

EIR

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From the Associate Editor

This week's issue has been conceived with a unified conceptual thrust, showing the cultural paradigm-shift that is beginning to occur on both sides of the Atlantic, and pointing to the directions in which policymakers must now swiftly move. The broad sweep of our coverage is laid out by Nancy Spannaus on pages 4-5, so I will use my space here to bring your attention to two particular matters.

First, is that Lyndon LaRouche will be addressing the urgent changes in economic and monetary policy required, in a webcast on Thursday, June 16, beginning at 1:00 p.m. EDT. LaRouche has identified the conjuncture of the political shocks in Washington, Paris, and Berlin, and the accelerating disintegration of the global monetary system, as a moment of opportunity to return to sanity in trans-Atlantic economic policy. The event will be broadcast live at www.larouchepub.com and www.larouchepac.org. Public events will take place in Washington, D.C., and in other locations around the United States and Europe, and the speaker will field your questions.

Second, LaRouche has frequently underlined the pedagogical importance of *EIR*'s work in developing animated graphic presentations of what is happening to the economy. Within the constraints of print media, we present some of this material on pages 39-41, demonstrating the collapse of manufacturing along the rail corridors through Western Pennsylvania, Ohio, and Indiana, and how constructing a new high-speed rail grid can bring back steel production and electric power capacity, and reverse the collapse of manufacturing employment. Animations of this material will be posted on our website.

For an idea of how effective the animations are in getting people to grasp the crisis, read "The LaRouche Show" transcript in this issue ("How LaRouche Youth Organizing Uses the Dirichlet Principle"). Aaron Halevy, of the LaRouche Youth Movement in Washington, D.C., describes how the organizers bring laptops in to Senate and other offices, and show the animations on the spot: how the industrial heartland and infrastructure are being destroyed. "And then these guys really start to get it," he says. "And 'Oh man! Something has to be done about this. Can I get these animations? Can you e-mail these, or something?' That's what people are starting to ask us." That's the start of a real revolution.

Susan Welsh

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LaRouche: Now Is The End of the 'End of History'

by Nancy Spannaus

When the Soviet Union collapsed in 1990-91, a new madness took over in the precincts of the would-be Anglo-American imperialists in Washington and London. Now is the "end of history," they declared. We don't have to worry about any more challengers to our new feudal empire of globalization and looting. We can rule forever, because the last nation that represented an obstacle to the post-industrial system inaugurated in 1971, has finally disappeared.

Fortunately for mankind, that illusion has finally been blown to smithereens.

Dramatic recent events on both sides of the Atlantic have now set the stage for a long-overdue fundamental change in world economic and monetary policy. On May 23, a bipartisan group of U.S. Senators delivered a significant defeat to the Bush Administration, and, by beating back the so-called "nuclear option" against judicial filibusters, an "option" that would have destroyed the institution of the U.S. Senate, they placed the Bush-Cheney White House in near-lame-duck status. Then, on May 29, voters in France overwhelmingly defeated the new proposed European Constitution, in an action largely driven by citizens' disgust with the economic disasters brought about by the Maastricht Treaty's Stability Pact and the loss of jobs under globalization. The French events had been foreshadowed a week earlier in the electoral defeat suffered by the German Social Democratic Party in state elections in North Rhine-Westphalia, based on the failed economic policies of the Schröder government in Berlin.

Both these events have profoundly upset the globalizers' nostrums that the nation-state had become a relic of history, and the situation is wide open for a world dominated by cooperation among sovereign states committed to industrial and scientific progress in the long term, and willing to use their power to secure it.

Lyndon LaRouche, who played a crucial role in tandem with leading Senators, as well as through his Youth Movement, in organizing the Senate rebuff to Cheney's coup attempt, was the strongest in asserting the significance of that action. The Senate act, which was a public demonstration of resistance to the dictatorial insanity of the Bush Administration, was bound to have global reverberations, LaRouche said, especially in Europe and Russia. Those nations will be remoralized to act in



The signs of an “FDR resurgence” in the Democratic Party are just one indication of a trans-Atlantic cultural paradigm-shift. Here, Democratic Senators mobilize in defense of Social Security at the Franklin D. Roosevelt Memorial in Washington, D.C. Left to right: Harry Reid (Nev.), Charles Schumer (N.Y.), Jim Jeffords (Vt.), Patty Murray (Wash.), and John Cozine (N.J.).

www.murray.senate.gov

their own interests.

The stunning rejection of the European Constitution—a document which would have codified the dictatorial powers of the European Central Bank over Europe—in France, and in Holland a few days later, was not a direct result of the U.S. Senate action, but reflects the same kind of fighting spirit against Establishment authority.

“This is the first large-scale victory of the public against the oligarchy of financiers and bureaucracy, that will have serious political implications for the entirety of Europe,” commented Russian professor Sergei Markov on the French vote. “He’s right,” remarked LaRouche.

Burying the Post-Industrial Society

The global imperialist drive, dominated by free trade, cheap labor, and usury, did not begin in the early 1990s, of course. The international financial oligarchy has been fighting to impose this “New Order” since the death of Franklin Roosevelt; the destruction of his Bretton Woods System with President Nixon’s decision on Aug. 15, 1971 to shift to a floating-exchange-rate system, inaugurated the era of destruction which has reaped the horrible domination of poverty and war today. The name for this dominant economic and social system is “globalization”; its reality is the destruction of all institutions, particularly sovereign governments, that will act to protect and advance living standards for all mankind.

Not surprisingly, the generation of Baby Boomers which is now in power in most nations, considers globalization inevitable and unstoppable. It doesn’t know anything else.

But, as this issue of *EIR* documents internationally and in the United States, “the toothpaste *can* be put back in the tube,” and globalization can and must be reversed. Dramatic changes are under way in institutional and economic arenas, which will throw most, if not all, of the popular wisdom of the past 30 years out the window.

Take, for example, the common European currency. With the defeat of the European Constitution referendum, discussion has immediately surfaced about abandoning this instrument of supranational control over the European national economies, which have been driven into the ground by the policies of the European Central Bank, and bringing back national currencies. National currencies would mean a return to sovereign national control over economic policy, and protection of the labor forces of nations from the NAFTA-type outsourcing and cheap labor which have taken over. “They” said it couldn’t be done, but, there is no question but that this is the direction economic policy is now headed.

And if these globalization policies can be dumped in Europe, and new measures of state credit can again be adopted as policies for long-term economic progress, cannot the slave-labor policies of NAFTA and outsourcing which are destroying the U.S. economy be overthrown? Cannot the IMF, which has imposed these policies, and the genocide that’s gone with them, finally be dumped?

Lyndon LaRouche and his movement have the policies immediately at hand, to replace the horrors of globalization. It is a hopeful time, and the more rapidly LaRouche’s policies are adopted, the more hopeful it will become.

THE NEW CULTURAL PARADIGM-SHIFT

Where Does Europe Go Now?

by Lyndon H. LaRouche, Jr.

May 31, 2005

Just one week after the U.S. Senate had successfully resisted a virtually rabid Vice President Dick Cheney's intended coup d'état against the U.S. Constitution, a wide majority of the participating 70-odd percent ration of eligible French voters rejected the proposed European Constitution. Meanwhile, during the entirety of that intervening week, the leading European press, with the most notable exception of Switzerland's *Neue Zürcher Zeitung*, had kept a strict silence on the Earth-shaking implications of the U.S. Senate's actions in resisting Cheney's intended, almost Hermann Göring-like—or, should we prefer "Carl Schmitt-like," or "Leo Strauss-like"—coup. The connection between the French election-campaign and the week-long silence of the European press on the U.S. Senate actions should now be obvious among the thinking variety of leading European circles.

