what's called by Schiller, the "Sublime." We have to present people not how bad it is; we have to tell them that; you've got to tell people the truth. But rather than emphasizing "let's act against the 'baddies,'" what we have to concentrate on is what should be good. And fight for that. And from the strength of fighting for the good, we can beat the bad. Whereas, if you go out to destroy the bad, you may become the bad yourself, because you get into something like the Thirty Years War.

So, therefore, I think our job is to give people a vision of what we could do, and can do, and try to mobilize people to work for something positive, rather than screaming, and be losing blood over just the negative. I'm not against fighting to resist and defend rights. But I think that, in itself, is not a winning war policy. A winning strategy has an exit strategy, and an exit strategy has to be something that is worth fighting *for*, to try to get people to understand it, and when they will fight for something which is good, we can take care of—the other thing will go by the way.

*Host:* There are so many things I want to cover, you've touched on so many things. If we can just change tracks for a moment, and come back to the Middle East. And yes, of course, one event that has clearly reshaped perhaps the political landscape in that region, is obviously the demise of Yasser Arafat. And clearly the legacy that he has left behind; clearly the land of Palestine has many complexities, one realizes. But now, some believe that Yasser Arafat was a sell-out, some believe that he was a revolutionary, others believe he was a confused statesman. Looking at what is happening in Israel, because, clearly, it would appear from the American policy, that Israel is clearly, as you called it just now, I assume, a pivot in that region, and one that needs, whose security is vital in that region. So, unfortunately the Palestinians are the lackeys, or the monkeys, or whatever you want to call it, in this game.

Your vision of how the state of Israel is playing a role in that region?

*LaRouche:* Well, Israel is a loser. Israel is a pawn in this situation. Because anyone who looks at this from a military, or related standpoint, strategic standpoint, realizes that Israel is about to be destroyed by its own hand. You can not engage in this kind of situation, neighbor to neighbor, in asymmetric warfare modes, as is going on now—and you know, people have left Israel, who once were there, and other people have been imported, who, shall we say, are not quite sane always—and so, therefore, you have this terrible situation.

Now, the situation is complicated, because people, including some people from the United States, are playing this situation in a way to keep the thing going this way. They don't want a resolution. Whereas even with Sharon—I could talk about Sharon for months, about how bad he is, but he's not the worst. Netanyahu is: If you think Sharon is bad, you ought to look at Netanyahu.

But we do have some positive things on the ground, friends of ours, in the region. Arafat was what he pretended to be. He was a freedom fighter. He's exactly what he pretended to be. He may have made mistakes, but he made honest mistakes in the sense of what his situation was. And the situation was corrupt. I mean, the money thing was corrupt, a lot of things were corrupt. It was a war type of situation, and he's very much missed.

What's happened now is, we have a new Palestinian government presumably coming into existence. I think [Marwan] Barghouti is a much more interesting person, if somebody wanted to make a deal, because he's a fighter, and a fighter is the one who can be the best bargainer. I think if Sharon were forced with a government, which included Peres, for example, were forced to negotiate with Barghouti, and if the United States and some other people would insist that this discussion occur, I think it is possible, to put through something which is a step toward what the Oslo accords was intended to do. It can be done. It's not impossible. It would require tremendous pressure.

My view, of course, was that we have to stabilize the region politically, which is why I came up with this Southwest Asia policy: If you get Turkey, Armenia, Azerbaijan, Iran, and the Arab countries to agree on a certain policy for the region, then you can approach the Israel-Palestine situation in a forthright way, and say, "Okay, now, we can't have peace in this region unless you guys stop killing each other." And under those conditions, if the United States and Europe were really serious, and put the pressure on Israel that has to be put on there, to keep the crazies under control, I think we could bring about a peace at this time.

*Host:* But, Mr. LaRouche, if I hear you, we are not obviously focussing on the role-players that play major roles in fomenting this war in that region. It's of course the Jewish lobby, AIPAC, JINSA, and, of course, not forgetting the Christian fundamentalist lobby, as well.

*LaRouche:* I think their power is exaggerated. They are used as levers in the situation.

For example, look at the world today, just to get a picture of what the reality is, the way I see it. You have the United States. If the United States is somehow straightened out, and that can happen—because Bush is in a very dangerous position with this Social Security campaign. He can *lose* his position, on his attempt to rape Social Security. That is a big mistake on his part, a political-strategic mistake, for him to take that policy. He can lose Republican support, as well as Democratic. So, he's not in good shape on that one.

Now, you have the other side of the powers. Europe presently, western and central Europe, have no concerted power, as states, in the old sense. Europe today, western and central Europe, is no longer what it was in the beginning of 2003. They're much weaker. But Europe is important, especially on the pivot of Germany, especially on the pivot of a Chancellor Schroeder, who is more of a ministerial chancellor, because he really doesn't have a party base. And it's just the circumstances, that he is the Chancellor of Germany.

Now, he's doing some positive things: He's dealing with Russia; he's dealing with China; and implicitly, therefore, he's dealing with the whole Asia complex. In order to carry out that policy of Europe, involving Russia, China, India, and so forth. he's got to have the rest of the European countries, or many of them, involved with him, with Germany. So, therefore you have a situation where you have a U.S.-Europe-Russia pivot, and you can not solve the problems of China and India, without a Europe-Russia pivot.

So, therefore, you have a concert of interests, centered on Eurasia, which demand security to be able to go ahead with 25-50-year, long-term agreements on development, of the type that China, in particular, is pushing for now.

On that basis, that concert of power, if it wants a stable world, if it wants to deal with the great financial crisis coming down now, has to take something like the Middle East situation, and say, "We are going to have peace there now! We are determined to have peace." Under those conditions, we can have it.

The problem so far has been, it always has been available, but some people wanted to play games in that region. And other people who should have taken a tough stand, didn't. The problem is not a Jewish problem. The problem is not an Arab problem. The problem is, someone is orchestrating a conflict which has been going on, actually since the 1920s, but especially, since the 1930s. They've been orchestrating it. We need to have a peace of religions around the world today. We've got to stop this religious war.

We must have a peace of religions. And we cannot have a peace of religions, while we have this mess coming out of the United States, and elsewhere, playing Arab against Israeli. There will not be peace. It's been war too long. We're on the verge of the spread of religious war around this planet. And we've got this in the United States with these lunatic fundamentalists. You know, they're anti-Semitic, that's the funny part about it. They want to kill the Jews. They want the Battle of Armageddon so that they can come in there, take over the territory, and kill all the Jews that don't convert.

*Host:* Unfortunately, Mr. LaRouche, there are so many issues I wanted to cover with you, and I must say, thank you for your time. Unfortunately, we've run out of time.

This is a last point, last message for us, here, the locals down south in South Africa. You know, how can we play, you

mentioned earlier about working for truth, working for justice. What's your message, how can we play a role, in working for truth and justice?

*LaRouche:* What we have to do is, we in various parts of the world, have to rely upon the idea of the nation-state, as sovereign nation-states, and we people, who are patriots of our respective sovereign nation-states, have to understand our interest in the world, the way the world goes. We have to combine our forces, by talking to each other, and by collaborating with each other, to become a concert of national power that is able to bring this world into order—not just a giant lobby. But, as really, a kind of alliance of people in various countries who are concerned with doing good with their own lives, for the future of their nations. We have to work together.

Because, divided, we are weak. We can be chopped off. As in the case of South Africa: It can be chopped off. And you see the process north of South Africa, the vulnerability. So, therefore, the strength of South Africa lies in its alliances of various kinds, of its people's alliances, people-to-people alliances, with other parts of the world.

We have to have discussion, dialogue, to come to a sense of common purpose, common interest, common understanding. Then, we can apply our concerted force, to do things collectively that we could never do individually.

*Host:* Thank you there, Mr. LaRouche, and I hope that the powers of truth and justice are listening tonight, and heeding your call, and we hope that you will be successful in your endeavors to establish that. And I thank you for having taken time from your busy schedule to chat with us. It's indeed been an honor, and I hope we can do so again in the future.

*LaRouche:* Well, thank you very much.

## InDepth Coverage

Links to articles from [\*Executive Intelligence Review\*](#).

[\*\\*Requires Adobe Reader®.\*](#)

## Feature:

### LAROUCHE WEBCAST

#### Confronting the Deadly Crisis of International Relations

Lyndon H. LaRouche, Jr., addressed a webcast conference on Jan. 5, 2005, speaking by video hook-up from Germany to an audience in Washington, D.C. The event was sponsored by the LaRouche Political Action Committee. We publish here his opening remarks, introduced by his spokeswoman, Debra Hanania Freeman. A lengthy discussion followed, which can be found archived at [www.larouchepac.com](http://www.larouchepac.com).

## National:

### Dems Meet LaRouche's Challenge; Debate Wipes Out Bush 'Mandate'

by Jeffrey Steinberg

For the first time since 1877, the two houses of the U.S. Congress went into separate sessions on Jan. 6, to debate a challenge to the outcome of the Electoral College vote for the Presidency of the United States. Unlike the 2000 elections, when leading members of the House of Representatives challenged the Florida outcome, but failed to win the needed endorsement of a U.S. Senator, this time, Sen. Barbara Boxer (D-Calif.) joined with Ohio Rep. Stephanie Tubbs Jones (D) in challenging the Electoral College vote in Ohio, on the grounds of massive evidence of voter suppression and other forms of willful fraud.

## **White House and Gonzales Stonewall At Senate Confirmation Hearing**

**by Edward Spannaus**

In a Nixon-style stonewall, the Bush White House refused to release to the Senate Judiciary Committee, at least a dozen key documents which are expected to shed light on the role of White House Counsel Alberto Gonzales in developing the Bush Administration's torture policies.

## **Documentation:**

### **Retired Military Leaders Question Gonzales's Beliefs**

*The following 'Open Letter to the Senate Judiciary Committee' was released at a press conference in Washington, D.C. on Jan. 4, by 12 distinguished retired flag officers.*

"Dear Senator:

We, the undersigned, are retired professional military leaders of the U.S. Armed Forces. We write to express our deep concern about the nomination of Alberto R. Gonzales to be Attorney General, and to urge you to explore in detail his views concerning the role of the Geneva Conventions in U.S. detention and interrogation policy and practice...."

## **Interview: Gen. Joseph Hoar (USMC, ret.)**

### **Gonzales's Policies Put American Soldiers at Risk**

Gen. Joseph P. Hoar (USMC, ret.), a four-star general, was Commander in Chief, U.S. Central Command (1991-94), commanding the U.S. forces in the Persian Gulf after the 1991 war. He also served in the Vietnam War, as a battalion and brigade advisor with the Vietnamese Marines. He is one of a group of senior flag officers who on Jan. 3 released an extraordinary statement of opposition to the nomination of Alberto Gonzales as Attorney General, which came before the Senate Judiciary Committee on Jan. 6. General Hoar was interviewed on Jan. 1 by Jeffrey Steinberg. A previous interview with General Hoar by Steinberg appeared in the May 21, 2004 EIR.

