

# EIR

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## From the Associate Editor

Lyndon LaRouche recently reported to friends about his impressions of the April 30 White House Correspondents' dinner in Washington, which he attended, along with other political personalities of various persuasions. He noted that it was very different from last year's gathering, which was "rather jovial." This time, "the place was *extremely uptight*. I shook hands with Alan Greenspan, for example; and he realized who he was shaking hands with, and almost had a nervous breakdown."

What is making Greenspan and others so "uptight"? What led to the persistent rumors in late April and early May, among trade union, Democratic Party, and other circles, that "LaRouche is wrong about the General Motors crisis; everything will come out okay in the end"? (When GM's debt was downgraded to "junk" status on May 5, some people changed their tune—or fell silent.)

The fact is, as our *Feature* reports, that the pending meltdown of GM is a powerful indication of the bankruptcy of the global financial-economic system, and of the 35-year "post-industrial" paradigm shift that produced it. LaRouche has been saying this over and over, and a lot of people didn't want to listen. But, the handwriting is on the wall, and it's starting to glow in neon lights.

LaRouche's leaflet on page 6, "Guts and Government," says succinctly what must be done. Other articles in the issue fill the picture out: the default by United Airlines on its pensions system (a great time for Bush to push his Social Security privatization!); the clamor by Germany's labor movement for government action to save the industrial economy from "globalization"; and in our *American System* section, an analysis of Alexander Hamilton's economics, so poorly understood today, but so vital to solving our crisis.

The down-to-the-wire fight to stop the appointment of serial liar and colleague-abuser John Bolton as UN Ambassador, is featured in our *National* section. We document the strong, even eloquent, opposition to him voiced by Senators in the Foreign Relations Committee. But now, the question is called, as the vote goes to the Senate floor. See also our report on the Larry Franklin espionage case, which has the whole neo-con apparatus very "uptight" indeed.

*Susan Welsh*

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*The remains of a  
General Motors  
plant in Danville,  
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# The Battle To Save GM Is the Battle To Save the Nation

by Nancy Spannau

The battle lines are drawn around the future of the U.S. auto industry, particularly the General Motors Corporation—and the outcome of that battle may well determine the future of the United States as an industrial power. On the one side is the international banking establishment, which has signalled loud and clear its intent to strip and bury the productive core of the industry, in a desperate attempt to save their financial assets and power. On the other side, are the forces led by Lyndon LaRouche, who has the only plan on the table for protecting, and expanding, the machine-tool capability and skilled labor force which the auto industry represents.

As LaRouche's May 10 leaflet explains (see box), a successful outcome in the battle to save GM requires *immediate* action by the U.S. Senate. Delay in implementing the necessary measures will in effect hand the victory to the predatory financier oligarchy, and spell disaster for the future of the nation, and the world.

There is no more blunt voice for the financial oligarchy than the London *Economist*, which speaks for the City of London financial circles. In an article in its May 6 edition, entitled "Two Piles of Junk?" the magazine said that "it remains to be seen how long both firms [GM and Ford—ed.] can remain solvent if their core operations continue to bleed money and their legacy costs continue to grow. Bankruptcy no longer seems far-fetched. Indeed, the opportunity to emerge from Chapter 11 as smaller, leaner operations . . . may be starting to look like an appealing option."

The *Economist* report, coming after the downgrading of GM and Ford stock to junk, and the circling of vultures, such as "King of Las Vegas" Kirk Kerkorian and "bankruptcy specialist" Wilbur Ross, around the auto industry, dramatically underscores LaRouche's warnings. Either leading figures in the Senate, the Democratic Party at large, and the financial community come together now to promote an emergency action plan such as the one LaRouche issued on April 13 (see *EIR*, April 22 or [www.larouchepac.com](http://www.larouchepac.com)), or it will soon be too late.



*The LaRouche Youth Movement held a Day of Action May 12 in Washington, D.C., with the intent of galvanizing the Senate into taking emergency action to save not only General Motors, but the whole economy along with it.*

## A Financial Explosion

When LaRouche first warned back in late February about the impending disaster around General Motors, he pointed to two aspects of the danger. On the one side, there is the vital physical capability which the company represents, as the core of perhaps a half-million people in the high-skilled machine-tool center of the U.S. economy. On the other, there is the danger that pulling the plug on GM, which has created a huge, unsustainable financial pyramid of speculation in real estate, derivatives, and other iffy investments, could detonate the already bankrupt world financial system.

A series of panicked warning signals about hedge fund losses that have appeared in the week following the May 5 downgrading, imply that this second danger may be playing itself out right now.

“GM Earthquake Shatters Hedge Fund Industry,” read the headline of the normally staid (to say the least) paper of the Swiss banking establishment, the *Neue Zürcher Zeitung*, on May 12. “The Tick, Tick of GM in Hedge Fund Derivatives,” headlined a Bloomberg wire on May 13. “The market has been on edge. People still have memories about Long-Term Capital Management,” the huge hedge fund that blew out in 1998, noted a trader interviewed by Bloomberg on May 11.

In this case, it is prudent to assume that where there’s smoke, there’s fire. Indications are rife that the downgrading of GM and Ford, which “experts” (other than LaRouche) erroneously indicated was not going to occur for months, created problems in the stock and corporate bond markets, which

in turn created severe problems for several large hedge funds. In the recent period, the hedge funds had sharply increased their exposure to so-called collateralized debt obligations (CDOs), in order to increase their short-term profits. Standard and Poor’s announced May 10 that its downgrading of Ford and GM would affect 561 outstanding CDO transactions, a report echoed by Bank of America, which reported the same day that many hedge funds had suffered sharp losses.

“This is the perfect storm to implode some hedge funds,” warned independent market analyst Dennis Gartman in a newsletter on May 11. “We expect the rush to the door to be painful,” cautioned analysts at Merrill Lynch & Co.

The implosion of hedge funds, which have participated in derivative trades that have gone sour, raises a big red flag to knowledgeable investors, and that flag reads “Long-Term Capital Management.” The example is telling. LTCM, a Connecticut company which worked closely with the major Wall St. banks, only had working capital of \$2.2 billion, but it had used that money to purchase \$125 billion in securities, which it then used as collateral to participate in \$1.25 trillion in derivative trades. Thus, when the Russian bond market imploded in August 1998, causing losses in the derivatives markets, the impact spread like wildfire, threatening to bring the entire financial system to a standstill. It was only the emergency intervention of the bankers, mediated through the New York Fed, to pour immediate cash into LTCM to cover some of the exposed positions, that permitted the damage to be contained sufficiently to save the bankrupt system.

Could it happen again? The bankers know it can, because the financial authorities did nothing to change the gambling system that caused LTCM. In fact, the financial system is even more riddled with unpayable gambling debts today, and one sudden series of bad bets, could bring the whole house of cards tumbling down.

## A Physical Solution

The proper political perspective, enforced by the sovereign power of the U.S. government in the way LaRouche has proposed, could, of course, bring the financial problems which are spinning off GM and the rest of the auto industry under control. Unpayable speculative debts can be set aside,

## Guts and Government

by Lyndon H. LaRouche, Jr.

*This LaRouche PAC leaflet was issued on May 10, 2005.*

General George Washington's actions against the Hessians, like Frederick the Great's decision at Leuthen, Czar Alexander I's courageous acceptance of the Prussian leaders' advice on trapping Napoleon's invading forces, General Douglas MacArthur's Inchon Landing decision, are only typical of famous cases in modern history in which a situation required a combination of competence and courage from an exceptional individual who acted against the lack of a quality of command-decision capability by a majority among other leaders. The General Motors crisis is such a kind of national crisis, when a decision by some exceptional leadership must override the impulse of the majority to equivocate and vacillate.

Right now, our Congress and other leaders are vacillating while the GM crisis is at point where the future of our nation hangs on having a leadership with competence and guts to make a crucial strategic decision. So far, such competence and leadership is not being shown by the leadership of our government or our political parties. Use your political shoes to kick them into the needed upward experience.

You must now demand the needed quality of leadership which will act now, before it is too late to save the imperilled vital machine-tool capability represented by our national auto industry.

Certain powerful international financial interests, acting in collusion with elements of the Federal Reserve System and the Bush Administration are acting to cut a deal around General Motors which will virtually shut the most vital part of the productive potential of the U.S. national economy, while swindling GM employees and retirees of present, vital pension and other entitlements. If that deal is pushed through, it would virtually ensure the end of the U.S. as a leading economy of the world.

One of the leading reasons for the lack of competence being shown by much of our nation's political leadership now, is that the present generation in the Congress and our

industrial enterprises are victims of about forty years of brainwashing in the cult of a post-industrial society. For that reason, leading figures in government, and other relevant institutions are seeing the GM crisis as just another financial crisis; they have not faced the reality that the life-or-death issue is not the financial crisis itself, but the danger of losing our most vital physical production capabilities.

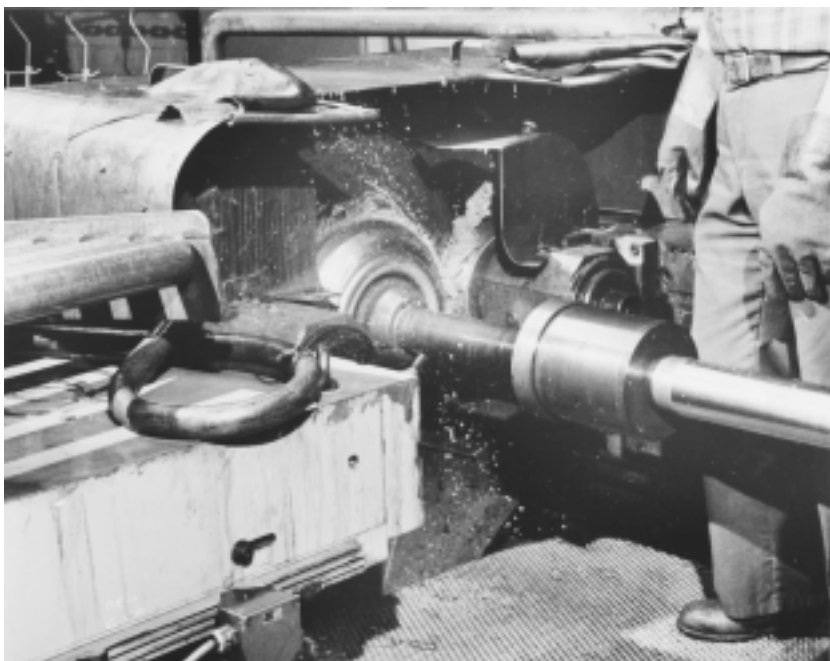
The fact is, that the financial system is already hopelessly bankrupt. The biggest financial collapse in world history is now coming on. That governments can deal with, to organize a recovery, as President Franklin Roosevelt did. However, if we break up the structure of our most vital national industry, in the machine-tool sector of the auto industry, not even a Roosevelt could organize a recovery in your lifetime.

To save the nation, we must keep the labor-force organized around our automobile industry's vital machine-tool capability intact, in place, employed, and functioning. That decision must be made now, or very soon, the time will come, when it can not be made at all.

The U.S. Senate must act to cause our government to put our presently bankrupt major automobile enterprises into a special kind of Federal receivership for the purpose of keeping the machine-tool-centered labor-force and production facilities of the U.S. automobile industry intact and functioning on our national territory. At some future time, the financially reorganized industry will be returned to a new, healthy form of independent private ownership. In the meantime we must save an industry which is a most vital strategic asset of our nation.

The required recovery program will diversify the produced output of that industry to include what are presently urgent needs for products other than automobiles, products which require the kind of productive capability which the automotive industry's machine-tool element enables that industry to provide. Much of this market for the industry's work involves areas of urgently needed basic economic infrastructure. That diversification will play a key part in expanding the base of our physical economy in ways which reverse the presently accelerating collapse of our increasingly bankrupt national economy.

On this issue, we must act now, as if our lives depended upon that action. Our nation's economic future, and much more besides, does depend upon that action.



*Machine tool capabilities, like those used in the production of passenger car wheels at the Kelsey-Hayes Corp. in Illinois, for General Motors' plants during the 1980s, will be lost if GM is allowed to be dismantled.*

to be sorted out later, and Federal credit can be utilized to maintain payments for the physically productive component of the industry, while protecting it from financial predators. To do this requires only the political will.

The real danger lies in the efforts currently being taken by the incompetent GM management, and their financial creditors and advisors, to actually destroy the productive power of the auto industry. This is occurring both in the United States and Western Europe, as management moves to try to violate union contracts, shuts down plants, and even threatens to break up the company.

On the top of the target list for the GM management are the obligations to pay health care and pensions for their workers and retirees. Exemplary of the outlook was the position put forward by former General Electric CEO Jack Welch on May 8, in which he declared that the unions had to agree to reduce the huge health costs which GM, by contract, is obligated to pay. Not mentioned, but obviously also on the chopping block, are GM's pension obligations, which are estimated to amount to \$90 billion.

It is widely rumored that, if GM doesn't get cooperation from the United Auto Workers (UAW) in reducing these costs, it would use the threat, or actuality, of declaring bankruptcy in order to shed them.

Another prominent proposal being bandied about as some kind of "solution" for the GM crisis, is the idea of splitting up the company. In the United States, the most common proposal is to split General Motors' finance arm, GMAC, off from the production unit. Since GMAC, the speculative arm, is the

only portion of the company that is making money (for now), it is expected that such a move would be preparatory to a declaration of bankruptcy for GM itself. In Germany, GM's Opel company has been secretly attempting to sell off components of its plant in Kaiserslautern, in violation of its recent contract with the IG Metall union, which called for preserving the unity of the plant, and for ensuring a certain level of jobs and production. It is not clear what the company will do, now that the union has discovered the maneuvering, and threatened to take action.

Meanwhile, GM continues to shut down production facilities, such as the Baltimore, Maryland and Lansing, Michigan plants which we profile below. It is not currently known whether the physical plant and equipment from these plants is being removed and shipped overseas, but such a pattern has prevailed in the past. As for the workers, their inability to work and care for their families represents not only a net drain on their communities, but also threatens to result in the demoralization and collapse of

a skilled labor force which is very much needed by the economy as a whole.

## **Crisis To Get Worse**

There is no question but that, even barring a general financial blowout, the immediate financial crisis around General Motors and Ford is going to get much worse, very fast. On May 13, Moody's joined Standard & Poor's in downgrading Ford's credit, although its rating remains above junk. At any point, Moody's and Fitch could take further action against GM's debt.

The end of May will be a turning point for GM, Ford, and the bond market. Under current rules, Lehman Brothers will then have to drop the bonds of both GM and Ford (\$292 billion for GM, \$161 billion for Ford), from its U.S. investment-grade index, and add them to its junk bond index. This will have implications for some holders of GM and Ford bonds. Bond dealers expect turmoil as the junk bond markets absorb \$452 billion in new junk, an amount more than 15 times the amount of debt that flooded the market when WorldCom, previously the largest "fallen angel," lost its investment-grade rating.

In June, GM is faced with the demand for a major debt rollover, not to mention more by the end of the year. At this point, the company can only borrow by providing security, in terms of income streams, to the lenders. Unless there is a turnaround in policy like that proposed by LaRouche, bankruptcy and a dismantling of capability are only a matter of time.

## Billionaire Vulture Grabs Up GM Stock

U.S. stock markets were sent “booming” on May 4 by a strike on General Motors by corporate vulture Kirk Kerkorian, who made a sudden move to raise his holdings to 9% of all GM stock. The stock had fallen to around \$25 a share, from \$46 a year ago, and Kerkorian (or is it Kevorkian?) bid \$31 a share for 28 million shares. Auto supply companies’ stocks also rose, even as they were announcing many new plant closings!

The 87-year-old Kerkorian is an American billionaire businessman of Armenian descent, who is known as the father of the mega-resort. He’s also known for his moves to “unlock shareholder value”—that is, bleed money out of companies for their investors—from a number of major companies over the last half century. He is currently president and CEO of MGM Mirage, one of the largest casino companies in the world, and he operates through his personal Tracinda Corporation, which is based in California.

### What’s His Game?

Kerkorian’s move into GM surprised analysts, who see the major automaker as a lost cause, and there has been much speculation over whether he intends to play a role in reshaping and stripping the company, or simply turn over his stock to a higher bidder later on. But Kerkorian’s history of financial operations supports the conclusion that his increased control will bode ill for the productive capacities of the automaker.

One of the schemes most often mentioned as being on his agenda, is the removal of General Motors’ finance arm, General Motors Acceptance Corporation (the part of the company which is generating its revenues) from the industrial corporation itself, most likely leaving the latter to bankruptcy, on the road to extinction.

Kerkorian began his business career in Las Vegas in 1962, and helped build that city into the gambling resort city it is today. That he had close dealings with the organized crime forces who sponsored the buildup of Vegas goes without saying, but that is not the focus of this report. We are talking about crimes of policy, that is, stripping corporations of their assets for the benefit of shareholders.

By 1969, Kerkorian merged his hotel business with the movie business, gaining control of the film studio Metro-Goldwyn-Mayer. What he runs today is an MGM that has nothing to do with movies, but a great deal to do with casino-hotels.

The story of Kerkorian’s relationship with MGM is not



*Kirk Kerkorian, the “King of Las Vegas,” has his eyes on the auto sector.*

that of consistently building a company. Over the course of the last 35 years, this mega-investor has bought and sold MGM three times, each time reaping a huge profit. The last phase tells the story. In 1996, Kerkorian bought MGM for \$1.3 billion. In the Fall of 2004, he sold it to Sony for \$5 billion.

During this period, MGM has totally removed itself from what might be called its productive activity, making movies. It simply resells rights. At the same time, Kerkorian established the company MGM Mirage, which has taken over the major resorts on the Las Vegas Strip, and through which he owns more than half the hotel rooms at that location. More important, Kerkorian’s Las Vegas operation makes him one of the biggest casino operators in the world, which makes him a key figure in the Dope, Inc. money-laundering circuit.

### Airline and Auto Industries

Kerkorian has also made some highly publicized interventions into the airline and auto industries. In 1990, he bought up a 9.8% stake in the Chrysler Corporation, just as that company was going through a cost-cutting restructuring. This made him the largest stockholder in the company.

By 1995, he is reported to have teamed up with Chrysler Chairman Lee Iacocca to try to acquire control over the company, but this effort was defeated, and Chrysler instead went ahead to carry out a merger with Germany’s Daimler-Benz Corporation in 1998. Kerkorian made billions on the merger, but decided to sue the company for misrepresentation of the merger, which he claimed was a takeover instead. Although he has lost in court so far, he has not given up.

Corporate raider Kerkorian also had a battle over the now-defunct TransWorld Airlines (TWA) with fellow-vulture Carl Icahn during the early 1990s, stripping it until its remains were absorbed by American Airlines.

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***www.larouchepub.com***



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Wilbur Ross, Jr.

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## The Profile of A Vulture Capitalist

by Pat Salisbury

An announcement in the *Wall Street Journal* on May 9 that billionaire “entrepreneur” Wilbur Ross was planning to move into the auto parts industry, should ring alarm bells about the danger of cannibalization of the heart of productive industry in the United States. Ross, who served as a bankruptcy specialist for the financier oligarchy’s Rothschild family for 24 years, now operates the Wilbur Ross Company out of New York City. The company describes itself as “a private equity firm specializing in distressed investments.”

Since he established his own firm in 2000, Ross has racked up a chilling history. Like a vulture, he has watched for major firms to go bankrupt, shed their pension and health benefits, and fall into desperate straits. Then he has moved in to pick the bones. He has bought out the firms on condition that the unions agree to adopt new work rules, and agree to replace their company pensions with individual 401(k)s.

Ross began with his purchase of the bankrupt LTV steel company in 2002, and then setting up the International Steel Group (ISG). Over the following three years he bought out other bankrupt steel companies whose pension plans had already been assumed by the Federal government’s Pension Benefit Guaranty Corporation (PBGC), and as part of the deal, stripped the workers of health and life insurance benefits, greatly modified work rules, and made large-scale layoffs. Wage levels were tied to productivity, and 401(k) plans were substituted for retirement and health benefits.

The results at the former LTV company are illustrative: With no new investment in plant and equipment, the renamed ISG facilities were soon producing the same amount of steel as LTV with only 60% of the work force. By 2004, Ross’s ISG had also acquired ACME Steel, Bethlehem Steel, and Weirton Steel, applied the same slave labor methods, and had become the largest unionized producer of steel in the United States.

In addition to what Ross did directly to the companies he acquired, the U.S. steel industry as a whole began to apply similar austerity measures, in order to compete with the ISG model, which was dubbed by commentators as the industry benchmark as soon as Ross acquired LTV. The contract which ISG negotiated with the United Steelworkers of America in the process of acquiring LTV, became the standard demanded by other steel companies in negotiations with the steelworkers



*Wilbur Ross has made a specialty of buying bankrupt firms for a song, dumping their pension and health-care plans, and forcing their unions to accept many fewer workers for the same amount of work. Thus, with no new investment, this slave labor approach keeps production about the same—for awhile.*

union. and the USWA shamelessly bargained away benefit after benefit.

In March 2002, when President George W. Bush announced 30% tariffs on steel, Lyndon LaRouche termed the measure a step in the right direction away from free trade lunacy, but cautioned against the emergence of a “Hermann Göring phenomenon,” whereby merger and consolidation of the U.S. steel industry would result in layoffs of qualified workers, and theft of the pension and health benefits of the workforce and retirees. Ross led the industry in exactly the direction which LaRouche had warned against, and made a fortune doing it.

### Sold to the Highest Bidder

Then in October 2004, after having played a major role in devastating what was left of the U.S. steel industry, Ross announced that ISG would be sold to the London-based, Indian-born speculator Lakshmi Mittal, thereby delivering the at least nominally U.S.-owned company (and 40% of the flat rolled-steel production capacity, as well as a chunk of tin production) into foreign hands.

Starting in 2003, Ross repeated the same process of buying distressed companies, without having to pay many of the costs of the workforce, including pensions, in the textile and coal industries. While the Pension Benefit Guaranty Corporation took over the payments from the bankrupt companies he purchased, Ross started up operations again with a reduced debt and many worker concessions. He formed an International Textile Group, from the remnants of Burlington Mills and Cone Mills, among others, and the International Coal Group from the bankrupt coal companies he purchased. The ICG is now the fifth largest coal company in the world.

Asked about his philosophy, the divorced Ross said: “Our only girlfriend is IRR [internal rate of return].”

Will Ross now be allowed to carry out the same looting operation in auto?

## The Cost of the General Motors' Crisis

by Nancy Spannaus and  
Lawrence Freeman

Starting in the 1970s, General Motors Corporation began a process of shrinking its workforce and capacity. Under a hostile financial environment, which rewarded quick-fix financial speculation and cheap labor, and with a corporate management oriented toward this monetarist direction, GM drastically shrunk its labor force, from over 500,000 in 1978, to about 120,000 today.

The year 2005 has seen a drastic acceleration of this process, as the bankers' attempts to save their bankrupt banking system lead to demands for more cuts in productive investment. Over 15,000 GM workers have lost their jobs this year already, and GM has targetted 10 additional plants for closing (or for being "indefinitely idled").

For those who remain on the job, they are often required to work mind-numbing overtime. Ford worker Carol Smith reports that up until two years ago, workers at her plant in Louisville, Ky.—which has 10,000 workers, and specializes in Ford Explorers—were working 10 hours a day, five days a week, plus eight hours on Saturday—nearly 60 hours a week. Now, the work schedule has become increasingly erratic, with short-notice announcements that the factory will be shut for a week, and other indications of an uncertain future.

We profile here two of the General Motors plants which have just been shut down: Lansing Car Assembly, and the Baltimore Assembly plant.

### Lansing Car Assembly

The Lansing Assembly plant, which closed on May 6, was the longest continuously operating assembly plant in the United States. It was built in 1901, as part of the initial Olds Motor Works. In 1908, it was taken over by William Durant of General Motors, who later ran the plant for his own Durant Motor Co. GM took the buildings over again in 1935, where it began production, which continued for the next 70 years. The plant had two buildings, requiring division of the production process into a body shop and a chassis shop.

One of the Lansing Assembly buildings was home to the famous Fisher Body production. The specialty was the Oldsmobile (discontinued in April 2004), which was known for technological breakthroughs such as the hydra-matic au-

tomatic transmission, introduced in 1940.

During the war buildup, the Lansing Oldsmobile workers retooled their facilities to build cannons, shells, and airplane components, in response to President Franklin Roosevelt's call for a massive industrial mobilization to defeat fascism. That capability is inherent in the skilled auto workforce, and could be used today to retool into production for rail or other vital infrastructure.

By October 1945, the plant again began to produce cars. Over the next four years, Oldsmobile developed the high-compression "rocket" engine, which again boosted car production. Some parts of the company, however, remained available for military work, such as building jet components for planes used in the Korean War. The company reached its greatest productive potential in the 1950s, at the time that Secretary of Defense nominee and GM President Charles Wilson made his famous statement before the U.S. Senate, that "What is good for our country was good for General Motors, and vice versa."

The 1960s through early 2000 saw a long process of decline, the spinning off of parts suppliers, and the outsourcing of production to "cheap labor" sectors, such as Mexico. From a height of 6,000 employed, the number of workers at the Lansing Car Assembly plant was reduced to about 4,500. These are the workers who were laid off on May 6, this year.

The Lansing workers are protected by their UAW contract, so that they will continue to get 95% of their pay for three years. But autoworkers argue that this number is deceptive, since there will be taxes taken out of their take-home pay, thereby reducing what was an overage \$830 a week to \$660 a week, or a 30% cut in wages.

Standard estimates are that for every autoworker employed, there are at least eight or nine other individuals whose jobs depend upon them. In Lansing, it is already reported that there will be losses of hundreds of jobs among supplier companies, which have provided auto parts and logistical support. This doesn't count the service jobs, unrelated to the auto industry per se, which will also be affected by the fact that fewer individuals are working there. Then, there's the question of the tax base, not only for the city of Lansing, but for the state as a whole.

News stories on the Lansing Assembly plant closing include the hopeful footnote that General Motors is building a new plant in Lansing, that will employ 1,500 workers, and provide work for those laid off at the old plant. This is wishful thinking, in light of the overall state of the corporation, and the dictates of the current management, not to mention the fact that 1,500 jobs is represents only one-third the number of those laid off.

### The Baltimore Broening Plant

On May 13, the General Motors Baltimore Broening Highway plant shut down, ending an era of industrial production that goes back seven decades. The history of the Broening



*The General Motors Baltimore Broening Highway plant shut down on May 13, 2005, ending seven decades of industrial production. Opened in 1935, it converted to the production of Army trucks and combat planes during World War II.*

plant takes us from the beginning of Franklin Roosevelt's New Deal to lift the U.S. out of the Depression, to today's more devastating economic depression, which threatens to eliminate our entire auto industry, along with its vital machine-tool sector.

The Broening plant was constructed in 1934, opening on April 9, 1935. By 1937, the plant had 2,200 workers earning \$.95 an hour. In the 1960s, it doubled in size to 2 million square feet, reaching its peak employment of 7,000 workers by 1975. Since 1984, it has only been producing Chevy Astro and GMC Safari vans, deploying two shifts, until it was cut back to one in 2000. On May 13, 1,100 production workers lost their jobs at pay levels as high as \$27 per hour.

While the GM workers will be paid for a few more years, they are nervous about the potential loss of their health care and pensions plans. One 58-year-old worker, who has worked at GM for 40 years, told the *Baltimore Sun*, "I really believe for the first time that there's a lot of concern for the future. You're playing with people's livelihoods, their lives." The newly "retired" autoworkers are filled with anxiety that they will end up like the retirees from Bethlehem Steel at Sparrows Point, who have seen their health care reduced from the promised levels of their union contract.

Until the "post-industrial" shutdown of the U.S.'s industrial manufacturing sector, Baltimore's Broening Highway plant and the mammoth Sparrows Point steel complex formed the nexus of a once-proud city of blue-collar workers, who raised their families, purchased homes, and provided an increased standard of living for, among others, poor rural laborers, who migrated from states like North Carolina, by provid-

ing highly paid, quality jobs. The employment at Sparrows Point peaked in the late 1960s at 30,000 industrial workers. Communities on the east side of town near the plants like Dundalk, Turners Station, and Essex were developed, and on the west side, communities like Edmonson Village, blossomed with rows of private homes which became known as the famous "Baltimore row houses," where workers raised their families with dignity and pride.

During the World War II production mobilization led by FDR, Baltimore became one the key production centers on the East Coast. Three shipyards were turning out Liberty Ships at record levels, with steel from Sparrows Point; GM's Broening plant ceased car production and turned its machine-tool capability to producing Army trucks and combat

planes. Baltimore City was so "over-crowded" with workers during the war that the streets were not large enough for everyone to travel to work. Ferries had to be called into service to transport workers across the water (many of the jobs were located around the port) in order for workers to get to their jobs on time.

The closing of GM, the shrinkage of Sparrows Point down to 3,000 workers, the transformation of the Baltimore Port industrial nexus into the new "post-industrial beehive" for consumer shopping and dining, called the Inner Harbor, has led to the loss of tens of thousands of skilled manufacturing jobs. In just over a decade, from 1993-2004, Baltimore lost another 32,000 manufacturing jobs.

What might the future look like, if we adopted Lyndon LaRouche's call to "Recreate Our Economy" by preventing the destruction of the auto industry, and using the machine-tool capability of the Broening Highway for something useful for the Maryland economy! For those of us who travel back and forth from Baltimore to Washington, D.C. regularly, we unfortunately know the waste of time involved in spending 1.5 to 2 hours in traffic, each way, for the 35-mile trip. There are existing, worked-out plans for construction of a maglev train between Baltimore and D.C., which would reduce the trip to less than 15 minutes. Why not take the machine-tool capability of the Baltimore GM plant, get the furnaces going again at Sparrows Point to produce the steel for the trains, and build an essential component of infrastructure that would increase the productivity of the economy, and improve life for the weary travellers as well? All that is needed is political leadership with the courage of a Franklin Roosevelt or a Lyndon LaRouche.