When the world is sliding, at a presently accelerating rate, into its worst general monetary-financial crisis since the 1930s, with a mounting social crisis to match, political crises such as those which recently erupted in the U.S.A. and Europe will not be far behind. The rising pattern of visible resistance to the proposed European Constitution among relevant French circles during the weeks immediately prior to the election already demonstrated the fact that a "reversed cultural paradigm-shift" against what France calls its "Bo-Bo" ("bohemian bourgeois") generation has now either reached "critical mass," or is on the verge of doing so. This is not a specifically French social phenomenon; the same pattern is evident, if often in other forms, in other places, not only in Europe, but also in the U.S.A. Obviously, given the results of the French vote this past weekend, any honest reporting on the successful U.S. Senate resistance to Cheney's intended coup d'état would have reinforced the rising opposition to the pres-

ent draft European Constitution throughout much, if not most, of the people of Europe today. The motivation for the suppression of that news within Europe, is now empirically clear beyond doubt.

Now, those Senate actions and the French vote have occurred. Therefore, what next: not only for the U.S. and France, but the world more widely, especially the Americas and Europe as a whole? What omens are to be read from the rumble of the approach of history's new sounds of the rolling tumbrils, approaching the date with history which is in the making for tomorrow, as for today?

Then, and . . .

Since the moment of the death of U.S. President Franklin Roosevelt, the world has been in the grip of a generations-long cyclical pattern, a pattern marked by the role of what has been, in fact, a new fascist social movement. It is an existentialist movement which has been typified by intervening decades of antics by an intellectual rabble associated with the U.S. Congress for Cultural Freedom, the immediate post-war period's *Paris Review* of the U.S.A.'s Venetian-style figure John Train et al., and so forth. The children born in the Americas and Western Europe during or shortly after 1945, were heavily impacted by the massive countercultural indoctrination which was fully underway by the beginning of the 1950s. The indoctrination of those children, under the terrifying, "brainwashing-like" conditions of the threat of general nuclear warfare and the massive countercultural warfare in the fields such as art and education, produced what became known as "the 68er generation" and its "rock-drug-sex youth-counterculture" and kindred features.

As a result of that international countercultural campaign, with its effects on education, especially on the education of the growing suburban "middle class" of the 1950s and 1960s,



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The French “no” to the European referendum signals that a “reversed cultural paradigm-shift” against the “Bo-Bo” (“bohemian bourgeois”) generation has now either reached critical mass, or is on the verge of doing so. Here, “Bo-Bos” at one of their favorite occupations, hanging out at a café.

the world in general underwent what is known today as the “great cultural paradigm-shift,” of what was named either the Nietzschean or post-Nietzschean ideology which produced such phenomena as what France knows as its “Bo-Bos.” Typical were the influences of such “Frankfurt School” ideologues as Martin Heidegger who emerged as a leading, anti-Semitic Nazi philosopher at Freiburg, and his cronies, such as his intimate associates Theodor Adorno and Hannah Arendt, whose birth certificates, unlike that of Heidegger, disqualified them from prospective careers under Hitler’s regime, but who otherwise represented the same dionysiac, existentialist cultural virus which gave the world its Heidegger, Nietzsche, Hitler, and their like. This “Frankfurt School” and kindred recruits to the Anglo-American shock-troops of the Congress for Cultural Freedom, were just as passionately filled with hatred against the Classical culture of Europe and the U.S.A. as any Nazi. The brand-labels and flavor differed, but the poison was ultimately the same existentialist hatred of modern European civilization which all shared with truth-hating Hannah Arendt and with Angela Davis’s mentor, Herbert Marcuse.

The common denominator of all this cultural corruption was hatred against the memory and practice of U.S. President Franklin Roosevelt. Nowhere has that set of connections been shown as dramatically as within the U.S.A. itself, even within the relevant, “Bo-Bo”-comparable generation of the Democratic Party itself. Nowhere has this historical fact been shown so clearly as in the recent eruption of an opposite trend, in the

return of the Democratic Party to its FDR tradition over the course of the 2004 election-campaign, and the present aftermath of the Nov. 2, 2004 election.

... Now

Nowhere is this latter change shown so clearly as in the hatred of me personally by the Bush White House and the office of Vice President Dick Cheney, even to the point that those circles soar toward the heights of paranoia in blaming me personally for all of the troubles which the second George W. Bush Administration has suffered over the course of 2005 to date. I have been there, so to speak, all along. Naturally, my policies are received more favorably under today’s conditions than a year earlier; but, although my policies do reflect my collaboration with relevant Democratic Party official circles today, the root of those policies is the same as a year earlier, and over decades before that. The essential change which has frightened current White House circles to such a state of fury against me personally as we see today, is a trend toward a cultural paradigm-shift which reverses the effects previously associated with the mid-1960s rise of the “68ers.” This is the rising trend which horrifies the Bush Administration. This is the change we witnessed as reflected in France’s election this past weekend.

Nowhere has this recent reversal been shown so clearly as in comparing the role of my youth movement inside the U.S.A. with certain relevant developments within Europe itself, including the personal hatred against me and that youth



EIRNS/Brian McAndrews

The LaRouche Youth Movement chorus performs Bach's motet "Jesu, meine Freude," in Washington, D.C., January 2005. These young adults, LaRouche writes, "must be recognized as representing a scientifically crucial, if still, presently, small sample of the potentialities of the much larger body of a new and oncoming generation of young adults moving in their footsteps. They provide us the vantage-point for understanding what happened in France this past weekend."

movement, as exhibited, among suggestible circles in France and elsewhere, by the international efforts by leading official circles of the current British government of that Liberal-Imperialist Fabian ("Limp") war-monger and Bush crony, Prime Minister Tony Blair.

The 2000 collapse of the U.S. IT bubble coincided with the appearance of the potential for a new quality of youth movement in the U.S.A., a new youth ferment whose existence reflected a certain special quality of opposition to the cultural legacy and life-style of their "Baby Boomer" parents' generation. These young-adult layers of youth, centered in the 18-25-year-old stratum, saw themselves as having been dumped by their parents' generation into a "no future" world. This was not only my personal assessment of the evidence; certain official circles in the U.S.A. had assembled the evidence which led them to similar conclusions at about the same time.

On the basis of clinically convincing patterns of cultural evidence to that effect, I responded to the approaches of a relevant portion of such youth by agreeing to sponsor a new youth movement appropriate to their desires. The new movement was, as it had to become, also a movement in higher education, in which the two typical benchmarks were Carl Gauss's 1799 dissertation on what he himself had later named the subject of the fundamental theorem of algebra, and J.S. Bach's motet *Jesu, meine Freude*. These benchmarks defined a program of emphasis on combined physical-scientific and Classical-cultural education, the combination

of the two most essential elements of the study of history as a means for finding the meaning of a young adult's present existence today.

The initial, pivotal emphasis on Gauss's 1799 dissertation as a point of young-adult entry into the study of modern science's development from the pre-Aristotelean, anti-Sophist Greece of Thales, Pythagoras, and Plato, through benchmark examples including Nicholas of Cusa, Pacioli, Leonardo, Kepler, Fermat, Leibniz, the Ecole Polytechnique, Gauss, Dirichlet, and Riemann. It meant the study of history as the history of ideas, as these examples from the history of discoveries in physical science typify the proper meaning of the term "ideas."

It meant the study of the comparable ideas specific to artistic composition and performance. This meant an emphasis on reference points such as Fifteenth-Century Classical Florentine *bel canto* singing pivoted on the natural and traditionally Classical value of $C = 256$, through J.S. Bach, Haydn, Mozart, Beethoven, Schubert, Schumann, and Brahms, and poets and historians such as Shakespeare, Lessing, Schiller, and the history of the U.S. Constitution, from the Winthrops and Mathers, Franklin, Hamilton, John Quincy Adams, Lincoln, and Franklin Roosevelt.