## **Testimony to the Senate**

### **Gonzales Opposed for Nazi-Like Doctrines**

The testimony of **Dr. Debra Hanania Freeman**, spokesperson for Lyndon H. LaRouche, Jr., in opposition to the nomination of Alberto R. Gonzales for Attorney General of the United States, was presented to the Senate Committee on the Judiciary, on Jan. 6, 2005.

# **Economics:**

## **Bush Loses Battle In War To Loot Social Security**

**by Paul Gallagher**

George W. Bush's all-out drive to 'go the Pinochet way with Social Security' lost its first battle in the first week of January, when some of the grim facts of his plan became known to the Congress, and were leaked to the press. Democrats across the board have gone into opposition to Bush's swindle, rather than foolishly accept the White House's 'crisis in Social Security' clap-trap and start offering competing plans. Burned, the White House on Jan. 5 retreated to Bush's 'I won't negotiate with myself' mantra in which he denies his swindle has any details or any consequences.

## **'Privatizer' Draculas Are From a Common Crypt**

**by Richard Freeman**

On Jan. 1, Stephen Moore, head of the Club for Growth, speaking for the bankers who seek to steal Social Security's multitrillion-dollar cash flow by 'privatizing' it, told the Washington Post that a major campaign is being mounted. 'It could easily be a \$50-100-million cost to convince people this is legislation that needs to be enacted. It's going to be expensive, because it's the most significant public policy fight in 25 years,' Moore said.

## **Schwarzenegger to Californians: Help Me Become a Dictator**

**by Harley Schlanger**

With Phase I of George Shultz's plan for a total restructuring of the state of California completed, his Golem, Gov. Arnold Schwarzenegger, used his State of the State address on Jan. 5 to announce that he is ready to move to Phase II. 'Last year, we stopped the bleeding,' he lied. 'This year, we must heal the patient. . . . Last year, we worked together to avert a crisis. This year we must address its causes.'

## **Bush Sharpens Budget Axe To Strike Medicaid**

**by Linda Everett and Mary Jane Freeman**

Medicare and Medicaid represent, in the words of the Wall Street Journal of Dec. 4, 'juicy targets' for the Bush Administration's plans for Congressional budget cuts this coming year; together, the programs make up about one-fourth of all Federal spending. Since President Bush wants to make his tax cuts permanent, and since his Social Security privatization swindle would cost trillions, it appears that Bush will include cuts to the Medicaid program in his proposed Fiscal 2006 budget to be released in February.

## **Astounding Growth of Derivative Side Bets**

**by John Hoefle**

While much of the world continues to crash around us, the virtual economy continues to expand like mad, with J.P. Morgan Chase leading the pack, as usual. As of Sept. 30, J.P. Morgan Chase had \$43 trillion (and a few hundred billion as loose change) in derivatives, an amount roughly equal to the annual gross world product (also known as the world GDP), and about four times U.S. GDP.

## **British TV: Derivatives Bring Down the System**

**by Mary Burdman**

First impressions of the BBC2 film 'The Man Who Broke Britain' are that this will be an attempt to create a scenario in which terrorists can be blamed for the looming meltdown of the world financial system. However, the film, first aired on Dec. 9, reviews just such a scenario and rejects it, to focus on the real 'weapons of mass destruction' threatening international finance: the vast, unregulated, private derivatives market.

## **Report From Germany**

### **Progress in German-Russian Ties: The Gottorf Summit.**

**by Rainer Apel**

Whereas Russian relations to the European Union as a whole are, 13 years after the end of the Soviet Union, rather nascent, with economic cooperation potential still far from being tapped, bilateral relations to some EU members states, such as France, Germany, and Italy, are developing positively. Russia has established a sound understanding on strategic matters especially with France and Germany, notably on the basis of the three governments' strong opposition to the Anglo-American war on Iraq.

# **International:**

## **Debt Moratorium Supported For Tsunami Victim Nations**

**by Ramtanu Maitra and Rainer Apel**

At a hastily organized conference on Jan. 6 in Indonesia's capital, Jakarta, to help the 11 tsunami-hit nations in Asia and Africa, the wealthy nations issued a draft declaration on debt moratoria. The declaration welcomed proposals to reduce the debt of tsunami-hit nations 'to augment their national capacity to carry out the rehabilitation and reconstruction efforts.'

## **Timor Leste's Xanana Gusmao: Justice Is Not Revenge**

**by Mike Billington**

There are many who doubt that the tiny nation now known as Timor Leste (East Timor) should ever have attempted the risky business of becoming a mini-state, especially in the hostile and endangered world we are living in today. With barely 1 million citizens, Timor Leste is the poorest nation in Asia, and one of the poorest ten in the world. It has few resources, poor infrastructure, and a poorly educated population.

## No End to Iraqi Resistance Without End to Occupation

by Muriel Mirak-Weissbach

If the continuing attacks against forces of the U.S. occupation in the bombed-out city of Fallujah have become the symbol of intransigent Iraqi resistance, the suicide bombing attack in an American mess hall in Mosul, shortly before Christmas, has documented the alarming level of insurgent infiltration into U.S. ranks. Mitch Mitchell, an analyst at the Institute for National Strategic Studies, at the U.S.'s National Defense University, called it an 'incredible occurrence, that someone could have come in undetected with some kind of bomb. It blows my mind that force protection on the base is that poor.'

## China and India Make Military Breakthrough

by Ramtanu Maitra

The month of December was the occasion for some highpowered diplomatic maneuvering in New Delhi and Beijing, as U.S. Defense Secretary Donald Rumsfeld visited the Indian capital on Dec. 9, and Indian Army Chief Gen. Nirmal Chandra Vij was given the red-carpet treatment in Beijing on Dec. 23-29.

# Economic Hit Men:

## How Nuclear Energy's Promise Was Nearly Destroyed

by Marsha Freeman

*Editor's Note: The key to the success of the 'economic hit men' recently exposed by John Perkins' book **Confessions of an Economic Hit Man**, over the last 30 years, lies in the cultural transformation of the industrialized nations, whose post-war populations were turned from people determined they could, and would, eliminate poverty and build prosperity, into populations enmired in pessimism and fear about the very inventions which could accomplish those tasks. Technology Editor **Marsha Freeman** documents how this radical shift occurred in the area of nuclear energy, and was enforced both economically and politically.*

## The Many Applications Of Nuclear Energy

by Marsha Freeman

When access to U.S. nuclear technology was declassified under Atoms for Peace, most nations had neither the industrial infrastructure, nor the scientific and engineering manpower, to begin building nuclear power plants. But beside the more efficient production of electricity from nuclear reactions, fission offered the near-term possibility of qualitative improvements in agriculture, medicine, biology, and industry. Unlike energy created from the burning of fossil fuels, nuclear reactions produced not only higher-quality heat, but radioactivity.

# U.S. Economic/Financial News

## **Bush Administration: Put the Disabled To Work**

It's sounding more like Nazi Germany every day. A new report titled "The President's Committee for People with Intellectual Disabilities" calls for a change in Federal SSI (Supplementary Security Insurance) programs to make it easier to put the mentally and physically disabled to work.

"They're just thrilled when they get a job," says Madelleine Will, committee chairman.

Nationally syndicated columnist Rich Lowry, carried in the Moonie *Washington Times* Dec. 5, promotes the reform, pointing out that the program hasn't been indexed for inflation since the 1970s, and under SSI, a recipient begins to lose \$1 for every \$2 earned, once he makes just \$65 a month. Jeb Bush's "innovative" program in Florida is promoted as an answer. He saved money by giving the disabled enough to pay for their transportation, in place of special government-provided transportation.

## **Without Re-Regulation: U.S. Airlines Face Extinction**

American Airlines, the world's largest carrier, announced Jan. 6 that it would largely match the 50-60% fare cuts by third-largest, Delta. Before American's announcement, Continental, Northwest, United, and U.S. Airways only planned to match Delta's cost reductions where they competed directly. One analyst estimates that if the other airlines follow Delta's markdown, it could reduce U.S. carriers' revenue by \$2-3 billion/year, while launching "a war of all against all," on top of an expected \$5.5 billion loss in 2004, increased fuel, and other costs. In addition, non-union Southwest Air's announcement that it is moving into Pittsburgh, the hub of U.S. Airways, will probably be the final blow that pushes the latter into liquidation, according to industry analysts.

There is no solution but the re-regulation of the airlines that Lyndon LaRouche alone has called for.

Meanwhile, U.S. Airways bankruptcy judge Stephen Mitchell ruled that it could terminate its three main employee pension plans. U.S. Airways will now turn them over the Pension Benefit Guaranty Corporation—already running a \$23 billion deficit due to its takeover of steel industry pensions. The PBGC has already taken over the pension of United Airlines' pilots, which, with these three, will mark the beginning of an industry mudslide into the PBGC.

The Bankruptcy Court also ruled that U.S. Airways could throw out the International Association of Machinists (IAM) mechanics' collective-bargaining agreement. Rather than the strike they had postured about, the IAM will now send out the proposed agreement for ratification to its members. On Jan. 5, U.S. Airways flight attendants ratified a new agreement that will save the company \$94 million/year. Southwest has also announced that it will set up in Pittsburgh, and thus stop U.S. Air from raising fares there. The Bankruptcy Court did not let U.S. Airways throw out the health benefits of its 11,000 retirees on Jan. 5—as long as it is still in business.

## **Ford, GM U.S. Sales Slide in 2004, Despite Incentives**

Detroit's "Big Three" automakers' share of the American market fell to its lowest level ever, dropping to an unprecedented 58.7% in 2004, down from 60.2% in 2003. General Motors said U.S. sales declined 1.4% in 2004, even though it introduced 29 new vehicles. GM's total sales for December dropped about 7%, with losses on both the car and truck sides. Ford posted a U.S. sales drop of 4.9% for the year, and 3.6% in December—the tenth monthly decline of 2004. For the year, car sales were down 14%, despite Ford's much-touted "Year of the Car" promotion.

## **State, Local Gov'ts Face Crushing Budget Crises**

State and local governments convene amidst unprecedented, multi-billion dollar budget crises. Medicaid tops the list. With California in the lead, under Governor Schwarzenegger (see InDepth for Harley Schlanger's report on the California debacle), the following are some crises in other regions:

### **NEW ENGLAND**

\* *Vermont*. A \$100 million hole, or worse, looms in next year's budget level of \$3 billion. In addition, there is a looming \$70 million deficit in the state's Health Access Trust Fund, which pays for Vermont's Medicaid. "We have to come up with a way to fix Medicaid, or else we're nine to ten months away from this thing having some major, major problems," is the description of Michael Smith, Administrative Secretary to Gov. James Douglas. (*Times Argus*, Jan. 2, Montpelier).