# Kentucky Legislature

*This is a resolution which was filed on May 11 by State Rep. Perry Clark (D) with the House of Representatives of the General Assembly of the Commonwealth of Kentucky.*

## **A Resolution Urging Congress To Take Emergency Actions To Save the Economy and the Auto Industry**

WHEREAS, an increasing number and variety of relevant specialists have been joining an international chorus which is warning that an ongoing, systemic economic collapse of the world's monetary system has now entered its terminal phase; and

WHEREAS, certain stop-gap actions must now be implemented to forestall the irreparable damage to our physical economy, which is typified by the presently accelerating crisis of the United States automobile industry; and

WHEREAS, any liquidation of the present structure of the physical productive capacities of the auto industry, especially its machine tool sector, would mean both the end of the United States of America as a leading physical economic power, and related kinds of chain-reaction damage to the world economy as a whole; and

WHEREAS, government must now be mustered to act in accord with the implied constitutional obligation of our modern nation state to promote the general welfare, both for our own republic and in concerted action among nations. Unless corrected, the present crisis would now become far worse than what was experienced in Europe or the Americas during the Great Depression of the 1930s; and

WHEREAS, some of the most essential immediate remedies required must be set into motion through included actions consistent with the combined explicit and implicit Constitutional powers of advice and consent of the United States Senate; since the United States Senate is presently the most appropriate instrument for setting into motion the indispensable steps of remedial action, despite manifest reluctance of some circles of the Presidency to grasp the urgency of the present national and world crisis; and

WHEREAS, our constitutional system, known as the American system of political economy, is premised implicitly on the included role of a system consistent with the notion of national banking, which provides our form of constitutional government with the power of its Executive acting in concert with the separate and distinct authorities of the House and Senate to create relatively vast masses of long-term credit for the immediate and long-term expansion of our national economy; and

WHEREAS the creation of new productive capital can be accomplished, under our system, without interference by private financial interests; and

WHEREAS under our constitutional system, this outpouring of debt-based long term capital must be used chiefly not only to create expanded productive employment, but also to create the long-term capital investment in improved basic economic infrastructure, agriculture, and manufacturing; and

WHEREAS, the principal interest and objective of the United States government in the current panic among leading North America automobile manufacturers is to ensure that the continued employment of the labor force associated with that industry remain as functioning, each and all in their present localities of employment; and

WHEREAS, the loss of the tool-making and related capabilities of that sector of the industry would be a strategic disaster of incalculable chain reaction consequences within our nation and the world; and

WHEREAS, the relationship between the machine tool and related elements, and the much larger mass of technicians and operatives employed downstream in the process is an integral relationship, creating situations whereby the employment of the one cannot be separated from employment of the other; and in which the ratio of less-skilled operatives to highly-skilled machine tool and related technicians similarly cannot be reduced; and

WHEREAS, the only remedy is diversification of the productive potential of the auto industry to a broader mixture of suitable forms of production, shifting large portions of current employment into the domain of essential capital goods of production and basic economic infrastructure; and

WHEREAS, whatever the disposition of the relevant troubled financial corporations in the auto and related industries, the productive potential of the industrial labor force of the industry must be held together intact in their present locations making it necessary for the federal government to create the interim vehicle under which the continuity of physical operations can be continued; and

WHEREAS, the relevant choices of alternative markets for this purpose are chiefly in the category of basic economic infrastructure, such as the need to repair, expand, and improve our national railway systems, to maintain and improve our water management systems, and to maintain other urgently needed infrastructure projects; and

WHEREAS, these actions will result not only in saving our existing industry but also in the creation of large new areas of employment of our citizenry in infrastructure and manufacturing, comparable to the best of the New Deal programs that rescued the nation and the world from the last Depression.

NOW, THEREFORE, Be it resolved by the House of Representatives of the General Assembly of the Commonwealth of Kentucky:

**Section 1.** The Congress of the United States is urged to intervene on behalf of the national and related interests to ensure that the productive potential of the automobile industry, with its featured high technology and machine tool capability, be held together in place and intact.

**Section 2.** The United States government must intervene to vastly expand the construction and maintenance of infrastructure projects and related industries in the nation. The impact of this intervention on the Commonwealth of Kentucky will be to provide tens of thousands of productive jobs repairing our infrastructure.

At least ten million jobs could be created nationally in these endeavors, while at the same time maintaining the auto production of the General Motors Corporation, of the Ford Motor Company and of their respective subsidiaries. This initiative will restore our tax base and increase the standard of living, in physical terms of our citizenry.

**Section 3.** The Clerk of the House of Representatives shall send a copy of this Resolution to each member of the United States Senate and the United States House of Representatives from the Commonwealth of Kentucky.

## Cleveland City Council

*This resolution, urging the Federal government to intervene to protect the automobile industry in the United States, was entered as No. 929-05 by Council member Kevin Conwell, on May 9, 2005.*

WHEREAS, this Council believes that the economy in Ohio, as in the United States, is near collapse, with thousands of jobs lost daily in all areas of industry, including the automobile, machine, and steel industries; and

WHEREAS, certain stop-gap measures should be adopted and implemented by Congress to forestall the presently threatened, irreparable damage to our nation's physical economy, which is typified by the presently accelerating crisis in the U.S. automobile industry; and

WHEREAS, the U.S. automobile industry is \$475 billion in debt, and its bond rating has been recently lowered to junk bond status, making filing for bankruptcy by the leading automobile manufacturers a very real possibility; and

WHEREAS, it is conceivable that the automobile industry's leading manufacturers could close most, if not all their factories in the United States, including in Ohio; and

WHEREAS, the closing down of even some of the automobile factories, including the shutdown of machine tool production, would mean both the end of the United States as a leading physical economic power and cause chain reaction damage to the world economy; and

WHEREAS, the U.S. Congress has the capability to intervene on behalf of the automobile industry to ensure that the

continued employment of that industry's labor force remain functioning in each and every present locality of employment; and

WHEREAS, this Council believes that the U.S. Congress can and must intervene, on behalf of national and related interests, to ensure that the productive potential of the automobile industry, with its featured high technology and machine tool capability, be held together in place and intact; and

WHEREAS, the impact on the City of Cleveland of Congressional intervention will be thousands of new jobs repairing infrastructure, maintenance of automobile production jobs, restoration of the tax base and ultimately, an increase in the standard of living in the City; and

WHEREAS, this resolution constitutes an emergency measure for the immediate preservation of public peace, property, health, or safety, now, therefore,

*Be It Resolved by the Council of the City of Cleveland:*

**Section 1.** That this Council hereby urges the federal government to intervene to protect to automobile industry in the United States.

**Section 2.** That the Clerk is hereby directed to transmit copies of this resolution to all members of the U.S. Congress and to President George W. Bush.

**Section 3.** That this resolution is hereby declared to be an emergency measure and, provided it receives the affirmative vote of two-thirds of all the members elected to Council, it shall take effect and be in force immediately upon its adoption and approval by the Mayor; otherwise it shall take effect and be in force from and after the earliest period allowed by law.

## UAW Local 969 President

*This letter from Mark A. Sweazy, president of UAW Local 969, was sent to Lyndon LaRouche on May 10, 2005.*

Dear Mr. LaRouche:

On behalf of our Executive Board we unanimously approved to petition our state representatives and Congresspersons supporting your efforts to bring legislation to save the economy and to support the ailing auto industry.

Thank you for your efforts to strengthen the industry that helped build America. Knowing that for every 100 autos produced, 23 jobs are related, tells the need to preserve good paying jobs for thousands of Americans. State Representative Dan Stewart has a copy of your proposed legislation as does John Kerry (enclosed letter).

UAW Local 969 stands proud to support the efforts involved to restore America's greatest resource, being the working class mainstream, of men and women that have always stood united to achieve fair working conditions, employment and fair pay. Again we thank you for leading the effort needed to save the domestic auto industry!

## Bolton Fight Opens Window On Intelligence-Rigging

by Edward Spannaus

A new window on the Cheney gang's "cooking of the books" on intelligence assessments—which has been largely covered up by all investigations to date—has unexpectedly been opened, with the fight over the nomination of John Bolton to become the U.S. Ambassador to the UN. Despite massive evidence to the contrary, the official conclusions of both the Senate Select Committee on Intelligence, and the Silberman-Robb report on WMD intelligence, were that there was no evidence of intelligence analysts being pressured to produce assessments which would justify the drive to war in Iraq—even though such evidence was contained in the details of their own reports, which most people never bothered to read.

But now, the issue of the Administration's intelligence-rigging has burst into the open again, with extensive and irrefutable evidence being presented in dozens of interviews and statements from Administration officials in the State Department, CIA, and other sections of the intelligence community. According to a well-placed Washington intelligence source, the emergence of so many new witnesses represents an institutional move against the Administration's continued war drive.

With the Bolton nomination now moving to the Senate floor—minus any endorsement from the Senate Foreign Relations Committee—the stage is set for an all-out war over the Bolton nomination and his repeated efforts to falsify U.S. intelligence assessments.

### British Intelligence Leaks

The exposure of this intelligence-fixing is trans-Atlantic. In a major disclosure which drew little initial attention in the United States, the *Sunday Times* of London published a leaked, highly classified memorandum summarizing a July 2002 meeting between British Prime Minister Blair and his top security advisors. (See *Documentation*.) The memo reviewed a report given by Richard Dearlove, the head of MI-

6 (British foreign intelligence), regarding his then-recent visit to the United States, in which Dearlove reported that the policy-decision had been made to go to war against Saddam Hussein, and that "the intelligence and facts were being fixed around the policy." British Defense Secretary Jack Straw was quoted: "It seemed clear that Bush had made up his mind to take military action. . . . But the case was thin."

Indeed it was. But with excruciating pressure being put on intelligence community analysts to agree, or otherwise just shunting them aside, the case was cobbled together, with the embarrassing results seen in Secretary of State Colin Powell's presentation to the UN Security Council in February 2003.

Responding to the MI-6 disclosures, 88 members of Congress, led by Rep. John Conyers (D-Mich.), sent a letter to President Bush on May 5, stating that the document "raises troubling new questions regarding the legal justifications for the war as well as the integrity of your own Administration."

Bolton's role in this fiasco is now coming to light, and there is much more yet to come, contained in a still-secret State Department Inspector General's report, which reportedly describes Bolton's attempts to counter and circumvent the State Department's intelligence arm, the Bureau of Intelligence and Research (INR), by transforming the Bureau of Verification and Compliance into his own intelligence-cooking shop—parallel to what Doug Feith and the "Chicken-hawks" were doing in the Pentagon with their Office of Special Plans.

One notable example of Bolton's direct role on the falsification of Iraq intelligence, regards the Niger "yellowcake" canard—the fictional story that Saddam Hussein was attempting to buy uranium ore from that African country. Bolton overrode State Department INR and the CIA to have the yellowcake fable inserted into a State Department "Fact Sheet" in December 2002. Rep. Henry Waxman (D-Calif.) is asking

for an investigation of this (see *EIR*, April 29).

It is also being reported that Powell himself has told Senators in recent weeks that it was Bolton who was largely responsible for inserting the claims on WMD into his UN speech—claims which turned out to be all wrong.

With this as backdrop, we now review what happened in the Republican-dominated Senate Foreign Relations Committee on May 12, when White House allies were unable to muster a majority of committee members to endorse the Bolton nomination, and had to send the nomination to the Senate floor without any recommendation—a highly unusual, but not completely unprecedented, procedure.

### **‘What Message Are We Sending?’**

On April 19, as we previously reported, the Foreign Relations Committee was blocked from approving the Bolton nomination, by the action of Sen. George Voinovich (R-Ohio), with the implicit backing of two or three other Republicans. It was then agreed that the vote would be rescheduled for May 12, with the committee staff jointly conducting a further investigation, comprised of interviews and examination of documents. In the interim period, 31 witnesses were interviewed or re-interviewed, and hundreds of pages of documents were reviewed, with many more hundreds of pages being withheld by the State Department and the Director of National Intelligence (these being transcripts of National Security Agency-monitored conversations involving U.S. officials, which Bolton had earlier requested to review).

At the May 12 meeting of the committee, Chairman Richard Lugar (R-Ind.) opened with a rather tepid and measured endorsement of the Bolton nomination, and he then yielded the floor, by pre-arrangement, to Senator Voinovich, who proceeded to deliver a scathing attack on Bolton, calling him “the poster-child of what someone in the diplomatic corps should not be.”

Voinovich said that his major concern is the decline of U.S. standing in the world, and how the United States today is criticized for “arrogance, unilateralism, and for failing to listen and to seek the support of its friends and allies.” He noted the “drastic change in the attitude of our friends and allies,” which has meant that the U.S. is carrying most of the burden of the wars in Afghanistan and Iraq, including the deaths of over 1,500 American servicemen and women in Iraq.

The key to reversing this is public diplomacy, Senator Voinovich said. “But what message are we sending to the world community, when in the same breath we have sought to appoint an Ambassador to the United Nations who himself has been accused of being arrogant, of not listening to his friends, of acting unilaterally, of bullying those who do not have the ability to properly defend themselves? These are the very characteristics that we’re trying to dispel in the world community.”

Voinovich pointed out that when he discussed his concerns about Bolton with Secretary of State Condoleezza Rice,

she told him that “she would be in frequent communication with him and he would be closely supervised.” But, asked Voinovich: “Why in the world would you want to send somebody up to the UN that has to be supervised?”

After cataloguing the statements by many senior State Department officials describing Bolton’s conduct and abuse of subordinates, Voinovich declared, “I believe that John Bolton would have been fired if he’d worked for a major corporation.” But after all this, Voinovich stated that he believes the President deserves an up-or-down vote on the floor of the Senate for his nominee, so he urged sending the nomination to the floor without recommendation—despite his own avowed opposition to Bolton.

### **The Constitutional Role of the Senate**

Sen. Joseph Biden (Del.), the senior Democrat on the committee, immediately served notice that he will continue to fight for the right of the Senate to obtain the information from the State Department and the National Security Agency (NSA) which it needs to perform its Constitutional role. He pointed out that Secretary of State Rice had refused to hand over some requested material, on the grounds that the State Department had decided the material was not relevant to the issues being deliberated on by the committee. “We have a right to this information, not only as members of this committee, but in our specific responsibility of exercising our advise and consent responsibility. . . . The integrity of the nominating process and our Constitutional role is being challenged,” Biden said.

During the debate that followed, Democrats on the committee stuck to their position that the issue is not Bolton’s rudeness or his personality, but his repeated attempts to distort intelligence, and to get intelligence analysts transferred or fired if they didn’t give him the answers he demanded.

Biden emphasized that all of the witnesses against Bolton had come to the committee; the Democrats hadn’t dug them up, and that “the primary witnesses . . . who have some very damaging things to say about Mr. Bolton’s actions, are all in a Republican administration.”

Sen. Chris Dodd (D-Conn.) also stated that his objection is not to Bolton’s style, but to the manipulation of intelligence. “My concern is that we’ve just come through an incredible period in American history, where major decisions were made about this nation’s foreign policy based on the intelligence we are receiving. People are losing their lives every single day in a far-off land here, because there was a firm belief, based on the intelligence we had, that weapons of mass destruction existed. . . . We now know that not to be the case.”

The other Republicans who had been considered to be wavering at one point or another—Chuck Hagel (Neb.), Lincoln Chafee (R.I.), and Lisa Murkowski (Alaska)—all dutifully pledged that they would “support the President’s nomination.” Chafee cited the many charges and accusations about Bolton’s intimidation of intelligence analysts, and he acknowledged, “I’m apprehensive that by promoting John

Bolton, we're signalling an endorsement of that intimidation." Murkowski was the most critical of Bolton, including for his berating of intelligence analysts, but she said that the President deserves to have the nominee of his choice. However, she warned that Bolton's conduct as UN Ambassador "is going to reflect directly on the President."

In the end, Chairman Lugar did not even submit a motion for Bolton's approval to the committee, which would have been a futile gesture; the motion was to send it without recommendation, which passed on a party-line vote of 10-8—hardly what the White House wanted.

On the evening of May 12, Sen. Barbara Boxer (D-Calif) put a "hold" on the nomination, which prevents it from going to the floor until it is withdrawn or overridden by 60 votes. In press interviews, when Biden was asked whether Democrats would filibuster the nomination on the floor, he said that no decision has been made, but there will be several days' debate at a minimum, and he insisted that "unless we get information that we are entitled to as the U.S. Senate from the State Department that was requested weeks ago, that's the kind of thing that could precipitate this kind of institutional showdown."

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## Documentation

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# Senate Committee Rakes Bolton Over the Coals

*Following are excerpts from the May 12 debate and vote in the U.S. Senate Committee on Foreign Relations, on the nomination of John Bolton to be U.S. Ambassador to the United Nations.*

### Sen. George V. Voinovich (R-Ohio)

Since our last meeting on this subject, I have pored over hundreds of pages of testimony, have spoken to dozens or so of individuals regarding their experiences, interactions and thoughts about John Bolton. . . .

After great thought and consideration, I have based my decision on what I think is the bigger picture. . . .

It was not long ago when America's love of freedom was a force of inspiration to the world and America was admired for its democracy, generosity, and its willingness to help others in need of protection.

Today, the United States is criticized for what the world calls arrogance, unilateralism, and for failing to listen and to seek the support of its friends and allies. There has been a drastic change in the attitude of our friends and allies in such organizations as the United Nations and NATO and in the

countries of leaders that we need to rely upon for help. . . .

It troubles me deeply that the U.S. is perceived this way in a world community, because the United States will face a steeper challenge in achieving its objectives without their support. We will face more difficulties in conducting the war on terrorism, promoting peace and stability worldwide, and building democracies without the help from our friends to share the responsibilities, leadership and costs. To achieve these objectives, public diplomacy must once again be of high importance. If we cannot win over the hearts and minds of the world community and work together as a team, our goals will be more difficult to achieve.

Additionally, we will be unable to reduce the burden on our own resources. The most important of these resources are the human resources, the lives of the men and women of our armed forces, who are leaving their families every day to serve their country overseas.

Just this last Tuesday we passed an \$82 billion supplemental bill for our operations in Afghanistan and Iraq. It is clear that the costs of this war are rising all the time, and they are not expected to go down any time soon.

There are not many allies standing up to join us in bearing the cost of these wars, particularly Iraq. We need the help of other countries to share the financial burden that is adding to our national debt and the human resource burden that our armed forces, National Guardsmen and contractors are bearing so heavily now, including the deaths of over 1,500 American servicemen and women.

And the key to this, I believe, is public diplomacy.

Mr. Chairman, I applaud the President and Secretary of State for understanding that public diplomacy is an important objective and beginning this new term with an emphasis on repairing relationships. . . . But what message are we sending to the world community when in the same breath we have sought to appoint an Ambassador to the United Nations who himself has been accused of being arrogant, of not listening to his friends, of acting unilaterally, of bullying those who do not have the ability to properly defend themselves?

These are the very characteristics that we're trying to dispel in the world community. . . .

It is my concern that the confirmation of John Bolton would send a contradictory and negative message to the world community about U.S. intentions. I'm afraid that his confirmation will tell the world that we're not dedicated to repairing our relationship or working as a team, but that we believe only someone with sharp elbows can deal properly with the international community. . . .

We have heard that Mr. Bolton has a reputation for straying off message on occasion. Ambassador Hubbard testified that the tone of Mr. Bolton's speech on North Korea hurt rather than helped efforts to achieve the President's objectives. According to several respectable sources, Mr. Bolton strayed off message too often and had to be called on the carpet quite often to be reprimanded.



In fairness, those sources said that once reprimanded, Mr. Bolton got back on track, but that he needs to be kept on a short leash. However, this leaves me a very uneasy feeling. Who is to say that Mr. Bolton will not continue to stray off message as Ambassador to the UN? . . .

When discussing all these concerns with Secretary Rice, John Bolton's propensity to get off message, his lack of interpersonal skills, his tendency to abuse others who disagree with him, I was informed by the Secretary of State that she understood all these things and in spite of them still feels that John Bolton is the best choice and that she would be in frequent communication with him and he would be closely supervised. My private thought at the time, and I should have expressed it to her, is: "Why in the world would you want to send somebody up to the UN that has to be supervised?" . . .

We have all witnessed the testimony and observations related to Mr. Bolton's interpersonal and management skills. I have concerns about Mr. Bolton's ability to inspire and lead a team so that it can be as effective as possible in completing the important task before him.

And I'm not the only one. I understand that 59 U.S. diplomats who served under administrations from both sides of the aisle sent a letter to the committee saying that Mr. Bolton's the wrong man for the job.

I want to note that the interview given by Colin Powell's chief of staff, Col. Lawrence Wilkerson, has said that Mr. Bolton would make an "abysmal" Ambassador, that he is "incapable of listening to people and taking into account their views."

Additionally, I wanted to note my concern that Colin Powell, the person whom Mr. Bolton answered to over the last four years, was conspicuously absent from a letter signed by former Secretaries of State recommending Mr. Bolton's confirmation. He's the one that had to deal with him on a day-to-day basis. He's the one that's more capable of commenting about whether or not he's got the ability to get the job done and his name was not on that letter. . . .

[T]here is no doubt that Mr. Bolton has serious deficiencies in the areas that are critical to be a good ambassador. As Carl Ford said, he is a kiss-up and kick-down leader who will not tolerate those who disagree with them and who goes out of his way to retaliate for their disagreement.

As Ambassador Hubbard said, he does not listen when an esteemed colleague offers suggested changes to temper language in a speech. . . .

Some others who have worked closely with Mr. Bolton stated he's an ideologue and fosters an atmosphere of intimidation. He does not tolerate disagreement. He does not tolerate dissent. . . .

Mr. Chairman, I have to say that after poring over the hundreds of pages of testimony and—you know, I wasn't here for those hearings, but I did my penance, I read all of it—I believe that John Bolton would have been fired if he'd worked for a major corporation. . . . It is my opinion that John

Bolton is the poster child of what someone in the diplomatic corps should not be. . . .

All things being equal, it is my proclivity to support the President's nominee. However, in this case, all things are not equal. It's a different world today than it was four years ago. . . .

After hours of deliberation, telephone calls, personal conversations, reading hundreds of pages of transcripts and asking for guidance from above, I have come to the determination that the United States can do better than John Bolton.

The world needs an Ambassador who's interested in encouraging other people's points of view and discouraging any atmosphere of intimidation.

The world needs an American Ambassador to the UN who will show that the United States has respect for other countries and intermediary organizations, that we are team players and consensus builders and promoters of symbiotic relationships.

And moving forward with the international community, we should remember the words of the great Scot poet who said, "Oh, that some great Power would give me the wisdom to see myself as other people see me."

That being said, Mr. Chairman, I'm not so arrogant to think that I should impose my judgment and perspective of the U.S. position in the world community on the rest of my colleagues. We owe it to the President to give Mr. Bolton an up-or-down vote on the floor of the United States Senate.

My hope is that on a bipartisan basis we can send Mr. Bolton's nomination to the floor without recommendation and let the Senate work its will.

Mr. Chairman, I really don't believe he's the best man that we can send to the United Nations.

### **Sen. Joseph R. Biden Jr. (D-Del.), Ranking Member**

I feel obliged to lay out for the record one of my institutional concerns here.

I recognize that the State Department, the CIA, and AID have provided hundreds of pages of documents and declassified many of them. I don't minimize that. State and CIA have made government officials available for interview, and more than once. But this cooperation has been grudging, to say the least. . . .

Even after we narrowed our request at the urging of the State Department, only a relatively small amount of material that we narrowed the request for was provided. In rejecting the request, the Department proffered an extraordinary rationale. I think it's important, as a committee, we understand this.

They said, in rejecting some of the information we sought, "The department does not believe the requests to be specifically tied to the issues being deliberated by the committee."

As my Mom would say: "Who died and left them boss?" Think about it for a minute.

First, the Department is responding only to the request

endorsed by the majority. And second, the Executive branch is deciding for itself the issues which are relevant to this committee's review of a nomination. I believe this is a very important issue before the committee. I believe it's very important whether or not Mr. Bolton sought to stretch intelligence to say things in public statements the intelligence would not support and to keep going back to the intelligence community again and again to get answers he wants—not the answers the facts support.

Put another way, did he attempt to politicize the intelligence process for two former administration officials who testified?

That's why we requested this information.

I'm also concerned that the nominee may have given the committee some misleading testimony.

The material that was not provided would shed further light on both these concerns, and it relates to the preparation of congressional testimony on Syria, their weapons of mass destruction program. The preparation of this testimony occurred in the Summer of 2003. And remember, we already know from intelligence officials that there was an intense debate about what Mr. Bolton wanted to say and whether he should be able to say it. And this was a time there was open discussion about, Is Syria next? . . .

I'm even more concerned about the failure of the committee to receive information relating to Mr. Bolton's request for NSA information and to identify U.S. persons that he wanted to know in those intercepts.

On April 13th, Senator Dodd made the first request for this information. By a letter dated April 28th, Senator Lugar made a request for the information through the Intelligence Committee. . . . I understand that the chairman and vice chairman of the Intelligence Committee were briefed Tuesday by General Hayden. I understand that they were not given the identities of the U.S. persons that Mr. Bolton requested and received.

And I have no information on when or whether this committee or Senator Lugar or I will be given access to the same information given to the Intelligence Committee. . . .

I think it's unacceptable. We have a right to this information not only as members of this committee, but in our specific responsibility of exercising our advise and consent responsibility. . . .

After all the work we've done in the past decade to strengthen the role of this committee, it is a serious mistake, in my view, for all of us to acquiesce in the Administration's withholding of relevant information, whether they think it is relevant or not.

The integrity of the nominating process and our Constitutional role is being challenged, in my view. Article 2, Section 2 of the Constitution provides that the President "shall nominate and, by and with the advise and consent of the Senate, shall appoint ambassadors, other public ministers and counsels, judges of the Supreme Court, and all other officers of

the United States."

The failure of this Administration to cooperate with this committee and the rationale offered for this failure—that the Department does not believe these requests to be specifically tied to issues being deliberated by the committee—it has no Constitutional justification, and it does damage to the standing and ability of this committee and other committees to perform its function of oversight and advise and consent.

What makes this Administration think that it has the right to determine what the United States Senate needs in order to perform its Constitutional responsibility?

I do not work for the President of the United States of America. None of you work for the President of the United States of America. We are a co-equal branch—equally powerful and important, with a specifically assigned Constitutional responsibility that only we have a right to determine whether information is relevant or not—period.

With the doctrine of separation of powers, it's within our power, and ours alone, to decide what we think is relevant to our deliberations in the exercise of our responsibility. . . .

I think this is a matter of principle. . . .

And I think we've undermined our authority and we have shirked our constitutional responsibility. And I intend—even if tomorrow there is a vote in the Senate and they defeated John Bolton, I would continue to insist we're entitled to that information. . . .

Let me now turn to the nomination. . . . Based on the hearings we've held, and the interview we've conducted, and the documents we've examined, it is clear to me that John Bolton has engaged in four distinct patterns of conduct that should disqualify him from this job.

First, Mr. Bolton repeatedly sought the removal of intelligence analysts who disagreed with him: the removal of them, taking away their portfolios.

Second, in speeches and testimony Mr. Bolton repeatedly tried to stretch the intelligence to fit his views and repeatedly went back to the intelligence community to get the facts he wanted. Or as one witness said, "liticizing the process". . . . Third, in his relations with colleagues and subordinates in and out of government, Mr. Bolton repeatedly exhibited abusive behavior and intolerance of different views, as my friend from Ohio has said.

And fourth, Mr. Bolton repeatedly made misleading, disingenuous or nonresponsive statements to this committee.

But don't take my word for any of this. Look closely at the senior Republican—senior officials in this Republican Administration, who have testified before this committee and its joint staff. . . .

We have already lost a lot of credibility at home and abroad after the fiasco over the intelligence on Iraq, and Mr. Bolton is not the man to help us to rebuild it. He's the wrong choice. We can do a lot better. And I think an awful lot of our colleagues know that, notwithstanding the administration wanting him. . . .

### **Sen. Christopher J. Dodd (D-Conn.)**

I can't think of another example in my 24 years on this committee, to see as many people of like political stripe, of common ideological and philosophical viewpoints, willing to come forward and say to us as a committee, "Please be careful about what you're doing." This is a rare moment, and our colleagues here need to take note of this.

And I think it's worthy of just describing who these people are and quickly going down the list. Stuart Cohen, acting chairman of the National Intelligence Council at the CIA; Alan Foley, former head of WINPAC at the CIA; John McLaughlin, the Deputy Director of Central Intelligence and Acting Director; Jamie Miscik, former Deputy Director of Intelligence; Thomas Hubbard, former U.S. Ambassador to South Korea; John Wolf, former Assistant Secretary of State for Nonproliferation; Christian Westermann, who we've talked about—the INR analyst; Tom Fingar, assistant secretary of state for intelligence and research; Beth Freesia [ph], immediate supervisor of Mr. Westermann; a man who has asked that his name not be made public here, but an attorney at the State Department who was involved in the issue involving Mr. Bolton's effort to move one of the employees there; William Taft, a legal advisor at the State Department; Fred Fleitz, the acting chief of staff for Mr. Bolton; Neil Silver, the INR office director supervising Mr. Westermann; Larry Wilkerson, former of staff to Secretary Powell; Robert Hutchins, former chairman of the National Intelligence Council.

These are all significant people, who have all said to us in their own words, one way or the other, "This is a bad choice".

If this were a question of a person's style, I think Senator Voinovich made a strong case that can be made about whether or not this kind of a style is what you want for someone serving as an ambassador to the United Nations.

But that's not my objection. . . . My concern is that we've just come through an incredible period in American history where major decisions were made about this nation's foreign policy based on the intelligence we are receiving. People are losing their lives every single day in a far-off land here, because there was a firm belief, based on the intelligence we had, that weapons of mass destruction existed.

Now, put aside whether or not you think it's right or wrong for us to be there today. The reason—the reason that we voted the way we did on that issue, was because it was the collective wisdom of the intelligence community that weapons of mass destruction existed. We now know that not to be the case.

### **Sen. Barbara Boxer (D-Calif.)**

I am deeply disappointed that we have not gotten all the information we requested. And I agree with my leader on this committee, Senator Biden, that this is a matter of principle. . . .

And I will just say . . . that I am going to do all I can, to see that we get this information before this gets onto the floor. Because it's not right to cast a vote where you really don't have the full information.

Mr. Chairman, I think there are many reasons to oppose Mr. Bolton. . . . First, and to me the most important is the politicization of intelligence. This is the most important issue, when we see what phony and exaggerated intelligence can lead to. It can lead to war. We've seen it. It's happening every day.

It is tragic: thousands of deaths and injuries—1,600 deaths, plus. And in my state, we have about 25% of those deaths—people who were born in California or were activated from California. So we wear that heavily in our state.

So why on Earth would we want to hire someone who has shown he's willing to put political pressure on independent intelligence analysts? . . .