A half-decade after all this began, the intellectual ferment, and zest for mastering the Classical principles of choral singing, among these young men and women, would shame most universities by comparison. They share the inclusive passion

for discovery and truthfulness, in science, in art, in history, and in current political life, toward which any self-respecting university would respond with kindly envy.

The progress of this program has shown me something of special importance in understanding those individual young adults. They must be recognized as representing a scientifically crucial, if still, presently, small sample of the potentialities of the much larger body of a new and oncoming generation of young adults moving in their footsteps. They provide us the vantage-point for understanding what happened in France this past weekend. They provide us a point of advantage for insight into what is both necessary and possible for the world as a whole today.

The Historical Fact of Sunday

The resumption of the role of the U.S. Democratic Party for the missions of today, is frankly the echo of the Democratic Party brought together under President Franklin Roosevelt. What has been embedded within the core of the culture and experience of the U.S. population, its immigrants, and its national institutions, over more than two centuries, is coming back to the surface again today. The “Bo-Bo” generation of France, the U.S.A., and elsewhere, is in the process of becoming massively self-discredited in a way which portends the feasibility of a “reversed cultural paradigm-shift” of return of European civilization toward the kind of optimism which the critical role of the U.S.A. in defeating Hitler prompted in the closing phase of what is called by most “World War II.”

This precondition for this “reversed cultural paradigm-shift” was ironically implicit in the falseness of widespread acceptance of the delusion that the fall of the Soviet Union marked the entry of the world into something which should have reminded us of Adolf Hitler’s doomed proclamation of “A Thousand-Year Reich.” In this case, Hitler’s post-1989 plagiarists spoke, as did neo-conservative fanatic Francis Fukuyama, of an “End of History,” a phrase intended to convey a Hobbesian’s systemically brutish notion of “human nature,” a notion of a U.S. caricature of the ancient Roman Empire, an empire ruling over what is often termed today “a globalized world society.”

It is now nearly 16 years since that celebrated “Fall of the Wall” which prompted “The End of History” delusion. Then, a “Bo-Bo” born after May 1945 would have been 44 or fewer years old, but approaching 60 today. The over-confidence of the time of President George H.W. Bush’s Presidency, has grown tired and fearful under a persisting, presently accelerating sheer rot in the economies of the Americas and Europe, especially so since the 2000 collapse of the “IT” bubble and the defeat of Al Gore’s Presidential candidacy that same year.

And, Therefore . . .

The “Bo-Bos” of today have retreated to behind the battered walls of an aging consumerist’s debt-ridden obsession with defense of an increasingly illusory “life-style” existence,

hoping that death will come to them silently, unannounced, and without prescience or pain. They are immune to the “Let us have a future” protests from today’s young-adult generation. “Who are you?!” the Bo-Bos and their like protest; “This is our world, which must continue to be the world our chosen life-style demands for us.” When the last illusion collapsed, with the Spring 2000 popping of Alan Greenspan’s “IT” financial bubble, the Bo-Bos’ already waning credibility with the young generation began to evaporate.

This widening, post-2000 cleavage between the “Baby Boomer” (e.g., “Bo-Bo”) generation and their young-adult successors, has two principal dimensions. First, there are the relatively higher income-brackets of the Baby Boomers, who are either in the dwindling upper 20% of household income-brackets, or still cling to a family life-style otherwise associated with such brackets, and, at the same time, the growing cleavage of the young-adult generation from the dominant life-style of the self-defined as less poor among the older generation. Second, the young adults, whose hostility to the Baby Boomer ideology is tempered by optimism about the possibility of a better future for mankind, now tend to converge in a sense of common interest with those from the lower-income brackets. For the young adult, there are those of the lower-income brackets, such as skilled machine-tool designers, who still embody the mixture of a continued personal cultural optimism with a sense of immediate great peril under any continuation of the current tendencies of the upper-income strata of what the French call their Bo-Bos.

In the reported patterns of France’s voting, this past weekend, on the European Constitution issue, there are some apparent exceptions which prove the rule. Overall, otherwise, the broad tendencies expressed are clear. What is expressed, chiefly, is the effect of a reversed cultural paradigm-shift, as expressed among young adults, which has found resonance with those broader layers of the population which find the shop-worn utopian delusions of “globalization” insufferable. The reported pattern of the weekend vote in France conforms to the known pattern of that “sociology” in current trends.

Outside France itself, we meet a comparable phenomenon in the apparently irreversible break-up of the so-called “Red-Green coalition” of Germany’s current parliamentary government. In both cases, as elsewhere, including the U.S.A. itself, the rising tendency today is toward new political coalitions based on the tradition of the promotion of the general welfare, against right-wing currents. This portends a difficult but unavoidable reassertment of electoral and related combinations around much of the world, most clearly in the Americas and Europe. It is also clear, that these combinations will pivot on the role of those “youth movements” from among young-adult strata, movements which tend to echo the role which my own LaRouche Youth Movement typifies, youth movements which contribute a keystone role in leading the shift away from the decadence of the “68ers” on both sides of the Atlantic.

French Vote ‘No’ To Globalization

by Christine Bierre

The French vote of 55% “no” against the proposed European Constitutional Treaty May 29 was, as Gen. Charles de Gaulle would have said, “bold and massive.” The voter turnout was also very high, nearly 70%, which is exceptional for this type of referendum, and as high as the 2002 Presidential primary. The results show that France is totally divided: The “yes” vote was heavily concentrated in the major (and wealthier) cities, with Paris running the highest rates at 67%; Strasbourg 63%; and Lyon above 61%.

The “no” vote was concentrated in the poorer suburbs, rural areas, and formerly industrial centers. In Venissieux, a working class area near Lyon, where the Mayor had invited Lyndon LaRouche’s leading French associate, Jacques Cheminade, to visit an exhibit against the European Constitution, the “no” vote hit 69%! The poorer suburbs of Paris also went heavily for the “no,” including Seine Saint Denis, 62%; Seine et Marne, 55%; and Val d’Oise, 53%. In rural areas like Limoges, 55% voted “no,” while “no” also ran high in the formerly industrial centers, such as Le Havre, 64% or in Pas de Calais, 69%-plus. Maps of French unemployment published by the press coincide precisely with maps of the “no” vote. The “no” vote was also massive among the youth, where unemployment levels have soared in the recent period.

The effect of the vote has been a real earthquake, reflected in the banner headlines of the main press: “It’s Enormous,” *Le Parisien*; “It’s ‘No,’” *Le Figaro*; and “The Biggest ‘No’ Day,” *Libération*. Commenting on the victory, Jacques Cheminade, characterized the vote as an “abrupt halt to the last 35 years of neo-liberal drift.” “Nothing will be the same as before,” Cheminade said, and he ruled out the various schemes put forward to ignore the vote, such as having the French vote again next year, or enacting the Constitution among the nations that ratified it, or renegotiating the Constitution text.

Lyndon LaRouche characterized the vote as the beginning of a “reverse cultural paradigm-shift” away from the “no future/consume now” policies of the free-market economy agenda adopted by the Baby Boomers and French Bo-Bos (bourgeois-bohemians) during the last 30 years.