### **MID-ATLANTIC**

\* *New York*. A \$6 billion deficit looms in the state budget; Gov. George Pataki has plans to reduce Medicaid services. (*Buffalo News*, Jan. 4)

## MID-WEST

\* *Ohio*. A deficit as high as \$5 billion is projected for the state's budget, as lawmakers reconvened Jan. 3. Their "penny" sales tax, enacted two years ago, as a quick-fix revenue recourse, expires this June. The discussion focusses on how to cut Medicaid, fund education, etc. (*Akron Beacon Journal*, Jan. 4)

\* *Indiana*. A \$600 million deficit in the state budget faces the legislature convening Jan. 4 for a four-month session. Proposals are in the air, to find ways to cut Medicaid, and other mandatory services; plus, the state owes \$710 million in back payments to schools, universities, and local governments. On the insanity front, Indianapolis Mayor Bart Peterson is galloping ahead with demands for approval of 1,000 electronic gambling machines at both state horse racetracks, and 1,500 machines at off-track betting sites in Indianapolis and Ft. Wayne. Peterson wants this gaming revenue to back up his proposed bond issue of \$500 million to build a stadium to retain the Colts football team. (*Noblesville Daily Times*, Jan. 3)

\* *Minnesota*. At least a \$700 million deficit is projected for the next two-year budget, and it could be much worse. Lawmakers are convening this week for the 84th legislature. Among the proposals floating around: Make health-care services cuts, to damp the growth in healthcare costs ahead, from an expected 27% down to 20%; and then, skim off the current, temporary surplus of some \$259 million in the Health Care Access Fund, which supports MinnesotaCare. Otherwise, tap into the state's casinos, nominally run by 11 Native American tribes, and demand \$700 million over the next two years to defray the state deficit. (Minnesota Public Radio, Jan. 4)

## WEST

\* *Colorado*. A deficit of over \$450 million is projected for the next two year state budget. The legislature convened yesterday, starting out by discussing what to cut. (*RockyMountainNews.com*, Jan. 4)

## CITIES

*Detroit*. Faces a potential shortfall of \$214 million for 2005-2006, and a deficit this current period, of some not-yet-known size. A by-invitation-only conference is took place at Wayne State University Jan. 3-4, convened by Mayor Kwame Kilpatrick, on the subject of municipal finance. On the agenda is the example of *Pittsburgh*, which, as of 2004, came under de facto bankruptcy—called "financial distress status," and is being subjected to drastic government down-sizing and austerity. For example, last week, an arbitration panel ruled that the Pittsburgh police force should take a two-year pay cut, a big hike in medical costs, and cut holidays. (*Detroit News*, Jan. 4; WNEP, Scranton, Dec. 30, 2004)

[source: Cleveland Plain Dealer, Jan. 5; Cincinnati Enquirer, Jan. 4; Biloxi SunHerald, Jan. 4, 6 ]

## ADDITIONAL STATE AND CITY BUDGET CRISES UNDERWAY:

\* *Ohio*. Legislators, facing a \$4 billion deficit in the state's two-year budget, are looking to cut Medicaid. New Senate President Bill Harris said, "I think we've got to slow the growth, especially when we look at Medicaid," adding that his top priority is "reforming" business and income taxes.

*Cleveland* school officials agreed Jan. 4 to huge cuts, slashing \$30 million in costs to erase a projected \$25 million deficit for the upcoming school year. The plan includes closing 14 schools, layoffs, elimination of extracurricular programs, and

even a proposal to go to a four-day school week.

\* *Mississippi*. Lawmakers opened a three-month session, as 50,000 poor, elderly, and disabled patients are scheduled to lose Medicaid benefits at the end of January. Overall, agencies have requested nearly \$1 billion more than the \$3.8 billion available in the fiscal year starting July 1; the deficit is currently \$350 million. Several lawmakers are seeking to raise the cigarette tax in order to close a \$268 million deficit in the state's Medicaid program. Lt. Gov Amy Tuck insists on a savage "restructuring" of Medicaid to cut costs, austerity echoed by Senate president pro tem Travis Little. Tuck also supports Gov. Haley Barbour's proposal to eliminate some government jobs, by removing agencies from state Personnel Board supervision.

\* *Tennessee*. As many as 430,000 low-income residents could lose their health insurance if Gov. Phil Bredesen decides to scrap the state's \$8 billion TennCare program.

## World Economic News

### City of London Spooked by Fannie's Looming Bankruptcy

"Fannie Mae: Nationalize It or Privatize It," read the headline of the leading commentary in the London *Financial Times*, Jan. 3, reflecting fears in the City that the mega-home mortgage lender could soon go belly-up. The piece was written by the ultra-liberal *Times* columnist Amity Schlaes, who has close ties to the Washington-based American Enterprise Institute (AEI). She notes that the recent chain of events around Fannie Mae, including the sudden loss of \$9 billion from the company's books, looks like a perfect script for a new movie produced by Oliver Stone.

Due to its status as a "government-sponsored" enterprise Fannie Mae has grown "into a Stone-scale giant, the world's largest non-bank financial services company. Fannie's work is so extensive that it is quantified with a word the *Financial Times*' style guide discourages using: trillions."

"A collapse of Fannie is one of the financial world's scarier ideas—scarier, even, than the 1980s savings and loan crisis." Its investors therefore should demand "an early resolution to this story—either through Fannie's nationalization, so that its bonds become like Treasury bonds, or, better, through true privatization." After referring to the recent AEI piece "Privatizing Fannie Mae," Schlaes concludes: "It is time to end Fannie's creepy relationship with government."

## United States News Digest

### Rehnquist Defends Court System Against the Neo-cons

Chief Justice William Rehnquist, in his annual end-of-the-year report, defended the Federal court system against those in Congress who would gag judges who they complain are engaged in "judicial activism." Rehnquist noted that complaints of judicial activism have risen sharply in recent years, but that "criticism of judges and judicial decisions is as old as our republic, an outgrowth, to some extent of the tensions built into our three branch system of government. To a significant degree, those tensions are healthy in maintaining a balance of power in our government." He noted that Federal judges were criticized 50 years ago "for their unpopular, some might say activist, decisions in desegregation cases, but those actions are now an admired chapter in our national history." He warned that the relationship between Congress and the Federal courts has been exacerbated by criticism and the suggestion that judges be impeached "who issue decisions regarded by some as out of the mainstream." He concluded: "let us hope that the Supreme Court and all of our courts will continue to command sufficient public respect to enable them to survive basic attacks on the judicial independence that has made our court

system a model for much of the world."

While the media have focused on such issues as same-sex marriage and the ban on using the expression "one nation under God" in the Pledge of Allegiance, sources familiar with Rehnquist's surprising criticism of the radical right in Congress and in the Executive Branch, say it is much more linked to the Bush-Cheney efforts to eradicate the power of the Supreme Court over the imperial Presidency. They cite as examples the White House claims of exemption from international codes of law, such as the Geneva Conventions, the labelling of some American citizens as "enemy combatants" to exclude them from the jurisdiction of the courts, etc. The issue, these sources say, is that the judicial branch of government is under such direct and vile attack from the Bush-Cheney-DeLay gang, that not even a scoundrel like Rehnquist can sit back and allow the judiciary, including the Supreme Court, to be relegated to the role of dishrag for a White House-gone-mad. Don't look for good guys in this fight; rather is one more sign that the Bush-Cheney Administration is even creating fractures in the right-wing coalition, by its drive for an outright coup d'etat against the Constitution.

## **Facing GOP Split, DeLay's Manic Marauders Compromise**

The new 2005 U.S. Congress convened Tuesday, Jan. 4. In the current session, the Republican leadership will try to seat George W. Bush for a second term and pass the Social Security privatization scheme as a fascist foot-in-the-door.

House of Representatives Majority Leader Tom DeLay's minions had been pushing to begin the year with brazen changes in ethics rules, to protect DeLay and give a green light to past and contemplated criminality. The major proposed changes were:

- 1) to eliminate the Republican Party's internal rule that a party leader be removed from his/her position if indicted—three DeLay henchmen have so far been indicted in an investigation of Republican fundraising in Texas, and Majority Leader DeLay himself could be next;
- 2) to cancel a House rule requiring Congressmen to conduct themselves "at all times in a manner that shall reflect creditably on the House";
- 3) to require a majority vote of the ethics committee before any complaint about ethical violations could be investigated. The rule in effect since 1997, has been that any member's complaint would be automatically investigated. Since the ethics committee consists of equal numbers of Republicans and Democrats, the new rule would allow the Republicans, if unified, to block any probe. By the time the session opened, a threatened revolt by saner Republicans compelled the DeLay camp to give up the first two of these proposals, while salvaging the third. The DeLay forces recognized that a block of moderate Republicans, joined with the Democrats, could transfer overall political control to an anti-fascist majority.

Rep. Joel Hefley (R-Colo), chairman of the ethics committee last year, threatened to lead Republicans voting against the changes, until the party leaders agreed Jan. 3 to forget about the "stay-in-office-if-indicted" and "standard of conduct" changes.

Illinois Republican Congressman Ray LaHood said many in his party had been ready to act against their leaders' proposals and vote with Democrats, until the Republican leaders "came to their senses."

## **Former Top Official Criticizes Goss's CIA Purge**

Purging the CIA is cutting off our nose to spite our face, said former top CIA official Havilland Smith, in a Jan. 4 *Washington Post* op-ed. Smith's career included postings in Europe and the Middle East, and a stint as head of the CIA's

counterterror staff. His column concludes:

"Once a year, all CIA station chiefs write a message to the director of central intelligence giving their analysis of how things are going in the country to which they are assigned. These analyses are straightforward and normally show extraordinary understanding of local realities. They contain the kind of candor that, if it were to get unvarnished to a Bush White House or to the media (as the most recent one from Baghdad recently did), would likely infuriate the administration. After all, this is the president who will not acknowledge any shortcomings in either his policy or its outcome in Iraq.

"Given his dogged adherence to the righteousness of that policy, it makes sense that the president would be angry with the clandestine service. It seems quite possible that the service is being punished for having been right, or at least unsupportive of administration policy. The agency's statutory responsibility is to speak the truth, whether the truth supports the president's plans or not. It would appear that this concept is not shared by this administration.

"Porter Goss and his troops from the Hill are wreaking havoc on the best current line of defense we have against terrorism. However angry this administration is with the clandestine service, whose officers run human intelligence operations, those operations are the last, best hope we have to keep up with the terrorist problem. Purging the CIA at this unfortunate moment, when we need to be dealing with real issues of terrorism, is cutting off our nose to spite our face."

But what Smith fails to understand, is what Lyndon LaRouche has pointed out: that the CIA is not really being taken down merely in order to satisfy Bush's taste for revenge, but in order to build up another CIA under Secretary of Defense Donald Rumsfeld (and also Douglas Feith, Steven Cambone, and Lt. Gen. "Jerry" Boykin) in the Pentagon; sort of an SS presaged by the hunter-killer squads of Task Force 121.

## **Iraq War Forces Changes in Pentagon Budget Plans**

The demands of the wars in Iraq and Afghanistan, which look more like many wars of the 20th Century, rather than the futuristic wars of the 21st Century touted by Secretary of Defense Donald Rumsfeld, are causing the Pentagon to rearrange its budget priorities, the *Washington Post* reported Jan. 5. A budget document bearing Deputy Secretary of Defense Paul Wolfowitz's signature, and leaked to the press over the New Year's Day weekend, takes \$30 billion out of a planned \$89-billion buildup over six years. The plan cuts \$55 billion out of such programs as a new fighter plane, a stealth destroyer, and missile defense, mostly from the Navy and Air Force, and adds \$25 billion to the Army, for such mundane things as tank treads and armor.