The strongest opposition to Mr. Bolton outside of members of this committee comes from the people from the Bush Administration. . . .

It is hard for me to understand why the President didn't simply say he's going to send down somebody else. I guess he wants a fight. I guess he's asking people to walk the line. And if that's where we're going, that's where we're going, because we're going to have a fight. If this comes to the floor, we're going to have a fight.

## **Secret Downing Street Memo**

*The following are excerpts from a secret document reporting on a meeting of British Prime Minister Blair and his top security advisors, on the subject of Iraq; it also reports on a visit to Washington by Richard Dearlove, the head of MI-6, identified only as "C." The meeting took place July 23, 2002, well before the Iraq War. The document was leaked to the London Times, and published on May 1, 2005. The memo was written by Matthew Rycroft, then a Downing Street foreign policy aide.*

SECRET AND STRICTLY PERSONAL—UK EYES ONLY

From: Matthew Rycroft

Date: 23 July 2002

S 195 /02

cc: Defence Secretary, Foreign Secretary, Attorney-General, Sir Richard Wilson, John Scarlett, Francis Richards, CDS, C, Jonathan Powell, Sally Morgan, Alastair Campbell

### **Iraq: Prime Minister's Meeting, 23 July**

Copy addressees and you met the Prime Minister on 23 July to discuss Iraq.

This record is extremely sensitive. No further copies should be made. It should be shown only to those with a genuine need to know its contents.

John Scarlett summarised the intelligence and latest JIC assessment. Saddam's regime was tough and based on ex-

treme fear. The only way to overthrow it was likely to be by massive military action. Saddam was worried and expected an attack, probably by air and land, but he was not convinced that it would be immediate or overwhelming. His regime expected their neighbours to line up with the U.S. Saddam knew that regular army morale was poor. Real support for Saddam among the public was probably narrowly based.

C reported on his recent talks in Washington. There was a perceptible shift in attitude. Military action was now seen as inevitable. Bush wanted to remove Saddam, through military action, justified by the conjunction of terrorism and WMD. But the intelligence and facts were being fixed around the policy. The NSC had no patience with the UN route, and no enthusiasm for publishing material on the Iraqi regime's record. There was little discussion in Washington of the aftermath after military action. . . .

The Defence Secretary said that the U.S. had already begun "spikes of activity" to put pressure on the regime. No decisions had been taken, but he thought the most likely timing in U.S. minds for military action to begin was January, with the timeline beginning 30 days before the U.S. Congressional elections.

The Foreign Secretary said he would discuss this with Colin Powell this week. It seemed clear that Bush had made up his mind to take military action, even if the timing was not yet decided. But the case was thin. Saddam was not threatening his neighbours, and his WMD capability was less than that of Libya, North Korea or Iran. We should work up a plan for an ultimatum to Saddam to allow back in the UN weapons inspectors. This would also help with the legal justification for the use of force. . . .

## Congressmen Seek Answers

*This open letter to President Bush, dated May 5, requests immediate information concerning a leaked document in Britain, which indicated the existence of a secret Bush/Blair pre-war deal. It was signed by 88 members of Congress, led by Rep. John Conyers, Jr. (D-Mich.), Ranking Member of the House Judiciary Committee and Dean of the Congressional Black Caucus. The leak has essentially been acknowledged by the Blair government.*

We write because of troubling revelations in the Sunday London *Times* apparently confirming that the United States and Great Britain had secretly agreed to attack Iraq in the summer of 2002, well before the invasion and before you even sought Congressional authority to engage in military action. While various individuals have asserted this to be the case before, including Paul O'Neill, former U.S. Treasury Secretary, and

Richard Clarke, a former National Security Council official, they have been previously dismissed by your Administration. However, when this story was divulged last weekend, Prime Minister Blair's representative claimed the document contained "nothing new." If the disclosure is accurate, it raises troubling new questions regarding the legal justifications for the war as well as the integrity of your own Administration.

The *Sunday Times* obtained a leaked document with the minutes of a secret meeting from highly placed sources inside the British Government. [See previous article.] Among other things, the document revealed:

- Prime Minister Tony Blair chaired a July 2002 meeting, at which he discussed military options, having already committed himself to supporting President Bush's plans for invading Iraq.
- British Foreign Secretary Jack Straw acknowledged that the case for war was "thin" as "Saddam was not threatening his neighbours and his WMD capability was less than that of Libya, North Korea, or Iran."
- A separate secret briefing for the meeting said that Britain and America had to "create" conditions to justify a war.
- A British official "reported on his recent talks in Washington. There was a perceptible shift in attitude. Military action was now seen as inevitable. Bush wanted to remove Saddam, through military action, justified by the conjunction of terrorism and WMD. But the intelligence and facts were being fixed around the policy."

As a result of this recent disclosure, we would like to know the following:

1. Do you or anyone in your Administration dispute the accuracy of the leaked document?
2. Were arrangements being made, including the recruitment of allies, before you sought Congressional authorization go to war? Did you or anyone in your Administration obtain Britain's commitment to invade prior to this time?
3. Was there an effort to create an ultimatum about weapons inspectors in order to help with the justification for the war as the minutes indicate?
4. At what point in time did you and Prime Minister Blair first agree it was necessary to invade Iraq?
5. Was there a coordinated effort with the U.S. intelligence community and/or British officials to "fix" the intelligence and facts around the policy as the leaked document states?

We have of course known for some time that subsequent to the invasion there have been a variety of reasons proffered to justify the invasion, particularly since the time it became evident that weapons of mass destruction would not be found. This leaked document—essentially acknowledged by the Blair government—is the first confirmation that the rationales were shifting well before the invasion as well.

Given the importance of this matter, we would ask that you respond to this inquiry as promptly as possible. Thank you.

# The Franklin Espionage Case: Bigger Than the Pollard Affair?

by Jeffrey Steinberg

Two senior Israeli intelligence officers are now under investigation for their ties to indicted Pentagon Iran analyst Larry Franklin. The identification of former Mossad liaison to U.S. intelligence Uzi Arad, and former Israeli military intelligence officer Eran Lerman as targets of the ongoing FBI probe into possible Israeli espionage, involving Pentagon neo-cons and two top officials of the American Israel Public Affairs Committee (AIPAC), suggests that the scope of the investigation goes way beyond the issue of Franklin's passing classified information, and hoarding secret Pentagon documents at his West Virginia home.

At issue is the longstanding role of leading American neo-cons in an international espionage apparatus, which has operated with relative impunity inside the U.S. Congress and the Pentagon, since the late 1970s. The Franklin case revives unanswered questions, left over from the 1985 Jonathan Jay Pollard affair.

Pollard, an American Naval Intelligence civilian analyst, was caught passing classified U.S. secrets to Israeli Embassy officials, and is now serving a life sentence without parole. In the aftermath of Pollard's capture, American counterintelligence officials have been pursuing "Mr. X," the senior U.S. intelligence official who tasked Pollard in his espionage activities, but was never identified or caught. In fact, as *EIR* has reported over the ensuing two decades, the stay-behind in the Pollard affair was not "Mr. X," but a much larger "X Committee" of top intelligence officials who remain, to this day, deeply embedded in the U.S. intelligence establishment. In June 1988, *EIR* exposed a list of leading Pentagon officials, then under investigation by the General Counsel to Secretary of Defense Caspar Weinberger, as the possible "Mr. X." The targets of the probe included a number of neo-cons who came back into government with the November 2000 election of George W. Bush. The list, leaked to *EIR* in 1988, included: Richard Perle, Michael Ledeen, Paul Wolfowitz, Frank Gaffney, and Douglas Feith.

## 'Soft' Espionage

In the wake of the Pollard capture, and the near-fatal rupture in U.S.-Israeli relations caused by his spying, a major overhaul in Israeli espionage operations in America was carried out, according to several current and retired U.S. counter-

intelligence officials interviewed by *EIR*. In all but the most sensitive instances, U.S. intelligence sources have acknowledged, Israel refrained from stealing hard-copy classified documents. Instead, an extensive network of "soft espionage" operations was put in place, involving some leading U.S.-based organizations like AIPAC and the Anti-Defamation League (ADL), some of the same Pentagon-based analysts and policy-makers, and a new generation of Israeli think-tanks and other private-sector outfits, that all maintained a seemingly innocuous, continuous flow of personnel and information.

Instead of secreting U.S. government classified data into the hands of Israeli officials, as was the modus operandi of the Pollard operation, classified information was verbally passed on in the course of Washington "power lunches" at posh restaurants, in the corridors of international conferences, and under the cover of other legitimate exchanges.

Although much of this activity was technically legal, U.S. government sources have reported to *EIR* that, by no later than the Spring of 2001, FBI and other U.S. counterintelligence officials were probing the tight relations between AIPAC, Israeli Embassy officials like Naor Gilon, and the newly installed neo-con apparatus at the Pentagon and in the Office of Vice President Dick Cheney.

This probe intersected an earlier investigation into a large network of "Israeli art students," believed to be carrying out surveillance and recruiting missions, targeting U.S. military and law enforcement facilities during 2000-01.

Prior to the terrorist attacks of Sept. 11, 2001, more than 120 Israeli "art students" were detained and deported from the United States, after being caught surveilling U.S. government installations, according to December 2001 news reports aired on Fox News. Many had specialty backgrounds in signal intelligence and special operations, during their mandatory service in the Israeli Defense Forces. Several were implicated in Israeli Mafia operations inside the United States.

What's more, a Drug Enforcement Administration internal document, summarizing the "art student" investigation, listed the names and known U.S. addresses of all of the deported Israelis. Several of the deportees had lived across the street from members of the al-Qaeda cells that carried out the 9/11 attacks, including the Hollywood, Fla. apartment of

alleged ringleader Mohammed Atta. Ultimately, Israeli officials admitted that the “art students” had been conducting surveillance missions. But this was not another case of “friendly espionage” against the U.S. government, they asserted: The Israelis were monitoring the activities of radical Muslims. Israeli officials claimed, in a 2002 interview with the German weekly *Die Zeit*, that, if the United States had not acted with such haste in deporting the “students,” the 9/11 attacks might have been averted.

## ADL Spy Ring Busted

Even before the “art student” scandal and the more recent AIPAC probe, the Anti-Defamation League was caught up in a spy scandal on the West Coast between 1990 and 1994. In late 1992, the FBI publicly revealed that classified Bureau documents had been transmitted, illegally, to the apartheid government of South Africa. The FBI began investigating the stolen documents in 1990. The FBI probe eventually led to a San Francisco-based private investigator, Roy Bullock, who was a full-time employee of the Bay Area ADL office, reporting to the head of ADL’s national Fact Finding Department in New York City, Irwin Suall.

Bullock had solicited the help of a San Francisco Police Department sergeant, Tom Gerard, in obtaining California Department of Motor Vehicle records and other government files on tens of thousands of Californians, including labor, civil rights, and Arab-American political activists; members of the LaRouche political movement; a half dozen members of the U.S. House and Senate, including the current Democratic Minority Leader, Rep. Nancy Pelosi (D-Calif.); and right-wing racists. Groups like the NAACP, the United Farmworkers, the Rainbow Coalition, the National Lawyers Guild, and the Arab-American Anti-Discrimination Committee, were also on the ADL target list. All told, 950 organizations were being spied upon by the ADL.

At an April 1, 1993 press conference, called to outline the results of raids on the ADL offices in San Francisco and Los Angeles, San Francisco Assistant District Attorney John Dwyer told reporters: “The ADL is the target. Their involvement is just so great. People have called this the Gerard case. Now, it’s the ADL case. Gerard is just their guy in San Francisco. The ADL is doing the same thing all over the country. There is evidence that the ADL has police agents in other cities. The case just gets bigger every day. The more we look, the more we find people involved.”

The probe of the ADL revealed that Bullock had provided agents of the South African government with dossiers on anti-apartheid activists; and that the ADL had provided Israeli government agents with information on Arab-Americans. What’s more, through the New York City ADL headquarters, Fact Finding official Yehudit Barsky had regularly received Israeli police dossiers on Arabs. Some Israeli Defense Force dossiers were passed off as ADL “research” and circulated widely inside the United States.

Ultimately, although Bullock and the ADL averted crimi-

nal prosecution (Gerard was indicted on five felony counts of passing confidential California state data to Bullock and the ADL), they were sued by a coalition of groups and individuals who had been victims of the ADL’s private “Cointelpro” effort. The suit was finally settled in 1999, with the ADL signing a consent decree that they would desist from spying, and pay money into a public educational trust fund.

## The Franklin Case

The dust had hardly settled on the ADL spy case when the FBI opened a probe into AIPAC in 2001. And it was this investigation that first led the FBI to Larry Franklin. When Franklin walked into a lunch meeting with AIPAC officials Steven Rosen and Keith Weissman (both since fired), alarm bells went off, and Franklin was placed under surveillance. A June 2004 raid on Franklin’s home in West Virginia, according to a criminal complaint filed against him this month, turned up 83 classified documents, which spanned a period of three decades, and reportedly centered around U.S.-Iran policy. Although most news accounts of the Franklin probe cite classified information that Franklin passed on to the two AIPAC officials, on possible threats to Israeli commandos, operating in northern Iraq after the U.S. invasion and occupation, *EIR*’s sources report that the Israeli government was anxious to get the details of a classified policy memo on Iran, prepared by a hard-line neo-con colleague of Franklin, Michael Rubin; and that it was the Rubin memo that was one focal point of the Franklin investigation.

One former top U.S. intelligence official reported that former AIPAC officials Rosen and Weissman are also facing possible indictments for receiving U.S. government secrets. Franklin, Rosen, and Weissman, the source reported, are being squeezed by Federal officials, to force them to reveal details of the larger apparatus, involved in the funneling of American secrets to a right-wing apparatus in Israel. Rosen is considered key. He worked for AIPAC in a top research post for 27 years, and, according to one close observer, “Rosen *was* AIPAC.” As one U.S. intelligence official observed to *EIR*, Franklin may have been the first government official caught passing secrets to AIPAC; but nobody believes that the Franklin case was a first such instance of AIPAC’s receiving classified intelligence data from neo-cons inside the Pentagon and U.S. intelligence agencies.

## Arad and Lerman

According to a story by Orin Nir in the May 6 *Forward*, career Mossad officer Uzi Arad was interviewed by FBI officials in March, on his relations with Franklin. Arad is now the director of the Institute for Policy and Strategy at the Interdisciplinary Center at Herzliya, in Israel. In December 2003, Larry Franklin attended the Herzliya conference, and, according to Nir, Arad later visited Franklin at the Pentagon.

Eran Lerman, a retired strategic analyst with Israeli military intelligence, is now the head of the American Jewish



*Until last year, Larry Franklin was subordinate to Undersecretary of Defense for Policy Doug Feith (left) and William Luti (right), head of the Pentagon's Near East South Asia branch. Feith decided to leave his post, reportedly after being interviewed four times by the FBI on the Franklin case.*

Committee's Jerusalem office. He and Arad have written national security papers for the Jerusalem Center for Public Affairs, a right-wing think tank headed by Dore Gold (a long-time advisor to Likud fanatic Benjamin Netanyahu), now a senior Cabinet advisor to Prime Minister Ariel Sharon. Lerman's name surfaced in the Franklin probe, according to Nir, when Arad mailed a copy of a Lerman policy paper to Franklin.

The Herzliya Center played a little-known but pivotal role in the intelligence hoax leading into the Iraq invasion of March 2003. Barry Rubin, the research director of Arad's IDC, was responsible for a dossier on Iraqi intelligence that was adopted by British Prime Minister Tony Blair, in the now infamous September 2002, 10 Downing Street "white paper" on Saddam's so-called weapons of mass destruction programs (see "Behind the Iraq Dossier Hoax: Intelligence Was Cooked in Israel," *EIR*, Feb. 21, 2003).

### **Target: Iran**

The Larry Franklin probe was first revealed in August 2003, in a news leak to ABC-TV. The timing of the leak, according to one senior U.S. intelligence source, was intended to pre-empt a multimillion-dollar AIPAC propaganda offensive, aimed at pressuring the Bush Administration to take military action against Iran, over Iran's reported efforts to build a nuclear weapon. The ABC story revealed that AIPAC officials were under scrutiny, along with a Pentagon analyst, for passing classified Defense Department planning documents on Iran to the Israeli government.

Until last year, Franklin was the Iran desk officer at the Pentagon's policy office, reporting to William Luti, head of the Near East South Asia branch, and Luti's boss, Doug Feith,

Undersecretary of Defense for Policy. Early this year, Feith announced that he would be leaving the Pentagon at the beginning of the Summer. Sources close to the FBI say that Feith decided to depart after he was interviewed four times by the FBI on his relationship with Franklin. Luti, who ran the Office of Special Plans inside the Near East South Asia branch as a neo-con propaganda shop, promoting the Iraq invasion, has also been moved out of his Pentagon post. In early May, the White House announced that Luti would be joining the National Security Council staff as a Special Assistant to the President, advising on military strategy. The NSC post does not require Senate confirmation.

Franklin was part of a small neo-con cell inside the Pentagon's civilian offices, which met frequently in Feith's office. Other members of the group included: Harold Rhode, Abraham Shulsky, Luti, Feith, Richard Perle, David Wurmser, Michael Malouf, and Michael Rubin.

It is this tightly knit group of neo-cons who are under the FBI spotlight today. One news account of the Franklin arrest noted that at least two other Bush Administration officials, one at the Pentagon and one in the Office of Vice President Cheney, were also under investigation, for passing classified data to Israel and to Iraqi National Congress head Ahmed Chalabi. Chalabi, the darling of the neo-cons for the past decade, has been accused of passing U.S. military secrets to the Iranian government.

At the end of May, AIPAC is holding its annual Washington policy conference. Scheduled speakers include Prime Minister Sharon, U.S. Secretary of State Condoleezza Rice, and a bevy of Congressional Democrats and Republicans. The theme of the conference is Iran's nuclear program and the threat it poses to Israel.

# Nuclear Option on Hair Trigger: Profiles of the Detonators

by Edward Spannaus

“We stand here on the precipice of a Constitutional crisis,” declared Sen. Charles Schumer (D-N.Y.), as the Senate Judiciary Committee voted on May 12, on a straight party-line vote, to send to the Senate floor another of President Bush’s “filibuster bait” nominations, that of William Pryor to sit on the 11th Circuit Court of Appeals.

“Bill Pryor is the last of the four most controversial nominees that the President has sent our way. And his being placed once again on the calendar, is nothing more than a stage-setter for an attempt to undo what the Senate’s been all about for over 200 years, to invoke the nuclear option, to remove checks and balances, to come up with a Senate where if you get 51 or 52 or 53 Senators, or a President who has 51.5% of the vote, you should get your way 100% of the time.”

“That’s not what the Senate has ever been about,” Schumer continued. “That’s not what the Constitution has ever been about. And there’s almost a petulance in the air: We demand our way on every judge.”

For weeks, Senate watchers and the news media have been predicting that Senate Majority Leader Bill Frist (Tenn.) and Vice President Dick Cheney are on the verge of triggering the “nuclear option”—the arbitrary rule-change under which the 200-year old tradition of extended debate (the “filibuster”) would be barred for judicial nominations. During the week of May 9, there was an escalation of White House and Republican rhetoric around the nuclear option, with Frist suggesting that he might trigger it the following week.

On May 9, President Bush, from Tbilisi, Georgia, in the former U.S.S.R., issued a statement calling for immediate vote on two of his nominees, Priscilla Owen of Texas, and Terrence Boyle of North Carolina. This was followed by Attorney General Alberto Gonzalez repeating the same thing. On May 10, Frist said that the Senate had two bills that could be finished by the end of that week, and then, he said, the Senate should take up the judicial nominations.

Senate Democratic Leader Harry Reid (Nev.) reportedly offered a proposal to Frist on May 9, in which Democrats would allow a vote on the least controversial of the seven nominees, Thomas Griffin of Utah; Frist rejected even this, demanding that all seven get up-or-down votes.

“This fight is not about seven radical nominations; it’s about clearing the way for a Supreme Court nominee who only needs 51 votes, not 60,” Reid said the next day. “They

want a Clarence Thomas, not a Sandra Day O’Connor or an Anthony Kennedy or a David Souter” (all of whom happen to be Republican appointees). “George W. Bush wants to turn the Senate into a rubber stamp for his right-wing agenda and radical judges,” Reid charged.

## The Detonators

Most likely to be put forward first, would be one of the following six re-submitted Bush nominees:

**William H. Pryor:** Nominated for U.S. Court of Appeals for the 11th Circuit, which covers Alabama, Georgia, and Florida. Pryor was Attorney General of Alabama; his nomination was blocked in 2003, was re-submitted by Bush this year, and was just voted out of committee.

Michael Greve of the American Enterprise Institute, a spokesman for the Consitution in Exile movement (see *EIR*, May 6) has the highest praise for Pryor, describing him as “sensational.”

During the May 12 Judiciary Committee meeting, Sen. Patrick Leahy (D-Vt.) said: “What I oppose with William Pryor is extreme ideas about what the Constitution says about federalism, criminal justice, death penalty, violence against women, the Americans With Disabilities Act, and the government’s ability to protect the environment on behalf of the American people.” Leahy noted that Pryor is “candid about the fact that his views of federalism is different from the current operation of the federal government, and that he’s on a mission to change the government.”

“When it comes to states’ rights,” Senator Schumer said, “Mr. Pryor has been one of the staunchest advocates of efforts to roll back the clock in terms of federal and government involvement—not even to the 1930s, but sometimes to the 1890s.” Schumer also pointed out that, as Alabama Attorney General, “he defended his state’s practice of handcuffing prisoners to hitching posts, in the hot Alabama sun for seven hours, without giving them even a drop of water to drink.” And when the U.S. Supreme Court said that this violated the 8th Amendment, “he criticized the Supreme Court as misinterpreting the 8th Amendment.”

**Janice Rogers Brown:** Presently a California Supreme Court Justice, she is nominated for the U.S. Court of Appeals



for the D.C. Circuit. A poster-child for the Constitution in Exile movement, Brown is a disciple of feudalist Friedrich von Hayek and his view that government intervention in the economy is “The Road to Serfdom,” and also of von Hayek’s evil ideological godfather, Bernard Mandeville. She attacks the idea of human perfectibility, writing that “the belief in and the impulse toward human perfection, at least in the political life of a nation, is an idea whose arc can be traced from the Enlightenment, through the Terror, to Marx and Engels, to the Revolutions of 1917 and 1937,” explaining that 1937 “marks the triumph of our socialist revolution”—this being her famous reference to the year that the U.S. Supreme Court began to uphold President Franklin D. Roosevelt’s New Deal programs.

She has also stated that the effect of the New Deal “was not simply to repudiate, both philosophically and in legal doctrine, the Framers’ conception of humanity, but to cut away the very ground on which the Constitution rests.” And she says that the New Deal “was (and is) fundamentally incompatible with the vision that undergirded this country’s founding,” and that the New Deal “inoculated the federal Constitution with a kind of underground collectivist mentality.”

**Priscilla Owen:** A Texas Supreme Court Justice, nominated to the 5th Circuit Court of Appeals, covering Texas, Louisiana, and Mississippi. A Federalist Society member, she is regarded as being on the “far right wing” of the very conservative Texas Supreme Court; she was even accused of “an unconscionable act of judicial activism” by none other than now-U.S. Attorney General Alberto Gonzales, when he also sat on the Texas high court.

Prior to her being elected to the Texas Supreme Court in 1994—with Bush advisor Karl Rove having picked her for the race and guiding her campaign—she was just “a second-tier oil and gas litigator,” according to one account.

When her first nomination was blocked by a filibuster in 2003, the *Houston Chronicle* praised the action, stating that Owen’s record showed “less interest in impartially interpreting the law than pushing an agenda.” The *Austin-American Statesman* said that Owen “seems all too willing to bend the law to fit her views,” and that “Owen also could usually be counted upon in any important case that pitted an individual or group of individuals against business interests, to side with business.”

**Terrence Boyle:** Nominated for U.S. Court of Appeals for the 4th Circuit, which covers North and South Carolina, Virginia, West Virginia, and Maryland. Boyle, originally from New Jersey, went to North Carolina in the 1970s, where he worked for Sen. Jesse Helms (R) and espoused states’ rights. Helms got him a Federal judgeship in 1984, and then persuaded President George H.W. Bush to nominate him for the 4th Circuit in 1991. His nomination died in committee. Throughout the Clinton years, Helms blocked all Clinton

nominees for the 4th Circuit, going after blacks with special vehemence. Boyle was renominated by George W. Bush in 2001. His nomination was then blocked by Sen. John Edwards (D-N.C.), who thought the 4th Circuit needed another black judge (it has the highest percentage of black citizens of any judicial circuit).

Boyle has an extremely high rate of reversal of his District Court rulings (at least 150 times), particularly on civil rights cases; what makes this even more notable, is that the reversals were from the 4th Circuit, considered one of the most hostile circuits to civil rights in the nation.

Rep. Mel Watt (D-N.C.) wrote in a letter to the Senate Judiciary Committee: “His rulings show this judge to be especially determined to defy both the civil rights statutes enacted by Congress and the court rulings on which they are based.”

“A lot of people in North Carolina, including progressive white people, should be outraged that we are still living in the shadow of Jesse Helms,” Watt said in an April 10 press conference of civil rights leaders opposing Boyle’s nomination.

**Thomas Griffin:** Nominated to U.S. Court of Appeals for the D.C. Circuit. Griffin was Legal Counsel to the U.S. Senate during the impeachment of President Clinton; since then, he has made statements to the right-wing Federalist Society that he would have voted to convict Clinton and remove him from office. Griffin has the distinction of having practiced law without a license in both Washington D.C. and in Utah, while he was General Counsel to Brigham Young University. “This is a man who practiced law in two states in violation of the laws,” Senator Leahy has said, adding, “what a fine, fine standard the White House has” for its judicial nominees. In my state, he would be prosecuted. I’ve never seen anything so unbelievable.”

**William G. Myers:** Nominated for the U.S. Court of Appeals for the 9th Circuit, which covers nine states in the West. On March 17, the Senate Judiciary Committee voted out his nomination. Committee Chairman Arlen Specter (R-Penn.) had selected Myers’ nomination to go first, believing that this would be the easiest of Bush’s re-submitted nominations to get through, but at the March 1 hearing on the Myers nomination, Specter encountered much tougher opposition than he was anticipating.

Another favorite of “Constitution in Exile” adherents, Myers is a former lobbyist and Interior Department lawyer, and an extreme property-rights advocate who seemingly would do away with almost all Federal regulation. He has compared Federal land regulation to King George III’s “tyrannical” rule over the American colonies, which he says could lead to a “modern-day revolution” in the Western states. He is a big fan of failed Supreme Court nominee Robert Bork. He has never been a judge, and only rarely even has he appeared in court.

# Bush Administration's Strategic Policy Creates a Conundrum for U.S. Military

by Carl Osgood

The process by which competent military professionals are attempting to develop operating principles and conceptions by which the Bush Administration's strategic policy can be militarily implemented, appears to be heading into a contradiction which suggests that that policy cannot be implemented—at least, not in a rational way. This contradiction was first noted two years ago by this reporter after the Unified Quest 03 war game, co-sponsored by the Army's Training and Doctrine Command (TraDoc) and U.S. Joint Forces Command, and held at the Army War College in Carlisle, Penn., when the pre-emptive war policy became an issue in the game. A different but comparable problem emerged at the Unified Quest 05 war game, which ran from May 1 to May 6, 2005. This time, the issue was "trying to bite a very big apple with a very small mouth," as Richard Hart Sinnreich, a retired Army officer and consultant who played the Red force commander in the game, put it in discussion with reporters on May 4.

In 2003, the discovery was that the threshold for use of weapons of mass destruction might, in fact, be lower than anyone had thought up to that time. The scenario (which was continued into the 2004 game) that produced that discovery was based on a confrontation between the United States (Blue) and a country called Nair (Red), in a scenario set in 2015. Nair, basically an extrapolation from present-day Iran (with its letters rearranged), concluded from watching Blue's behavior over the previous 15 years, that if the Blue force buildup reached certain trigger points, then war was a certainty. Rather than waiting for Blue to complete its buildup, Red attacked first. Sinnreich who also played the Red force commander in the 2003 game, explained, at the time: "We established a set of triggers and when Blue preparations penetrated those triggers, we didn't wait for Blue to attack. We attacked." (For more on this, see "Army War Game Shows Pre-Emptive Disaster," *EIR*, May 30, 2003.) Put another way by Clement "Bill" Rittenhouse, the chief of the Wargaming Division in TraDoc's Futures Center, when discussing the insights learned from the 2003-04 game: "Red pre-empted the pre-emptor. We didn't expect that." He also noted that traditional military operating principles, such as mass and economy of force, still count.

For 2005, TraDoc wrote a completely different scenario, because of another problem from the 2003 game. That sce-

nario looked too much like war planning to some outside observers and to non-U.S. participants in the game. According to Rittenhouse, Nair became "very sensitive" for that reason, and "drove us to consider whether to classify the game" or to rewrite the scenario so that the game could be kept unclassified and left open to participation from allied countries and civilian agencies.

The new scenario concerns a country called "Redland," situated in the region that runs from the Dalmatian coast of the Adriatic Sea to the Ukrainian border with Russia. Redland also sits astride the energy flows from Central Asia to Western Europe, which gives it considerable leverage in any dispute, leverage which it uses without hesitation. It is a European-Islamic country that has its own history and ambitions, and that still winds up, in the judgment of this reporter, looking like very much like how the U.S. perceives Iran, today. Rittenhouse and other game officials insist, however, that the only purpose of the scenario is to "get at the game objectives," which is to subject the joint operations concepts under test to maximum stress to determine how well they stand up.

"Ultimately, it's a sandbox," said Rittenhouse. "How do we defeat the kinds of adversaries we think will take us on with all the means" at their disposal, including the use of weapons of mass destruction, irregular warfare, and a strategy of protracted operations? In order to do that, the scenario is designed to be as difficult as possible, both in terms of geography and in terms of the capabilities of the Red adversary. The geography includes the mountainous terrain of the Balkans, and the constricted and shallow waters of the Adriatic, the Aegean, and the Black Seas, with the narrow passages of the Bosphorus and the Dardanelles. The geography is complicated by the politics of neutral countries, including Greece and Hungary, which refuse access to their air space and surrounding waters. The Red adversary is equally challenging, with powerful land and air forces, and a population that has a proud tradition of resisting outside invaders, even if the government they are fighting for is deemed illegitimate.