A Full Government Reshuffle

In a carefully worded statement, President Jacques Chirac tried to de-dramatize the results, while announcing



EIRNS/Kévin Desplangues

Jacques Cheminade characterized the “no” vote on the European Constitution as “an abrupt halt to the last 35 years of neo-liberal drift.” Here, Cheminade (on the sound-truck), joins a LaRouche Youth Movement week of action in Paris, January 2004.

a major change in the government. “You have expressed your concerns and hopes,” he said. “I shall respond by giving a new and strong impulse to government action.” The President also indicated that the government would concentrate its efforts in the areas of unemployment and social welfare.

Shell-shocked by the results, Chirac decided to move rapidly. On May 31, he accepted the resignation of Prime Minister Jean Pierre Raffarin and chose Dominique de Villepin as the new Prime Minister. Although the choice of de Villepin indicates a halt in the free-market “liberal reform” policies the government has adopted in recent years—including large cuts in health insurance benefits, reductions in pension funds, and reductions in unemployment benefits and rights—that choice was tempered by Chirac’s decision to call his neo-conservative friend Nicolas Sarkozy back to the government, with the title of Minister of State, making him number two in the government.

The choice of Sarkozy is all the more bizarre in that he and de Villepin hate each other with a passion, and have been in furious competition for the post of Prime Minister for the past few years. Informed sources claim that it is an attempt by Chirac to control Sarkozy, something that is more easily done if the ambitious politician is part of the government and

not outside it. For Sarkozy's part, his entourage says that he realizes that a total failure of the government will also kill his career.

Beyond the personalities and names, it is only the economic program adopted by the new government which will tell whether France's leaders have really understood the message of the population. If there is no change in policy, or merely cosmetic improvements, stated Cheminade, then this government will be nothing but a "government of particles," a pun on the word *particule* which, beyond the common meaning in French and English, is also a reference in French to the "de" particle added to the names of aristocrats. And both Dominique de Villepin and Nicolas Sarkozy de Nagy-Bocsa are aristocrats.

According to the daily *Le Monde* June 2, however, Dominique de Villepin had established in recent months the "diagnosis of a country plunged into crisis by the shock of global-

ization." In an address to the National Assembly on June 7, de Villepin, reports *Le Monde*, will emphasize "employment, solidarity, and research. A relaunching of public investment, through a policy of great projects, could be announced, presuming by that, that the government will have decided to free itself from the constraints of the European Stability Pact. A new crisis under way with [EU headquarters] Brussels is a prospect that does not frighten de Villepin. It is not certain, however, that France's partners will be so conciliatory after the massive rejection of the constitutional treaty by the French people."

Should this policy be adopted, speculates *Le Monde*, de Villepin will try to move rapidly, using rulings by decree to legislate the authorization of programs. The two other areas into which he intends to intervene, according to *Le Monde*, are jobs creation for youth, via financial incentives for regional bodies. Unfortunately, this sounds like the non-productive

Cheminade: A Mandate To Lift Europe From Crisis

Jacques Cheminade, leader of the Solidarity and Progress party in France, and an associate of Lyndon LaRouche, used the words of Gen. Charles de Gaulle to declare, after the "no" against the financial oligarchy, "the harsh joy of taking responsibility." Cheminade, who played a major role in catalyzing the mobilization



EIRNS/Finn Hakansson

of the "no" vote, headlined his May 30 statement with this slogan from de Gaulle. The statement follows:

The rejection by the French people of the European referendum-ultimatum brings to a halt 35 years of neo-liberal drift and promotion of unemployment. We have received a mandate to bring life to Europe so that it can face up to the world crisis. By providing an overview, we will be able to mobilize the people. The international circumstances lend themselves to this. In the United States, between May 21-23, Democratic and Republican lawmakers stopped a coup d'état by George Bush, Vice President Cheney, and Karl Rove, aimed at imposing a Presidential dictatorship. The imperialists and neo-conservatives have been weakened. The Franklin Roosevelt tendency, revitalized by

Lyndon LaRouche, has been reinforced. The coup, and with it the effort to impose a preventive nuclear war strategy in foreign policy, has been temporarily halted.

There remains, however, both here and there, the need to give positive content to the Resistance. In the world, the crisis in the hedge fund and real estate markets, will reveal, over the June financial deadlines, the extent of the crisis in the monetary system. This will be the moment to rise up for change. This will be the moment to again found Europe, but not on the basis of diplomatic arrangements and bureaucrats.

We propose:

1. To re-establish a program of research and heavy investments able to create 20 million skilled jobs by devoting 10% of our GDP;
2. To create the conditions for financing this, beyond taxes and borrowing, via mobilizing public productive credit issued by a system of national banks, accountable to the citizens;
3. To build a Europe of fatherlands and citizens via a Eurasian Land-Bridge policy, integrating Iraq and China, with Turkey and Russia as the links.

Any thought of forcing France to vote a second time, or to implement the Constitution only in those countries which ratified it, or to renegotiate the rejected text, would be all insults to the universal right to vote. Let us re-read the "Edge of the Sword" of de Gaulle, and "The Modern Republic" of Mendes-France, Leibniz and Carnot, Friedrich List, and the text of the Treaty of Westphalia. Europe needs reference points and enthusiasm and a movement that can change the conditions of struggle on a world scale; it needs to bet on the future and not on this odd petty institutional fix.



EIRNS/Finn Hakansson

Lyndon LaRouche (right) and his French co-thinker Jacques Cheminade, leader of the Solidarity and Progress Party in France.

make-work projects the government has adopted over the last few years. This is no substitute for the kind of large-scale infrastructure-building plan that Cheminade and LaRouche are calling for, in the context of a New Bretton Woods financial reorganization.

European Stability Pact Under Fire Again

Under the crisis of the “no” vote, an important debate has broken out, at least in some quarters of the present majority. Jean-Louis Debré, son of de Gaulle’s Prime Minister Michel Debré, who is now President of the National Assembly, has called for emergency measures to deal with unemployment and other economic difficulties. During a luncheon organized for the new Prime Minister at the Hotel de Lassay with the right-wing majority deputies, Jean-Louis Debré called for decreeing a “state of emergency for employment.” “Let us listen to the message of our fellow citizens,” he said. “Employment, especially for the youth, must be our absolute priority. We have 22 months to demonstrate the efficiency of our actions in the area of employment, professional training, and social justice.” More important, in an interview to national radio RTL, on May 31, Debré reopened the debate on the hated European Stability Pact, which imposes heavy financial sanctions on countries which violate the two main financial criteria of the Maastricht Treaty: that deficits and government indebtedness cannot go beyond 3% and 60% of the GDP, respectively.

Debré called for “policies centered on the defense of employment and solidarity and on a very active policy for relaunching of public investments.” Questioned on whether that meant that France should consider itself free of the Stability

Pact requirement, Debré stated a clear “Yes. . . . I think that the Stability Pact must not be such a strong constraint as it is today.”

According to *Le Monde*, debate around this issue has become intense since the defeat of the referendum, particularly among the right-wing majority at the National Assembly and, of course, at the Finance Ministry. There, if Thierry Bretton, the current Economics and Finance Minister, is happy to have contributed to the recent reform of the Stability Pact, he is also known to be against deficit spending and indebtedness as a means of public credit. A few deputies are favorable to Jean-Louis Debré’s views on this issue, says *Le Monde*, indicating that the “government could authorize itself certain freedom with those rules,” in order to relaunch growth. Different measures are being discussed in this direction, among which are a joint Franco-German initiative.

Le Monde states that Jean-Louis Borloo, the present and future Social Affairs Minister, will be getting more funds to carry out his Social Cohesion Plan, and is calling “for a rapid Franco-German action.” “A joint initiative could indeed be one of the axes of the economic policies of de Villepin. The idea is progressing rapidly. Its content remains to be determined. Will it be grand public investments as Debré is calling for, or rather initiatives for exports, innovation, research, and perhaps even social and fiscal reforms.”