## **Army Reserve Is Rapidly Becoming a 'Broken' Force**

Lt. Gen. James R. Helmly, the chief of the Army Reserve, warned, in a bluntly worded memo on Dec. 20, that because of the stress placed on the Army Reserve by the war in Iraq, the Reserve "is rapidly degenerating into a 'broken' force." In the eight-page memo, Helmly details the efforts he has made to reorganize Army Reserve personnel policy in order to more effectively manage the demands placed on the service. In nearly every case, Helmly has been rebuffed by the higher-level management in the Army. Measures he has asked for include, among others, assigning individual ready-reserve soldiers to Army Reserve units, and calling to active duty, members of the reserve who aren't meeting their contractual obligations as a prelude to discharge. These non-participants number 16,400.

Helmly also warned that using financial rewards to "incentive" soldiers for remobilization in the all-volunteer force, may lead to a "point at which we confuse 'volunteer to become an American soldier' with 'mercenary.' "

Helmly included in the memo, a chart showing that, out of the 200,366 members of the Army Reserve, 41,730 are currently

mobilized; 43,606 have been previously mobilized; 32,952 are non-deployable (for training, medical, or other reasons); and another 18,582 are in other types of deployment status, leaving 63,496 available for mobilization who haven't yet been deployed. He warned, in the conclusion of his cover letter, that failure to change present policies, which include the requirement that reserve forces leave their equipment in theater for other units to use, limitations on training, and the failure to respond to requests for change policies, "are eroding daily our ability to reconstitute into an effective operational force."

In an interview with the *Baltimore Sun* Jan. 5, Helmly could not explain why his requests were being denied, but suggested that in some cases, political pressure was being brought to bear.

The public response to Helmly's memo has generally been in agreement with it. Sen. Jack Reed (D-RI), in a statement issued Jan. 5, called Helmly's memo "disturbing." "By consistently underestimating the number of troops necessary for the successful occupation of Iraq, the administration has placed a tremendous burden on the Army Reserve and created this crisis." An unnamed active duty Army officer called Helmly a "true hero," and told the *Sun*, "This is a warning flag that the Army is broken. We all knew it was going to show up in the Reserve and National Guard first."

## **Maryland Governor Won't Tax HMOs**

Maryland Gov. Robert Ehrlich (R) has been on a campaign to "help doctors" get relief from the high cost of malpractice insurance. However, now that state Democrats have presented him with a plan to do just that, he has announced that he will veto it. The reason is that the Democratic plan would put a 2% tax on premiums paid to HMOs. While Ehrlich was willing to legalize slot machines in the state, and watched as regressive taxes were added to homeowner sewer fees and gasoline, taxing HMOs is apparently where "read my lips" Bob draws the line. He is likely to lose this one, though: The Democrats have enough of a majority to override his veto, even after a last-ditch e-mail from right-wing guru Grover Norquist went out to every state legislator, urging them to support the Governor.

## **DoD To Investigate Gitmo Abuse Back to 2002**

In response to information made public by the American Civil Liberties Union (ACLU), which contains reports and complaints from FBI agents on the scene, as to the maltreatment of prisoners at Guantanamo Bay, Cuba, the Defense Department announced Jan. 5 that there would be an investigation. Brig. Gen. John T. Furlow will lead the inquiry. There are three other military investigations into the treatment of prisoners yet to be completed, plus the five already released.

In addition to the evidence in FBI memos and e-mails, contained in thousands of pages of documents the ACLU obtained under the Freedom of Information Act, this week's issue of the *New England Journal of Medicine* says that the Geneva Convention was violated by military medical personnel, who helped design coercive interrogation techniques.

## **Ibero-American News Digest**

### **LaRouche Comments on South American Community of Nations**

Interviewed by Argentina's Radio Nacional Cordoba on Dec. 30 on its "Proyecto Nacional" program, hosted by Hector Gomez, American statesman Lyndon LaRouche was asked how he viewed the South American Community of Nations, which was founded this past Dec. 9 in Lima, Peru.

"This was an interesting idea, to have a federation, that is, a confederation of sovereign nation-states of the southern part of the hemisphere," LaRouche responded. "This is the sort of thing that I proposed years ago, back in the time of the Malvinas War [1982], when I thought that such a proposal for reform, an economic, monetary reform, was necessary, and that the

future of this part of the hemisphere would depend upon that.

"The idea is a good one." He cautioned, however, "The question is, is the design of the idea effective? Secondly, is there going to be a break and a change in the international monetary system? — because under the present monetary system, this kind of thing will not work."

Gomez requested a "message for the people of Argentina, and to the people of Cordoba, because I know you are a friend of the people of Argentina."

"Well, I am," LaRouche replied. "And I'm very much concerned for our friends in Argentina and for the country as a whole. Remember, this was once a great nation in terms of prosperity for its people. It was a leader in scientific and technological progress in the region. In Patagonia and so forth, there are tremendous resources for development. And therefore, Argentina's cooperation ... with other nations in the region could in a sense organize again a great nation emerging over a period, let's say, of a quarter-century, a period of one generation. And that's what I would hope we were able to do."

"If we can win a change in the international monetary system, along the lines I'm pushing, that will be possible. If I'm still in a position of influence in the United States, that will happen."

### **Is Bush Pushing for a Return to Rightwing Military Regimes In Ibero-America?**

A well-informed professor at a U.S. military academy told *EIR* in mid-December that what he had heard about the discussions at the Nov. 17 VI Defense Ministerial of the Americas in Quito, Ecuador, indicated to him that there would be a move by the Bush Administration to back a series of rightwing military coups in the region. Consulted on this evaluation, a South American military officer based in Washington, D.C., but with access to the discussions in Quito, responded adamantly: "That's right."

Most of the discussion was behind closed doors, but U.S. Defense Secretary Donald Rumsfeld's carefully worded public stance reveals the intention. Under the banner of "fighting terrorism," Rumsfeld marched in with two demands:

1. The military in the region must play a role in domestic law enforcement, and police forces deployed with them. Several South American countries banned any such domestic military role in the aftermath of the 1970s military governments. The Bush team argues that the time has come to reverse this. Nor is the United States excluded from this dictatorship drive: In his public address to the summit, Rumsfeld cited the United States's own "reexamination of the relationships between our military and our law enforcement responsibilities" in the wake of Sept. 11, 2001, as exemplary of what is needed.

2. A standing, inter-American military force must be created to police the region. Rumsfeld cited as important steps forward the recent PANAMAX exercises, in which nine nations of the Americas held joint naval "anti-terror" exercises around the Panama Canal, and the Ibero-American forces making up the UN peacekeeping force operating in Haiti. Colombia officially proposed the Rumsfeld plan at the meeting.

That the policy is to create a force of jackals to level the ground for the economic hitmen, was essentially admitted by a senior U.S. defense official travelling with Rumsfeld, who briefed reporters on Nov. 17: "This bodes well for a free-trade agreement.... Security is what creates the conditions for investment."

### **Opposing Rumsfeld, Brazil Insists Security Requires Social Justice**

South American military sources report that U.S. Defense Secretary Donald Rumsfeld's ultimatums were shot down at the

Quito Defense Ministerial, as Ecuador, Argentina, Mexico, Bolivia, and Venezuela lined up behind Brazil's opposition to him. Brazilian Vice President Jose Alencar, nine days after also becoming Minister of Defense, delivered a point-by-point answer at Quito to Rumsfeld's demand that the Ibero-American military and police be turned into domestic and regional strike forces against "terrorism." Alencar declared:

\*Brazil is opposed to expanding the powers of the Inter-American Defense Board beyond the role for which it was originally designated: "a technical-military advisory body to the Organization of American States, without operational functions."

\*Nations must respect the principles of international law; Brazil condemns any unilateral use of force internationally.

\*Each state has the sovereign right to set its own national priorities of security and defense.

\*The battle against terrorism must be carried out within the framework of "strict observance of international law, especially humanitarian law and the universally recognized basic freedoms. The fight against terrorism, to be effective, must transcend merely repressive aspects, driving against certain situations of exclusion and injustice which feed—but in no way justify—extremist attitudes. There is no political security without economic security, and there is no sustainable economic security without social justice."

## **Synarchists Prepare Humala To Be a New Hitler for Peru**

What lay behind the decision of former Peruvian Army Major Antauro Humala to lead a force of 160 reservists in seizing a police station in the remote town of Andahuylas, Apurimac in Peru on New Year's Day? Humala, who, along with his brother Ollanta, heads up the "ultranationalist" Ethnocacerist Movement, proclaimed that they would not capitulate, until President Alejandro Toledo, whom they denounced as corrupt and a sell-out to Chile, resigned. By Jan. 4, the uprising, in which four policemen were killed, had been crushed, and its perpetrators arrested.

Humala's terrorist action was no silly suicidal act, however, but a well-prepared propaganda coup. Since Jan. 1, the Synarchists of right and left in Peru have launched a concerted campaign to transform this overt fascist into the national savior who can save Peru from the manifest incompetence of the Toledo government. Leading the campaign, are the Mont Pelerin Society's friends of Spanish Franco-ite Blas Piñar in Peru, who control the national daily, *La Razon*. These are the interests which *EIR Online* documented as leading the Humala Hitler project, in the article on "The Friends of Blas Piñar Send the Andes Up in Flames," in July 2004, issue #27.

On Jan. 2, under the dramatic headline, "I'm Prepared to Die, Says Antauro Humala," *La Razon* published an exclusive, front-page interview which Humala had given the daily before setting off to seize the police station. After his arrest, the daily ran page after page of articles building up Humala, under such headlines as "They Betrayed Humala," "They Want Him To Die in Jail!," "Antauro Mistreated," etc.

The danger represented by this new Hitler project was seen in the protests held in support of Humala's armed action in the cities of Puno, Cusco, Arequipa, and Tacna; the largest rally occurring in the latter city, which borders on Chile, where 1,500 military reservists turned out. In recent months, the Humala movement has begun recruiting in the universities of Peru. Actively participating in this latter endeavor has been Fernan Altuve, one of *La Razon's* leading commentators, a Mont Pelerinite and member of the board of Blas Piñar's Argentine magazine, *Maritornes*.

The fascist Humala reiterated his ties to Venezuelan President Hugo Chavez's project, in an interview with EFE news service just prior to his surrender. Humala compared himself to Chavez and to Ecuador's Lucio Gutierrez, both of whom

used coup attempts to garner popular support, upon which they rode into the Presidency. Chavez and Gutierrez "represent a generation of officers who seek to extirpate the corruption of the military class that has come out of the School of the Americas in Panama, run by the U.S.," he said, calling himself and his fellow insurgents "middle-level officers who want to put an end to the moral collapse of the old generation of Latin American military officers who are linked to the drug trade and other war crimes."

## **Bolivia Blows Up Again, After Gas Price Hike**

Raising the gasoline price by 10% and fuel oil price by 23% in Bolivia at the end of 2004, under current circumstances of deep poverty, was guaranteed to provoke a reaction. Radical Jacobins in the leadership of the labor movement, as well as oligarchical separatist forces in Santa Cruz and Tarija, are taking advantage of the situation, demanding the immediate resignation of President Carlos Mesa, and nationalization of the country's oil and energy resources. A major upheaval is threatened for early next week.