## A Challenging Scenario

With a scenario like this, it's not surprising that difficulties would arise for the Blue force, since the game is deliberately designed to be challenging. What makes it more interesting, however, is that some of the issues that arise have also arisen



*The Unified Quest war game is showing that potential adversaries watch and react to U.S. strategic policy and behavior in ways that are often unexpected. Here, U.S. soldiers clearing an area in al-Iskandariyah, on March 5, 2005.*

with respect to the current operations in Iraq and Afghanistan, even though those adversaries have nothing like the capabilities given to Red in the game. These include the stress imposed on a force with global commitments, but with limited force structure and size. “We’re trying to look at the gaps between the way we wish to fight and our ability to do so,” said Army Lt. Gen. Bill Carter (ret.), the Blue force commander in the game. In the scenario, those gaps turn out to be quite substantial, particularly in the area of sea lift and air lift, of the kind that can operate without ports of entry. Industrial base issues also arise, because of Blue’s heavy dependence on precision-guided munitions, which are expensive, limited in numbers, and require long lead times to produce.

Red’s behavior in the game is not unlike that of Red in the 2003 game. It examines Blue’s history and behavior and reacts accordingly. One can safely assume that, in the real world, many countries are closely studying the U.S. operations in Iraq and drawing their own conclusions. In the current game, Red concludes that Blue’s problem is as Sinnreich was quoted above saying: “Trying to bite a very big apple with a very small mouth.” He explained that Blue’s vulnerability is that it is trying to take Red on quickly and cheaply, and therefore Red’s strategy is to “make it very long and very expensive.” He added that Redland is a modern nation-state with a very large, well-equipped army that, in terms of its capabilities, looks like any of several actual nations. “There’s an irreducible relationship between the size of the job and the size of the force needed to deal with it,” he said. “The Blue force can fight and beat any Red enemy, but only so many at a time.”

Another important aspect of the game is the relationship between military and political objectives. The Bush Administration went into Iraq convinced that overwhelming military

force would achieve its political objectives. Therefore, with the lesson of the aftermath of the Iraq invasion in mind, the war game has a political component to include how to positively influence a population and immediately establish stability in the wake of an offensive operation. Or, as Gen. Kevin Byrnes, TraDoc commander, put it, the game is “looking at how the population is influenced in reaching the desired end-state.” The problem is that influencing the population has proved to be very difficult. In the game, the Red population has a national strong identity, and it coalesces around the government when the country is threatened by invasion.

### **Policy Assumptions in Bushland**

Underlying all of this is the Bush Administration’s strategic policy, which is what drives the assumptions on which the game is based. Those assumptions include, as noted above, the pre-emptive war policy, but also everything that the Bush Administration says it wants to do in the world with the military forces under its control. That policy goes back to the Quadrennial Defense Review of 2001, the National Security Strategy of 2002, and numerous other documents, including the National Defense Strategy and the National Military Strategy, released in March 2005. The last two documents provide the conceptual framework for how the Defense Department and the military services will organize themselves to implement the strategy outlined in the first two documents.

One of the themes that runs through the National Defense Strategy document, is contempt for international law, to the point where a government’s, or other entity’s, use of international fora and judicial process to attempt to change U.S. behavior, is equated with terrorism. As was brought out by a reporter’s question during a March 18 press briefing, the

Pentagon sees any attempt by any party to “constrain” the ability of the United States to do whatever it wants in the world as “terrorism.”

Under the heading “Our Vulnerabilities,” the document claims that “Our strength as a nation-state will continue to be challenged by those who employ a strategy of the weak using international fora, judicial processes, and terrorism.” Undersecretary of Defense for Policy Doug Feith, a leading neocon and ally of Vice President Dick Cheney, said: “There are various actors around the world that are looking to either attack or constrain the United States, and they are going to find creative ways of doing that that are not the obvious conventional military attacks. And we’re just pointing out that we need to think broadly about diplomatic lines of attack, legal lines of attack, technological lines of attack, all kinds of asymmetric warfare that various actors can use to try to shape, constrain our behavior.”

Feith made an oblique reference to the war crimes charges filed, at the behest of the Center for Constitutional Rights, against Secretary of Defense Donald Rumsfeld, in Germany, a few months ago, as “the arguments that some people try to make to, in effect, criminalize foreign policy and bring prosecutions” where there’s no basis in international law, “as a way of trying to pressure American officials.” Rear Adm. William Sullivan, Vice Director for Strategy, Plans and Policy for the Joint Staff, added that “what that vulnerability really gets to is that if there are countries that don’t share our goals, they may try to use established international fora to inhibit us doing what we need to do in our own national interest.”

Nor does the document stop there. It further declares: “Many of the current legal arrangements that govern overseas posture date from an earlier era, but today, the challenges are more diverse and complex, our prospective contingencies are more widely dispersed. . . .” Therefore, “international agreements relevant to our posture must reflect these circumstances and support greater operational flexibility.” The Bush Administration will therefore “seek new legal arrangements that maximize our freedom” to operate, militarily, around the world. Of course, if such efforts fail, the Administration has already demonstrated its willingness to ignore international law, including the UN Charter, the Geneva Conventions on the treatment of prisoners of war, and the Convention Against Torture.

The impact of this aspect of U.S. strategic policy was not made visible to reporters during Unified Quest’s media day. In any case, it may have been biased because, by design, efforts to resolve the dispute by diplomatic and other means had to fail; otherwise, there would have been no war to game. Other aspects of the policy were more visible, however, including some of the key strategic objectives. Among these are “Securing strategic access to key regions, lines of communication, and the global commons,” and “The United States will counter aggression or coercion targetted at our partners

and interests,” including “where dangerous political instability, aggression, or extremism threatens fundamental security interests, the United States will act with others to strengthen peace.”

This is where the issues raised by Sinnreich, that is, the size of the force in relation to the size of the job, came into play. In the game, the size of the force available was impacted by contingencies in other parts of the globe, including homeland security challenges, a narco-insurgency in Colombia, tensions in the Indian subcontinent and the Arabian peninsula, a border dispute on the Korean peninsula, and a crisis in Indonesia. In the real world of today, those physical constraints are, among other things, limiting the freedom of action of the U.S. military outside of Southwest Asia, creating a tremendous recapitalization problem, because of the rapid pace at which equipment is being worn out in Iraq and Afghanistan, and creating a recruitment crisis in the Army and the Marines.

## **Do We Know How To Win Wars?**

The bottom line, however, is reaching what General Byrnes referred to as “the desired end-state,” something which was not achieved in the 2003-04 Unified Quest. One of the lessons of the Vietnam War that surely has application today is that military superiority does not necessarily equal political victory. That political victory certainly still appears to be a distant possibility in Iraq, even though U.S. soldiers and Marines win every engagement they have with the insurgents. Army Col. Robert Killebrew (ret.), speaking at an April 11 conference at the American Enterprise Institute on the future of the Army, declared: “It is my contention that we no longer know how to fight and win wars. We have become very good at campaign planning. We are an excellent battle force; but in terms of linking the battles to strategic victory, tying it up in a bow with an outcome that totally satisfies our commitment and then moving on, I don’t think we as a defense establishment anymore understand how to do that.” Killebrew gave four reasons for this situation: There is nobody left in the defense establishment who remembers how we won World War II; during the Cold War, we deliberately limited our conflicts in order to avoid antagonizing our superpower rivals; the Defense Department has long had an infatuation with technology in order to limit liability in any conflict; and the military reform of the 1980s was incomplete.

The problem is not just one of tying military superiority to political victory, but of strategic policy itself, particularly when the current strategic policy increases the likelihood of conflict—as has been shown with the pre-emptive war policy—rather than decreasing it. One point that Unified Quest raises is that other nations will respond to the behavior of the United States, and not always in ways that the policy predicts. If, instead, the United States based its policy on the Treaty of Westphalia’s principle of promoting the “advantage of the other,” then the rest of the world would respond to that accordingly.

## Congressional Closeup by Carl Osgood

### Democrats Charge GOP With Libel

A House Judiciary Committee report on a bill to make it a Federal crime to take a minor across state lines for an abortion without the consent of her parents, included such inflammatory language, that infuriated Democrats took to the House floor, on May 3, to demand that the report be amended to correct the record.

At issue were descriptions of five amendments that Democrats proposed in committee that would have excluded taxi and bus operators, close relatives, and certain other individuals from the bill's provisions. The committee report characterized each amendment as making exceptions for sexual predators so that they could escape prosecution under the bill's provisions, implying that the Democrats favored protecting such individuals so that they could continue to rape and abuse teenage girls.

Rep. John Conyers (D-Mich.), the ranking Democrat on the committee, told the House that descriptions so pejorative are "without precedent," and that earlier reports on the same bill from previous Congresses described identical amendments in neutral and objective terms. Rep. Jerrold Nadler (D-N.Y.), who authored two of the amendments at issue, said that it is one thing to characterize the effects of an amendment in debate. "It is different, it is dishonest, it is a disgusting rape of the rules of this House to characterize the amendment in a one-sentence report that this was an amendment dealing with sexual predators," he said. "No, it was not."

Committee Chairman James Sensenbrenner (R-Wisc.) claimed that the report "accurately described" the Democratic amendments, and the Democratic motion calling for the report to be amended was tabled on a straight party-line vote of 220 to 196.

Two days later, however, the committee submitted a supplemental report which changed the descriptions of the Democratic amendment back to neutral, objective language. Nadler said that the filing "is a tacit acknowledgment of the inaccuracy and untruthfulness of the original report . . . and renders much of what was said in its defense in the Committee on Rules and on the floor, as the saying goes 'inoperative.'"

### War Supplemental Bill Sent to President Bush

On May 10, the Senate voted 100-0 in favor of the \$82 billion Fiscal 2005 supplemental appropriations bill that provides \$75.9 billion for the Defense Department to cover costs of the wars in Iraq and Afghanistan, as well as \$1.5 billion for foreign assistance, \$635 million for border security, and \$656 million in tsunami disaster relief. The bill also includes the controversial "REAL ID" Act of 2005, which, among other things, establishes national standards for state-issued drivers licenses. The Senate approval followed a 368 to 58 vote in the House on May 5.

While objecting to the presence of the REAL ID Act as well as the lack of oversight of Iraq war spending in the bill, most Democrats felt that they had no choice but to vote for the bill, so that they would not be seen as not "supporting the troops." One of the few Democrats who voted against it, Rep. Lynn Woolsey (Calif.) demanded to know why the Congress was approving yet another huge supplemental bill for Iraq when "the previous three multibillion spending bills have been misused, improperly managed, and, in some cases, downright stolen." She noted the serious account-

ing problems that have emerged from money for the war and reconstruction in Iraq, and added, "Why are we voting on writing another check for a mission that has been so badly botched? Who is being held responsible for the misinformation that led us into war in the first place?" She called the bill "nothing short of highway robbery and the victims are the troops and the American people."

### Democrats Propose Health-Care Agenda

On May 4, House Democrats rolled out their health-care agenda for the 109th Congress. House Minority Leader Nancy Pelosi (D-Calif.) told reporters that the three bills "would cut the number of uninsured Americans in half and improve health care throughout the nation." The three bills would allow uninsured people between 54 and 65 years of age to buy into Medicare, expand the State Children's Health Insurance Program to include coverage of working parents, and expand availability of health insurance for small businesses. "The majority of uninsured in our country work for a living, but they either can't afford the high cost of health-care coverage, or the premium prices are too expensive for their employers to pay for" said Rep. John Barrow (D-Ga.), the sponsor of the insurance bill.

The legislation also aims to reduce prescription drug prices by allowing Medicare to negotiate with the pharmaceutical industry for lower prices and by allowing the importation of lower priced drugs from Canada and other industrialized countries. The bills do not address collapsing health-care infrastructure, however, such as the closing of hundreds of hospitals over the last two decades.

## 'Pension Panic' Nails Coffin Of Bush Social Security Scheme

by Paul Gallagher

Events in Congress have offered proof of Lyndon LaRouche's judgment that the May 11 United Airlines (UAL) \$10 billion default against all its employee pension funds, means that the "Chile Model" privatization of Social Security, frantically pushed by the Bush/Cheney White House for the past six months, is dead.

Bush is still driving manically on his national road show for the scheme, and privatization continues to be discussed by Republicans in Congress—in fact, new schemes of every degree of subtlety are proliferating there. But the near-panic over corporate pensions which has developed, since United was allowed by a bankruptcy court to abandon all its employee plans to the Federal Pension Benefit Guaranty Corporation, means that only insane elected officials would now vote to throw Social Security revenues into accounts on Wall Street, where the bones of the pension funds are now bleaching.

The President's insistence on privatization "is like putting Kool-Aid on the table" and refusing to take it off, said Rep. Charles Rangel (D-N.Y.) at a May 12 House hearing on Social Security. The day after that hearing, the May 13 *Arizona Republic*, a Republican-leaning daily, summed up the result: "GOP, Bush Should Fold on Social Security Reforms." And at May 13 hearings held by the Senate Democratic Policy Committee, the lunacy of privatizing Social Security while the private pension plans are failing (and most Americans don't have significant personal savings) was the dominant subject. Sen. Blanche Lincoln (D-Ark.) said, "The [United Airlines] decision means that without Social Security—where risk is not borne solely by the worker—all the risks are now borne by the working American. This is a three-legged stool, where two of the three legs are now already shaky or

non-existent." Lincoln added, "The news of this week regarding United Airlines makes this [Social Security privatization] even more dangerous." And expert witness Prof. J. Bradford DeLong forecast, "Regarding the news of this week—this means the end of the employer-sponsored defined benefit pension plans. You saw what happened to the airlines. Three to four years from now, there is a 50% chance that the same fate will hit the auto industry."

### How Many Crashes?

The remaining airline pension funds are lined up like airliners on their approach—to multiple crash landings!—with the auto pensions up in the air behind them. Following the May 11 United Airlines pension fiasco, Delta tops the list of U.S. airlines with underfunded pensions, with a deficit of \$5.3 billion at the end of 2003, according to Standard & Poor's rating agency. At Northwest, the most recent funding deficit figure is \$3.8 billion; at American Airlines, \$2.7 billion; and \$1.6 billion at Continental. The total is \$11.4 billion which the Pension Benefit Guaranty Corporation (PBGC) may be facing, in pension deficits of airlines which now—UAL and US Airways having shed their pensions—are urgently demanding that their own employees make up to them in give-backs, or they too will go bankrupt and default on their plans. Pension plans aside, Delta and United *each lost \$1.1 billion on their operations in the first quarter of 2005 alone*, and bankrupt US Airways lost another \$680 million.

The pension funding deficit of General Motors was far larger, \$47 billion at the end of its 2003 fiscal year, according to the assumptions of the PBGC; and of Ford Motor Co., \$22 billion, by the same worst-case assumptions.

Northwest and American are in intense talks with unions

about more contract “givebacks,” and pension givebacks in particular. And as for the pension funds which the PBGC has taken over, their employees will get pension payments, but in many cases these will be sharply reduced from the pensions they had negotiated in their contracts. Worse, the evidence from the steel industry is that most of these corporations’ retirees will lose their health insurance, and have to buy expensive and far less generous “elderly health insurance plans” themselves on the private market.

The airlines’ pension funds, collectively, had a positive balance of \$3 billion as late as 2000. Then came the collapse of the telecom and related bubbles on Wall Street, and the incompetent imposition of super-low short-term interest rates by the Federal Reserve under Alan Greenspan, which was publicly denounced at the time by Lyndon LaRouche, as not a cure, but a poison for the economy. Greenspan’s low-interest-rate policy affecting all fixed-interest investments, imposed over the same time stock market values were being wiped out, has played a central role in flooding with \$450 billion in red ink, the books of the nation’s corporate pension funds.

Thus the insanity of turning Social Security, the remaining solid rock of retirement, and disability insurance in the United States, into “private retirement accounts” on Wall Street, has become glaringly clear. Democratic resistance is even firmer; Republican support is crumbling.

### Privatization Hearing Fails

House Ways and Means’ Republican Chairman Bill Thomas (R-Calif.) held his first of a series of hearings on Social Security privatization on May 12, marked by great preparatory grandstanding by Thomas since President Bush’s April 27 press conference. But the hearings got scant press coverage and were upstaged by other developments. Most obvious was the reverberating United Airlines shock, cited repeatedly by Democratic Congressmen at the hearing; even Thomas had to reference it. The other “distraction” from ideas of privatizing Social Security was a May 11 admission about benefit cuts, by White House National Economic Council Chairman Allen Hubbard at a press conference. House Democratic Leader Nancy Pelosi (D-Calif.) briefed the media early on May 12 on Hubbard’s meeting with reporters the previous day. Hubbard had admitted that under Bush’s current favorite privatization scheme, surviving spouses and minor children of middle-income or upper-income employees would get the same “progressively indexed” (i.e., sharply cut) Social Security benefits their parent or spouse had, whatever their own income might be. Pelosi insisted it was only a matter of time before the White House admitted that the same is true, in its plan, for the disability benefits of middle- or upper-income workers who become disabled.

Thomas’s hearings, held in the largest hearing room in Longworth Building, were packed with aides and press, but the 40-50 ordinary citizens there were all protesting privatiza-



*The remaining airline pension funds are lined up like airliners on their approach, headed toward multiple crash landings! The auto pensions are up in the air behind them.*

tion, having come into Washington at the urging of Democratic leaders. These constituents had come in to lobby their Representatives, all Republicans, against backing Bush. The Committee’s witnesses included the White House’s current champion, Fidelity Mutual banker Robert Pozen, and five other privatization advocates from various Cato Institute-linked think-tanks; and former Clinton Social Security Commissioner Kenneth Apfel and one other opponent of privatization.

Thomas told his hometown *San Francisco Chronicle* before the hearing that he plans a “sprint” to a Social Security privatization bill by July that can pass the Republican-controlled House. But Pelosi, Ranking Democrat Charles Rangel of New York, and Rep. Sander Levin of Michigan all said that the pension panic has made Democrats absolutely determined to block throwing Social Security into the Wall Street markets, and should stop Republicans from voting for it as well. Levin said that no matter how many other issues Thomas loaded into his proposed legislation, supposedly to make privatization palatable, “Democrats, and the American public, won’t lose sight of the tree being cut down in the middle of this forest.”

Thomas himself brought up the UAL default, claiming he could throw “pension reform” into the broad smorgasbord of a bill he says he’s working on. The Ways and Means Chairman slyly threw out, in his opening statement, that he wants to draw Democrats into a “members’ panel on needed changes to Social Security”—a kind of repeat of the 1983 Social Security commission. But Democratic leaders indicated they would not be buying.

On May 13, the *Detroit News* quoted three Michigan Republican Congressmen opposing Bush’s privatization scheme outright. Said freshman Rep. Joe Schwarz, “There is less and less enthusiasm for personal accounts. . . . Social Security was founded to be a defined benefits pension plan

for people essentially too old to work and too young to die. That is how it should stay.” Rep. Thaddeus McCotter said, “I don’t favor a partial solution, especially one that will radically change the philosophy behind Social Security.” And Rep. Candice Miller was quoted saying that she was very hesitant to support any “personal accounts” bill. A fourth Michigan Republican, Rep. Dave Camp, who chairs a Ways and Means subcommittee, said of Bush’s two recently advanced privatization schemes, “I haven’t endorsed either of them.”

### President Bush’s Source Discredited

Ways and Means Ranking Democrat Rangel won an important political and psychological duel in “cross-examining” the Republicans’ star witness and the White House’s hero on privatization, Fidelity Mutual investments executive Robert Pozen, who is constantly advertised as a “Democrat with a privatization plan.” Rangel’s “mission accomplished” was marked by the repeated laughter throughout the large hearing chamber. In short order, he got Pozen to reverse himself on whether private accounts are necessary to “solve” Social Security, and to admit that some workers could lose their whole retirement with them. A sample:

**Rangel:** You know, the White House goes out of its way to identify you more by your party label, than by what you’re saying.

**Pozen:** I would hope that the White House agrees with some of the concepts of progressive indexing.

**Rangel:** Take my word for it, your name would not have been projected as much as it has, if you were not a Democrat; but I’m proud of the fact that you know how to deal with them, because we may have to come to you for communication, you know, [laughter] because we don’t know where they’re coming from or what they want to do. . . .

**Rangel:** Basically, your background has been in the investment market. Is that true?

**Pozen:** My background has been in the investment market, though I’ve worked with various nonprofits in the Boston area on a series of—

**Rangel:** When I retire, that’s what I hope to run, is a nonprofit. That’s where the real money is, you know [laughter]. . . .

**Rangel:** Now the president often talks about those people in Congress have 401(k)s and thrift accounts; and, if it’s good enough for them, it should be good enough for the American people. Do you believe the way he uses that statement that it’s accurate? Is he offering the people the same thing that we enjoy as members of Congress?

**Pozen:** I understand that you as a member of Congress have Social Security, and that the 401(k)s and IRAs would be supplemental to Social Security, so I’m not sure—

**Rangel:** That is true.

**Pozen:** Congressman, I’m not representing the President here.

**Rangel:** Well, he’s representing you! [laughter]

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## Conference Report

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# German Labor Calls For Emergency Action

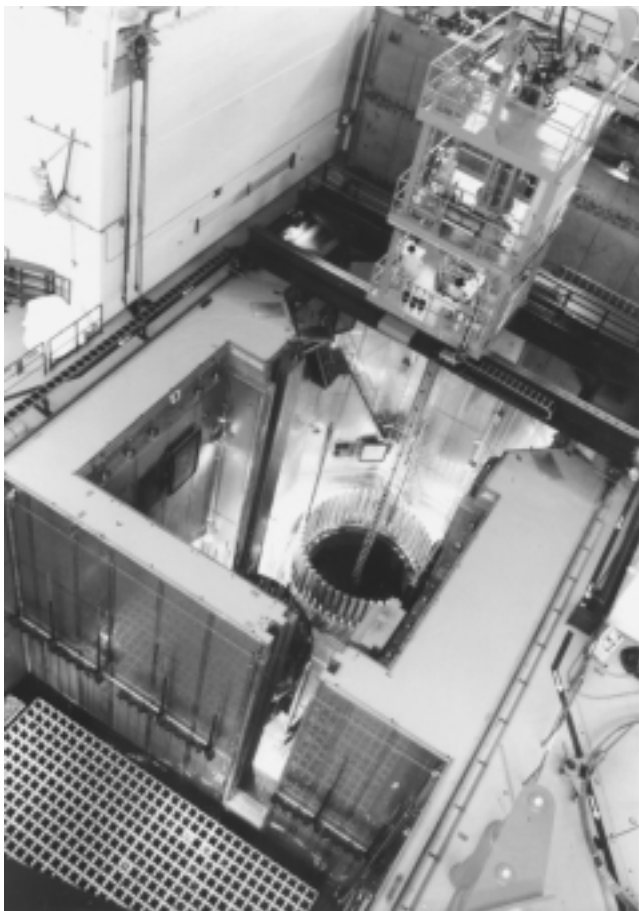
by Rainer Apel

Expectations were high at the May 11 conference on “Industrial Policy” in Berlin, arranged by the Social Democratic Party (SPD) parliamentary group for select factory councilors of German industrial firms. About 300 labor representatives from all over Germany attended the meeting. The main speakers were Franz Müntefering, national party chairman of the SPD; Michael Sommer, national chairman of the German labor federation DGB; Wolfgang Clement, the Federal Minister of Economics and Labor; and Gustav Horn, director of the DGB-linked Institute of Macroeconomics and Conjunctural Research. The meeting had been called, because more and more labor leaders are demanding emergency action by the state to protect industry from collapse, as more and more jobs are being lost to globalization. This growing political ferment has been catalyzed by a campaign of the LaRouche movement during the past eight weeks, in particular with the interventions by the LaRouche Youth Movement in the crucial state of North Rhine-Westphalia, which will elect a new state parliament on May 22.

The conference began with a guest address by Mikhail Shmarkov, chairman of the Russian labor federation, who welcomed the German-Russian reconciliation and cooperation process being launched by German Chancellor Gerhard Schröder and Russian President Vladimir Putin. Shmarkov and DGB Chairman Sommer left the meeting early, to confer on cooperation of their respective labor movements and the perspectives for German-Russian industrial cooperation.

SPD Chairman Müntefering, who has been speaking out recently against the “financial locusts” who are stripping bare Germany’s industrial economy, gave a strong endorsement of Germany as an industrial nation and social market economy, saying that a fundamental decision will have to be made now, whether Germany has an industrial future as a producing nation, or whether the future will be that designed by the anti-labor, anti-social-state views of the Christian Democrats (CDU) and Free Democrats (FDP), and their backers among the financial corporate executives and hedge fund operators. The SPD, he said, has to be the defender of industrial interests, with a strong emphasis on the fact that Germany still does have a considerable production base, and political and social peace unmatched by all other leading industrial nations.





*Loading of a nuclear reactor at a Siemens nuclear plant in Germany. The labor movement is finally beginning to speak out against the government's decision to "exit" from nuclear energy.*

## A Global Crisis

The next speech, by Sommer, was even more interesting, as he first of all stressed that Shmarkov is a man who has made sure that industrial wages in Russia are paid on time, which is a big improvement over the Yeltsin era. Then, after attacks on free-traders like FDP Chairman Guido Westerwelle and his union-busting drive, Sommer said that Germany has been, is, and will be a leading industrial nation, which produces high-quality goods for exports to the rest of the world. And, he added, "once the world economic crisis hits, once the financial markets enter the big crisis, Germany with its industrial base of 40% of total employment, will prove to be much better prepared for the shock, than, for example, Great Britain, with 18% of its workers employed in industry. Sommer said the monetarist attacks signal an emergency situation for Germany's traditional social welfare state, and he called on the labor movement to wake up and fight for the defense of that state and its achievements.

Unfortunately, this focus on the global financial crisis was

not taken up in the discussion periods and other speeches during the conference, but there was strong ferment, from among the 300 labor representatives, for substantial changes in the Social Democratic-led government's current austerity policy, such as Agenda 2010 and Hartz I-IV. Frustration and disillusionment about the political performance of the SPD and the national government in Berlin, was amply voiced. In particular, labor leaders of rail transport firms like Siemens, Bombardier, and TSGG harshly criticized the government's absence from crucial investments in the public transport sector, several of whose engineering and construction sectors are threatened. One labor representative from Siemens said it is a big mistake by politicians to think that public transport can be made an affair of the free market: It can never be, because it is by nature a matter of the common good. She asked when the government will finally begin to be a lobby for the transport sector workers, whose unemployed members alone make up 8% of all unemployed citizens.

## 'Time for Action!'

Other labor leaders asked what the government intends to do about the drastic price increases for electricity in the deregulated power sector, as prices threaten power-intensive industries like aluminum plants. And, the government was urged to act against the takeover of firms by investment groups or hedge funds, which are selling such firms to one another, with the active assistance of such dubious consulting firms as McKinsey or Boston Consulting. One factory councillor from the nuclear power plant in Biblis, in the state of Hesse, urged the government to rethink its anti-nuclear policy, in view of the need for safe energy supplies at a time of ever-rising oil prices. Another labor leader even cited the great German poet and dramatist Friedrich Schiller: "Of words there have been plenty, let's go for action now!"

Economics Minister Clement brushed off all of that, saying there will not be any substantial change in Agenda 2010 or the Hartz I-IV programs, nor would this government reverse its decision to exit from nuclear technology. Clement did vaguely hint, though, that something will be done against the hedge fund attacks against the *Mittelstand*, Germany's small and medium-sized industrial firms, in particular.

Most of the labor leaders would have left the meeting completely frustrated, had there not been the announcement that on June 13, Chancellor Schröder will address the SPD parliamentary group on the hedge fund issue. There are hopes now, that as the Chancellor is the one to decide in the last instance, Clement's remarks were not the last word on the matter, and the government will have to act. But when the Chancellor speaks, it will be almost four weeks after the defeat that is expected for the SPD in the May 22 elections—a defeat which could have been prevented, had the Social Democrats opened their ears to labor and the LaRouche movement in time.

## 60TH ANNIVERSARY OF WORLD WAR II VICTORY

# Commemoration Sends a Double Message to the Russian People

by Michael Liebig

On May 9, during the celebrations held at Moscow to commemorate the 60th Anniversary of the Victory over Nazism and the end of the Second World War, two messages came very prominently to the fore.

The first was a message to the Russian people. Despite Russia's collapse in the course of the 1990s, and the huge problems that remain, the country is pulling itself together. That War is, in a way, the exemplar for what is taking place before our eyes. In the Autumn of 1941, when crushing defeat seemed inevitable, suddenly, in a paroxysm of effort almost without precedent, and as more than 20 million men and women went to their deaths, the U.S.S.R. nevertheless succeeded in stopping the Wehrmacht, rolling back those massed armies, and in the end, sending them down to defeat.

From the standpoint of Russian President Vladimir Putin and the Russian leadership, the critical thing has been to seize the opportunity presented by this Commemoration of Victory, to strengthen the country's severely damaged sense of national identity and pride. That over 50 heads of state and government made a point of travelling to Moscow on May 9, most certainly had the impact, domestically, that Putin would have wished. But there is another issue of importance, *viz.*, to stress throughout the former U.S.S.R., the experience of that War as a bond, an achievement of their joint history. Aside from the Baltic States, that is undoubtedly how the vast majority of the peoples that comprise the former U.S.S.R. have seen the event.

The second message of the Moscow Commemoration was the public demonstration of a "strategic partnership" between Russia and Germany, the erstwhile enemies. Bear in mind, that Russia's concept of "strategic partnership" most definitely does include France and so-called "old" Europe. The May 9 events in Moscow unveiled to all onlookers what had

transpired more discreetly on March 18 in Paris, where Putin, German Chancellor Gerhard Schröder, French President Jacques Chirac, and Spanish Prime Minister José Luis Zapatero held a summit. The same might be said, insofar as economic matters are concerned, of Putin's attendance at the Hanover Trade Fair in Germany on April 11.

These events are counterposed to George W. Bush's leaden sorties while on his recent diplomatic wanderings. Before he reached Moscow, he stopped in Riga, Latvia, there to confer with the Baltic heads of state. The Lithuanian and Estonian leaders then saw fit to boycott the Moscow event. On leaving Moscow, Bush turned up in Tiflis, Georgia, to meet with another such boycotter, Georgian President Shaa-kashvili.