During a meeting with the majority Senators on June 1, the new Prime Minister said he was giving himself 100 days to regain the trust of the French people. In his first televised address that same evening, de Villepin stated once again that the government’s priority will be the fight against unemployment, the fight in favor of the most vulnerable, but also, the right to create new companies as well as the right to look into the future: innovation, research, new technologies, and a new industrial policy for France.

The new government has still to unveil its policies. How significant will this effort be? What kinds of jobs will they be creating? Will these be make-work projects, aimed at making the economy turn by increasing consumption? Or, will there be jobs around great infrastructure projects useful to Europe, and in connection with a broader Eurasian policy, involving a particular alliance with Germany, as LaRouche and his co-thinkers in France are promoting?

The Socialist Party: In Total Denial

The worst reactions to the slap in the face by the French electorate were those of the official Socialist Party leadership. This group of ideologues—Bo-Bos at their worst—constituted by François Hollande, his wife Ségolène Royale, and

former ministers in the Jospin government, Dominique Strauss Kahn and Martine Aubry, among others, has refused to draw the lessons of the vote. Instead they are plotting to purge Socialist Laurent Fabius and others in the Socialist Party who led the campaign for the “no” vote. In official statements immediately after the defeat, François Hollande, the head of the Socialist Party, blamed only Chirac for the defeat, not mentioning the fact that just three years ago the Socialist Party had been thrown out of the Presidential race for the first time in more than 20 years, for having adopted the same policies!

The first meeting of the national leadership of the Socialist Party, including supporters of the “yes” and the “no,” will occur June 4. At that meeting, the leadership will try to get the body to endorse a statement which will be written by the “yes” leaders in such terms that Laurent Fabius will be forced either to join them, or leave the leadership of the party. In an interview with the June 2 *Le Monde*, Strauss Kahn, when asked whether he thinks Fabius should remain at his post as number two of the party, didn’t hesitate to state, “I’m not sure that Fabius wants to continue with us on the orientations that we have followed in the last two years”—that is, the policies that have been disavowed by the French population.

When asked whether he would support a French “withdrawal from the Stability Pact, an increase of public spending, and the creation of jobs by the State, as some in the right-wing majority are calling for,” Strauss Kahn responded that such policies would be tantamount to an “attack on the euro. Yet, without the euro, the budget policies of Chirac would have led us to the IMF.”

A National Role for Jacques Cheminade

Only if the French elites listen carefully to the proposals of LaRouche and Cheminade will France, and Europe be able to reorient towards the growth policies of the “30 glorious years” of the post-war reconstruction, which were heavily influenced by the ideas of Franklin Roosevelt’s New Deal and by the Colbertist dirigist planning treasured by the French. Although there are many competent politicians, civil servants, economists, and scientists in France, in the last 30 years, with very rare exceptions, it has been mainly the LaRouche/Cheminade forces who carried the weight in fighting against the free-market economy of the oligarchy, the Shultzes, Thatchers, Blairs, Mitterrands, and other enemies of the people, risking reputations, careers, financial well-being, and even their freedom, for this fight.

In that period of time, it is also the LaRouche/Cheminade forces who sought inspiration for the solutions to the present crisis in the achievements of great statesmen of the past. If Chirac and Schröder want to survive politically, if President Putin of Russia is to survive, they must reject the free-market agenda now, and move forcefully towards world monetary reform and the Eurasian Land-Bridge grand economic design.

Signs of Change In Germany, Also

by Rainer Apel

Three spectacular developments on May 22, 23, and 29 have changed the strategic and economic environment for Germany in a profound way—more so, than most Germans may yet recognize. The stunning defeat of Chancellor Gerhard Schröder’s Social Democrats (SPD) in the May 22 legislative elections in Germany’s most-populated state of North Rhine-Westphalia, and Schröder’s surprise announcement on election day evening, after the SPD defeat, of his plan for early elections by mid-September, have created a rather turbulent situation in Germany.

Not only does that imply the abrupt end of the Social Democrats’ “red-green” national coalition with the Green party; it also means the beginning of the end of 25 years of ecologist penetration of politics in Germany. At present, only a minority of Germans would say that openly, outside of the LaRouche movement, but there are some, among the labor unions, among traditional, labor-linked Social Democrats (SPD) and Christian Democrats (CDU), and they have received support, after May 22, from two prominent Social Democrats: Kurt Beck, vice chairman of the SPD, said on May 24, that his party will not conduct an ecology-fixated *Mopsfledermaus* (roughly: “dingbat”) election campaign, but that the creation of jobs will have priority over ecologist concerns about the defense of alleged “animals rights” at the expense of investment projects.

Siegmar Gabriel, also a member of the national SPD party executive, added a head-on attack on ecologism on May 29, charging the Greens with “preventing us [the SPD] from creating and securing jobs in Germany. . . . Our voters expect the Social Democrats to stand up in favor of innovation and employment. . . . The SPD has depended too much on the Greens.” He added that he “very much regrets” that the SPD is forced to have the Greens as a coalition partner in the present German government. SPD national party chairman Franz Müntefering had already said on May 27, that he could “imagine other coalitions . . . including Grand Coalitions,” meaning with the Christian Democrats, the largest opposition party.

End of the ‘Conservative Revolution’

Now, the May 23 vote of the U.S. Senate rejecting the ominous Bush-Cheney script for a coup against the Constitution, a vote based on the courageous stand of a bipartisan group of seven Democratic and seven Republican Senators in defense of the Constitution, is highly important for Germany.

For Bush and Cheney to be turned into lame ducks, by meeting unsurmountable resistance (which the LaRouche movement helped to build) in the Senate, has very direct implications for the Administration's German allies—notably the present leadership of the Christian Democrats. The CDU leaders are still on “autopilot,” propagandizing against Chancellor Schröder as if we were still in the early days of the Iraq War of 2003, when Bush and Cheney were at the peak of raw power politics. What these CDU leaders, such as party chairwoman Angela Merkel, do not want to realize, is that the aura of the “Conservative Revolution” has been broken, by the Senate agreement to defend the Constitution, and this change combines with the other, underlying trend away from the era of radicalized shareholder monetarism, which became drastically visible when 55% of the French population voted “no” in their national referendum on the European Union Charter, on May 29. The Charter would have stripped away any remnants of national sovereignty, transferring political power directly into the hands of the independent central banking system and the financier oligarchy.

The French vote (and the Dutch rejection of the EU Charter which followed on June 1) is the complement, on the one hand, to the increasing opposition in Germany to the destruction of industry at the hands of “shareholder value” and globalization; and to the heated debate among Germans on the defense of the Common Good, after SPD party chairman Franz Müntefering spoke of “financial market locusts” in an April 17 interview. The French vote is, on the other hand, the kick-off for a new phase of struggle against supranational monetarist institutions like the EU bureaucracy, the European Central Bank, the International Monetary Fund, and others.

Uphold the Social State: the General Welfare

Whereas most of Germany's political establishment was in a state of shock and hysterical denial over the May 29 vote in France, the labor unions were the first to welcome the French “no.” Michael Sommer, chairman of the German Labor Federation DGB, and Jürgen Peters, chairman of the metal workers union, supported the French vote, issuing statements on May 30, saying it is an unmistakable message to political leaders to rework their European agenda. “The majority of the French voters,” Sommer said in Berlin, “have issued an urgent appeal for a renewal of the European social state model . . . and it is, naturally, also a response to free-market strategies which the French government has pursued during the past years.” Sommer called on political leaders in Europe, “not to try to ignore the vote,” but to seriously work out a new agenda that can find the support of the majority of the peoples of Europe. “Europe will either be social or it will not be,” Sommer added.