On Jan. 4, transportation workers went out on a 24-hour strike in most parts of the country, blockading some primary access routes as well as the country's major east-west highway. The head of the Bolivian Labor Federation (COB), Jaime Solares, has called for another strike for Jan. 10, which has been backed by other civic organizations, as well as by indigenous terrorist Felipe Quispe, whose links to Peruvian fascist Antauro Humala are currently under investigation.

Bolivia's Interior Minister Saul Lara was correct in charging Jan. 4 that those demanding Mesa's resignation are out to destabilize the government. The MNR Party of deposed President Sanchez de Lozada is one element in a political grouping that is conspiring to oust President Mesa, he said. The heads of civic associations in the southeastern cities of Tarija and Santa Cruz, as well as the Eastern Agricultural Chamber (CAO), are also loudly demanding the President's resignation. Notably, this more prosperous region of Bolivia, where oil resources are located, is a hotbed of separatism.

## **First FARC Leader Extradited to the United States**

Oligarch Ricardo Palmera (alias Simon Trinidad), the Harvard grad who worked as a banker before joining the Colombian FARC terrorists, became the first FARC leader to be extradited, on Jan. 1, 2005. He faces charges of drug trafficking, kidnapping, and supporting terrorists.

Nayibe Rojas Valderrama, alias "Sonia," is the next likely candidate. The U.S. has requested her extradition, based on intelligence gathered by a DEA official who infiltrated the FARC and documented her coordination of drug-trafficking activities and cocaine sales to prominent international traffickers. Captured last February, "Sonia" is currently jailed in Bogota, and awaits a Supreme Court decision regarding the U.S. extradition request. The U.S. is also seeking several other FARC leaders.

## **Who's Trying to Set Off Religious War in Argentina?**

An orchestrated conflict has been set off in Argentina between synarchists of the left and right, sparked by graphic public pornographic displays defending homosexuality and abortion, and denigrating Pope Paul II and the figures of the Virgin Mary and Christ. At a time when Argentina is struggling with its own existential crisis, caused by the IMF's looting and illegal foreign debt, these incidents have provoked violence and stirred up a dangerous passions nationwide.

Neofascist Antonio Caponnetto, a board member of Spanish fascist Blas Piñar's Argentina magazine, *Maritornes*, and Gustavo Breide-Obeid of the Popular Reconstruction Party (PPR), the leading member of Blas Piñar's revived Fascist International, are in the thick of this conflict. Posing as defenders of "family values" and the true Catholic faith, they charge

that the government of Nestor Kirchner, whom they accuse of being a godless Marxist, has made such obscenity a "policy of state." This echoes the same charges synarchists used to help overthrow Juan Peron in 1955.

Typical of the set-up, is an "art" exhibit by one Leon Ferrari on display in Buenos Aires, which includes statues of the Pope and Virgin Mary performing sexual acts, holding condoms, etc. The display is so offensive that the Cardinal Primate of Argentina, Msgr. Jorge Bergoglio, called for a day of prayer to be held Dec. 8 against it. Although the exhibit was temporarily shut down, a judge ruled Jan. 2 that it can reopen. A right-wing group linked to Caponnetto has already sent in goons to smash some of the statues.

Caponnetto wants blood; he denounced Cardinal Bergoglio for calling on Catholics to "turn the other cheek" in response to the sculpture. Msgr. Bergoglio "confuses the asceticism of the cheek with the legitimate asceticism of the whip," whose use is justified against "the most nefarious adversaries of Christianity," he raves. Bergoglio suffers from a "Gandhian" complex, Caponnetto charges, and has thus become cowardly. Instead he should submit to the "robust semantics of Christian militancy...."

## Western European News Digest

### Pope John Paul II: Overcome Evil with the Good

In his World Peace Day message on Jan. 1 in Rome, Pope John Paul II cited an Epistle of the Apostle Paul, by saying: "Do not be overcome by Evil, but overcome Evil with Good." The Pontiff went on to say, "In the face of the many manifestations of Evil which afflict unfortunately the human family, the high-priority demand is to promote peace, using consistent means, giving importance to dialogue, to work of justice and educating in forgiveness."

"Transforming evil with the weapons of love transforms the way in which each one can contribute to the peace of all." Christians and believers of the various religions are called upon called "to walk by this path, together with those who accept the universal moral law."

Vatican Foreign Minister Giovanni Lajolo, in outlining the perspective for the New Year to diplomats, emphasized that aside from finding solutions to the terrible tsunami catastrophe in Asia, the Vatican's biggest concern was Africa and the Mideast. He very much emphasized the need for dialogue with China, above all through a dialogue of religion, and said, that he sees in the Holy Land signs of the beginning of new relations between the Israeli government and the Palestinian Authority.

### Italian Legislation for Debt Relief Should Be Proposed Anew

Italian Rep. Giovanni Bianchi, Member of Parliament who was the main speaker for the Italian bill granting debt relief to poor countries in the Jubilee Year (2000), has renewed his call for debt relief. Briefed on German Chancellor Schroeder's proposal for a debt moratorium to the countries hit by the Asian tsunami, Bianchi volunteered to propose a similar bill in light of the devastating catastrophe in Southeast Asia.

Regarding the State Department's arguments to explain its failure to inform the embassies of those countries (i.e., that State had no means for alerting the population), Bianchi commented: "It is not true, we all know that many people near the beach run around with little radios; it would have been enough to broadcast a warning." Bianchi is considering presenting an interrogation to the Berlusconi government on the State Department failure.

An Italian member of the European Parliament is also considering a motion on debt relief. This representative, a

congresswoman, was a national cabinet member under the Amato government when the Jubilee proposal for debt relief was adopted. In 2003, she and Rep. Bianchi jointly invited Lyndon LaRouche to address a group of members of the Italian Parliament and Senate in Rome.

## **German Chancellor Calls for Tsunami Debt Moratorium**

Chancellor Gerhard Schroeder's proposal for debt moratorium for tsunami-afflicted countries, formally welcomed by the government of Indonesia Dec. 30, received full support also from the President of France and Italy's Prime Minister.

President Jacques Chirac said that the Jan. 12 session of the Club of Paris governmental creditors will have the call for debt moratorium at the top of its agenda, and announced a doubling of French instant relief aid to the nations hit by the quake, to more than 40 million euros.

Italian Prime Minister Silvio Berlusconi ordered the economics ministry in Rome to probe ways of granting debt moratoria to all governments in the Indian Ocean region, and he also called for a special emergency summit of the G-8.

The German government, meanwhile, announced that it wants to organize a special session of the European Union's development ministers in early January. As far as the creation of a seismic early warning system in the Indian Ocean region is concerned, German Development Minister Heidi Wieczorek-Zeul said in a DLR radio interview this morning that Germany offers the installation of such a system, as well as the training of the technical personnel, to the countries hit by the quake.

The foreign debt of Indonesia is \$135.7 billion; that of India, \$93 billion; of Thailand, \$53.7 billion; Malaysia, \$48.8 billion; of Sri Lanka, \$10.5 billion; of Myanmar, \$6 billion; and Somalia, \$2.6 billion. In February 2005, an Indonesian debt repayment of \$250 million is due.

Schroeder also dedicated his New Year's Eve Address to the quake and its consequences, saying that all the victims shared the message of the "indivisible one world." He declared that the challenge is posed to all of mankind to help reconstruct the region of the Indian Ocean, a moratorium on debt being an essential aspect of that, as "these countries now need all the resources they have, to get the reconstruction off the ground."

## **Diplomatic Schedule of Emergency Meetings on Tsunami Disaster**

German Foreign Minister Joschka Fischer and European Union Commissioner for Development Sector Relations Louis Michel are currently touring the disaster region around the Indian Ocean. Both are expected back in Brussels on Jan. 6, for emergency sessions of the EU's 25 ministers of development policy and foreign affairs, who also met on Jan. 6, in Jakarta, with the ten member governments of ASEAN and representatives of the U.S., EU, and UN.

On Jan. 7, the EU's 25 health ministers met to prepare the EU contribution to the Jan. 11 meeting of international relief organizations at the UN offices in Geneva.

On Jan. 12, the Club of Paris, the governmental creditors of developing-sector nations, will convene in Paris, having on their agenda the German Chancellor's call for a debt moratorium for the tsunami-hit nations. The call has the support of the leaders of France, Italy, Spain, Britain, Canada, and the United States.

On Jan. 18, in Kobe, Japan, the international scientific conference on quake and related natural disasters, long since planned, will prominently deal with the tsunami issue.

## **EU To Discuss Special Civilian Disaster Response**

The proposal, mentioned by EU Commissioner for Foreign Relations Benita Ferrero-Waldner in an interview with Germany's public radio station DLR, was put on the agenda of the Jan. 7 special meeting of EU foreign ministers on the tsunami disaster.

The idea is to have a civilian rapid intervention force of about 5,000 specialists, parallel to the military intervention force that already exists. The disaster intervention force would consist of units provided, trained, and equipped by the national governments of the EU, and would be ready to leave for a zone of disaster, on a stand-by basis. The funding of missions would come from the national governments and from the European Commission.

## **Neo-Con Militarization Drive Sucks Away Billions of Dollars**

In a year-end interview given before the South Asia tsunami struck, German Development Affairs Minister Heidemarie Wiecek-Zeul appropriately criticized the financial resources pumped into militarization projects. With the main emphasis in the United States, military budgets have been increased in the most recent years to a total global expenditure of \$940 billion; Wiecek-Zeul noted that total world development aid in 2004 was only \$68 billion, while the war in Iraq alone absorbs more money than is spent for development projects globally. Unless this gross discrepancy is corrected, development will never really take off, she warned.

## **Technological Apartheid Contributed to Indian Ocean Disaster**

German and other European media continue reporting harsh criticism by experts that the absence of an early seismic warning system left the tsunami-threatened nations unprotected against the quake catastrophe.

Wolf Dombrowski, of the catastrophe research center at Kiel University in northern Germany, charged the rich nations of the Pacific (the USA, Japan, and Australia, most of all), with never having paid serious attention to their Indian Ocean neighbors. They never installed, for a relatively small sum of money, an Indian Ocean branch of their Pacific Ocean seismic warning system when they created it, years ago. "They rather prefer using their satellites for commodities futures transactions," Dombrowski charged.

## **Former German Chancellor Compares Tsunami to World War II Bombing**

In a report for the Dec. 30 *Bildzeitung*, Helmut Kohl, who was in Galle, Sri Lanka, for a cure at the time of the quake and tsunami, and who survived the flood in the third floor of his hotel directly on the coast, wrote: "We could not grasp, at first, that entire buildings can vanish from one second to the next. The sea had taken everything away. Images of the war, which I lived through as a boy, came to my mind. It looked as if after a heavy bombing raid."

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

### **Putin Attacks Foreign Meddling**

In response to a question about Polish President Kwasniewski's recent remark that the United States would prefer Russia without Ukraine, to Russia with Ukraine, Russian President Vladimir Putin said during his Dec. 24 year-end press conference, "I was extremely surprised when I saw this interview with Aleksander Kwasniewski. ... I have the impression

his remark was made not by an incumbent President, but by someone who is seeking a job because his powers are expiring soon, because I do not think his remark was correct.... What does it mean, a Russia without Ukraine is better than a Russia with Ukraine? ...