As a Russian analyst put it, were Putin to imitate Bush's take on "diplomacy," he would visit Washington, only to fly from there straight to Havana, and thence, to North Korea. In Riga, Bush sailed right over the top, lashing out at the Baltic States' forced integration into the U.S.S.R., and at Communist control over Eastern Europe. Unfortunately, his speechwriters had forgotten that at the Yalta Conference in February 1945, Stalin had not sat alone, but had come to meet with representatives of the United States and Great Britain, who there resolved with the U.S.S.R. that Europe should be carved up into zones of influence.

In his Red Square speech on May 9, Putin paid high tribute to the Allies. Beside him on the Tribune, there sat Presidents Bush and Chirac. But the fourth Allied power, Great Britain, did not come to Moscow. Fearing domestic uproar, Prime Minister Blair stayed home. But China's President Hu Jintao also stood in the first row of the Honor Tribune, as did German Chancellor Schröder.

This could scarcely be described as an obvious move. On

May 9, Putin had been interviewed by CBS newsman Mike Wallace, who asked: "Why invite the Germans? Were Hitler still living, would you have invited him?"

Putin's reply was very like the one he was to give May 9 on Red Square. "Reconciliation," he said, "between Russia and Germany is one of the most crucial achievements of Europe in the entire post-war period . . . and a shining example that should rather be imitated by others in modern world politics." He set aside a full hour for Schröder, so that together they might meet with seven Red Army and Wehrmacht veterans, alongside youths from both nations. To that small assembly, Putin said that Russia and Germany had lived through "dreadful tragedy in the 20th Century and had themselves suffered the greatest number of dead." The "quality of German-Russian cooperation" was the factor that would decide "which way the weather will turn in Europe, and throughout the world." For Schröder's part, he recalled that his own father had fallen on the Eastern Front, and that Putin's mother had escaped death by a hair's breadth during the siege of Leningrad.

One should also stress the very remarkable two-man interview given by Schröder and Putin to the German mass-circulation daily *Bildzeitung* of May 6 and 7. The two statesmen refer, in highly personal terms, to the vicissitudes of their respective families during the war and the post-war period, how they became aware of the other's nation. Putin, in his days as a KGB officer, lived for years in Dresden, and speaks fluent German. As for Schröder, he and his wife adopted a Russian orphan child last year.

Although the "personal chemistry" between Putin and Schröder cannot simply be brushed off as a trifle, the essential issue is the strategic convergence of interests between Russia and Germany, as well as of "old Europe." Western Europe and Russia are, from an economic standpoint, bound up together, the former needing Russia's energy and raw materials, the latter, Western Europe's capital goods and equipment to modernize and rebuild. Russia has a most significant potential in science and high technology, particularly in the aerospace and aeronautics sector, and in military technologies with civilian applications, to which, by the way, Putin expressly refers in the *Bildzeitung* interview. Economic cooperation must not, he said, consist solely of "exchanging Russian raw materials against German manufactured goods," even though such trade has grown at a two-digit rate annually. Putin called for greater German investment in Russian industry, and Schröder, for cooperation "beyond trade in oil and gas."

A noteworthy factor in German-Russian trade relations is



*Presidents Jacques Chirac, Vladimir Putin, George Bush, and Hu Jintao watch the victory parade in Red Square, commemorating the end of World War II, on May 9. Putin underlined Russia's new "strategic partnership" with Europe.*

the emergence of joint, interlocking property arrangements, one key example being the BASF-Gazprom agreement signed at the Trade Fair in Hanover in April: BASF becomes a shareholder in Gazprom, while the latter acquires a 49% share in BASF's Western European pipeline. The Baltic Sea underwater-pipeline, "St. Petersburg-Greifswald," is also in joint Gazprom-BASF hands.

At the end of the *Bild* interview, Schröder states that "60 years after the end of World War II, the time is ripe for a true strategic partnership with Russia. Only in this way shall we achieve a just and lasting peace, and so afford the peoples of all Europe security, stability and well-being. Vladimir Putin and I intend to do all we can to that end."

Both Putin and Schröder are keenly aware that this partnership, a qualitatively deeper one, whether in the sphere of politics or that of the economy, will likely arouse what one might call an "anti-Rapallo reflex," especially within the Bush Administration. Consequently, in that *Bild* interview, they stress that such cooperation is not designed to work "to the detriment of third parties," whether in Europe or elsewhere. Indeed, the "strategic partnership" of Russia with Western Europe will not stop at Germany, but extends to France, Spain, and Italy. One should never lose sight of the fact that neither Russia, Germany, nor France, whether alone, or severally, are in a position to put an end to the current systemic breakdown of the world's financial and economic system. It will all work, only if the United States pulls with us. The new-found quality of economic and political relations in Eurasia, assuming this were to be accompanied by an entirely new form of trans-Atlantic relations through the anticipated changes in U.S. policy, is an opportunity the world must not miss.

# Pitfalls Ahead For Tony Blair

by Mary Burdman

The Labour Party won a third term in office in the May 5 British national elections—a first for Labour—but the results were a “tremendous rebuff” for Prime Minister Tony Blair, a well-known British military historian told *EIR*, while another British strategic analyst termed the results a “bloody nose” for Blair.

Blair’s “New Labour,” which had won so dramatically in 1997 and 2001, had its majority slashed by more than half, and got barely 35% of the vote this time. With this result, Blair, like his key political ally U.S. President George W. Bush, is a sitting “lame duck.” New Labour won the elections for two reasons: the weakness of the opposition Conservative Party, and the fact that the bloated housing and consumer bubble, which passes for the British economy, has not yet collapsed.

Blair called the elections just in time to squeak by, but that does not mean much. A senior City of London source told *EIR* right after the election: “The ruling elites have already prepared the Harold Wilson/Margaret Thatcher treatment for Blair”—both former Prime Ministers were ousted by their own parties, not long after re-election.

This narrow shave did not do much for Tony Blair’s prospects, even in the near-term. “The whole British political situation is in flux,” the military historian said. Labour’s parliamentary majority is now 66, down from the big 157-seat margin won in the 2001 elections. Before May 5, Labour had a total of 413 seats of the 659 in the House; now, it has 356 seats of a total 646. Labour lost 47 seats in the elections, while the Tories gained a net 33 seats, and the Liberal Dems gained a net 11 seats. Other parties were up 9 seats over 2001.

This means that New Labour is vulnerable. There is a “core” of 40-50 consistent “rebel” Labour Members of Parliament (MPs), and opposition has been much higher on critical issues. Blair is being personally blamed for the loss of seats, and the election was barely over, when Labour rebels, including former Cabinet ministers, began demanding that he resign. These calls are not going to get him out right away, but many pitfalls lie ahead.

In the highly contested voting on the Iraq war in March 2003, a total of 139 Labour MPs opposed Blair (the Tories supported the war, giving Blair the margin he needed). There were also big defections in the votes on university fee in-

creases (Blair got this through with just 5 votes, and 71 Labour MPs opposed him) and hospital reform, when 65 Labour MPs opposed Blair’s policy.

Although Blair is still in office, Britain is hardly united behind him. This is shown even more clearly by the popular vote. Labour won 9,556,183 votes overall, just 35.2%, to 8,772,598, or 32.3%, for the Tories, and 5,982,045, or 22%, for the Liberal Democrats.

Britain does not have a proportional representation system like that of Germany and most other European nations. But beyond this, current election constituency lines are way out of date: Many core Labour districts, as in the inner cities, have smaller populations than key Tory areas, so Labour can win seats with many fewer votes. In England, the Tories actually won almost 58,000 more votes overall than Labour. According to former Labour Cabinet Minister Mo Mowlam, for every 1% of the vote cast, Labour gets 10.1 seats, the Conservatives 6.1, and the Liberal Democrats 2.8.

## It’s Grim

British financial analysts have been asking for months: “How long can this go on?” Given the post-election reports, the answer is “not long.” As another City of London analyst said bluntly May 11: “The U.K. economy is really awful now. Consumer buying, housing, and manufacturing are all going down, and it’s all happening at the same time. . . . The whole financial system is built on sand.” On May 10, the Office for National Statistics reported that Britain’s beleaguered manufacturing output was down by 1.6% in March, the worst such fall since mid-2002. Industrial production, including energy output—a key figure for the U.K.—fell by 1.2% in March, and was down 0.7% overall over the first quarter.

First-quarter GDP growth will have to be revised down by a *full third*, to just 0.4%, from the present 0.6% “estimate.” Manufacturing fell in six of the seven categories, with chemicals, which represent 11% of the manufacturing base, down 3.5%. The Office for National Statistics now is predicting that manufacturing will shrink by 2% in 2005! The Confederation of British Industry, according to *The Times*, is reporting that factories are cutting 7,000 jobs a month.

These bad figures do not include the debacle at MG Rover, once Britain’s biggest car maker. In a small-scale parallel to the U.S. General Motors disaster, Rover had to file for bankruptcy on April 11, stop manufacturing, and lay off 5,400 of its 6,100 workers immediately. Another 18,000 jobs at auto parts plants which supplied Rover will also go. Until the late 1960s, Rover produced 40% of the cars bought in Britain. It was bought by BMW, and then sold in 2000 to Phoenix Venture Holdings (PVH), whose directors looted the company. Now, Rover workers and engineers may lose their pensions, because PVH remains “solvent,” and although it can pay huge pensions to the former Rover management, other workers’ pension funds are not eligible for a government rescue.

Britain's bloated consumer bubble is shaking. Also on May 10, national figures showed the sharpest drop in one measure of retail sales since 1999. The total value of April retail sales fell by 1.3% from the year before, the worst fall for six years, and "like-for-like sales" were down 4.7% year-on-year, the sharpest fall since January 1995. More consumer warnings are coming out daily. House price inflation, the wobbly "base" of Britain's consumer economy, is stagnating. Average house prices in England and Wales rose just 0.3% in the first quarter compared with the previous three months. Housing prices fell in every part of the country except London. The vast British household debt structure, sits on top of house price inflation, and when that implodes, everything will go.

### **'Don't Mention the War'**

Downing Street tried to keep the disastrous Iraq war off the agenda, touting the Iraqi elections as the answer. This ploy did not succeed. Just two weeks before the vote, Blair's "Don't mention the war" campaign (a reference to a British television comedy) was broken. By May 1, there were more dramatic revelations about Downing Street's lies and manipulations, beginning in Spring-Summer 2002, to get Britain into the war as the U.S. neocons' chief ally. These revelations have stripped away any last shred of credibility that Blair had on his all-out support for Bush, Vice President Dick Cheney, and the entire U.S. "chickenhawk" crowd.

A *Sunday Times* article, by Michael Smith, stated: "Blair planned Iraq war from start." The article reveals a Downing Street secret memo dated July 23, 2002, of a meeting of Blair, Foreign Secretary Jack Straw, Defense Secretary Geoff Hoon, Attorney-General Lord Goldsmith, and military and intelligence chiefs. Also attending was Blair's "spin doctor" Alastair Campbell, Chief of Staff Jonathan Powell, and Director of Government Relations Sally Morgan. This and other documents, the *Sunday Times* reported, show that Blair was committed to aggressive war against Iraq from the beginning. His policy, like that of the Bush Administration, was "regime change" in Iraq, and war was "seen as inevitable" to achieve this. While Goldsmith and Straw expressed doubts about the situation, Blair plunged ahead.

Last year, leaked British government documents—reported previously in *EIR*—from key Blair advisors Sir David Manning and Sir Christopher Meyer, described their assurances to Condoleezza Rice and Paul Wolfowitz during meetings in Washington in March 2002, that Blair "would not budge in support for regime change." But for Blair, with a "press, a parliament and a public opinion" to manage, they said, "the plan had to be clever and failure was not an option." According to the *Sunday Times*, Blair personally assured Bush of his decision, in Crawford, Texas, in April 2002, as a civil service briefing paper, specifically prepared for the July 23, 2002, meeting stated: "When the Prime Minister discussed Iraq with President Bush at Crawford in April, he said

that the U.K. would support military action to bring about regime change."

The July 23 document, labelled "extremely sensitive," was written up by Downing Street aide Matthew Rycroft. According to the *Sunday Times*, it cites Joint Intelligence Committee head John Scarlett saying that Saddam Hussein's regime was "tough," and that the "only way to overthrow him was likely to be by massive military action." Then Richard Dearlove, head of MI-6, reported on "his recent talks in Washington [where there] was a perceptible shift in attitude. Military action was now seen as inevitable. Bush wanted to remove Saddam, through military action, justified by the conjunction of terrorism and WMD. But the intelligence and facts were being fixed around the policy. The NSC [National Security Council] had no patience with the UN route, and no enthusiasm for publishing material on the Iraqi regime's record. There was little discussion in Washington of the aftermath after military action." At the time, the Neocons were lying repeatedly on all these matters.

Donald Rumsfeld's already set military plans were described, which included that Britain and Kuwait were seen as essential for these operations.

Defense Secretary Hoon then told the meeting that "the U.S. had already begun 'spikes of activity' to put pressure on the regime. . . . The most likely timing in U.S. minds for military action to begin was January, with the timeline beginning 30 days before the U.S. Congressional elections." Foreign Secretary Straw warned that it "seemed clear that Bush had made up his mind to take military action. . . . But the case was thin." Saddam Hussein was "not threatening" neighboring nations, and "his WMD capability was less than that of Libya, North Korea, or Iran," The plotters had to force an ultimatum on Saddam, which, Straw said, "would also help with the legal justification for the use of force."

But Attorney-General Lord Goldsmith asserted "that the desire for regime change was not a legal base for military action." Blair retorted that "it would make a big difference politically and legally if Saddam refused to allow in the UN inspectors. Regime change and WMD were linked in the sense that it was the regime that was producing the WMD. . . . If the political context were right, people would support regime change. The two key issues were whether the military plan worked and whether we had the political strategy to give the military plan the space to work."

Blair emerged from this meeting to repeatedly lie to the public, the Parliament, and even his Cabinet, that no decisions had been taken on war against Iraq, and that the alleged "Weapons of Mass Destruction" was the "real" issue for his opposition to Saddam Hussein. The "Conclusions" of this outrageous planning session were that Downing Street "should work on the assumption that the U.K. would take part in any military action"! Blair's entire war policy is now exposed. For him, as well as Bush, this means trouble.

# Bush Policy, Not Proliferation Threatens World Security

by Marsha Freeman

During the first week in May, the 188 nations that are party to the 1968 Nuclear Non-Proliferation Treaty (NPT), began deliberations at the United Nations, to review the status of the Treaty over the past five years. After a year of trying to hash out an agenda for the three-week conference, the participants could not agree on what to discuss, and were no closer to agreement after a week of consultations.

This is because the United States insists that the major threat of nuclear war to the world, is the activity of “rogue states” such as Iran and North Korea, and non-state terrorists who could gain access to nuclear materials. In fact, it is the policies of the Bush Administration itself that are the greatest threat to international peace and stability, which was pointed out in numerous conference presentations.

It is the height of hypocrisy that the U.S. Administration has tried to bully the UN into imposing sanctions on countries that it “suspects” may be developing nuclear weapons, and that it now proposes denying civilian nuclear energy technology, allowed in the Treaty, to the rest of the world.

The facts show that the threat of nuclear war is not from Iran or North Korea, but right here at home. Since it came into office, this Administration has unilaterally withdrawn from the bilateral Anti-Ballistic Missile Treaty, making more unstable this country’s key strategic relationship with Russia, a nuclear power.

Secretary of Defense Donald Rumsfeld, speaking for the Cheney apparatus in the White House, proposes to develop new classes of nuclear weapons, such as “bunker busters” and battlefield “mini-nukes,” under the guise of fighting terrorism. These new weapons would lower the threshold of nuclear war.

And this Administration has repudiated the no-first-use doctrine, adhered to by every other nation in the world, to allow the U.S. to use nuclear weapons against *non-nuclear-weapons states* that “threaten” the United States with so-called weapons of mass destruction. Such WMDs now include human beings!

An article in the *Washington Times* on May 1 reports that a March 15 draft of a “Doctrine for Joint Nuclear Operations,” sets conditions under which “Geographic combatant commanders may request presidential approval for use of nuclear weapons” against rogue states and terrorists. Possible targets listed include “potentially overwhelming adversary conven-

tional forces.”

The Bush Administration is proposing that non-nuclear weapons states be denied access to uranium enrichment technologies to produce fuel for civilian nuclear power plants, because they could be used to produce weapons-grade material. Rather, these states should rely on some internationally controlled consortium to provide the fuel. Does the White House really believe that developing nations will allow their critical energy supplies to be held hostage to a regime that could shut down their nuclear plants by denying them fuel, if they do something the U.S. does not like?

History teaches that it is not the development of new weapons that causes wars, and concomitantly, that it is not treaties that prevent them. If the *intention* of a nation is its own economic development, within a family of nations which sees its progress based on the Treaty of Westphalia’s principle of the “advantage of the other,” nations will have no need to develop, much less use, nuclear weapons.

The response at the conference indicates there will be nothing of substance that will result from the NPT review, because there will be no consensus to go along with the mad provocations by the United States.

## Provoking Iran

In his speech on the first day, May 2, U.S. Assistant Secretary of State for Arms Control Stephen Rademaker, who replaced discredited bully John Bolton in that position, laid out the Bush Administration’s new non-negotiable demand concerning Iran’s uranium enrichment program. While Great Britain, France, and Germany have worked to reach some kind of accommodation with Iran, Rademaker said that the only solution to “the Iranian nuclear problem . . . must include *permanent* cessation of Iran’s enrichment and reprocessing efforts, as well as *dismantlement of equipment and facilities related to such activity*” (emphasis added).

Rademaker also stated that countries that do not sign the Additional Protocol to the NPT, which allows the International Atomic Energy Agency (IAEA) to make intrusive and unannounced inspections, should be denied access to civilian nuclear technology, even though under the Treaty, every nation is entitled to all technologies for the peaceful use of nuclear energy, including uranium enrichment to produce fuel.

## The NPT: A Faustian Bargain

The 1968 Nuclear Non-Proliferation Treaty (NPT), stands on three principles that apply to the five nuclear weapons states (NWS), and the non-nuclear weapons states (NNWS).

The Treaty states: "Believing that the proliferation of nuclear weapons would seriously enhance the danger of nuclear war," NNWS will not undertake to receive or develop nuclear explosive devices, and will accept safeguards and standards enforced by the International Atomic Energy Agency (IAEA). The IAEA will have the authority to inspect installations that have been declared as nuclear sites by each nation, and track all fissionable material.

In return, "all Parties to the Treaty are entitled to participate . . . in the applications of atomic energy for peaceful purposes," and that "nothing in this Treaty shall be interpreted as affecting the inalienable right of all of the Parties to the Treaty to develop research, production, and use

of nuclear energy for peaceful purposes without discrimination and in conformity" with the non-proliferation statutes of the Treaty.

Third, the five NWS declare "their intention to achieve at the earliest possible date the cessation of the nuclear arms race and to undertake effective measures in the direction of nuclear disarmament."

The Bush Administration proposes to change the Treaty, to hold access to peaceful nuclear technology hostage to the agreement of NNWS to the highly intrusive, recently formulated Additional Protocol.

The Administration proposes that NNWS are *not* entitled to access to uranium enrichment and spent fuel-reprocessing technologies, no matter what non-proliferation regime they agree to, but should instead rely on an international consortium to provide these services. This is a challenge to national sovereignty, and violates the Treaty.

And rather than engage with the other NWS toward disarmament, the Administration is proposing the development of new classes of nuclear weapons.

The following day, Iranian Foreign Minister Dr. Kamal Kharrazi stated his nation's position: "The inalienable right of the States to develop nuclear technology for peaceful purposes emanates from the universally accepted proposition that scientific and technological achievements are the common heritage of mankind. . . . It is unacceptable that some tend to limit the access to peaceful nuclear technology to an exclusive club of technologically advanced States under the pretext of non-proliferation."

"Let me be absolutely clear," he continued, "that arbitrary and self-serving criteria and thresholds regarding proliferation-proof and proliferation-prone technologies and countries, can and will only undermine the Treaty. Iran, for its part, is determined to pursue all legal areas of nuclear technology, including enrichment, exclusively for peaceful purposes, and has been eager to offer assurances and guarantees." More effective than negotiating "objective guarantees," he stated, is for Iran to continue its legal pursuit of technologies, "under the fullest and most intrusive IAEA supervision." On May 8, Iranian Foreign Ministry spokesman Hamid Reza Assefi confirmed that Iran is preparing a bill to submit to Parliament to ratify the Additional Protocol.

Kharrazi zeroed in on the "one non-party to the NPT" in the Middle East which has been given "unrestricted access, at least by acquiescence," to nuclear technology and equipment. "Israel has continuously rejected calls by the international community" to accede to the NPT. Instead, it has developed one of the largest stockpiles of nuclear weapons, "which has endangered regional global peace and security," he said.

## The U.S. Threat

When the NPT was formulated, it promised that in return for foregoing the development of nuclear weapons, non-nuclear weapons states would have full access to civilian technology, that the five declared weapons states would work toward disarmament, and that non-nuclear states would be given "Negative Security Assurance" that they would not be subject to attack by the nuclear weapons states. Now, the United States proposes to renege on that agreement.

Malaysian Minister of Foreign Affairs Syed Hamid Albar, representing the member countries of the Non-Aligned Movement, said that it is the nuclear-weapons states that threaten international peace and security, and that the "doctrine of nuclear deterrence" must be "rejected." The Non-Aligned states "reaffirm the inalienable rights of [parties to the NPT] to engage in research, production, and use of nuclear technology for peaceful purposes without discrimination. Nothing in the treaty should be interpreted as affecting this right."

Ambassador Ronaldo Sardenberg from Brazil countered the U.S. proposal that signing the Additional Protocol be prerequisite to nuclear technology access. He stated that the NPT "does not qualify, restrict, or reinterpret" the "inalienable right to the development and use of nuclear energy for peaceful ends." Sardenberg also stressed that it is "the introduction of new weapon types and the announcement of strategic doctrines that tend to lower the threshold for the utilization of nuclear weapons," not the peaceful use by developing countries. Brazil has been in a tussle with the IAEA for the past

year over the development of its own uranium enrichment facilities, even though no one accused that nation of having the intention of developing a weapons capability. Brazil has refused to back down.

China's representative to the conference, Zhang Yan, outlined the threats that China, a nuclear weapons state, sees to international security. He said that "negative developments" such as "sticking to the Cold War mentality, pursuing unilateralism, advocating a pre-emptive strategy, listing other countries as targets of a nuclear strike, [thus] lowering the threshold of using nuclear weapons, and researching and developing new types of nuclear weapons for specific purposes, add new destabilizing factors to international security."

Zhang proposed that concerns should be addressed "through dialogue and cooperation on an equal basis, rather than confrontation and exerting pressure." China has joined every non-proliferation regime, he stated, and was the first of the five nuclear weapons states to complete the "domestic legal procedures necessary for the entry into force of the Additional Protocol."

Indonesia's representative to the UN, Rezlan Jenia, stated that the challenges to the NPT are "attributable to its contradictions and imbalances." There has been "an uneven and selective implementation of its provisions." Disarmament and technology development have been superseded "by an exclusive focus on non-proliferation." "Regrettably, collective punishment seems to have been in place, thus denying benefits for non-nuclear weapons states that have adhered to the Treaty."

In addition, Jenia said, there has been the "reassertion of discredited strategic doctrines which has created a pervasive sense of global insecurity," notably "the policies of some states that envision the use of nuclear weapons for deterring, pre-empting, and punishing adversaries." This leaves non-nuclear weapons states "potential targets of a nuclear attack."

Iranian Foreign Minister Kharrazi had observed that "measures have been adopted" which include "the research and development of new non-strategic and low-yield nuclear weapons." He proposed that there should be a revision of "nuclear doctrine, policies, and postures" to lower the operational status of nuclear weapons, make the removal of nuclear warheads irreversible, and stop the development of missile defense systems, which "would instigate a new arms race in outer space."

The Iranian Minister recalled that as part of the non-nuclear states' agreement to forego developing nuclear weapons, they were to be given a Negative Security Assurance by the five nuclear powers, in which they would not threaten or use nuclear weapons against non-nuclear states. "It is abhorrent," he stated, that "the dangerous doctrine of use of nuclear weapons against non-nuclear states, and threats, were officially proclaimed by the United States and NATO."

## South American-Arab Summit Sets Example For World Peace

by Gretchen Small

Co-hosted by Brazilian President Lula da Silva and Algerian President Abdelaziz Bouteflika, the first-ever South American-Arab Summit was held in Brasilia on May 10-11, bringing together 17 Heads of State, two Vice Presidents, a Prince, 60 Cabinet ministers, and 315 other officials from the 34 nations of these two seemingly disparate regions. Together, these countries—12 in South America, 22 from the Arab League—represent over 660 million people of the developing sector.

Arriving in Brasilia on May 6, Arab League Secretary General Amr Moussa summarized the spirit of the summit: "Arabs and Latin Americans must make common cause to prosper in this world. . . . It is our destiny!" The historic summit was the Brazilian government's initiative, first raised during President Lula's December 2003 visit to several Arab nations. From the start, the summit was intended to achieve more than merely fostering South-South economic cooperation, however urgently needed and useful such cooperation is. As Brazilian Foreign Minister Celso Amorim stated in opening the Foreign Ministers' final pre-summit meeting on May 9, the summit "is the beginning of an historical moment in which we are setting—for other regions of the world—an example of how it is through dialogue, through understanding, through the search for knowledge of the other, that we can develop into a better, more peaceful, more just, and more democratic world."

The neo-conservative imperialists in Bush's United States and Sharon's Israel sought to derail the summit from the get-go. Their global agenda depends on ensuring that Harvard guru Samuel Huntington's "Clash of Civilizations" becomes a reality; without the wars thus fomented, and the destruction wrought by the International Monetary Fund's policies, their would-be new world empire of globalization will fail. The world, however, is slipping out of their control. Although not willing to openly break with globalization, the nations of South America are building alternative bridges to other nations to create the possibility of survival. Such was the motivation driving the March 29 Ciudad Guayana summit among Brazil's Lula, Colombia's President Alvaro Uribe Velez, Venezuela's President Hugo Chávez, and Spain's Prime Minister José Luis Rodríguez Zapatero, with its emphasis on the integration of physical infrastructure as



the key to peace in South America.

The summit in Brasilia extended such cooperation to the neo-cons' favored target: the Arab world. And instead of globalization's mantra of "the democracy of the free market," several speakers at the summit harkened back to spirit of the Non-Aligned Movement, the great post-war anti-colonial movement which fought for the principle that all nations have an equal right to progress and development, in peace and sovereignty.

### **'Interwoven Cultures'**

Brazil has already come under fire, as the media pours out disinformation about the summit. First the line went out that it was a failure, because not every head of state attended. Now come the lies that the summit backed terrorism; that the Arabs imposed their political agenda over Brazil's intention to stick to economic issues, etc.

The importance of the summit lies not in the laundry list of particular resolutions adopted in the final communiqué, but in the very fact that it occurred at all. Here the neo-conservative lunatics in the Bush Administration are twitching with desire to launch new wars against the Arab world, with Syria as a particular target, and the nations of South America, which are supposed to be Wall Street's docile pets, up and form an alliance with those very nations.

From the outset, Brazilian leaders counterposed the idea of the summit to the miserable lie of an inevitable "clash of civilizations" with the Arab world. In his address to the pre-summit foreign ministers meeting, Amorim reiterated the concept which had framed the organizing for the summit every step of the way: that of *Convivencia* (literally, "living together"), that advanced civilization, in Andalusia, produced by the peaceful intermingling of Muslims, Jews, and Christians, in the pre-Torquemada days of the Iberian Peninsula. Amorim emphasized that, as South America builds its own South American Community of Nations, in parallel, we reach out to the Arab world, which has so influenced our culture, people, and civilization. The historic Arab influence is so pervasive in South America, that more than a dialogue or alliance of civilizations, we could almost speak of "an interweaving of civilizations" between us, he said. The principal purpose of the summit, said Amorim, is to develop our direct relations, maritime ties, business and cultural exchanges—"all this besides the philosophy of tolerance which has already inspired us greatly, which was clearly seen in the Iberian Peninsula in the years in which our Arab brothers were there, too."

In a well-directed slap in the face to the neo-cons' demand that South American governments target ethnic Arab South Americans as potential terrorist threats, the final "Declaration of Brasilia" issued by the summit expressed "its appreciation for the positive role played by South American citizens of Arab descent in the fostering of bi-regional relations." This is no small community: Brazil alone is home to a more than

2 million immigrants from Syria, and close to 7 million from Lebanon. Brazil, in fact, is home to the largest community of Lebanese descendants in the world, outside of Lebanon.

The slander being circulated against the summit, is that the final declaration contains support for terrorism. This is simply a lie, as the declaration emphasizes the importance of international cooperation to *combat* terrorism. What provoked the neo-cons' fury, is that the declaration includes a defense of the Palestinians' right to a sovereign state, in coexistence with the State of Israel; its insistence that Israel disband settlements in Palestinian areas, "including those in East Jerusalem," and retreat to its 1967 borders; and its reiteration of the time-honored "right of States and peoples to resist foreign occupation, in accordance with the principles of international legality, and in compliance with International Humanitarian Law." The declaration's denunciation, by name, of the U.S. "Syrian Accountability Act" which unilaterally imposes economic sanctions against Syria in violation of international law, also produced the usual outrage from the usual quarters.

### **'Irrigating' Peace**

The weaknesses of the strategy of these governments is their insistence on skirting the central issue of the global crisis today: the need to *replace* the dying international financial system, before we all go down with it. Instead, the governments call for a few reforms of the international financial system, so that, somehow, they could receive much needed capital for investments in infrastructure and eradication of poverty and hunger.

The South-South economic cooperation discussed is more viable. Substantial attention is being paid to joint projects addressing the scientific and technological problems of agriculture in arid and semi-arid regions, ranging from study of irrigation technologies, to urban sanitation and means to lessen water loss in public water supplies, and desalination.

Trade and investment agreements were discussed among the over 1,200 businessmen from South America and the Arab nations who participated in the business seminar held in parallel to the summit in Brasilia. As several Arab businessmen pointed out, it is ridiculous that there is no direct trade today between the two regions, and, instead, it is all carried out by European firms, and products shipped from one region to the other, go through Europe, adding 45-60 days to the trip.

Cooperation between the two regions is to continue, with high-level officials of the foreign ministries scheduled to meet again in November 2005. A tentative schedule of new meetings was adopted: foreign ministers to be held in 2007, in Argentina (with "extraordinary" foreign ministers meetings to be held, as necessary), and a second South American-Arab summit scheduled for 2008, in Morocco.