Peters said in Frankfurt: “We have seen in France what



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The LaRouche party, the BüSo, organizing in Aachen, during the North Rhine-Westphalia elections. The smashing defeat for the Social Democrats there opened up Chancellor Schröder's party to consideration of new policy options.

exists also in other European states, namely an alienation of the people from the institutions, and it was wrong to push for the integration of Europe predominantly under the flag of liberalized markets. The referendum in France was an unmistakable signal that Europe will not function without the consent and sympathy of the people.”

Especially with Peters, another very important aspect enters the stage, because he also called for a big German public sector investment program, in an interview on May 25. He warned the SPD and the Chancellor that if they held on to their budget-cutting Agenda 2010, they would face certain defeat in the early elections in September—just as they have also lost, because of this policy, all elections since the last national elections in September 2002. Instead, Peters urged, the SPD should go for a big public sector infrastructure program to overcome “an investment backlog of 400 billion euros.”

With that, the debate in Germany begins to be very interesting, because it enters territory dominated, so far, by the LaRouche movement—the Civil Rights Movement Solidarity, or BüSo—with its call for an annual investment program in high-technology industry and infrastructure of 200 billion euros. This was the theme of the BüSo campaigns for the legislative elections in Saxony last Summer, and in North Rhine-Westphalia this Spring. On May 26, Helga Zepp-LaRouche, the chairwoman of the BüSo, issued a statement saying her party would enter full-force into the Federal election campaign, insisting “on the necessity of a new financial system, a New Bretton Woods in the tradition of FDR.” They will campaign for the development of the Eurasian Land-Bridge, and the creation of 10 million new productive jobs in Germany.

Philippine Senator Pimentel Calls for New Bretton Woods

Sen. Aquilino “Nene” Pimentel, the head of the opposition in the Philippines Senate, issued a stirring call for the Congress of the Philippines to join with the Italian Chamber of Deputies in its resolution for an international conference of sovereign nations, to discuss and adopt a New Bretton Woods monetary system, a fixed-exchange-rate system to replace the decrepit floating-exchange-rate system based on the International Monetary Fund (IMF), which has bankrupted the world financial system. Senator Pimentel made the call during an address to the Chamber of Real Estate and Builders Associations (CREBA) in Manila on May 26.



The collapsing state of the Philippine economy, and the social crisis it has engendered, were presented in the June 3 issue of EIR, reporting on a visit to Manila by EIR correspondent Mike Billington.

Senator Pimentel introduced his call by noting the absence of an anti-usury law in the Philippines. As a result, he said: “banks can do anything to fleece their customers for more payments by way of interest or what not. . . . [E]ntrepreneurs whose pockets are less deep than those of foreign enterprises have been devastated by the unexpected rise of interest rates on their loans.” Pimentel then presents his resolution for a New Bretton Woods, and concludes with a call for a mass housing program for the Philippines as the centerpiece of an emergency approach to kick-starting the economy and alleviating the horrendous homelessness crisis in the nation.

Reprinted here is an edited version of the section of his speech calling for a New Bretton Woods:

Before I proceed with our observations on our local economy, maybe it is appropriate at this point for me to share with you the information that on April 6, 2005, the Italian Chamber of Deputies passed a proposal to adopt a new Bretton Woods Monetary System. I read that to mean that if a new monetary system is adopted, hopefully it will institute safeguards against the deleterious effects of free trade, and perhaps even do away with the floating exchange rates of many national currencies, with the U.S. dollar as the point of reference.

I share the view of the Italian lawmakers that there should be a better gauge to determine the worth of a country’s cur-

rency other than the U.S. dollar. While this might be a fit subject for another discussion, allow me to venture a suggestion now that a gold standard or some such measure of a currency’s worth that is not dependent on the say-so of one country, may be a good basis to re-examine and rewrite the Bretton Woods agreement that was adopted towards the end of World War II in 1944.

The Italian Chamber of Deputies cited as among the reasons for the urgent need of adopting a new Monetary System, the crashes of huge international conglomerates such as Parmalat (that, in the words of the Resolution, left a “hole of 14.3 billion euros that must still be accounted for”); the Long Term Capital Management fund, Enron, the Argentine bonds, Cirio Company Limited, and Finmatica.

The present system, according to the Italian Parliament, “certainly reveals a lack of effective tools and controls regarding financial operations and the behavior of certain participants in economic activity, such as auditing companies, ratings agencies, advisors, companies that float stocks and bonds.” Note that the Italian solons stressed, among other things, the inability of nations to have a voice in the way rating agencies, to be specific, like Moody’s, Standard and Poor’s and Fitch, subject sovereign nations to their arbitrary credit grading systems. The concerns voiced by the Italian legislators echo our own apprehensions here that our country is also being taken for a ride by the credit raters, whom we pay for, who downgrade us whenever it suits them and their international lending clientele. . . .

Systemic Crisis

In a similar vein, the lawmakers of Italy concluded in their resolution that “it should be clear to everyone that we are faced with a truly systemic crisis—that is, a financial crisis that is not limited to the stock markets or the people who work in the financial sector, but rather, directly affects the living standards of millions of people, destroys productive economic capacity, negatively affects employment, and often leads to the disintegration of the pensions of people who have worked productively and honestly for their entire lives.”

The Italian parliament stated that “the financial and banking crises raise widespread worries not only among small investors (in Italy alone these crises have affected 1 million people and their families) and serious companies (tens of thousands of small and medium-size businesses have recently been involved in financial derivatives operations, with significant losses), but also among the governing classes of the

New Bretton Woods Signers

Helga Zepp-LaRouche issued a call in April to form an “Ad Hoc Committee for a New Bretton Woods,” which is drawing supporters worldwide. Since mid-May, a few of the new signers include:

Austria: Prof. Dr. Ernst Florian Winter, former Director of the Diplomatic Academy in Vienna. **Argentina:** Congressman Eduardo Macaluse, ARI party. **Denmark:** Asger Baunsbak-Jensen, chairman of the Social-Liberal Party. **Germany:** Wolfgang Hoderlein, Social Democrat, Member of State Parliament, Bavaria; Heidi Lueck, Social Democrat, Member of State Parliament, Bavaria; Dr. Claus Noe, Social Democrat, former Deputy Finance Minister; Steffen Reiche, Social Democrat, former Minister of Science in the state of Brandenburg, now a deputy in the state parliament of Potsdam. **Italy:** Sen. Gigi Malabarba, Rifondazione Comunista party. **Panama:** Eduardo Rios, labor lawyer.

various countries involved. There is a crisis of the entire financial system, in which hedge funds, that are beyond any sort of rules or control, are taking on an ever-larger role. In fact, it is estimated that the entire financial bubble, counting all financial derivatives and all other forms of existing debt, is equal to about \$400 trillion, compared to a worldwide GDP of slightly more than \$40 trillion.”

Economy Gap

Citing the most recent data officially reported by the Bank for International Settlements [BIS] in Basel, the Italian parliamentarians warned of the “widening of the gap between the real economy and the purely financial economy,” that is manifested in the “true explosion of the financial derivatives bubble and other forms of debt.” They added that the exponential rate of growth of these financial and speculative figures is a further source of concern. The BIS report “OTC [Over the Counter] Derivatives Market Activity in the First Half of 2003,” published on Nov. 12, 2003, admits the following notional values of OTC derivatives, in billions of dollars: June 2002: \$127,500; December 2002: \$141,700; June 2003: \$169,700; that is, an increase of \$42 trillion in 12 months! And the BIS report for 2004 indicates the notional value of OTC derivatives as reaching \$220 trillion as of June 2004, thus representing an increase of \$50 trillion in only 12 months.