"I repeat, we are not going to annex anyone. That is the first point. Second, if this is read as a wish to curtail Russia's scope for developing its relations with its neighbors, it means a desire to isolate the Russian Federation. I do not think this is the purpose of American policy, although we will have a meeting with President Bush, it is scheduled for the near future, in the New Year, and I will certainly ask him if this is really the case...."

Putin went on to address the phenomenon of "velvet revolutions," promoted from the outside, in countries close to Russia. He said, "As far as the entire post-Soviet space is concerned, I am concerned above all about attempts to resolve legal issues by illegal means.... It is the most dangerous to think up a system of permanent revolutions—now the Rose Revolution, or the Blue Revolution. You should get used to living according to the law, rather than according to political expediency defined elsewhere for some nation or another—that is what worries me most.... Of course, we should pay attention to, support, and help democracies, but, if we embark on the road of permanent revolutions, nothing good will come from this for these countries, and for these peoples. We will plunge the entire post-Soviet space into a series of never-ending conflicts, which will have extremely serious consequences."

## **Yushchenko To Become President Of Ukraine**

Victor Yushchenko having won the repeat Presidential election run-off, held Dec. 26 in Ukraine, the certification of his victory was announced by the Central Election Commission Dec. 28 and strengthened Dec. 30 when the country's Supreme Court rejected four complaints filed by the other candidate, Prime Minister Viktor Yanukovich. Yanukovich finally resigned as Prime Minister on Dec. 31. His campaign manager, Taras Chornovyl, spoke Dec. 30 about Yanukovich becoming an opposition leader, preparing to lead a campaign for the Supreme Rada in 2006 elections.

Yushchenko, constantly dubbed the "pro-Western candidate" in the media, is behaving with great correctness towards Russia. In addition to announcing that Russia will be the first country he visits as President, Yushchenko said Dec. 17 that no steps towards NATO membership would be taken by Ukraine without a national referendum. In an interview with the German weekly *Der Spiegel* for its Jan. 3 issue, Yushchenko said that he fully understood the importance of Russia for Ukraine. "I am therefore not at all interested in strengthening anti-Russian forces," said Yushchenko. "Russia remains a strategic partner in the political, economic, and military fields. Our strategy aims for European integration, and in this framework we must solve all our problems with Russia."

Yushchenko said that he did not exclude legal measures against provincial politicians or governors, but added that he does not want to revise the privatizations of the 1990s: "I don't like the word renationalization—we now want stability, and businessmen want to know who they are dealing with." Major economic moves may be high on Yushchenko's agenda, especially if he follows through on his hints about naming former energy chief Yuliya Tymoshenko as Prime Minister. *Izvestia* of Dec. 27 quoted Tymoshenko's promise to re-do the privatization of Krivoy Rog, the giant steel complex in southern Ukraine. Under Yanukovich (as Prime Minister), it was sold to Ukrainian business interests, while USX, Russia's Severstal and Yevrazholding, and the British-based company LMN (owned by Indian-born Lakshmi Mittal, who specializes in oil and gas pipeline production) were kept out of the running.

A very immediate economic crisis for Ukraine, meanwhile, is posed by Turkmenistan's announcement that it is suspending natural gas deliveries to Ukraine on Jan. 1, over a price dispute; Turkmenistan supplies half Ukraine's natural gas requirements.

## **Rosneft Acquires Yuganskneftegaz**

Yuganskneftegaz, the West Siberian company that was the main production unit of Yukos Oil and produces 1% of the world's crude oil, was sold at auction Dec. 19 for \$9.4 billion. The Russian government put it up for sale, to satisfy back tax debts of Yukos. The Russian Federal Property Fund announced that the winning bid came from Baikal Finance Group, a company never heard of before. The week before the auction, the FPF had identified three bids—from natural gas giant Gazprom, and two other Russian government-linked companies.

The sudden appearance of Baikal Finance Group, which outbid the others, occurred after tumultuous developments: Yukos CEO Steven Theede and CFO Bruce Misamore, who are American citizens and have left Russia, filed in a Houston, Texas court to seek bankruptcy protection for Yukos. The petition demanded that assets other than the core production unit, Yuganskneftegaz, be sold first, and explicitly named the three announced bidders, including Gazprom, as threats to Yukos and its minority shareholders. U.S. Bankruptcy Judge Letitia Clark granted an injunction, barring the sale of Yuganskneftegaz. Russian Prime Minister Fradkov said the ruling had no standing in "an internal matter for Russia." But then came reports that a \$10-billion loan from a Deutsche Bank-led consortium, being negotiated by Gazprom to finance its bid, had fallen through. And up popped Baikal Finance Group, which lists its office address in Tver, Russia—at a location where an *Itar-TASS* reporter was able to find only retail shops. "Baikal" was not named in Judge Clark's order.

On Dec. 24, the state-owned oil company Rosneft, headed by Kremlin staff official Igor Sechin, bought out Baikal Finance Group and became the owners of Yuganskneftegaz. Rosneft took possession of the company's west Siberian premises on Dec. 31.

## **Russia To Build Pipeline To Pacific Coast**

On Dec. 30, Russian Prime Minister Mikhail Fradkov signed off on Russia's last major economic move of 2004, an order to proceed with building an oil-export pipeline from Taishet in East Siberia to the Pacific port of Pervoznaya, near Nakhodka on the Sea of Japan. The 4,200-km pipeline has an estimated price-tag of \$18 billion and a projected capacity of 80 million tons (approximately 580 million barrels) of oil per year. The state-owned company Transneft will be the main contractor.

In the years-long debate over whether to build this pipeline, or an alternative route to Daqing in China, Transneft advocated the Pacific route, as opening the door to a wider range of customers for Russian oil: Japan, Korea, Southeast Asia and the United States. In talks with Japan last spring, Russia tipped the Nakhodka route as the likely choice, while continuing to promise China to increase oil deliveries there, as well. It was suggested that the East Siberia-Nakhodka pipeline could have a spur to Daqing.

Fradkov's decree, however, contained no reference to a spur into China. Other oil-related Russian announcements, affecting China and also made on Dec. 30, have to be seen in that context. Those were Railways Minister Fadeyev's commitment to increase deliveries of oil to China by rail, by two-thirds, and Energy and Industry Minister Khristenko's statement that the Chinese National Petroleum Company (CNPC) might purchase 20% of Yuganskneftegaz, the former Yukos Oil unit that produces 1% of the world's crude and was just taken over by the state-owned Rosneft company. CNPC spokesmen were reticent to comment. On Dec. 31, CNPC spokesmen Li Runsheng commented to press about Khristenko's statement, "This is their unilateral comment. We honestly can't give you a definitive reply." The *Wall Street Journal* on Jan. 2 also quoted CNPC executives saying, "We have no idea about any of this matter. The company's senior leadership doesn't know either," and, "These talks must be going on at the top level; we don't know any details."

## **Russia And Iran Map Energy Cooperation**

Negotiations on energy cooperation were held at and around a Russian-Iranian bilateral intergovernmental commission meeting in Moscow, Dec. 17. It was there that Federal Atomic Energy Agency chief Alexander Rumyantsev said Russia is

interested in building a second unit at the Bushehr nuclear power plant, as one of five to seven new nuclear plants in Iran . Also taking part in the talks with Iranian Minister of Economics and Finance Sayed Safdar Hoseini, was Russian Minister of Industry and Energy Victor Khristenko. On the agenda were other energy projects of Eurasian significance.

According to *Kommersant*, they talked about the participation of Russian companies, especially Gazprom, in the construction and operation of an Iran-Pakistan-India natural gas pipeline. *Kommersant* noted that Gazprom "is greatly interested in entering the Indian market." Russian companies are also invited to participate in other projects in the natural gas, oil and power sectors. It is planned for Gazprom to construct underground natural gas storage facilities; Lukoil to pump oil in Anaran oil province (with petroleum export swap arrangements); and Tekhnopromeksport, a Russian specialist in producing energy equipment overseas, to construct a conventional power plant in Tabas and a coal mine in Mazino, as well as modernizing the Shahid Mohammad Montaziri power plant in Isfahan. Russian companies will also construct a number of minor hydroelectric power plants in Iran.

In non-nuclear energy, Russia and Iran are also ready to cooperate in third countries. In particular, companies and specialists from both sides will be involved in construction of the Sangtudi Power Plant in Tajikistan. At the same time, Russia's United Energy Systems, together with the state energy authorities of Iran and Azerbaijan, will synchronize the energy systems of the three countries, building electric power transmission lines and exporting Russian and Azerbaijani electricity to Iran.

### **Russia Tests Fifth-Generation Topol-M**

Russia carried out a successful test launch of its latest Topol-M intercontinental ballistic missile on Dec. 24. The launch, from the Plisetsk Space Center in the Arkhangelsk region, RIA Novosti reported, was designed to confirm the "serviceability" of the system, evaluate its tactical, technological, and flying characteristics, and measure the efficiency of the new design.

### **Russia And China To Hold Joint Military Exercises**

Russian Defense Minister Sergei Ivanov said Dec. 28 at a Russian government meeting, that in the second half of next year Russia and China will hold joint military exercises involving state-of-the-art weapons. "For the first time in history, we have agreed to hold quite a large military exercise with China on Chinese territory in the second half of the year," Ivanov said. "The Russian side will not bring big numbers of servicemen, but mostly state-of-the-art weapons like naval, air force, long-range aviation, submarines—to practice interaction with China in different military maneuvers."

Ivanov also said that the Ministry of Defense is drafting a combat training plan for 2006, in which priority is being given to teamwork within the Collective Security Treaty Organization (Russia, Belarus, Armenia, Kazakstan, Kyrgyzstan, and Tajikistan). In April, training will be conducted in Tajikistan. Ivanov also said that the Russia/NATO council is preparing joint exercises, particularly joint French-Russian naval exercises, involving nuclear forces. Also, plans are afoot for a joint exercise in the Mediterranean, which will be joined not only by the USA, but also by other countries, not NATO members. Ivanov also did not rule out the possibility of an exercise with Germany.

## **Asia News Digest**

### **Disaster Must Be Turned into Opportunity, Says Indian PM**

Visiting the tsunami-hit coast of the Indian province of Tamil Nadu on Jan.7, India's Prime Minister Manmohan Singh said: "We must convert this disaster into an opportunity to rebuild and modernize the fishing and coastal economies in the

affected areas."

After assuring Tamil Nadu Chief Minister Jayalalitha that New Delhi would provide all effective and necessary measures to help post-tsunami rehabilitation, Manmohan Singh welcomed induction of new technology for better fishing boats and safer housing along the coastline. The Indian premier said the government and people must think creatively in offering ideas to deal with natural disasters of such magnitude as the Dec.26 tsunami, and must think how to put into operation short-term measures. He said when rehabilitation work starts in full swing, the emphasis would be given to the fishing community which had borne the brunt of the tsunami waves.