As President Lula said in closing, the summit demonstrated that it is possible to construct a world without war, without walls, and without ideological, racist, or prejudiced economic and cultural boundaries.

# Earth's Next 50 Years: Your Generation Crucial

*Here is the transcript of Lyndon LaRouche's opening remarks by phone to the LaRouche Youth Movement cadre school in Düsseldorf, Germany, on May 7, 2005.*

I have just completed a paper which is entitled, "The Revolutionary Aspect of the LaRouche Method" [see *EIR*, May 13], which deals essentially with looking at the current world situation, especially the things like the onrushing collapse of Ford and General Motors, from a psychological standpoint. That is, to emphasize the mental disorders among governments and leading circles of people, which have been responsible for, in the one case, getting us into this mess, which has been going on for over four years; and in the second instance, for failing to admit, recognize, and do something about this mess.

So, I'm looking at the mental state, especially of the United States and Europe—a defective mental state, which is responsible for these parts of the world, in continuing the present policy which is called "globalization." And it is globalization, which is expressed by the current bankruptcy, in fact, of both General Motors and Ford, and the spread of that problem into other parts of the world, as we see in the case of Opel, for example, in Germany, and you see the case of the Chrysler connection (even though Chrysler's not yet gone into the hole) to Daimler Benz and so forth.

So, this is the situation. We're now at the point, where an immediate, general collapse of the world monetary-financial system is imminent. It could be next week, starting after Monday. Because General Motors, Ford, and other things which are in the same category—that the combination of these, is more than sufficient as a financial explosive charge, to set off chain-reactions which will bring down the whole system.

I do not assure you that that will happen next week. But I *do* assure you that it *could* happen next week, that all the preconditions for it now exist, and have existed for several weeks past. So, it can happen any time. And at this point, the world is ill-prepared to deal competently with the onset of this crisis. Despite the meetings in Moscow, and the celebration of the conclusion of what is called "World War II," despite those things, that is an interesting discussion, significant. But that is not the key to the current period of history; that is, the current immediate weeks and even days of history.

### Center of Current History

The center of the current days of history *is in the United States*, and is located most immediately, in the immediate

relationship between the United States on the one side, and Asia and Europe on the other. Because this is where the decision will have to be made.

For example, China and India are major nations, because of their population, and because they are, in a sense, developing nations. *But*, the fact that each of these nations has about 70% of its population in extreme poverty—with no immediate prospect for an improvement in the condition of the extremely poor of India, the 70%; and a very poor prospect, unless some changes are made, for the poor of China. So, the center of power *is* in the United States, and in Europe, and to some degree in Japan and so forth, in other nations, which are truly industrialized nations.

Also, the collapse of the world is centered in the internal problems and errors of policy of governments and recent tradition, in the same countries: Europe, United States, Japan, and so forth—not in these other countries, the so-called developing countries.

The problem, the decision to be made to get out of this mess, will come from the United States, primarily; from Europe, from Japan, and a few other countries, which are major countries; that is, well-developed industrial powers. It will not come, initially, from other parts of the world. Also, the failure, if it occurs, will come from the most-developed parts of the world.

So therefore, the relationship between Europe and the United States has a very special quality, in that sense. And the recent elections in the United Kingdom are also relevant here, because we understand that Mr. Blair may not be—even though he's just been re-elected, his government's been re-elected so to speak—he is not secure. He might be out of there, in short order, even by a tumult within his own Labour Party. And he has a very weak margin of governing, under present world conditions. You could imagine what the effect would be on the United Kingdom's policies, of the collapse which is likely to occur at any moment right now.

So, that's the general situation.

Now, let's get as quickly as possible to our situation: I've covered a lot of it in this paper, which is fairly lengthy. . . .

### Mental Defects in U.S. and Europe

But, I posed the key decisions to be made in that paper, and in some papers which have preceded this, which you may have noticed over the recent period. I've been writing quite busily over recent months, in trying to get a package out, which is the equivalent of a set of volumes, and this includes some of the things I wrote during the period of the election campaign, and afterward: to get out a package which represents conceptually an idea of *what has to be done, now* with this world, which is in danger of going into a prolonged dark age. What do we do? And so, this is the latest one on this, and as I said just a moment ago, it emphasizes looking at the problem before us, from the standpoint of the mental defects of the governments and ruling, leading strata, in particular, of especially, nations of the United States, and of Europe,

especially Western Europe.

So, these mental defects are the standpoint from which I wrote this particular paper. It's not really the idea of cheering, of praising these defects, or admiring them, but of correcting them. And sometimes the best way to correct an error, is not to avoid speaking about it, but, rather, on the other hand, to go right at it and attack it.

Now, just on the United States side itself: I have a problem here in the United States. The problem is largely a problem of the Baby-Boomer generation. Now, the Baby-Boomers are not in a sense responsible for themselves. That is, they are not mentally responsible for their own behavior. Because, what happened in, especially in Western Europe—less so in Eastern [Europe], and in Eastern Germany, than in Western Germany—at the close of the war, after Roosevelt had died, the United States and Britain went on an insane course, looking for a war, then, with the Soviet Union. The purpose of that effort, under Truman—it was a right-wing turn in the United States; and there was a right-wing wave of terror, in the late 1940s *inside* the United States. It was a wave of terror, directed, chiefly—not against the Soviet Union, though that was the appearance of the thing—but chiefly against the Franklin Roosevelt legacy in the United States itself.

These were Roosevelt-haters. The U.S. faction, and the British faction of Roosevelt-haters, were the same people that had put Hitler into power in the first place, in Germany, and the other fascists of Europe, in the 1920s and 1930s.

These people, in the United States and Britain, had turned against Hitler, whom they'd put into power, only because Hitler had decided to move to attack westward first, against France, the Netherlands, Belgium, and so forth, and the United Kingdom, rather than against the Soviet Union. And thus, the negotiations between Stalin and Ribbentrop, and so forth, in the 1930s, had tipped off the British and others to the fact that Hitler was not going to go eastward first, which is what they intended he should do, and in which they were going to support him, at least up to the time he got into trouble in the Soviet Union; but he was going to attack westward first. And therefore, you had factions, inside particularly the United Kingdom, and inside the United States, who had been pro-Hitler up to the middle of the 1930s, who suddenly began to become anti-Hitler, not because they disagreed with Hitler's style inside Germany, or inside continental Europe; but, because he was going in a way which they considered a threat to the Anglo-American-Commonwealth influence and interest.

So, that was the reason.

Now, once Hitler surrendered, by virtue of dying by sui-



*The right-wing turn engineered during the Truman Presidency was a wave of terror directed chiefly against the Franklin Roosevelt legacy in the United States itself. Shown here are President Truman and Winston Churchill at their departure to Fulton, Missouri, where Churchill delivered his Iron Curtain speech, which set the stage for the Cold War.*

cide, as we celebrated that a few days ago, once that had happened, the pro-Nazi side of the financier-oligarchy inside the United Kingdom, inside the United States, and inside continental Europe, came to the fore. The real financial interests which had been behind Hitler, on the continent of Europe, which had been part of the ownership of the Nazi system under Hitler, were protected, in large degree. Some individual Nazis who were conspicuous, and so forth, were given bad treatment. That was the cover story. But the basic financier interest behind putting Hitler into power, was barely touched. As a matter of fact, most of it was kept alive, and was used as a part of the post-war system.

So, that's what Truman represented. That's what was represented in various trends inside Europe, in terms of this conflict with the Soviet Union.

The change occurred, of course, when the Soviet Union developed a thermonuclear weapon, which was capable, where the United States did not yet have one. So, at that point, the idea of going to preventive nuclear war against the Soviet Union sort of "went by the boards." And we went into this long phase, of a thermonuclear standoff; it was sometimes called "détente" or something like that, between the Soviet forces and the Anglo-American forces.

### **The Anti-Franklin Roosevelt Tradition**

That was the system. That's what happened to us.

Now, in this period, to get to the point about the Baby-Boomers—in this period, the major operation inside Western

Europe, and inside the United States, was to produce a cultural change in the populations, which would eliminate not only the Roosevelt tradition, but eliminate the cultural tradition of Europe and the Americas, on which the Roosevelt accomplishment had been premised. They were going to eliminate the factor of U.S. history, that is, the U.S. principle of U.S. history, eliminate that, eradicate that, by a gigantic brainwashing operation, which was known as the Congress for Cultural Freedom.

Now, you in Germany will notice this when you look at certain differences in the way of thinking, in the Eastern part of Germany, and the Western. The people in the Western part of Germany, as in France and elsewhere, were brainwashed massively, by this existentialist propaganda of the Congress for Cultural Freedom. The Congress for Cultural Freedom was practically the occupying power that governed Germany, up until the time of reunification! Whereas in the East, the Soviets had a different policy: They were not opposed to Classical German culture, which was being destroyed in the Western part of Germany, as an extension of the Congress for Cultural Freedom. The Russians, the Soviets, in order to try to maintain their position in Eastern Germany, actually favored many aspects of German Classical culture. They didn't like the real stuff; but, the culture, the music and so forth, the Soviets said, "This is German culture. Therefore, we work with German culture." And therefore, the East Germans were not brainwashed in the same specific way that the West Germans were brainwashed! Or, the way that people in the United States were brainwashed.

So, this was the problem. Now, what was intended in this process, and it was carried to a new phase with the collapse of the Soviet Union, what was intended was to eradicate the influence of the United States and what it represented, in terms of European civilization, for the planet. Not that it was, that they were concerned so much about the United States, itself—they were. But they wanted to eliminate Classical European culture, the Classical European culture, upon which the modern nation-state, in which a nation-state society is based on the General Welfare principle, would continue to run most parts of the world. So, they were out to go back to an imperial form, of a Venetian-style imperial form, much like that of the time from about 1000 A.D.-1400 A.D., in which Europe was dominated by an alliance between the Venetian financier cartel and the Norman chivalry, the period of the Crusades. Which collapsed, of course—the 14th-Century new dark age—as a bankruptcy collapse, a bankruptcy very much like the international bankruptcy which now threatens the world as a whole, at this particular moment.

So, that's our situation.

And thus, we've come to the point, because of the brainwashing, of the post-war period, the brainwashing which actually brought the right-wing in—and a lot of people who are called "left wing," like the Greenies, are actually right wing, because they are an extension of the policies of the Congress



*The brainwashing of the post-war period brought the right-wing in—including the Greenies!—to destroy the Classical culture of Europe and the United States. The Greenies are the most extreme expression of the anti-civilization faction. Here: an anti-nuclear demonstration in Wiesbaden, Germany.*

for Culture Freedom, whose aim was to destroy the Classical culture of Europe and the United States. And the Greenies are the most extreme expression, in terms of the general (apart from some odd creatures, here and there), but the most extreme expression of the anti-civilization faction.

And if this comes to the fore right now, as you look in Germany, France, and the United States, we are now in a situation where we have to go to a large-scale implementation of the development of nuclear power, and related things, and other programs, which are all—these programs, every program which might mean an economic recovery, in Europe or the United States, would mean eliminating all of the leading features of the ideology of the Greenies and the similar countercultural types, from influence over the policies of government.

So, you see in that way, what the problem is. And that is a symptom of the sickness which I address in this paper, which was now just in the process of being published. That's what our situation is.

Now, the other aspect of this, involves the youth movement. As I said, the generation which are called the Baby-Boomers, in Europe and in the United States, were brainwashed. Especially those in Western Europe, are those who were involved in Western-run anti-Communist movements or anti-Soviet movements in Eastern Europe. These people were the ones who were the most brainwashed, in the post-war period.

The result of that brainwashing, which was the real target, was not the Soviet Union as such; the real target of this brainwashing, of the populations and institutions of the United States and Western Europe, during that period—that long period from the end of the war into the present time—was to eliminate the factor of European Classical civilization. The Classical civilization upon which the development of Europe, from especially the developments which occurred from the 15th Century on, and the emergence of the United States and so forth, on which these things were based.

### **Defective Cultural Conditioning**

So, that's our crisis. You have a cultural condition, which is the recently hegemonic cultural tradition, in Europe, the United States, and elsewhere, which is the cause for the present, onrushing collapse of the world monetary-financial and economic system.

And therefore, to get out of this mess, you have to dump those ideas, to which Western Europe, the United States, and elsewhere, have been conditioned as the acceptable ideas for all of the past half-century. More than half of a century. That is not exactly an easy problem.

Now, therefore, the Baby-Boomers, who were conditioned in the late 1940s, especially the 1950s, in the propaganda, and the radiation of the propaganda of the Congress for Cultural Freedom—they were brainwashed to the degree that they never have known, in their adult life, a period in which a Classical cultural tradition was the hegemonic tradition running society. As the Baby-Boomer generation, in the course of the 1970s, moved out of being a youth movement, into becoming more and more the population taking over the secondary, and now the primary positions of official, elected positions in government, in industry, and so forth, the Baby-Boomer generation has never known the experience of running society, in the same way. And that's why we're in the mess we're in!

Now, the Baby-Boomer generation now knows—and it has come since the collapse of the Soviet system—has come to the point some of them call “the end of history.” For the Baby-Boomer generation, the war against the Soviet Union, and from the Soviet side, the reciprocation, was the issue of history: to finally eliminate the enemy; to eliminate Communism! to eliminate the Soviet Union! to crush China! and so forth. These were the objectives of the generation which was conditioned as the Baby-Boomer generation. All the other values, the Classical values, the defending this and that, was

all eliminated. It was eliminated by existentialist propaganda. And this thing took over.

So now, when the Soviet Union collapsed, this was not a time for rejoicing and getting on with real business. No! The business was now, “History has come to an end.” For these fellows, as the extreme case of the case of Francis Fukuyama, the State Department guy who wrote the book, on *The End of History*, and the article, for these guys, the objective was, “We had to establish a U.S.-, or an Anglo-Saxon world empire!” An empire modelled upon the—actually, the feudal empire of the period of about 1000 to 1400 A.D. in Europe. This kind of thing.

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*It's your generation that is going to carry this planet through the next quarter-century, and half-century: Your generation. You are responsible. And the Old Geezer, while he's around, is going to help you do it.*

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This was their objective! They had no objective! The Baby-Boomer generation had no embedded, cultural objective, beyond the defeat of the Soviet Union. That had been what they had been raised to; that's how they rose to positions of influence in society. That's how they became the government, because they were organized around this issue: the defeat and crushing of the Soviet Union. So, when the Soviet Union disintegrated, the enemy had disintegrated! And when the enemy had disintegrated, the purpose for their existence had disintegrated.

So, now you see Baby-Boomers sitting there, going through life-styles, escapist life-styles. It doesn't mean they're rich—many of them are not. But they have a life-style they've developed, and they live through that life-style. And they become enraged if that ritual life-style is disturbed. Because they have no other purpose in life! They want to experience a comfortable life-style. And they wish that death would overtake them by surprise, so they would never actually feel the experience of dying. They have no purpose beyond their present life-styles—that is, no real purpose. And you see that.

### **Mission for the Youth**

Whereas, the conflict with the younger generation, your generation, is the fact that you are at the beginning stage of your adult life. The future, for the next 50 years (if the world doesn't blow itself up), the next 50 years of your life are before you. And, as you come onto the stage as young adults,

the world is being destroyed! So, your mission is not to have the world destroyed! Your mission is to have a world to live in—so you can live your life, for the next 50 years or so, in that world.

The Baby-Boomer generation experienced really deep conditioning, through crises and other things, of this war with the Soviet Union. The disappearance of the Soviet Union took away the purpose for existence of the Baby-Boomer. And then, you have the Tweener, the fellows who are now in their 30s, who are not Baby-Boomers, and they have no values whatsoever! They tend to be the worst, most opportunistic sophists you can imagine. The Baby-Boomer generation generally tends, apart from extreme cases, to have an echo of what their parents' generation understood in terms of culture. There are echoes of Classical culture, in the Baby-Boomer generation, even though they have, in a sense, given them up as fighting issues. But they still like to have them, like an old piece of furniture, they admired in the house, a piece of bric-a-brac, a painting; an occasional bit of music from the past, from the Classical past. These things they enjoy as objects of art, or mementos. They just have no passion, for the reality of these things. They admire the memory of their having existed.

The Tweeners have no such commitment. They are lost souls, as a generation, with no values whatsoever. They are the worst sophists you could imagine, in our time, in any part of culture.

But, the Baby-Boomers, as I said, are in the sense of dying, not intending to die tomorrow, but intending to find a comfort zone and a life-style, hoping that when they die, it will come as a surprise, and they won't feel any pain.

So, that's our problem. And therefore, your generation, combined with a few old geezers like me, is the essence of the combination of people, who are responsible for the future of the human race. Now, you have found, through your experience as a youth movement, you've found that you have, per person, much more potential influence in society, than the complement number of Baby-Boomers, or people who are not functioning as you're functioning. You have the moral high ground, of your position, your activity. You have the responsibility, of beginning to assume the responsibilities of leadership, to turn this planet back to a Classical tradition. Turn this planet to a point that we escape, the immediately onrushing danger of a new dark age.

And, we're not doing a bad job! You're not doing a bad job. There are not enough of you. You don't have the resources. There are all kinds of problems. You've got the problems of being raised in a Baby-Boomer age. And this stinking culture, that you've been dumped into.

But, whatever you are, whatever you are not, it's your generation that is going to carry this planet through the next quarter-century, and half-century: your generation. You are responsible. And the Old Geezer, while he's around, is going to help you do it.

## 'Don't Re-Kissingerize Lebanon,' Patriots Say

by Nina Ogden

A seasoned political leader in Lebanon commented, after watching an interview with President Bush on Lebanese TV last month, "Many people who watched it are asking a serious question, 'Is Bush senile?' There is a French expression for a senile person who just repeats the same words over and over again. This is what Bush sounded like—repeating over and over again the words 'freedom, democracy, freedom, democracy.' Bush demanded that Lebanon form a Cabinet after the Cabinet had already been formed. He demanded that the Syrians leave when they are already out the door. Does no one in his own intelligence departments tell him anything? No one pays attention to him. He is being left behind. It is an embarrassment to the world to have a President of the United States in this condition."

In the pressure-cooker atmosphere of the first Lebanese election since the April 29 departure of the Syrians, whose 29-year military presence was brokered by the same forces who recently passed resolutions demanding they leave, Muslim and Christian leaders alike are stepping up their calls for respect for Lebanon's sovereignty. A leading Shi'ite cleric warned that "foreign ambassadors, particularly U.S. Ambassador Jeffrey Feltman, are pressuring Lebanese officials and interfering in Lebanon's political decisions."

Similarly, a Maronite Christian leader emphasized, "The Lebanese people are unified in their passion to never again be manipulated into civil war." Muslims and Christians hold in their heart the exhortation of the late Pope John Paul II, when he was in Lebanon, the source said: that our mission in Lebanon is to be a model of religious coexistence for the entire region. "All the suffering caused by the maneuvers against the Lebanese people in the past can be explained vividly in one word—Kissinger! Therefore we have an easy watchword for our people—No to Re-Kissingerization!"

The April 8, 2005 *EIR* article, "Will the Kissinger Legacy Again Kill Lebanon?" which has been circulated widely in Lebanon, reviewed Lyndon LaRouche's visit to Iraq on the eve of the Lebanese civil war which began on April 13, 1975, and his warning then of manipulated conflict, as key to comprehending Henry Kissinger's schemes to provoke sectarian violence throughout the region. *EIR* warned of the current manipulations coming from the State Department, which were foreshadowed by the 1996 "Clean Break" manifesto, written by U.S. neo-cons for incoming Israel Prime Minister Benjamin Netanyahu, calling for regime change in Iraq,

Syria, and Iran. If wise leaders reinforce the idea of “No Re-Kissingerization,” such tricks cannot destroy Lebanon again.

Take the case of the Maronite Patriarch, Cardinal Nasrallah Boutros Sfeir, who in his long life has learned to avoid being ensnared by such deceptions. When the Patriarch was invited to the United States to meet with President Bush in March, he was given a hero’s welcome; but was also put under tremendous pressure to accede to the immediate disarmament of the Shi’ite movement Hezbollah. The Patriarch calmly explained to President Bush and others that this is an internal Lebanese matter, which will only be discussed by the Lebanese themselves, and not until after the parliamentary election. All other religious and political factions in Lebanon stood together against the pressure, and this demand has been temporarily laid aside.

The irony of President Bush’s mantra about “free and fair elections” does not escape Lebanese observers, who recall the President’s own election contests. One can only imagine the difficulties involved in putting together a national election after 30 years of war and occupation from, as the Lebanese say, their “neighbors to the south and their neighbors to the east,” and especially under the pressure of the U.S. “Syria Accountability and Lebanese Sovereignty Restoration Act,” and UN Security Council Resolution 1559. The fact that section 23 of the Syria Accountability Act quotes serial liar John Bolton, asserting that Syria has chemical and biological WMD programs, shows why Lebanese leaders are so carefully watching what is going on in the U.S. Congress.

With only days to go until the elections begin on May 29, there are current difficult disagreements over election procedures within Lebanon. This is purely an internal Lebanese matter. Yet, as the Muslim cleric quoted above observed, the very U.S. officials who lionized the Patriarch on his visit to the United States, denounced him the week of May 9 for “adding fuel to the fire,” and said they were “deeply concerned” over what they called “a mean drive to convince the Lebanese that they were better off under Syria’s tutelage.” This grotesque criticism was directed at the Patriarch after he convened a Council of the Maronite Bishops to discuss a parliamentary faction’s use of what the bishops consider unfair gerrymandering of electoral districts.

There are many dangers on Lebanon’s horizon. On May 9, the Israeli Defense Forces lobbed eight shells across the border and flew over Lebanese airspace ten times. Then, on May 11, Israeli Prime Minister Ariel Sharon accused Hezbollah in Lebanon of firing a rocket into northern Israel. The role of Hezbollah, as well as the return from exile of former President Gen. Michel Aoun and the imminent release of Lebanese Forces Commander Samir Geagea from prison (see box), all bring the issue of competing militias to the fore again.

But, it is the principle of the real sovereignty and economic development of Lebanon and her neighbors which will determine the solutions to these and other problems, and those principles are now front and center. Therefore, we applaud our Lebanese friends for their poetic slogan—“No to Re-Kissingerization.”

## Congressman McCotter Joins Cheney’s Drive

On May 10, at the Cannon Office Building of the U.S. House of Representatives, a provocatively titled news conference announced that Rep. Thaddeus McCotter (R-Mich.) would brief reporters on how to get rid of the “Syria-controlled government of Lebanon.” It was a naked attempt by British and U.S. neo-conservatives to fan the flames of civil strife in Lebanon, at the very moment that leaders inside Lebanon are trying everything to maintain stability.

Poor Congressman McCotter! He has been picked up by Vice President Dick Cheney and House Majority Leader Tom Delay (R-Tex.)—receiving \$20,000 from Delay PAC; being named Assistant Majority Whip; and being appointed to two subcommittees of the House International Relations Committee. Now he is being made a fool of by the British NGO Christian Solidarity International

(CSI) and its unwitting Lebanese front groups.

The May 10 event, which was aimed at enforcing the Syria Accountability Act, and which bused in Lebanese-Americans from Michigan and Ohio, was also addressed by a speaker from the Australian organization Cedarwatch, which champions jailed Lebanese Forces militia leader Dr. Samir Geagea. CSI’s main issue in Lebanon is the case of Geagea, a warlord and former hit-man for the late Phalangist leader Bashir Gemayel. In the present electoral period, CSI is provoking the very hot-headed agitation others in the opposition have sought to avoid. Many in Lebanon are backing a pardon for Geagea, in the interest of quieting down the volatile political situation.

When a Lebanese Maronite leader was told of the role of Baroness Caroline Cox’s CSI in manipulating Lebanese-Americans, he said, “Oh, that’s the British back to their own tricks. . . . Those citizens who came from Michigan and Ohio will do much more for the United States and Lebanon if they lobby Representative McCotter to retool the auto plants in those states, than if they allow themselves to be maneuvered by outside agendas around the delicate situation in Lebanon.”—*Nina Ogden*

# Italy Is Drawing the Lessons From the Calipari Murder in Iraq

by Claudio Celani

If Niccolò Machiavelli were to write *The Prince* again, he would surely include, in the chapter “How a Nation Can Lose Its Best Allies,” a report on how the United States handled the crisis with Italy over the assassination of Italian intelligence official Nicola Calipari. As *EIR* readers know, Calipari was killed in Baghdad on March 6 by a U.S. patrol, which opened fire on the car in which Calipari was escorting Giuliana Sgrena, a liberated hostage, to the airport.

Calipari was a high-ranking official of the Italian military intelligence service, SISMI, and had concluded his third successful negotiation for the liberation of Italian hostages kidnapped in Iraq. He had closely coordinated the operation with the Italian Prime Minister’s office. Indeed, one minute before the U.S. patrol opened fire, Calipari had talked on the phone with Gianni Letta, the State Secretary to the Prime Minister in Rome, in the presence of Prime Minister Berlusconi himself.

The shock in Italy was enormous. Some speak of a deliberate “ambush” against the Italians, ordered by then-U.S. Ambassador John Negroponte, which resulted from a build-up of tensions over different approaches to the question of hostages (including Sgrena). The mildest judgment on the case is that U.S. forces in Iraq are out of control.

Two different versions of the event soon evolved: The Italian witnesses, the SISMI official and journalist Sgrena herself, reported that the car was driving at a low speed of about 40-50 kilometers per hour; that the lights inside the car were turned on to give maximum visibility to possible checkpoints; that the U.S. patrol did not give a warning before it opened fire, but turned a spotlight on the car and started to shoot at the same time; that the car then stopped immediately; and that the head of the airport security, U.S. Captain Greene, had been informed of the approach of the Italian car and its passengers at least half an hour before its arrival.

The U.S. command issued a report which claimed that the car was driving at about 95 kilometers per hour; that the driver did not stop at the warning light; and that U.S. authorities had not been informed about the arrival of the car.

As a friendly gesture, the U.S. military command invited two Italian officials to be part of the investigating committee in Baghdad. But it soon became clear that the Italian presence on the committee was only face-saving, and that the U.S.



*Nicola Calipari, the Italian intelligence agent killed by U.S. troops while freeing a hostage. The U.S. “inquiry” admitted no wrongdoing, despite overwhelming evidence to the contrary, and Italians are furious.*

military panel was determined to stick to its first version of the incident, and acquit all patrol members. Furthermore, when Rome prosecutor Franco Ionta, who had opened a formal investigation of the murder case, made a formal request to the U.S. authorities that he be allowed to interrogate U.S. witnesses, his request was left unanswered.

## Underground Intelligence Warfare

A crisis was already brewing between Rome and Washington, fed by what the Italian media described as “underground intelligence warfare” between Italy and the U.S.A., and by a growing sentiment of indignation among the Italian public. On April 29, the split between the two countries was acknowledged by a joint statement issued by the State Department and the Italian Foreign Ministry, which said that “investigators did not reach shared final conclusions. . . . Investigators will now report to the respective national authorities, in conformity with rules and procedures of their own countries.” The rest of the statement is a formal celebration of the “climate of cooperation,” “solid alliance,” and so on.

Soon after this, the official U.S. report was published, acquitting U.S. patrol members of any culpability, and accusing the Italians of having violated checkpoint rules and having failed to coordinate with their U.S. Intelligence counterparts. In a singular coincidence, CBS television broadcast a disin-



## The Italian Government's Calipari Report

The government report on the Calipari murder, published May 2, states:

"The witness statements by the U.S. soldiers . . . on the speed of the Toyota vehicle, albeit similar to one another, appear to be contradictory and not identical, and they seem to be biased by emotional factors. The intuitive persuasion that, by crediting the vehicle with a higher speed, the risk of being charged with an error of evaluation would be reduced, seems not to be extraneous to such witness's statements.

"Conclusions reached by the early, summary investigation—which admitted the violation of the rule on light signals—were initially accepted by the chain of command, but eventually were rejected."

The report then criticizes the destruction of evidence, the removal of the car from the scene, and "of particular significance, the removal and elimination of the cartridges."

Among the singular elements of the patrol deployment, it is reported that: "at 20:45 the soldiers were in the same positions they had been occupying since 19:30," a highly unusual and risky situation. "They were all worried about the long time spent by the soldiers at their checkpoints, because by leaving them in a static position for more than 15 minutes, they would be exposed to possible attacks."

The U.S. patrol "did not place signals or obstacles, as prescribed by guidelines for Traffic Control Points. . . . When it was clear that there was no more reason to believe that the checkpoint would have a short duration, the second lieutenant did not take measures to improve in any way the efficiency of the post, by effectively signalling the presence of his men and their equipment, as well as the aim of the mission. Nor had he considered that, with the passage of time passing by, the attention threshold is lowered, and it would have been better to replace the gunners, since the

whole functioning of the checkpoint, as it was deployed, was based on the constant utmost attention to incoming cars by the gunners and on their reaction capabilities."

### Ineffective Procedures

The report refers to the fact that the patrol was not told that the alleged purpose for the deployment, the arrival of Ambassador Negroponte, had ceased to exist: "The ineffectiveness of procedures for monitoring events that occurred on the field [communications, signals and sharing of information] . . . has resulted in the fact that the [patrol] Battalion, remained at the checkpoint longer than was foreseen and necessary. . . . This explains but does not justify what occurred."

Earlier, the patrol had provoked a car accident by forcing a car to drive backwards, on the one-way road. The report complains that the U.S. Commission conducted an independent technical experiment to check the average speed of vehicles on March 4 on the Alert Line, resulting in an average speed of 45 mph. If this is true, the questions are: 1) Why did the patrol build the checkpoint without the necessary distances for security; and 2) Why were all Iraqi drivers that evening able to stop in a few meters, when the Italian car could not?

The report also complains that the destruction of evidence has not allowed it to be conclusively established that it was only one U.S. soldier who shot at Calipari's car, and that the Captain of the Company ordered the removal of both the "roadblock vehicle" (the American armored vehicle) and the Italian Toyota, despite the fact that the Captain had "professional experience as a sergeant in the New York Police Department."