“In addition to the main Italian banks involved in the Cirio and Parmalat cases, the three American banks involved in the Parmalat matter, JP Morgan Chase, Bank of America, and

Citigroup, are themselves most responsible for this dizzying growth, as can be seen from the reports of the American government institution known as the Comptroller of the Currency: In June 2003, JP Morgan reached the level of \$33.3 trillion in derivatives, with an increase of \$4.5 trillion in only 6 months; Bank of America reached \$14.3 trillion, and Citigroup \$13 trillion. A year later, JP Morgan Chase alone brought the total of its derivatives operations up to \$43 trillion, an increase of \$10 trillion in only 12 months.”

This is quite a distortion, they said, if we consider that U.S. GDP is about \$11 trillion.

The Italian Parliament Resolution committed the Italian government to the following:

1. To act in the relevant international venues in order to create a new financial architecture, aimed at avoiding future financial crashes and the repetition of speculative bubbles, and thus dedicated to the main objective of supporting the real economy; and

2. To take all necessary initiatives to reach, as soon as possible, together with other nations, the convocation of an international conference at the level of Heads of State and Government, to create a new and more just global monetary and financial system.

As a lawmaker, I share the views of the Italian parliamentarians to protect the welfare of our respective constituencies. I, therefore, suggest that our Congress can do no less but support the call for the establishment of a new Bretton Woods monetary system to protect and ensure the security of the financial dealings and other economic activities of peoples worldwide.

I find the proposal of the Italian lawmakers reasonable in that “given the internationalization of financial markets, one nation by itself, or even Europe alone, is not able to guarantee the control and application of stronger rules in a decisive manner.”

A Vast Housing Backlog

In the context of our country’s needs, where we have a backlog of over half-a-million housing units a year, loans for housing governed by a stable, transparent, and accountable international financial system with a fixed interest rate would go a long way towards addressing our nation’s development, even in this area alone.

I understand, however, that even if we can construct 500,000 new houses a year with foreign or local funds, it would still take some ten or so years to wipe out the national backlog on housing. Be that as it may, I submit that it is still in the national interest that we go into a massive housing program. The beneficial consequences to the nation in general from such an activity would be tremendous and incalculable. Housing starts would certainly animate the economy in a positive manner; bring employment to a lot of people; and, as a bonus, security to the lives of millions of the homeless in this country. . . .

Defend Our Rights, Against Globalization

Opposition leader Sen. Aquilino Pimentel, of the Philippines, was interviewed by Mike Billington on June 2, 2005, by telephone.

EIR: How was the reception to your speech calling for a New Bretton Woods monetary system?

Pimentel: The reception here is not that pronounced yet, because I just made the suggestion a couple of days ago, and there are so many things that occupy people's minds here. But I think I can sense that it must be getting into the minds of the progressive sector of this society. I was invited to join a forum, a television talk show on the issue, not only on my proposal that we cut the interest rates of the country, but I think that this will branch out into the matter of the Bretton Woods issue. . . .

EIR: You had mentioned earlier that you thought you might introduce this proposal into an international forum, perhaps the International Parliamentarians Union.

Pimentel: That's correct. That's still up in the air. If I can go to the Geneva convention, I will try to do so, but that is still not until sometime in October, so we are not pressed for that matter to act on now.

EIR: Let me ask you a couple of questions on international developments. I would like to know your response to the historic developments of the last week, both in Washington and in Europe. Mr. LaRouche has characterized the vote in the U.S. Senate against the effort by Bush and Cheney to do away with the filibuster in our Senate, as the defeat of an attempted coup, and many of the leading Democrats and some Republicans recognized that fact.

Pimentel: Well, on the matter of the right of filibusters, that is an important feature of a democratic government, where the rule of the majority must always be tempered by the right of the minority to speak out. If they were to do away with the rule of the filibuster, that would effectively muscle the right of the minority to really scrutinize, in the case of the U.S., really questionable appointments, especially to the judiciary, by the minority, by the Democrats, in the U.S. scenario. We are glad to see that the attempt to do away with the right to filibuster has been defeated, because we are also using that same tactic here to prevent the Admin-

istration from ramming through issues that they would otherwise be able to do without recognizing the right to filibuster. So in effect, we are happy with the development, that there was such a compromise arrived at by Republicans and Democrats on this issue.

EIR: I know there is an effort in the Philippines to change from the presidential system to the parliamentary system, and people who are promoting that say explicitly that their purpose is to do away with the kind of opposition that they run in to in the Congress now, by changing to a parliamentary system. Is that fight continuing there?

Pimentel: The move to amend the Constitution was articulated by the President just today, actually just a few hours ago. I am in favor of amending the Constitution, but primarily to adopt a federal system of government. Any attempt to change the *form* of government, from presidential to parliamentary, will have to undergo an intensive discussion to find out what is suitable to our own experience as a people. So that is the position, because this is the stand of my party since we founded PP Laban in 1982—shifting to a federal system of government, and the probability of instituting a parliamentary form of government, are parts of the platform that my party had advocated in 1982. My position now is, let's take a look at this issue, whether changing to the parliamentary form of government would be better in the light of our own experience as a people.

EIR: The danger LaRouche points to on this is that only the presidential system allows for the checks and balances that do not exist when you have a prime minister appointed by the majority, so that you always have a majority held by one party, while it also allows for the private banking system to have control over government, as opposed to the government having control over the banking system.

Pimentel: This is correct. This is why I mentioned to you that the parliamentary form of government, even in England today, is being criticized for the points that you have mentioned: that a party in control of Parliament would practically ram everything through without regards to any dissenting opinion. One of the things I don't like in a parliamentary form of government, if we followed the traditional way of drafting laws in parliament—what I don't like is that only members of the ruling party have the right to introduce bills. I object to that. I have been introducing bills left and right as a member of the opposition, and in some instances I've been quite successful in pushing those bills.

EIR: Let me ask also, then, what do you think about the French and the Dutch vote against the European Constitution, against globalization?

Pimentel: Well, that's a blow to all the aspirations of the European Union. I have mixed feelings about that, because I thought that the EU at least offers a counterbalance to the

predominance of the imperialistic features in the U.S., all over the world. If you look at the record, the EU stood against the justification put forward by the U.S. for the Iraq war. I thought that if the EU stood together to balance the unilateralism of the U.S., then there was hope for better treatment of the developing countries like us. So that's why I have mixed feelings on this development.

EIR: It is our view, and Mr. LaRouche has been very clear on this, that the attempt to impose the Constitution in Europe, even though it was presented as an effort to unite Europe as a counter to the United States, in fact was intended to undermine the sovereignty of the nations of Europe, and especially of France and Germany, by putting them under international banking controls. In other words, the international financial institutions that were running the proposed united Europe would have had dictatorial powers over the sovereign nations, and so, in fact, it was placing the European countries under an increased control of the Anglo-American financial institutions and "globalization," which is just the new name for imperialism. This is what the people of Europe recognized, because it was the financial policies of this Constitution, which were neo-liberal, globalization policies, which were rejected by the voters. So I think the attempt to describe this as a vote *against* the United States is wrong, and, especially, when you see that the French have now appointed Dominique de Villepin, who was the leading *opponent* of the U.S. on the Iraq war, who has now become their Prime Minister.

Pimentel: You know, Mike, I must tell you that about six years ago I expressed an opinion that the financial policies of my government, of our government, apparently are running riot over the lives of our people, because these are dictated beyond our borders, and without benefit of law. It's funny that you mention that now, because I was really thinking that business interests, I suppose on a global scale, try to overwhelm domestic interests—not only business, but all other policies of government, in the developing world. If that was the reason why the French and the Dutch have resoundingly voted against the Constitution of the EU, well, I am a little bit buoyed up by the thought that probably the other countries will begin to realize that developing countries like us in Asia have rights, inalienable rights, to defend the lives of our people against the onslaught of globalization.