### **School Burnings in Southern Thailand Continue**

A school in southern Yala province was torched Jan. 2, hours before the first anniversary of a 2004 insurgent attack on schools and an army base in Narathiwat, marking an upsurge in political unrest in three southern border provinces of Thailand.

Firefighters put out the blaze, but not before it had damaged a kindergarten class building, two teachers' houses, a filing room, a teachers' recreation room, and a science laboratory.

The regional school director said all government schools in Yala remained boarded up Jan. 4, because the province's Teachers Federation decided to indefinitely suspend all classes.

In Narathiwat, 20 schools remained closed. Teachers said they would return to classes only after the Federation of Teachers for the three southern border provinces agreed that the government had done enough to guarantee safety.

### **Tsunami Toll in Myanmar: Thousands Likely Dead**

Officially, the government of Myanmar (Burma) has admitted that 17 coastal villages were wiped out. Authorities have confirmed 34 deaths from the Dec. 26 tsunami, while international aid agencies said about 57 people were killed when waves struck the country's southern coastal and delta regions. Subsequently, the World Food Program has warned that possibly hundreds of Myanmar fishermen may have been killed.

Government newspapers were initially silent on casualties and damage. Reports as of Dec. 28 had said 34 people were killed in Myanmar, 45 injured, and 25 missing, while 200 people were left homeless.

But the toll will rise, as Thailand's *The Nation* newspaper reports that at least 500 Myanmar migrant workers died and at least 2,500 are missing. Rough estimates suggest that as many as 7-8,000 Myanmar migrant workers lived and worked in the Thai beach areas that were ravaged.

### **Japanese Paper: North Korea Sold Arms to MILF**

North Korea sold some 10,000 rifles to the Moro Islamic Liberation Front (MILF), the largest Muslim rebel group in the Philippines, from 1999 to 2000, and also tried to export small submarine vessels, a Japanese newspaper reported.

The arms deal between North Korea and the MILF came to light after security authorities seized documents from the extremist group in November, the *Yomiuri Shimbun* daily said, quoting a southeast Asian security source.

The paper added that such arms sales are an important source of foreign currency income for isolated North Korea, which is on the United States' list of countries sponsoring terrorism.

North Korea's suspected arms sales to terrorist groups had led the United States to designate it as a terrorist-sponsoring state, and the arms deal with the MILF clearly supported Washington's claim, the *Yomiuri* said.

MILF spokesman Eid Kabalu told Reuters the report was old and "totally untrue."

A spokesman for the Armed Forces of the Philippines said he was unable to confirm the story.

The paper said the transaction was conducted mainly in Malaysia, with a North Korean arms dealer signing a deal with a senior MILF member around mid-1999 to sell small arms to the Muslim rebels.

The contract was for North Korea to sell weapons such as 10,000 M-16 rifles, hand grenades, and spare parts to the MILF for about \$2.2 million, the *Yomiuri* reported.

The weapons were shipped by the end of 2000—probably via Malaysia—to MILF-controlled areas on Mindanao island in southern Philippines, it added.

That was a time of heavy fighting between MILF guerrillas and government forces, but a ceasefire has held for 18 months as both sides edge toward formal peace talks.

## **Thai Officials Hedged on Tsunami Warning To Protect Tourism**

Minutes after the major earthquake off northern Sumatra at 7:58 a.m. on Dec. 26, officials of Thailand's Meteorological Department, who were then at a seminar in Cha-am, convened an emergency meeting chaired by Director General Supharek Tansrirat-tanawong.

They had just learned that the Bangkok office had reported a quake measuring 8.1 on the Richter scale, which was later upped to 9.0.

According to an attendee at the meeting: "The very important factor in making the decision was that it's high [tourist] season and hotel rooms were nearly 100% full. If we issued a warning, which would lead to evacuation, [and if nothing happened], what would happen? Business would be instantaneously affected. It would be beyond the Meteorological Department's ability to handle. We could go under, if [the tsunami] didn't come."

But one meteorologist, the weather forecast chief then on duty at Thailand's Meteorological Department, upon receiving the same information, immediately called a Bangkok radio station and asked them to broadcast a tsunami warning. They did so, and he said that his office received more than 1,000 calls after that, according to the *Wall Street Journal* of Dec. 29. The action of this alert meteorologist, Lathawuth Malairojsiri, shows up the excuses given by those who were more concerned about the tourist trade.

The official excuses included:

"We didn't think there would be subsequent seismic waves, because a similar quake of 7.6 on the Richter scale, which hit Sumatra on Nov. 2, 2002, did not affect Thailand," a member of the Meteorological Department said. Moreover, the Dec.

26 earthquake hit west of Sumatra and officials thought the island might offer a natural shelter, preventing waves from breaking towards Phuket and other holiday areas.

With slightly less than one hour before the waves hit Dec. 26, Director-General Supharek said Department officials did not expect a tsunami. Only four people out of 900 on staff are earthquake experts, and a tsunami had not hit Thailand in more than 300 years.

Supharek denied that tourism factored into the discussion at the 11th hour. "I think we have done our best," he said.

### **Two Aga Khani Ismailis Killed by Militants in Pakistan**

Two members of the banned Lashkar-e-Jhangvi, a Sunni militant group in Pakistan, have been arrested for the killing of two Ismailis (Aga Khanis) in northern Pakistan.

In recent months, the Aga Khan Foundation has begun to spread its tentacles in the northern part of Pakistan, where a number of Ismailis live. Across the border in Tajikistan, the Pamir plateau is heavily inhabited by the Ismailis. There are indications that Pakistan's closeness to the United States in recent years has brought the Aga Khan Foundation in a big way to Pakistan. The Aga Khan Foundation, like the Jesuits, moves in with primary and higher education. Two Aga Khan Universities have been set up in Central Asia. In Pakistan, whose education budget is very small, Ismailis are moving in to provide "secular" education.

Prince Sadruddin Aga Khan, the religious head of the group, is a key figure in Prince Phillip's World Wildlife Fund. In the 1950s, Aga Khan had become a UN civil servant and in the 1980s, his long-time tennis partner, George "Papa" Bush, got him involved in the official repatriation of Afghan refugees after the Soviet withdrawal in 1989. Aga Khan's name came up in the context of Iran-Contra affairs in the 1980s. It is evident that Prince Sadruddin is pinch-hitting once more for the Bush family.

### **Three Submarines Were in Area at Time Earthquake Hit**

According to an Indian military source, three submarines (one each: Indian, Chinese, and American) were in the area near the 750-mile-long, and 16,000-foot-deep Sunda Trench where the Indian Plate and the Eurasian Plate meet when the Dec. 26 earthquake hit. As soon as the earthquake occurred, three submarines began to communicate to each other. The Indian and Chinese submarines detected the formation of the tsunami, but the American submarine was sending news about the earthquake only. Within minutes, all three submarines got into a roll and were damaged. The Indian and the American submarines got back to the base safely, but according to this contact, they were not sure the Chinese submarine could make it back.

The contact pointed out that the Indian submarine had sent out to the Indian seismological center the developments, but the Indian authorities did not react quickly. On the other hand, the Indian sub intercepted ten messages from the U.S. submarine sending out information on the earthquake, and later the tsunami, to Diego Garcia, Hawaii, and Alaska.

### **Afghan Insurgents Continue To Target Afghan Army, U.S. Troops**

Afghan insurgents are continuing to go after the Afghan National Army and U.S. troops, despite the Oct. 9 Presidential elections and President Hamid Karzai's subsequent formation of a Cabinet on Dec. 22.

There were reports of exchange of heavy artillery and mortar fires from both sides of the Afghanistan-Pakistan borders in

eastern Afghanistan. The Kabul government claimed the U.S. troops were involved in exchange of gunfire. It has also been reported that one Afghan soldier died in that exchange. Pakistan is also claiming loss of lives on the Pakistani side, including one soldier killed.

In northeastern Afghanistan, an American soldier was killed and three others wounded in an ambush. Two improvised bombs also exploded and militants shot at the U.S. troops in the early-morning attack on Jan.3.

Although the level of violence is not very high, what is emerging is that the American strategy is to let Karzai and his men control Kabul while the Americans carry out, from time to time, combing operations to get rid of the anti-Kabul forces.

## **LaRouche Damned the Economic Hitmen in the 1970-80 Era**

American Statesman Lyndon LaRouche warned Asia to build major infrastructure in order to have a real economy, rather than building dependence on tourism and exports. LaRouche, Fusion Energy Foundation, and *Executive Intelligence Review* held conferences across Asia in the late 1970s through the mid-1980s based on LaRouche's "Indian and Pacific Ocean Development Program." These conferences detailed the Great Projects necessary to realize the potential for Asia's successful emergence as the new center of global development, such as the Kra Canal in southern Thailand, water divergence projects to develop southern India, and bridge and rail connections between Sumatra, Java, and Malaysia. The globalization fanatics who deployed the "economic hitmen" into Asia (and against LaRouche around the world) denounced these projects as "boondoggles," demanding labor-intensive industries and tourism as a means to raise foreign exchange to meet the foreign debt payments being artificially created.

Had the LaRouche programs been adopted, the beaches might not have been swollen with tourists and poor service workers, the fishing villages would have had some basic infrastructure, the civil wars raging in the two hardest-hit areas (Aceh and Sri Lanka) would have been resolved—and the region would have had the resources to have established early warning systems, in the face of any threatened "natural" disasters.

## **Australian Aid Chief Calls for Marshall Plan for Asia**

The CEO of the major Australian aid agency World Vision, the Rev. Tim Costello, has said that international donations are not enough to deal with the Asian tsunami crisis, and that something like the Marshall Plan—in which the U.S. contributed today's equivalent of roughly \$US 100 billion toward post-World War II European reconstruction—would be necessary to re-build shattered Asian economies. The Rev. Costello made his call after returning from Sri Lanka, where 30,000 people died, saying of the devastation that he "could only compare it to Europe after the Second World War," adding that it's "going to take a generation" to recover. Costello is a prominent Baptist minister and the brother of Australia's Federal Treasurer, Peter Costello.

## **Africa News Digest**

### **LaRouche Calls for Concert of Nation-States on South African Radio**

Lyndon LaRouche was interviewed by Fahri Hassan of Radio 786, in Cape Town, South Africa, on Dec. 28, 2004. The full text of the interview appears in [Latest From LaRouche](#).

### **Sudan Peace Agreement Signed**

Presidents Omar el-Beshir of Sudan and Thabo Mbeki of South Africa, in the northwestern Kenyan town of Naivasha, on Dec. 31, witnessed the signing of the last accords paving the way for the conclusion of a final peace agreement between the government of Sudan and the Sudan People's Liberation Movement/Army (SPLM/A).

On Dec. 30, Sudan's Vice President Ali Osman Taha and SPLM/A leader John Garang agreed on a permanent ceasefire and on details of how the final peace agreement will be implemented.

A comprehensive peace deal was to be signed in Nairobi on Jan. 9.