And finally the report states: "Whereas it is possible that the competent U.S. authorities . . . were not formally informed of the specific content of the mission, it is indisputably certain and confirmed that they were informed of the arrival of Mr. Calipari and of Mr. Ita-1 [name of the other SISMI agent]. Mr. U.S.A.-B-2 [airport security head] had accompanied Dr. Calipari and Mr. Ita-1 [the car driver] to the Al Faw building in Camp Victory, where they had been provided with ID cards."

formation report claiming that satellite evidence proved that the Italian car was driving too fast through the checkpoint. Such a claim is a travesty; the truth is that when the investigating committee requested satellite evidence from the U.S. National Security Agency, it was told that there was none, because the sky was cloudy that day.

On May 2, the Italian government published a report drafted by the two Italian members of the committee, diplomat Cesare Ragolini and Gen. Pierluigi Campregher (see

box). The report confirms the version originally reported by the Italians, and challenges the sincerity of the versions offered by the members of the U.S. patrol.

On May 5, Prime Minister Berlusconi reported to Parliament: "The discrepancy [between Italy and the U.S.A.] on the causes and the modalities of the tragic accident has proven to be irreducible and I will not be the one who minimizes the dimensions of the disagreement. . . . One does not need to be an expert in criminal law to understand that the absence of

the voluntary element does not exclude at all the guilt element, which is caused by negligence, imprudence, or even just un-cleverness.”

Berlusconi pointed to “the irregularity of a checkpoint which was lacking signal mechanisms that would make it clearly visible,” and to “a checkpoint placed in the dark, shortly after a curve, certainly in conditions barely indicated to guarantee security both of the soldiers and the incoming drivers.” This truth, Berlusconi said, has been implicitly recognized by the U.S. report, which recommends review of signals, rules of engagement, and post-accident procedures.

Berlusconi then tried to downplay the dimensions of the crisis, in order not to admit a defeat of his Iraq policy in front of the government opposition. “The result of the investigation has nothing to do with the quality of our relationships with the United States,” he said, and “we have no intention of establishing any connection between the evaluation of the events in which our official lost his life and the role of our country in Iraq.” Italy maintains 3,000 troops, mostly military police (Carabinieri), in the relatively peaceful Shi’ite area around Nassirya, in southwest Iraq. Those troops did not participate in the 2003 invasion and have a formal peace-keeping mandate. However, public opposition to the presence of these troops in a theater of war has increased so much in Italy, that opinion polls are no longer conducted.

### **‘Moral Reparation’ and Troop Withdrawal Demanded**

The connection between the Calipari case and Italy’s presence in Iraq, nevertheless was noted by the opposition. On May 4, the day before Berlusconi’s statement, former European Union chairman Romano Prodi, who is a candidate for the premiership in the general elections next year, had urged his coalition to issue a joint call for the withdrawal of Italian troops from Iraq. During the Parliamentary debate May 5, this call was issued by Piero Fassino, who is the Social Democracy (DS) Secretary General and a leading member of Prodi’s coalition. Fassino also urged the government to “demand an act of moral and political reparation from the U.S. government,” as “a fact of dignity” for the nation and “of justice towards the Calipari family and Italy.”

“We believe that the U.S. government must offer its apology,” Fassino said. “So far, this expression from the U.S. government has not come.” Fassino was indirectly referring to a phone call between George W. Bush and Prime Minister Silvio Berlusconi the previous day, in which Bush expressed “regret,” but nothing more.

The request for a public apology had also come that day from the leading Italian daily, *Corriere della Sera*, in a front-page editorial, in which columnist Ernesto Galli della Loggia used unusually harsh tones in condemning the “callous insensibility” with which the U.S.A. had so far managed the Calipari case. This left open, della Loggia wrote, “a question of enormous proportion: What is the sense of any country having

a close relationship of friendship with the United States?” In order not to confuse the alliance with a de facto feudal relationship, della Loggia said, “it is necessary that Washington has, among other things, constant concern for the public sentiment of the ally, starting from the latter’s sense of national dignity and the interests it represents.” He noted the several U.S. Presidents who were able to keep the standard even in the harsh times of the Cold War, stating that President Bush “does not seem either willing or able to do the same thing.”

Bush “must be therefore informed . . . that all this cannot continue without consequences, and if he is justly concerned for the morale of U.S. soldiers deployed in Iraq, for us Italians, the morale of our soldiers deployed in Afghanistan and Nassirya [Iraq] is at least as important; those soldiers, we have reason to believe, were not happy with the way the Calipari investigation was conducted on the American side. And we were not happy either.”

*Corriere della Sera* is not a leftist newspaper, but represents Italy’s traditionally pro-Atlanticist liberal establishment. Therefore, such an editorial is a serious indication of compromised relationships between the two countries.

Brig. Gen. Gerardo Serravalle, a former commander of the Stay Behind organization of the Italian military intelligence, agrees fully with the content of the *Corriere* editorial. Speaking with *EIR*, he criticized the U.S. decision not to hand over the names of witnesses and patrol members to Italian state prosecutors, and for a policy which is “first saving their men, then caring for the rest.” However, he also regrets that intelligence agencies of both countries did not conduct a “dialogue with each other.”

Serravalle indicated that a troop withdrawal from Iraq was the obvious consequence the Italian government should draw, in respect of national dignity. However, such a withdrawal could take place just by keeping the terms of the mandate, which expires at the end of this year. On Jan. 1, 2006, withdrawal could start. “That is the most ‘military’ solution,” Serravalle said, indicating that the contingent must necessarily be gradually pulled out, in order to maintain a framework of security.

On May 11, Italian Foreign Minister Gianfranco Fini announced that Italy will withdraw its contingent in February 2006.

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# Young Israeli 'Refusers' Face Jail for Resisting Oppression of Palestinians

*Ellie Armon Azouley is an 18-year-old Israeli, a "refusenik," who is facing a jail term for her decision to refuse to serve in the Israeli Defense Forces (IDF) in the occupied territories. Azouley has worked for human rights inside Israel—with both Jews and Palestinians—since her early teens. She has personally observed the discrimination and human rights violations against Palestinians, and as a matter of conscience is refusing to be an occupation soldier, where she would be participating in the occupation's humiliation of, and violence against, Palestinians.*

*Every Israeli boy or girl, at age 18, after finishing high school, is drafted into the military. Exemptions are granted for many reasons, including religious beliefs. But, those who refuse to serve in the occupation for moral reasons, for human rights reasons, face prison. Azouley is one of those. Some months ago, the IDF rejected her formal petition that she be exempted from military service as a "refuser." The authorities say her reasons are political, not moral. Her case is now on appeal.*

*Michael Kirsh of the LaRouche Youth Movement and Michele Steinberg of EIR interviewed her on April 30.*

**Kirsh:** Could you tell some of your own personal story, of how you chose to be a refusenik, and what it means to be a refusenik?

**Azouley:** The first time I thought of not going into the Army, I didn't think about refusal, but I was thinking about just not going into the Army, when I was about 13. And it's because I was studying in history about Israeli Independence Day. And I remember, I got back home and I told my mother what I was studying, and she told me a whole different story. And that enlightened me, that there is no one story, and that things are not simple. So, I started to research and speak with other people. And then, I started political activities on my own, and started to work with Palestinian youth inside Israel. And I knew I couldn't do both: go into the Army and be in close relations, with a hope to change, with the Palestinians.

The refusal decision was, I think, a year after, when I was 14.

I think the meaning of the refusal is very powerful, because it's something that breaks the rules, or the dynamics of the system that I'm protesting against. We need to say things, not just go into the Army in a regular way and without saying

anything. I think there should be a statement, and a negotiation with the Army. And you have to do it. If you want to do it, it's only by refusing; otherwise they won't hear your voice. There's no other way to be heard.

**Kirsh:** I think it's very important, especially for people inside the United States who may be reading this interview, to get a sense of the situation on the ground in Israel right now. Because a lot of people have a bit of a swayed view from reading the United States' media, which has been covering mainly the Sharon line. If you could use your story to get people inside the United States to act upon it, what would you say to the U.S. Congress?

**Azouley:** To put more pressure on Sharon, and to look at the human rights problems in Israel. There are statistics that are published every month, through organizations in Israel. And just to come and to see how things are working in fact, and not in statements that Sharon publishes. Because the situation is a lot more complicated: The Israeli government is committing war crimes. Not only violating the Geneva Accords; there are many more, like Geneva, that Israel has signed on to. And they are doing illegal things that hurt the bodies and rights of lots of people, inside the state, or even inside the Israeli territories.

So, the simple thing to tell them, is just to enforce all of these laws, and to make it clear that these are illegal things; and it's not human to do all of these things; that this occupation causes lots of loss, for both sides—for all people.

**Steinberg:** You mentioned starting to work with Palestinian youth inside Israel. Could you tell us a little bit about where you are from? Is there a situation of segregation as we have had, and still have, in the United States, between blacks and whites, or Asians, and so forth?

**Azouley:** I come from Tel Aviv, which is a big city, without much Palestinian population—mostly the Palestinians are in Jaffa, which is nearby; it's basically the same city. And I worked there.

And there is segregation everywhere, in jobs, in buses—there's lots of racism in Israel. I think Israel is the most racist country—against Russians, against foreign employees from the Philippines and India and everywhere, and also towards the Palestinian citizens inside Israel. And there have also been



*An IDF checkpoint on the West Bank, outside the Palestinian city of Jericho. Israel's youth are being made to do the dirty work of occupation—but some are now refusing induction into the military, which is required of every citizen.*

lynchings. Every time there are bombings inside Israel by the Hamas, you can see lots of Israeli-Palestinian citizens getting hurt or lynched.

I can tell you one example. A Palestinian football team inside Israel won something like a championship. Now, the Israeli national anthem doesn't even mention the Palestinian citizens, it only mentions the Jewish spirit or something like that; and they were supposed to sing it. There was lots of pressure on them.

**Kirsh:** In one of the documents that *EIR* has published, Lyndon LaRouche's statement on how to arrange a peace for Southwest Asia, there is much discussion on the question of peace in Iraq. The United States is bogged down in an occupation which is going nowhere; and this peace could only be arranged, if the situation in Israel were dealt with by the United States.

Do you think that's true? That peace in Southwest Asia is only going to be possible, if we solve the crisis in Israel?

**Azouley:** I don't think *you* can solve the crisis in Israel, but I think you can put pressure for the right direction to be taken. And I think it's something today's Israeli government and the Palestinian [leadership] can deal with. And maybe change the government in Israel.

**Kirsh:** How do you think the crisis in Israel radiates throughout the rest of Southwest Asia?

**Azouley:** I think it shows that there can be occupation for that long a time; people around the world can see that for more than 50 years, the Israelis occupied the Palestinians. Maybe

the United States thinks the same [about occupying Iraq].

**Kirsh:** Could you say more concerning the cause of the refuseniks? Why are they doing what they're doing?

**Azouley:** The youth refuseniks, the *Shministim*, say that they believe in democracy, and humanism, and pluralism. And from this point of view, from these values, they feel that they have to take a stand. This is the way to be good citizens inside Israel, and the way to fulfill all these beliefs and values that they were raised with, that you study in school; to give to every person the basic rights of freedom, liberty, the right to live. And they think that it is their conscientious obligation to work for, to protect these rights, these basic rights. And they can do it, they say, only by refusing the occupation and the

oppression of the Palestinians. This is what they write in their statement and in their refusal petition.

**Steinberg:** You called yourselves the "*Shministim*." What does that mean?

**Azouley:** "*Shministim*" means the 12th grade, the last grade before you graduate from school and get inducted into the Army.

**Steinberg:** There has been a letter, I understand, that has been sent to the government and to the Minister of Defense and so forth. [See box.]

**Azouley:** Yes, a few weeks ago. And when it was sent, 250 people signed it. And I think there are now 300 more.

**Steinberg:** Are you one of the signers, also?

**Azouley:** Yes. This, and the first letter, also.

**Steinberg:** It says, "We believe there is a different way." What do you think that "different way" is?

**Azouley:** I think it's starting from the refusal. They give the option for other youth to follow this option. This is the more specific way that they're suggesting. But the other way, is to get back to the borders of 1967; to give the right of return to the Palestinians; and to give them the authority and independence they should get. And also to rebuild everything that has been destroyed by the Israeli armed forces. And there are many more things that need to be done.

**Kirsh:** Our generation has not adopted the old assumptions

which have led to the crisis, here in the United States, as well as in Israel. What do you think, for our generation, that it means to be a leader?

**Azouley:** I don't know what it means to be a leader, but I think that it is important for the youth to take leadership, because the youth are the ones who are enrolled into the Army. This is why the Army takes them so young, and they're doing all these dirty jobs that the government and the big guys tell them to do. If they can take someone's life, then they can also take leadership in the same way, and hope for good. Because I think the youth have more openness to other things, than the old people who built the Israeli country from nothing, and have a different mindset. So, I think the youth are more important for leadership, because their involvement is very close to the occupation: not necessarily out of choice, but because of their commitment to their country.

And to be a leader I think is just to get beyond, above all, the prejudices that exist, especially among the youth now, against Palestinians; and just to look for equal and human rights, basically. This is the most important, the first thing that needs to be done.

And maybe to study more. Because people don't study anymore about the other side of the story, about the differences, about the people they are afraid of or hate. And this is also the problem with the government: There are no educated men in the government, anymore.

**Kirsh:** What kind of things can we do to get beyond and above this crisis, more than just putting down our weapons and pulling back to the '67 borders and rebuilding what we've destroyed?

**Azouley:** I think it's first to listen, because the Palestinian story has been hidden for a long time. They call it *al-Naqba* ["the Catastrophe"], what we call "Independence Day." I think this story needs to be heard. These are the activities I'm doing in Israel now. There is an organization called Zochaot, which is "Remember" in English. It's a feminist organization, but there are men and women in it, and Palestinians and Israeli Jews. Their main goal is to get the Jewish population to know the Palestinian *Naqba*, the story of the occupation. They think that this is the first step.

And they also say there should be a historical compromise, otherwise there will never be peace. You need to know and to be aware. It's a big story; it's a very hard story, and we don't know it. We study—even the Palestinians inside Israel—learn that the Palestinians just ran in '48, and escaped, or they attacked Israel, the Jewish people. I think this is the first step: to get to know more about their history or their point of view.

I saw it working. We went to some destroyed villages, and there was a refugee who came to speak, and there were lots of people who came to hear. And we publish small books that we give to people, and we're trying to get into schools, to speak about *al-Naqba* (nobody has let us, yet).

But we have informal lectures. I think that this is the most important.

**Steinberg:** The books that are published by the group called, "Remember," are they in Hebrew, or Hebrew and English?

**Azouley:** They are Hebrew and Arabic. But on the Zochaot website, there is some material from these books that is published in English.

**Steinberg:** What amazes me, Ellie, in listening to you, is that, here Israel is the closest ally of the United States—probably not just in Southwest Asia, but in the whole world. More Americans probably have read about Israel, and many have visited there and so forth; and yet, many of the things that you're telling us, about the activities for peace, are unknown.

**Azouley:** In addition to the Shministim, there is the organization called Yesh Gvul, which includes all kinds of refusers—from the Army, fighters, pilots, everything, and also some Shministim. And there is Ometz Le'sarev, the Courage to Refuse, which presents themselves as patriots and Zionists, and say this is the way to be a good patriot and to be a Zionist. But, the other two groups, I don't think they make this kind of statement.

The Shministim say that they *are* the citizens of Israel, and from this point of view of being citizens, they want to fulfill their citizenship in the best way, and they think the best way is to refuse. So, there is a patriotic point of view.

But, for me, I don't do it from reasons of patriotism or Zionism; I'm doing it for humanistic reasons. And, the people in Israel don't see us [the refusers] as either patriotic or Zionist—they see us as a betrayal.

**Steinberg:** Have you brought your message to the United Nations, the United States, or other bodies?

**Azouley:** We haven't published anything yet in the United States, but there are a few organizations in the United States that have been trying to publish more information about this. There is the Solidarity with Refusal organization.

I think it's important; I think we should do something about it. I plan to do something when I come back to Israel, after my stay in United States. I thought it was very important, because I saw that there is solidarity, but there are also people who don't know about it, or are even against it—they should hear about it.

I think this is the next step of the Shministim. We've been discussing this, but, nothing has been done before, because there were too many other things—too many people in jail, and too much work to do to support them. This definitely, I think, should be the next step.

**Steinberg:** There is this whole question of what's going to happen to you, and of people going to jail, and the legal defense. Could you tell us how that is working, and what's going to happen?

## Israeli Youth: 'We Believe There Is Another Way'

*The following letter from Shministim, the high schoolers' refusal organization ([www.shministim.org](http://www.shministim.org)), was delivered in March 2005 to Israeli Prime Minister Ariel Sharon, Minister of Defense Lt. Gen. Shaul Mofaz, Chief of the General Staff Lt. Gen. Moshe Ya'alon, and Minister of Education Limor Livnat. Despite the fact that it has been signed by more than 300 youth who plan to refuse to serve in the armed forces when they finish high school and turn 18 years old, they have received no response from the government.*

We the undersigned, Israeli girls and boys, believing in the values of democracy, humanism, and pluralism, hereby declare that we shall refuse to take part in the occupation and repression policy adopted by the Government of Israel. Our backgrounds are diverse, but we are all agreed that these values are the bases of a just society. Every human being has the right to life, equality, dignity, and freedom. We are bound by our consciences and as citizens of Israel to act in defence of these rights, by refusing to participate in the occupation and repression policy.

The occupation leads to inhumanity and to a massive infringement of the right to life. It tramples on the basic rights of millions of people and inflicts daily carnage and suffering. It leads to the confiscation of lands, to mass destruction of homes and public buildings, to arrests and killings without trial, to victimization and murder of innocents, to hunger, to a denial of medical assistance, to collective punishment, and to the building and expansion of settlements and the negation of any chance of normal living both in the occupied territories and in Israel itself. This flagrant violation of human rights is opposed to our view

of the world, as well as being in contravention of international conventions signed and ratified by Israel.

The occupation contributes nothing to the security of the state and its citizens, but, on the contrary, it only aggravates it. It deepens the despair and fans the hatred among the Palestinians, feeds terrorism, and widens the river of blood between the two sides. True security will only be accomplished by ending the occupation, dismantling the wall of Apartheid around the Palestinians, and striving for a just peace agreement between the state of Israel and the leadership of the Palestinian people as well as the Arab world. The present policy is not a result of a military necessity, but the outcome of a nationalistic-Messianic fantasy.

The occupation has corrupted Israel, turning it into a militaristic, racist, chauvinistic, and violent society. Israel is wasting its resources on the perpetuation of the occupation and repression in the territories, while hundreds of thousands of Israelis live in shameful poverty. In recent years, Israeli citizens have experienced a deterioration of all public services. Education, medicine, welfare, pensions, everything to do with the well-being of the citizenry has been neglected and sacrificed for the continued existence of settlements which the majority of the population wishes to be evacuated. We cannot stand idly facing this situation, which amounts to a "targetted liquidation" of the principle of equality.

We wish to live in a society which pursues justice, upholding equal rights to every single citizen. The occupation and repression policy is an obstacle to the realization of this vision; therefore, we shall refuse to take part in it. We wish to contribute to society in an alternative way, which does not involve harming other human beings.

We call on all young people facing mobilization and on all members of the Israeli army to weigh again whether to risk their lives in the service of this repressive and destructive policy.

We believe that there is another way.

**Azouley:** I refused when I was 16 and a half. I sent a letter to the Army, which was basically similar to the Shministim letter, but more personal. And then, I had a hearing before an Army committee. It was eight months ago, maybe more. I was investigated by three men from the Army, and it was very short—there were two witnesses, my mother and her partner. And then, after a few months, I got a letter saying that they rejected my demand to be released for conscience reasons. And I appealed to have another hearing, and I said that they didn't give me the chance to express myself enough, because they asked questions that are not really connected, and they were trying to fail me. I'm still waiting for this second com-

mittee hearing.

I got a letter a few weeks ago, which said that they had rejected my request for an appeal, so I sent another letter. And now I'm waiting for either an answer or a second hearing.

The date I'm supposed to enroll in the Army is very close—at the end of July or the beginning of August. If they don't give me an answer, I'm supposed to go to [the IDF induction center at] Bakum, where you start your service. And then, I'm supposed to come there, and to tell them that I'm not going to the Army, and they will arrest me and hold me for a few days until I have a trial, or something. That's how it goes.

**Steinberg:** Are you the first one of the Shministim that will be facing that?

**Azouley:** No, there have been more people in past years. But for this round, there are four people, at this minute, in jail from the Shministim. One of them is a pacifist, and the others are against the occupation.

**Steinberg:** Well, that certainly is a very courageous step to take.

What more could we in the United States do, to publicize the case of the Shministim who are already in prison? Is there somebody we can get in touch with? Also on the legal defense? I think we could open Congress's eyes to this also.

**Azouley:** There is an organization called Profil Hadash, "New Profile," because when you are starting to enroll, the Army gives you a medical profile, so they said this is a "new profile," the refusal profile. It's an interesting name. They give legal defense. They give you more advice about how to go through this, and they support you, and they do lots of demonstrations for you. And they have lawyers who work with them. It's usually the people who are facing jail, who use the service of these lawyers that are part of the Profil Hadash. They have information about all the people who are now in jail, and all the people who are going to be in jail. And they are the main organization that helps the Shministim when they are facing jail, or their refusal. . . .

**Kirsh:** Because you and the Shministim, the youth leaders, are the ones who are acting on principle, over most of the Israeli population, have you thought about becoming the future leaders of the government of Israel, and what you would do?

**Azouley:** Actually, I've thought about it, but I don't think it will happen. I think I will always take leadership from informal places, from the sides, from the people. But through organizations, and lectures, and all kinds of activities, that can be done.

As to the politics, all I can tell you, is that our government, even the left-wingers, are people who served in the Army, and it's a militaristic society in Israel, and so is the government. So, we always choose the left-wingers, but the options are not working out for the best. Even the left-wingers are not supportive of the refusers.

The government is committing a big crime, because they are forcing kids my age to participate in a horrible act, and horrible policies, and a horrible system. That's all I can tell you about the government.

**Steinberg:** So, your letter, for example: There's nobody in the Knesset who will put it in the record—not your personal letter, but that of the Shministim movement?

**Azouley:** They denied our letter. Nobody gave any comments about it. We sent a letter, and a week later, one of the people from the Army, in the higher ranks, and also someone

## For Further Reading

*Vital information on the crisis in Israel and Palestine, and what can be done, can be found in the following issues of EIR:*

Dean Andromidas, "Israeli Pilots Refuse Occupation Orders," *EIR*, Oct. 3, 2003

Lyndon H. LaRouche, Jr., "Southwest Asia: The LaRouche Doctrine," *EIR*, April 30, 2004

Interview with Maxim Ghilan, "Israel's General Staff: 'A Bunch of Dr. Strangeloves,'" *EIR*, June 4, 2004; and "To Be Ethical and Still Succeed," June 28, 2004

M. Woodward, "Some Refuse To Serve As Military Occupiers" (a review of *Refusenik! Israel's Soldiers of Conscience*, Peretz Kidron, ed.), *EIR*, Sept. 10, 2004.

Dialogue with Maxim Ghilan, "Arafat's Legacy and the Quest for Peace," *EIR*, Nov. 26, 2004

from the government, were asked about "the problem of refusal"—and they said, "No, we have only one refusal." They didn't even say a thing about the letter, which 250 people had signed.

**Steinberg:** So, they just lied!

**Azouley:** They just didn't pay attention to it.

**Steinberg:** I think probably they gave it a lot of attention, but they just decided to lie about it, and now will come the moment of truth.

**Azouley:** You know, it was in all the papers, but they didn't say anything about it! But they will, because we'll keep pushing. And the number of people who refuse every year will grow. People are starting to say, "Why are these people in jail, because they are great kids, and they have all been volunteering all their lives, and they're doing lots of good work?" And people can't believe that these people are sitting almost two years in jail, because of their values. So, if the numbers grow, people will start wondering if the right people are sitting in jail. This is our hope, to grow.

**Steinberg:** Well, remember, Dr. Martin Luther King and the civil rights movement in the United States, also went through this period. Have you and your friends and your colleagues been studying the civil rights movement in the United States?

**Azouley:** Yes, we studied it in high school. The people in the movement definitely read about it, and all of the civil rights activists in the world. not maybe all of them, but they

are trying to expand their knowledge and get more books for this organization.

**Kirsh:** You'll be happy to know that Amelia Boynton Robinson, the grandmother of the civil rights movement, is vice chairwoman of the Schiller Institute. We do have a book on that, which would give you a lot of good insight into how to approach the situation in Israel as well. She was the woman whom Martin Luther King asked to stand in his place, in the famous march in Selma, Alabama. She led the march. On Tuesday, she was in the streets, in Washington, D.C.—now, at the age of over 90.

**Azouley:** I was in Washington, D.C.!

**Kirsh:** On Tuesday? She described it as an “historic moment.” She started fighting for the right to vote back in the—was it 1950s?

**Steinberg:** No, even before, in the 1930s, when they had the very, very racist Jim Crow laws. You had to have property, you had to memorize the dictionary to pass a test.

**Kirsh:** She fought for 35 years to get the right to vote, to get equal rights. And after that, she started fighting with Lyndon LaRouche for global economic justice. That was the cause of Martin Luther King, which is why he was killed. But you can see now, she has three or four phases of her life of fighting for humanity, and getting a greater and greater understanding. And she's still playing a role in putting the spirit inside the United States of the highest conception of economic justice, with Lyndon LaRouche. So, you're at the beginning.

**Steinberg:** Just one more question: How long will the group of five stay in prison?

**Azouley:** They were arrested for nine months, and they sat in prison, which is different, for one year. So, basically, they sat one year and nine months. And they did part of the time, at a few different times; and part of it as a longer term.

There are 1,654 people who signed the refusal statement, which includes pilots, higher units in the Army, Shministim, reservists—altogether there are 1,654 people. They are signers; it doesn't mean that they are all refusers, but this is very important. It's very effective, and this number is growing up every day—I hope. And 436 people signed on Yesh Gvul's refusal statement—“Yesh Gvul” means “There Is a Limit”—but all of these people are from the Army. And by now, there are more than 300 people who have signed on the Shministim letter that was published in October 2004. And there is another petition that was published in January 2002, at the initiation of 50 military people at higher levels in the Army, who refused to continue with the occupation and the repression. And on this petition that they published, there are now 634 people who have signed.

The first refusals go back a long time, to the 1967 war,

and more recently to the first occupation refusals. Some of them spent time in jail. But there has always been some kind of refusal in the Army, even if it was as pacifists, or not just about going to the territories.

**Kirsh:** You mentioned that there's a distinction between the people who were serving in the military and then they decided to refuse the next term, and that there are four of them—

**Azouley:** No. The four who are now sitting in jail, these are from the Shministim. They just finished high school. But, I think there are a few people from the reservists in jail. I have one friend, a reservist, who sat, until a few days ago, for one month in jail.

But, the four that I mentioned are the Shministim, the high-school students.

**Steinberg:** And these are 18-year-olds?

**Azouley:** One of them is 19, but yes, they are 18.

**Steinberg:** And these are young people who are being thrown into prison; they're prisoners of conscience. Unbelievable.

**Azouley:** Yes.

**Kirsh:** So, you will be then the fifth.

**Azouley:** I don't know. Maybe. There are people who are supposed to enroll before the time I'm supposed to in August. So, maybe there will be more refusals. I haven't heard about them, although we usually know each other.

**Steinberg:** Thank you so much. I'm going to see Amelia Robinson this weekend, so, you may be hearing from her.

**Azouley:** Okay, that's great. And thank you, because it's important for this to be published; not many people know about it.

**Steinberg:** Well, this is, I hope, the beginning. The story has to get out, and I think that there are people that we know in the U.S. Congress, who are going to take what you said *so seriously*, that this could be the beginning of a real, new level of international recognition.

**Azouley:** This would be like a dream.

**Kirsh:** I'd like to say: It was three years and a few months ago, that I in fact joined this movement, Lyndon LaRouche's movement, because I was sitting in school and I was listening on the radio about tanks driving over ambulances in Palestine. And I thought, how could I actually go along with the United States government that was going along with this—just like the Nazi occupation to the Jews. I just wanted to let you know this: that it was in fact the fight in Israel and Palestine, which I personally reacted to, which allowed me to join Lyndon LaRouche's fight.

**Azouley:** That's what made me an activist, the same thing.



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# International Intelligence

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## ***Russian Officials Blast Foreign Destabilization***

During a two-hour report on May 12 to the Russian State Duma, given by himself and Foreign Minister Sergei Lavrov, Russian Federal Security Service (FSB) head Nikolai Patrushev attacked the International Republican Institute (IRI) as foremost among foreign non-governmental organizations involved in efforts against Russia and its neighbors. The IRI is the GOP arm of the National Endowment for Democracy, or "Project Democracy," and receives millions of U.S. Federal budget dollars for its operations. It is a hotbed of neo-conservative ideologues and has been promoting their agenda in post-Soviet Russia since 1991.

Patrushev said, "Our opponents are steadily and persistently trying to weaken Russian influence in the Commonwealth of Independent States and the international arena as a whole." He added that "in April of this year, there was a meeting in Bratislava of directors of the International Republican Institute, a U.S. NGO, which discussed the possibility of velvet revolutions in the post-Soviet space."

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## ***Arab League Ambassador: Give Up Pre-emptive War***

Hussein Hassouna, the Ambassador of the Arab League in the United States, told a forum at Georgetown University on April 26 that the U.S. must give up its pre-emptive war doctrine, if it genuinely wants to begin to repair the rift in U.S. Arab relations after the Sept. 11 attacks.

Hassouna opened the conference at the university's Center on Contemporary Arab Studies, titled "The Crisis in Arab-American Relations," by saying that all of the Arab world—including the Iraqi people—are against pre-emptive force as a doctrine. Accepting this means that if there is a perceived threat, then any country which is strong can use force against another when they feel threatened.

There must be no more talk of a "clash of cultures, or clash of civilizations," he concluded.

On the second panel, Abdel-Bari Atwan, editor of *al-Quds al-Arabi*, stressed the need for the economic development in the Arab world, rather than "cosmetic reforms."

In the question-and-answer period, *EIR*'s reporter made clear that the solution to the crisis in Arab-American Relations was beginning at that very moment on Capitol Hill, as the Congress was rallying to save the U.S. Constitution's General Welfare clause. One of the deans of the Arab-American community, Dr. Clovis Maksoud, then added: "I am beginning to be less pessimistic, because last week and today we are seeing a fundamental reversal of the neo-con policies, and that is in the opposition to John Bolton's nomination. Every day the lies on WMD, which have thrown the world into chaos, are beginning to be exposed. The lies on Iraq are being exposed, and, very important for the future, the lies on Syrian WMD *can* be exposed. . . ."

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## ***Pope Benedict Opens To the Russian Church***

The Russian news agency Itar TASS on April 26 had warm words for the new Pope. "The Roman Catholic and Russian Orthodox Churches must develop cooperation, Pope Benedict XVI said on Monday during the talks with Metropolitan Kirill of Smolensk and Kaliningrad, who headed the Moscow Patriarchate delegation for the pope-enthroning ceremony. The pope expressed confidence that the two Churches should together defend common Christian values in Europe's life at present.

"The importance of settling the problems in relations between the Vatican and the Russian Orthodox Church was emphasized during the meeting. The pope also noted the importance of the theological and liturgical tradition of the Orthodox East and expressed his respect for the mission and pastoral service of the Russian Orthodox Church. . . . Metropolitan Kirill conveyed to

the pope congratulations and greetings from Patriarch Alexy of Moscow and All Russia."

These moves belie the "spin" in Western media reports immediately upon the nomination of Cardinal Josef Ratzinger as Pope, that he was a hardliner with particularly bad relations with the Orthodox Church, who would never seek improved relations with his Eastern brethren. Pope John Paul II had tried to overcome tensions between the two Churches, and had hoped to receive an invitation to visit Moscow.

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## ***African Union Expands Force in Darfur, Sudan***

The African Union (AU) Peace and Security Council, meeting April 28 in Addis Abeba, Ethiopia, approved an increase of its Darfur, Sudan, observer and civilian police force to 7,500, which it hopes to have in place by August. Its force on the ground in Darfur is currently at 2,200. Once the 7,500 level is achieved, an increase to 12,300 by Spring 2006 will be considered. This action was in response to an assessment by AU staff done in March.

The Council claims it did not consider expanding the mandate of the troops to use force (beyond the mandate it now has, to use force to protect itself). The Sudanese government does not accept a peacekeeping—as opposed to an observer—mandate. The March AU assessment had suggested an expanded mandate, and the International Crisis Group, in a proposal of April 26, called for it. UN Secretary General Kofi Annan and UN Special Envoy to Sudan Jan Pronk are supporting it.

Serious violations of the ceasefire are continuing, most of them committed by the insurgents, Pronk said.

African Union Chairman Olusegun Obasanjo of Nigeria has proposed to NATO that it provide logistical support to the AU forces in Darfur. Sudan's Foreign Minister Mustafa Othman Isma'il commented on April 28 in Khartoum that his government welcomes this idea, but will not accept any NATO troops in Darfur.

## Hamilton's Economics Were About Mind, Not Money

by Nancy Spannaus

Two contemporary developments prompt this renewed treatment of the contributions of First Treasury Secretary Alexander Hamilton to the intellectual tradition of the United States, most specifically its American System of political-economy. The first is the multimillion-dollar promotion of Hamilton through the New York Historical Society's recently concluded exhibit, an exhibit which will soon begin to travel throughout the United States. The second, more important, is the increased necessity for Americans to master the *principles* underlying Hamilton's economics, a subject which has been virtually buried over the past 70 years, if not more, but which is crucial to the ability of political leaders today to get out of the deepening depression, and onrushing financial breakdown crisis.

One can only rejoice that the Lehrman Institute, unsavory as its own economics may be, has decided to fund "Alexander Hamilton, The Man Who Made Modern America," the six-month exhibition at the New York Historical Society which ended on Feb. 28. The exhibit celebrates Hamilton as an immigrant who made good, a military hero, a fighter for the Constitution, a financial genius, a brilliant legal mind, an ardent opponent of slavery, and a prolific journalist, who founded the *New York Post*. The curators brought together a broad collection of artifacts from Hamilton's career, and placed him within the non-idealized context of the battle to establish the American Republic. Fortunately, those who put the exhibit together did not try to claim Hamilton as a champion of the New York Stock Exchange, or other such free-market idiocy, and their presentation will surely stimulate many to pursue an acquaintance with the great founder of the American System. That's very good.

On the other hand, the exhibit essentially sidesteps the

core of Hamilton's economic and philosophical beliefs, in favor of his individual accomplishments or, worse, the sensationalism of Hamilton's affair with Maria Reynolds, and his violent end at the hands of Aaron Burr (who is not even identified as the traitor he was).

There is no way, within the confines of the New York Historical Society exhibit, that one can understand why Hamilton was the mortal enemy of Burr, or why Hamilton's ideas are so important for today. To do that, Hamilton must be presented from the standpoint not of the events of his life, *per se*, but the principles for which he fought, and for which all the great Presidents of the United States—George Washington, John Quincy Adams, Abraham Lincoln, and Franklin Delano Roosevelt—also fought, by trying to implement Hamiltonian economics.

To fully understand Hamilton's economic system, you have to proceed from the standpoint Lyndon LaRouche has put forward in his recent economic writings. For, unlike the leading economists of his day, and today, Hamilton did not believe wealth came from money, or land or raw materials, or from a pragmatic adaptation to the circumstances of America's fight against the East India Company. Rather, Hamilton based his economic system, and the legal-governmental policies which supported it, on a Leibnizian tradition which asserted the idea that wealth was created by the creative powers of the human mind. To him, money was a servant of human development, and government had to use its sovereign powers to make sure that the money system was used in order to protect the nation, and those who were prepared to produce in order to improve the condition of the nation.

Let's elaborate.

## Hamilton and the Economic Principle of Powers

LaRouche's recent writings on economics have focussed on the concept of *powers* (*dynamis*), a concept derived from those ancient Greeks who identified role of the unseen, but very real and knowable mental and physical forces which determine activity in the physical world. Hamilton's approach to economics must be located in this tradition, which LaRouche describes thus in his paper, "Franklin Roosevelt's Miracle"<sup>1</sup>:

"From the standpoint of experimental physical science, since the ancient Pythagoreans, the distinction of man from beast is the power of the human species to increase the standard of living of all members of society, in a way which is not possible for lower forms of life, through the discovery of universal physical principles. These are principles, called 'powers,' as by Leibniz, which can not be seen directly through sense-perception, but which can be known and proven for practice by a crucial form of experimental method."

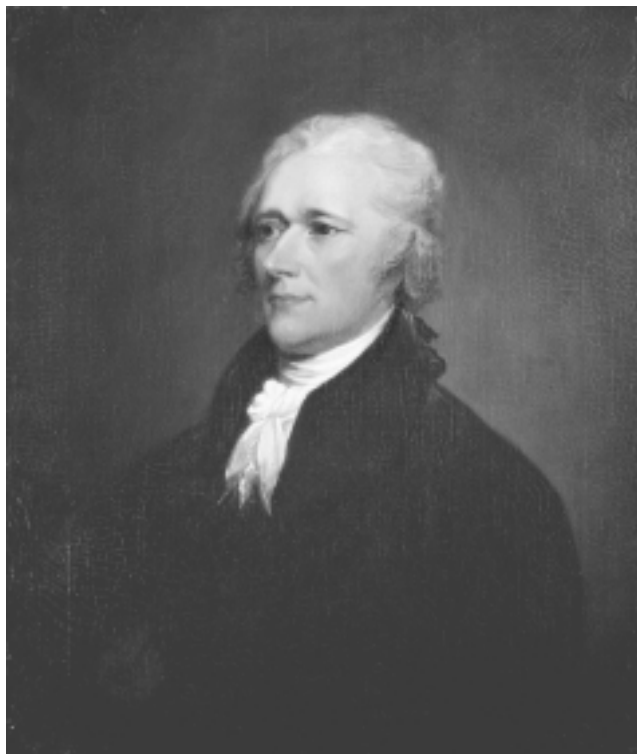
"The discovery and use of such powers was implicitly denounced as a Promethean evil, by the tradition of the Olympian Zeus, and, by the modern empiricist," LaRouche writes. Numbered among those enemies of real economic science are those like Adam Smith, or the later Friedrich von Hayek, who deny the legitimate role of a government (or sovereign) committed to the general welfare to govern the economy, because they deny the reality, the existence, of the general welfare itself.

LaRouche puts the issue this way:

"Yet, it has been through the discovery and adoption of such discovered powers, that the potential relative population-density of the human species has been increased from the mere millions of any mere higher ape, to a world population-level of more than six billions today. This conception has been the central feature of all my own work in economics over the recent six decades.

"The first goal of the pro-Leibniz American System of political-economy, is the promotion of the discovery and use of discovered powers, such as scientific technology, to increase the standard of living, and the potential relative population-density of the human species. The correlated notion is that the standard of living of the individual person in society must be increased over successive generations, as through investment in the discovery and application of discovery of new fundamental physical principles.

"In the American System as described by Hamilton, attention is focussed upon defining the ways in which willful action among individuals can be coordinated in such a way as to promote the role of free-will individual human activities in



Alexander Hamilton, as portrayed by artist John Trumbull in 1804, based on his own 1792 sketch of the Secretary of the Treasury.

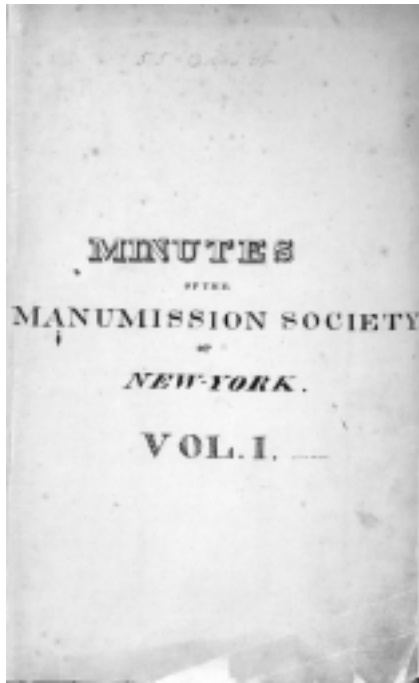
ways which lead to that desired overall result for present and future generations.

"In this system, the creation of lawful money, for this use and purpose, is an exclusive function of the sovereign nation-state. The constitutional state is therefore responsible to regulate the generation and circulation of money by those means which ensure the desired result of the combined action of large institutions, including government, and individual free will. This is done by aid of the regulation of the circulation of money, regulation accomplished by means including the use of the power to set tariffs and to tax, or subsidize."

Ah, but for what purpose should the government use its powers to regulate and control the flow of money? What, to take a term from Platonic scientists like Kepler, was Hamilton's *intention*? Without understanding this, it is impossible for anyone to understand Hamilton or the American System of political-economy.

Hamilton lays out his idea most thoroughly in his third major state paper as Secretary of the Treasury, the 1791 *Report on Manufactures*. There he makes it clear that the starting point for all of his economic measures is his determination that the economy should foster the "creative powers of the human mind," and that it is those creative powers which are responsible for the health and growth of any economy. It is Hamilton's assertion of this truth, which he shares with

1. Lyndon H. LaRouche, Jr., "Franklin Roosevelt's Miracle," in *Earth's Next Fifty Years*, LaRouche PAC, March 2005. See [www.larouchepac.com](http://www.larouchepac.com). Also published in *EIR*, March 4, 2005.



Hamilton was a vigorous, life-long opponent of slavery, and the Historical Society exhibit features that point with two artifacts: the minutes of the Manumission Society of New York, of which Hamilton was a founding member; and a set of slave shackles, clearly manufactured for the limbs of a child.

Leibniz and the Platonic school of economy before him, that differentiates him fundamentally from his opponents, no matter what superficial elements of similarity might appear between his institutions, and those of other systems.<sup>2</sup>

To get the point, you have to read the *Report on Manufactures* thoroughly, but the idea which Hamilton expounds there can be found all the way back to when he wrote *The Farmer Refuted* at the age of 18. Put simply, it is that the creative powers of the human mind are what create wealth. Thus, from Hamilton's standpoint, the fact that the East India Company-run British Empire was attempting to prevent the American colonies from developing industry and manufacturing, and was imposing taxes and other measures in order to enforce this status on the colonies, meant that it was acting to *enslave* the Americans by treating them as little better than beasts. Mankind's natural rights, to which Hamilton so eloquently attested, included his right to exercise his creative powers in discovering new modes of production,

2. Hamilton's *Report on the Subject of Manufactures* is a thoroughgoing attack on the doctrine of free trade, and impassioned argument for a government policy promoting the general welfare through advancing manufactures, internal improvements, and the arts and sciences, as means of advancing the productive powers of labor. Indicative is the following statement, listed by Hamilton as one of several reasons why manufactures should be promoted: "To cherish and stimulate the activity of the human mind, by multiplying the objects of enterprise, is not among the least considerable of the expedients, by which the wealth of a nation may be promoted."

and putting them into practice.

Hear how Hamilton argues in *The Farmer Refuted*, which rips to shreds the idea that the interests of the farmers lay with the British, as opposed to the urban residents who were leading the Revolution. Hamilton attacks his Tory opponent as a Hobbesian, who shows "total ignorance of the natural rights of mankind." The "supreme law of every society . . . [is] its own happiness," Hamilton argues. And as for man's rights, they are not a matter of a social contract: "The Sacred Rights of Mankind are not to be rummaged for among old parchments or musty records. They are written, as with a sunbeam, in the whole volume of human nature, by the Hand of the Divinity itself, and can never be erased or obscured by mortal power."

Thus, should it really be a surprise that Hamilton was a leading campaigner against the institution of slavery? Having been subjected to proximity with this bestiality from the time of his childhood, Hamilton knew what he was talking about when he condemned slavery. He revolted against the idea that human beings of another race were to be used as pack animals, or worse, just as he

opposed the idea that all white Englishmen living in America should be consigned to the status of beasts of burden for the British Empire.

When the creative powers of mind are translated into new forms of "artificial labor" (i.e., technology), as Hamilton calls it in the *Report on Manufactures*, they increase the "productive powers of labor." This, then, is what must be protected, and enhanced, through the use of the powers of government, powers that must definitely include control over credit, so that the production of real physical wealth is increased in the society. Hamilton's *Report on Public Credit* number two, the one which established the National Bank, can only be adequately understood if one proceeds from the understanding of what I have just said. On the one side, the *Report on the National Bank* (1790) was written to protect the young United States from creditor-predators, who were already in the process of attempting to tear it apart through trade war, border war, and subversion. Before its establishment, the citizens and entrepreneurs in the United States were almost totally dependent upon their enemies, the major trading companies and financial institutions of their trading partners, for long-term credit, and even the day-to-day currencies to do business. By establishing the bank, Hamilton was able to convert the short-term demands for payment from creditors, to long-term debt, which could be paid as the nation grew.

But, on the positive side, the Bank of the United States provided the means for turning the national debt into a source

of long-term capital, which could then be put at the disposal of private industry, or public agencies, for both increasing physical production, and building the infrastructure required to enhance the productivity of the economy as a whole. Hamilton was crystal clear about the purpose of the bank: It was to augment the production of wealth in the physical economy, to increase the output of farms and factories. “By contributing to enlarge the mass of industrious and commercial enterprise, banks become nurseries of national wealth.”

To those who said that the wealth of the economy depended upon the accumulation of precious metals, silver and gold, Hamilton responded that this was not the case, although the sound functioning of the bank would not reduce this form of wealth in the society. Hamilton also asserted that the Bank would function as a means of reducing usury, indicating, in contradistinction to the likes of Jeremy Bentham, not to mention other British imperialists of various stripes, that he considered usury an undesirable activity for the banks, because it was destructive to the productive activity of the economy as a whole.

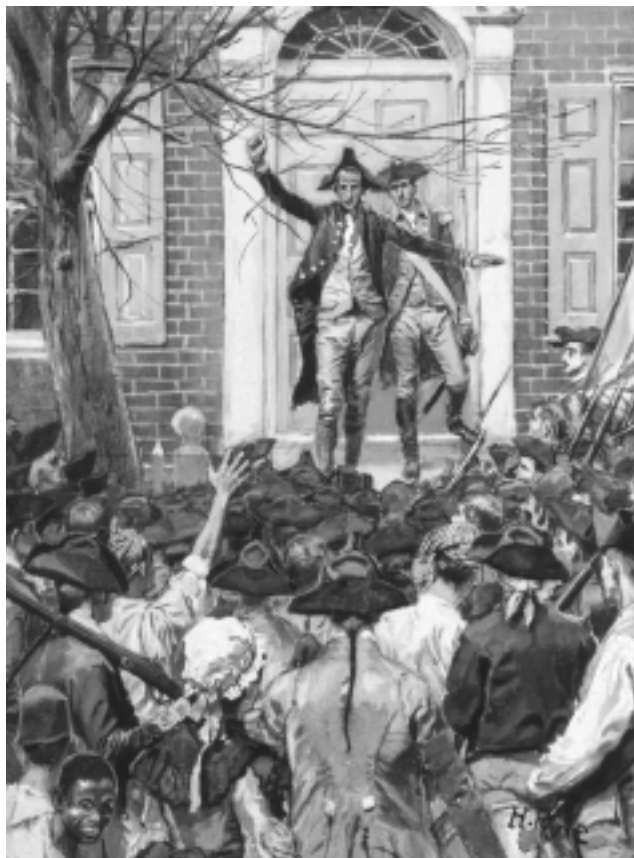
Hamilton’s National Bank provided the basis for a national currency, and did play a role in combatting speculation and other excesses in the economy of the young United States. But it did not achieve the power to do this without a fight.

## National Sovereignty

To many it seems a paradox. For the individual inventor, or farmer, or entrepreneur to have the ability to turn his ideas into a productive enterprise, and to pass on the fruits of progress to his posterity, requires that the *state* have the power to regulate the economy. In other words, there is no danger to liberty in providing the Federal government of the republic with the power to control the currency; in fact, the danger to liberty lies in keeping the power over finances in private hands.

Yet, Hamilton—with his ally President George Washington and a strong nationalist grouping around him—had to fight hard to get this idea across. Immediately after he had won the vote in Congress to establish the National Bank, he was faced with opposition from Thomas Jefferson and his allies, who told President Washington that the creation of the bank was unconstitutional, going beyond the powers of the Federal government, because the right to establish a corporation was not explicitly delineated in the Constitution. Hamilton responded with a letter on the constitutionality of the Bank, whose argumentation stands the test of time, as a principled defense of the power of the Federal government to take the necessary measures to defend the General Welfare, and against the textual literalism which is frequently used by those who wish to put the gain of private interests, above that of the population as a whole.

Hamilton’s argument was based upon the assertion of national sovereignty, as implicit in the establishment of the Federal government, for the purposes for which the govern-



*In May 1775, even as he was pamphleteering for the Revolution and serving in the militia, Hamilton intervened to stop a mob from tarring and feathering King’s College’s loyalist president, Myles Cooper. This painting of the event was done in 1884 by Howard Pyle.*

ment was brought into being. He outlined how the functioning of the Bank would not only facilitate the operations of the government per se—i.e., by the payment of taxes—but would also benefit the economic activity of the nation. Two quotes from the decision give the flavor:

“Every power vested in a government is in its nature *sovereign* and including by force of the *term*, a right to employ all the *means* requisite and fairly applicable to the attainment of the *ends* of such power,” as long as those ends are not immoral. And the “powers contined in a constitution of government, especially those which concern the general administration of the affairs of a country, its finances, trade, defense, etc., ought to be construed liberally in advancement of the public good.”

Arguments against the Federal government’s legitimate role in regulating credit, as in the period of Franklin D. Roosevelt’s New Deal, or today, provide a parallel, in principle, to what Hamilton was up against, and should further amplify his reasoning for why a National Bank was not only useful, but necessary.



*Passaic Falls, New Jersey, home of a powerful source of hydro-power, was the site Hamilton chose for establishing the Society for Useful Manufactures, which he had hoped would serve as a model for industrial enterprise.*

As FDR forthrightly argued, he was asserting the power of the Federal government in order to defend the citizens against the powers of private cartels, which were prepared to utterly destroy the security and standard of living of millions, in order to pursue their own profit and power. And indeed, the measures enacted by FDR did provide a defense against evictions, job loss, denial of electricity, and many other measures that private industry considered their prerogative in the “free enterprise” system before FDR. Today’s wildly rampaging “markets” represent a potentially worse repeat of the pre-FDR days, with the cartels in banking and other industries even more globally powerful than they were in the 1920s. In fact, only the sovereign power of the U.S. Federal government can provide the protection, and hope, for American citizens now facing joblessness, bankruptcy, homelessness, and lack of protection from disease.

But, as we invoke the tradition of FDR in seeking emergency government action to deal with crises such as the collapse of vital infrastructure, and the bankruptcy of major national machine-tool assets such as General Motors, we should be aware that we are harkening back to the principles established by Alexander Hamilton, founder of the American System.

### **The Hamilton Exhibition**

From the standpoint which I have just outlined, the exhibition of Hamilton’s life which appeared at the New York Historical Society proves to be both an exemplification, and a disappointment. This young Founder comes across as a passionate patriot who played a critical role in establishing our

national institutions, but *not* as the founder of the American System of Economics, a tradition one suspects the assemblers wished to ignore.

The exhibit starts with a presentation of Hamilton as an immigrant, and constantly stresses the fact that he was forced to rely on his mind and hard work, in order to play the decisive role he did in shaping the institutions of the United States, and that he was constantly under attack because of his “outsider” status. Such an approach ignores the intellectual heritage upon which Hamilton relied—specifically, the Continental school of natural law and physical economy, epitomized by Emmerich Vattel and Jean-Baptiste Colbert, upon which Hamilton clearly drew in order to carry out his Leibnizian policies; as well as the grouping of collaborators he had in the United States which facilitated his rise to power.<sup>3</sup> But Hamilton did have a tough struggle, as the exhibit indicates.

Hamilton’s role in the Revolution as a youth in New York City, and in the military, is also stressed. His personal bravery in protecting even his political enemies, such as King’s College President Myles Cooper, from a mob, is depicted, as well as his significant role in a number of crucial battles.

The exhibit’s stress on Hamilton’s opposition to slavery is useful, and runs counter to the popular slander of him as “upper-crust.” But the implications of his attack on slave society—in the fight to create an industrial economy—are by no means drawn out, and, in fact, both his attack on slavery and his establishment of the Society for Useful Manufacturers, the Passaic, New Jersey experiment in establishing a manufacturing complex, are presented as evidence of his being a “visionary,” with the clear insinuation that such initiatives were impractical. The presentation of Hamilton’s crucial role in winning the battle for the Constitution is straightforward, but, because the curators do not connect his economic program, his foreign policy role, or his political battle against Burr with this principled effort, Hamilton’s role is ultimately banalized. Instead, one is provided with a panoply of images of personal crises—such as his decision to reveal his love affair with Maria Reynolds, in order to clear his name as to charges of financial wrongdoing, and his decision to carry out the duel with Burr.

3. See Robert Trout, “Life, Liberty, and the Pursuit of Happiness, How the Natural Law Concept of G.W. Leibniz Inspired America’s Founding Fathers,” *Fidelio*, Spring 1997; and Nancy Spannaus and Christopher White, eds., *The Political Economy of the American Revolution* (Washington, D.C.: Executive Intelligence Review, 1995).

The misfocus is most evident in the fact that the most dominant artifact in the exhibit itself (not counting the huge \$10 bill with Hamilton's face which was wrapped around the outside of the Museum), was a set of wrought-iron, life-sized statues of Burr and Hamilton aiming their pistols at each other on Weehawken Heights. Once one recovered from the shock of seeing this image of re-enactment, one could look at the actual pistols which the antagonists used, which had been provided for the display.

## The Hamiltonian Tradition

Anyone fortunate enough to have a real understanding of American history, and the true nature of our republic, however, knows that Hamilton's ideas were not only not killed on the duelling field, but that they were the touchstone for the unique American approach to economic policy, as opposed to the British System of economics, up through FDR, to LaRouche today. While Hamilton himself was known as a "Federalist," and therefore opposed politically by many in the immediate aftermath of his death, his American System of Economics was soon recognized as being beyond party, and the hallmark of the patriotic tradition which extended from the Founders on down.

Mathew Carey, the Irish revolutionary turned Philadelphia publisher, played a major role in elevating Hamilton to his true, principled stature. This he did in the 1814 *The Olive Branch*, a mass-circulation tract which argued for the creation of a new political alliance, which would bring together the democratic principles of the Jeffersonians, with the economic principles of Hamilton into a nationalist party for the preservation and advancement of the nation. Hamilton's outlook on labor, and the role of the government in protecting and advancing it, was generally expressed in a program that called for the National Bank, the protective tariff, and the promotion of internal improvements (which we today call infrastructure). This program, Lincoln scholars will recall, is precisely what Abraham Lincoln described as his platform, when he first ran for public office. When Lincoln established the Morrill Tariff, the land-grant colleges, and the Transcontinental Railroad, and then went to war and eventually abolished slavery, he was clearly acting on the principles that had been laid out by Alexander Hamilton two generations before him.<sup>4</sup>

Nor did Hamilton's tradition die with Lincoln. It was carried on not only by the grouping around Lincoln's former economic adviser Henry Carey (son of Mathew), but was spread all around the world: in Germany, through Friedrich List; in Japan, through students of Hamilton, List, and Carey, led by Yukichi Fukuzawa; in Russia, through Dmitri Mendeleev and Sergei Witte; and all throughout South America.<sup>5</sup>



*The mural of which this is a detail, commissioned by President Franklin Delano Roosevelt, shows the pro-Constitution contingent at the Poughkeepsie Constitutional Convention of 1788, whose ranks include Alexander Hamilton (left, with hand outstretched), and FDR's great-grandfather (and Hamilton collaborator at the Bank of New York) Isaac Roosevelt, second from the right.*

Wherever you found a people determined to escape colonialism, and build an industrial republic, they would turn to the man whom they saw as the founder of the economic system of the most successful republic in the world, the United States of America—Alexander Hamilton.

In the United States, the Hamilton tradition continued to be passed down, through to the 1930s, both in academia and political families. The Roosevelt family, for example, honored the fact that its ancestor, Isaac Roosevelt, was a cofounder of the Bank of New York, and fighter for the U.S. Constitution, alongside Alexander Hamilton. Thus it was, that Franklin Delano Roosevelt was not only schooled in the work of Hamilton, but that he once against resurrected his ideas in the time of deadly crisis for the nation, which was the Great Depression, and the worldwide threat of fascism.

Unfortunately, FDR's enemies have been all too successful in wiping out the intellectual underpinnings of his rescue of our nation. Reviving FDR's and Hamilton's ideas has fallen to Lyndon LaRouche, and his political movement, especially the young generation which shares the young Hamilton's enthusiasm, as well as his principles for building an economy to protect and enhance the "creative powers of mind." Just as Hamilton rejected the slave economy, in favor of one which would promote industrial and agricultural development, so we, at the very moment that this "money economy" is on the edge of destroying civilization itself, fight to revive his principles, which have been tried and tested many times through the history of our republic.

Reviving these ideas will save our minds (though not our money)—and create the basis for a future for all mankind.

4. See Allen Salisbury, *The Civil War and the American System* (Washington, D.C.: Executive Intelligence Review, 1992).

5. "200 Years Since Hamilton's 'Report on Manufactures,'" *EIR*, Jan. 3, 1992.

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## Editorial

### *Bolton Has To Be Defeated!*

The world is breathing a small sigh of relief, in the aftermath of the Senate Foreign Relations Committee's decision *not* to recommend Bush Administration nominee John Bolton to be the U.S. Ambassador to the United Nations. But now it's time for the next step: Bolton has to be defeated!

It is not out of the question that President Bush's controllers will make the decision to withdraw Bolton's name. More likely is the possibility that Dick Cheney, whose own personal pick the beastly Bolton was, will simply intensify the pressure on the Republican Senators to confirm him when the question comes to a vote.

Thanks to a hold put on the nomination May 12 by Sen. Barbara Boxer (D-Calif.), the same courageous Senator who joined in Rep. Stephanie Tubbs-Jones' (D-Ohio) challenge to the Ohio electoral vote for George W. Bush on Jan. 6, there will be an interval of time before a vote could be taken. During that time, sane forces have to convey the message to those Senators with a conscience, that a vote *against* Bolton is their only moral choice.

There was a dangerous tendency shown by those Republicans on the Senate Foreign Relations Committee who chose to send the nomination to the floor of the Senate, rather than voting it down in Committee on the basis of their own evaluation that Bolton would be a disaster in the job. "The President deserves to have a vote," one said. "The President deserves to have his choice," said others. At bottom, these Senatorial statements reek of cowardice.

Should the Senators who oppose Bolton, approve his nomination on the floor of the Senate, this would be an outright capitulation to the Executive branch. And the cowardice that led to that capitulation, would radiate to the United Nations, creating a situation in which it is likely that the nations there would tend to be cowed into submission as well.

The lesson to be taken is that which can be drawn from the early years of Adolf Hitler's rise to power, in 1933-34. In the very early period, there were many institutional forces—in the military, in the political parties, and even in the more professional commu-

nity—who reacted with abhorrence to what the brash "Austrian colonel" was doing to squash his opposition. Many of them even found Hitler to be ridiculous. But these very people let things occur, when they could have stopped them. The consequence was the spread of rampant cowardice, which occurred to the point where it eventually was impossible to stop the Beast-Man Hitler.

Many should remember the somewhat apocryphal, but incisive statement of Pastor Martin Niemoeller, founder of the anti-Hitler section of the Lutheran Church in Germany in the 1930s and '40s. Niemoeller, who spent from 1937 to the end of the war in a concentration camp, said: "First they came for the Jews, and I did not speak out because I was not a Jew. Then they came for the Communists, and I did not speak out because I was not a Communist. Then they came for the trade unionists and I did not speak out because I was not a trade unionist. Then they came for me, and there was no one left to speak out for me."

The lesson should be clear, even if the circumstance is somewhat different. Senators must speak out against the outrageous, arrogant, lying behavior of Administration officials *now*, or they may not have the power to do so later.

Speaking on the Bolton nomination, Lyndon LaRouche declared that if the United States Senate capitulates, it would be a complete disaster. The Administration's policies, as expressed by warmonger and intelligence-fixer Bolton, are pure sophistry. If they are not stopped, the country is finished. If people vote for the Bolton nomination because "the President has a right to his nominee," the country will go down.

If people want their elected representatives to act on principle, of course, they have to give them their support. This is particularly true of the Republican Senators, who are repulsed by the Bolton nomination, but are still afraid to speak out. They must receive the support of their Democratic colleagues, and, above all, their constituents and other patriotic citizens. No one has the excuse that this Administration is all-powerful; it clearly is not. Bolton must be defeated!