## **Mbeki Recalls Evils of British Colonialism**

South African President Thabo Mbeki addressed the Sudanese National Assembly Jan. 1 on the evils of British colonialism. Excerpts follow:

"My delegation and I are honored to have the possibility to join you and the rest of the Sudanese people as you celebrate your 49th [annual] Day of Independence.... I believe there is a particular poignancy that attaches to the fact that it is we, South Africans, rather than any other Africans, who have the privilege to stand here today to wish you a happy birthday! You were the first among the countries of sub-Saharan Africa to gain independence from colonialism, opening the way towards the total liquidation of colonialism and apartheid on our continent. We were the last to achieve liberation from white minority rule and apartheid, marking the conclusion of the work you had started, of the final abolition of colonialism in Africa....

"But perhaps ... we should step backwards briefly to look into our shared colonial past, once again to make the point that there are many factors that should propel us towards common action. I am certain that even the school learners of this country will be familiar with certain names drawn from and representative of Sudan's colonial past.

"I refer here to such a name as the British General [Charles G.] Gordon, whose colonial war ended when he perished here in Khartoum at the hands of Sudanese patriots. I refer to the British Field Marshal Viscount [Garnet Joseph] Wolseley, described in his country as 'a gallant man, an earnest soldier, one of the greatest military products of the Nineteenth Century,' who, however earnest he may have been, arrived too late to save his compatriot, who, strangely, became known as Gordon of Khartoum.

"I refer also to another British soldier, Lord [Horatio Herbert] Kitchener, who led the colonial army that defeated the patriotic Mahdist forces at Omdurman in 1898, and occupied Khartoum, which Wolseley could not capture and in which Gordon died.

"The last British personality I would like to mention is Winston Churchill, who served under Lord Kitchener, and wrote the famous account of the colonizing exploits of Kitchener in Sudan in the book entitled *The River War*.

"Let me quote a short paragraph from this book, which quotation tells the whole story about what our colonial masters thought of us. Churchill wrote:

"'How dreadful are the curses which Mohammedanism lays on its votaries! Besides the fanatical frenzy, which is dangerous in a man as hydrophobia in a dog, there is this fearful fatalistic apathy. The effects are apparent in many countries. Improvident habits, slovenly systems of agriculture, sluggish methods of commerce, and insecurity of property exist wherever the followers of the Prophet rule or live. A degraded sensualism deprives this life of its grace and refinement; the next of its dignity and sanctity.'

"What Churchill said about Mohammedans was of course precisely what our colonizers thought about all Africans, whether Muslim or not. And this attitude conditioned what they did as part of their colonial project, including what their soldiers, such as Gordon, Wolseley, and Kitchener did to those they sought to colonize.

"Perhaps you are wondering why I make this brief excursion into Sudanese colonial history. In reality, it was also an excursion into our own, South African, colonial history. The same British names I have mentioned also appear in our own colonial history. To some extent we can say that when these eminent representatives of British colonialism were not in Sudan, they were in South Africa, and vice versa, doing terrible things wherever they went, justifying what they did by defining the native peoples of Africa as savages that had to be civilized even against their will.

"Gordon came to South Africa to advise the British colonial power on its wars against our people. Wolseley came to lead the British forces to crush the Zulu people. Kitchener came to introduce the scorched earth policy during the Anglo-Boer or South African War, that resulted in the first emergence of concentration camps, and the conduct of open warfare against women, children, and the elderly, to force their armed husbands, fathers, sons, and brothers to sue for peace, as did the Boers in 1902.

"And Churchill came to South Africa, as he did to Sudan, to serve under Kitchener, and write for the British press.

"In the end, the point I am making is that our shared colonial past left both of us with a common and terrible legacy of countries deeply divided on the basis of race, color, culture, and religion. But surely, that shared colonial past must also tell us that we probably need to work together to share the burden of building the post-colonial future.

"In any case, whether in 1956, when you gained your independence, or in 1994, when we achieved our emancipation, we had to answer the same question—what kind of societies should we build, given not only the fact of their diversity, but also the tensions and antagonisms that existed among its diverse parts!

"You have spent fully half-a-century searching for an answer to this question, if we take into account that the war in the South first broke out in 1955. We have spent a mere decade striving, like you, to find sustainable answers to the same question.

"You have had to deal with the challenge of a protracted military conflict in the South, a new conflict in the West, and tensions in the East and North and elsewhere in this great and major country of Africa.

"Whatever the immediate origin of these actual and potential conflicts, the fact they exist or are threatening tells the common story that we still have not found the answer to the question—what kind of Sudanese society should we build, given not only the fact of its diversity, but also the tensions and antagonisms that have existed among its diverse parts? ..."

## **This Week in History**

**January 10 - 16, 1588**

### **How John Winthrop Organized a Republic — In the Wilderness**

In 1629, the governing body of the Massachusetts Bay Company elected John Winthrop as Governor of their projected settlement in New England. Winthrop (b. Jan. 12, 1588), had developed such a firm commitment to the good, that the

Company's founders were reluctant to send settlers to the New World without his energetic leadership. Governor Winthrop did not disappoint them.

The outbreak of the Thirty Years War in 1618, and the virtual dictatorship of King Charles I of England after he disbanded Parliament in 1629, had taken a heavy toll on the well-being of Europe's population. Winthrop summed up the situation which had led to the decision to found a republic in New England, in a paper he wrote called "Reasons to be considered for justifying the plantation in New England." Among the reasons he cited, was the fact that, "This land grows weary of her inhabitants, so as man who is the most precious of all creatures is here more vile & base than the earth we tread upon, and of less price among us, than a horse or a sheep, masters are forced by authority to entertain servants, parents to maintain their own children, all towns complain of the burden of their poor though we have taken up many unnecessary, yea unlawful trades to maintain them.

"And we use the authority of the law to hinder the increase of people as urging the execution of the state against cottages and inmates & thus it is come to pass that children, servants & neighbors (especially if they be poor) are counted the greatest burden which if things were right it would be the chiefest earthly blessing." And the children of England, said Winthrop, were either going without education or being cruelly miseducated: "The fountains of learning and religion are so corrupted (as beside the unsupportable charge of the education) most children (even the best wits and fairest hopes) are perverted, corrupted, and utterly overthrown, by the multitude of evil examples and the licentious government of those seminaries, where men strain at gnats, and swallow camels, use all severity for maintenance of caps, and other accomplishments but suffer all ruffian-like fashion and disorder in manners to pass uncontrolled."

What it would take to reestablish a sane view of the precious potential of human creativity, was the subject of a lay sermon which Winthrop preached to his shipmates, as they neared the coast of New England in June of 1630. It was entitled "A Modell of Christian Charity," and recommended that the settlers "follow the counsel of Micah, 'to do justly, to love mercy, to walk humbly with our God.' For this end, we must be knit together, in this work, as one man. We must entertain each other in brotherly affection, We must be willing to abridge ourselves of our superfluities, for the supply of other's necessities. We must uphold a familiar commerce together in all meekness, gentleness, patience, and liberality. We must delight in each other; make other's condition our own; rejoice together, mourn together, labor and suffer together, always having before our eyes our commission and community in the work, as members of the same body. So shall we keep the unity of the spirit in the bond of peace. For we must consider that we shall be as a City upon a hill. The eyes of all people are upon us."

Although several hundred people had been sent out by the company during the 1620's to set up the infrastructure for the larger migration to come, sickness and lack of leadership had produced few concrete results. Captain John Smith, who had mapped the New England coast for the projected settlement, described the conditions which prevailed when Winthrop and the Massachusetts company arrived: "It is true that Master John Wynthrop, their new Governour, a worthy gentleman both in estate and esteeme, went so well provided (for six or seven hundred people went with him) as could be devised: but at Sea, such an extraordinarie Storme encountered his Fleet, continuing ten daies, that of two hundred Cattell which were so tossed and bruised, three-score and ten died, many of their people fell sicke; and in this perplexed estate, after ten weekes, they arrived in New England at severall times, where they found threescore of their people dead, the rest sicke, nothing done, but all complaining, and all things so contrary to their expectation, that now every monstrous humor began to shew itselfe.

"Notwithstanding all this, the noble Governour was no way disanimated, neither repents him of his enterprise for all those mistakes, but did order all things with that temperance and discretion, and so releevd those that wanted with his owne provision, that there is six or seven hundred remained with him, and more than 1600 English in all the Country, with three or foure hundred head of Cattell."

A hand-written "Narrative concerning the Settlement of New England," of 1629, reports that: "Now so soone as Mr.

Winthrop was landed, perceiving what misery was like to ensee through their Idleness, he presently fell to worke with his owne hands, & thereby soe encouraged the rest that there was not an Idle person then to be found in the whole Plantation, & whereas the Indians said they would shortly retorne as fast as they came, now they admired to see in what short time they had all housed themselves and planted Corne sufficient for their subsistence."

Another letter from Thomas Wiggin, an early settler, to a member of the Privy Council, in 1632, describes the Massachusetts pioneers as "having in three yeares done more in buyldinge and plantinge than others have done in seaven tumes that space, and with at least ten tymes lesse expence. Besides, I have observed the planters there, and by their loving just and kind dealinge with the Indians, have gotten their love and respect, and drawne them to an outward conforming to the English, soe that the Indians repaire to the English Governor there and his deputies for justice.

"And for the Governor himselfe, I have observed him to be a discrete and sober man, giving good example to all the planters, wearinge plaine apparel, such as may well beseeme a meane man, drinking ordinarily water, and when he is not conversant about matters of justice, putting his hand to any ordinary labour with his servants."

Governor Winthrop labored so hard in the service of the new republic that his friend John Humfrey wrote to him from London, imploring him to be more careful of his life and health. Humfrey told him that while some men need the spur in order to act, Winthrop needed the rein in order to slow him down. Humfrey further cautioned Winthrop to take heed lest his "bodie, not accustomed to hardnes of unusual kindes, & not necessitated unless by a voluntarie & contracted necessitie, should sinke under his burthen, & fall to ruine for want of a more conscionable tenant."

Only six years after Winthrop's group reached New England, a proposal for founding a college passed the Massachusetts Bay legislature. As the Reverend Thomas Shepard put it, "Thus the Lord was pleased to direct the hearts of the magistrates to thinke of erecting a Schoole or Colledge, and that speedily to be a nursery of knowledge in these deserts and supply for posterity." The money for what was to become Harvard College was raised from the citizens of Massachusetts Bay, even though they were still grappling with taming a wilderness.

How much John Winthrop had succeeded in fostering a citizenry dedicated to a better future for posterity is reflected in a reply of the Constable of Andover to a later fundraising appeal for the college. He stated that the farmers of Andover "well approved of the care of the Court for the advancement of Learning and are willing to be helpfull according to their ability; but by reason our Towne is very small consisting of about 20 poore families (few whereof have come for their owne necesseity) they found themselves unable to give any considerable sum to the use aforesaid. Yet to show their willingness to forward so good a worke they have generally agreed to give a pecke of wheat this year for the least family, others two, some a bushell, what it will exactly come to I cannot yet tell. We hope God will enable us to doe the like hereafter, or to agree upon a certain somme for the whole as wee shall finde may best sute the occasion of the Colledge and our abilities." As it turned out, those 20 poor families gave Harvard College a quantity of wheat which was sold for two English pounds, a substantial contribution even in long-settled England.

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