EIR: Yes, I agree. I think that there is a wave of opposition spreading out from Washington through Europe, which has the potential of moving into Asia, in opposition to globalization, and I think, in fact, that your resolute call for a New Bretton Woods represents precisely that intent and that growing ferment.

Pimentel: Yes, and I'm going to follow that through by filing a formal resolution, perhaps when Congress resumes its ses-

sion in July. In the meantime, I have some elbow room to prepare that resolution well.

EIR: I hope so, because we're going to try very hard to get some of the other nations on board, not only Asian, but around the world. The Latin American nations are reading your speech very closely. As you know, they are faced with a similar policy of the destruction of their national economies by the international financial institutions, and we are trying to organize them to take the same kind of global view, that the Italians have, and that you have in this call.

Pimentel: Yes, I am so happy and grateful that you are taking the trouble of disseminating that information from a non-entity like me! I think it is good for people who are similarly minded—we in Asia are very much concerned and alarmed at the rate our economies are being raped and devastated by the policies of globalization, but don't seem to care about the welfare of the teeming masses of the peoples of Asia.

EIR: In your speech, you were speaking to a building association, and you concluded with a call for a national home-building program, which you strongly indicated would depend upon a functioning world monetary system. Could you comment on this plan? Because I know when I visit the Philippines, it is always striking to see how many squatters, how many homeless people there are in the country.

Pimentel: Mike, I think you must have noticed in my speech that I cited the statistics of roughly 500,000 housing units needed every year. Considering the magnitude of that problem, I know that we cannot rely only on our domestic resources. That is why, even if I was not able to develop that thought more clearly in my speech, I was insinuating that it is all right if we borrow money from financial institutions, provided that we have a cap to interest rates that are being imposed upon us, and we should never be left dependent on the whims of our international creditors to raise the interest rates whenever the exchange rate between the dollar and the peso changes. I certainly believe that if we can get to that point, where an international monetary order of some sort, a New Bretton Woods agreement with fixed rates that could facilitate the development the world, and not only the developed world but also the developing world—because I understand that, I think, about two-thirds of the [consumption of the] consuming world is based in the developing world.

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Korea Crisis: Asia Has Cards, Must Think Big

by Kathy Wolfe

As South Korean President Roh Moo-hyun prepared to fly to Washington for a June 10 summit with George Bush, Vice President Dick Cheney unilaterally issued a personal attack on North Korean leader Kim Jong-il May 30. On nationwide CNN TV, Cheney called Kim “one of the world’s most irresponsible leaders.” North Korea responded to profile June 2: Its Foreign Ministry called Cheney “a blood-thirsty beast” who “has drenched various parts of the world in blood.”

Cheney’s speech was “little short of telling the D.P.R.K. [North Korea] not to come” to the Six Power nuclear peace talks, the Foreign Ministry noted, just as a May 13 U.S.-D.P.R.K. meeting at the United Nations had created “a chance for resuming the talks. This clearly indicates his rejection of the D.P.R.K. regime, and his intention to put the brake” on talks, the Foreign Ministry said, so the talks are now dead until the U.S. apologizes.

Cheney’s deliberate provocation raises the fresh prospect of a Bush Administration attack, given that the Pentagon’s newly operational “CONPLAN 8022” blueprint specifies use of nuclear weapons in a first strike on North Korea and Iran. [See this issue’s editorial.]

The Pentagon confirmed May 30 that 15 F-117 stealth bombers were just deployed to South Korea to warn Kim Jong-il, as the *New York Times* wrote May 31, that “even though the American military is tied up in Iraq, it can reach his capital.”

Now the question is: Will South Korea, Japan, China, and Russia stand helpless while this scenario unfolds?

During a May 4-24 trip to the area, I found resistance.

Principle of National Sovereignty

I visited South Korea and Japan to present *EIR* Founding Editor Lyndon LaRouche’s book *Earth’s Next Fifty Years*, which proposes that the world adopt major new paradigms, such as a “New Westphalia.” As in the Treaty of Westphalia (1648), it would re-establish the principle of *national sovereignty*, tossed in the trash by Mr. Cheney.

This idea was well received in Seoul, to say the least. South Korea’s Roh government rejected CONPLAN 8022 and related U.S. proposals for joint war plans against the North, in an April 15 public statement. With China, the Kore-

ans also cast doubt on U.S. intelligence reports that North Korea would need a secret uranium bomb program, when its plutonium-bomb-drive is open to all the world, a charge first made by *EIR* in August 2003, and widely published in Korean by *Mahl Magazine* in Seoul. Further, former President Kim Dae-jung told *Asahi News* in Tokyo May 24 that Pyongyang has no motivation or intention of testing a nuclear bomb, because that would risk destruction with no benefit—directly contradicting daily Pentagon reports for the past two months that such a test is “imminent.”

In fact, the “Who Lost South Korea?” debate is so far gone that the Cheney crowd has resorted to trying to scare Koreans back into the barn, by threatening to “sell them down the river to China.”

“U.S. officials are ready to write off the South Korea alliance,” an irate elder Seoul leader told me on arrival there May 4. “They say President Roh is acting like an asset of Beijing, by refusing to blockade Pyongyang. They say that Roh, by proposing that South Korea could be a ‘balancer’ between Washington and Beijing, will end up making all Korea into a Chinese colony again. They even threaten, like Dean Acheson, that Roh has put South Korea itself outside the U.S. defense perimeter.”

Roh’s real problem, however, is that he has no economic policy. Despite major support among Seoul intellectuals for *EIR*’s New Silk Road inter-Korean economic development program, “We can’t get the Blue House to wake up,” senior church and political leaders said. “*EIR*’s Grand Design for the whole regional framework, backed by China, Russia, and Japan, would have worked,” said one economist, “but they have no vision.” People can’t eat anti-American slogans, so the Korean economy is collapsing, as *EIR* warned a year ago. Roh’s Party lost this April’s by-elections and could lose the National Assembly and Presidency.

A few ultra-leftists aside, most South Koreans want to be pro-American, but can’t understand what has hijacked the U.S. government. In several seminars at schools and Buddhist temples, I explained the “New Westphalia” and the fact that Franklin D. Roosevelt tried to re-establish it at the 1944 Bretton Woods Conference which founded the UN, IMF, and World Bank. Everyone asked: “Can you really bring back the

America of Lincoln, FDR, and Kennedy?”

This occurred in the most unexpected places. A Korean officer who heard an *EIR* speech last year, arranged my address at a national military academy, where I expected an audience of Korean neo-cons. Omitting the word “neo-con,” I focussed on national sovereignty, New Bretton Woods, and LaRouche’s other Westphalia proposals such as joint economic development projects to create large new sources of raw materials. The interest was total and the questions serious, such as “What is the position of Russia on the oil scarcity problem?” and “You often visit Japan. What are they really thinking?”

In the third hour of discussion, finally a young officer asked: “Who are these neo-cons, anyway? People say they are Israeli agents because they don’t seem to act for the benefit of most Americans or Koreans!” After some “Plato vs Aristotle 101,” I asked them: “What is your position on the Sept. 2001 ‘first strike’ doctrine?” All answered solemnly: “We can find *no advantage* to Korea in such a doctrine. The only result is our national destruction.” Astonished, I said, “What percentage of Korean military pros believe this, 10% or 20%?” They replied, “90%.”

Cheney Doctrine: ‘No Benefit to Korea . . . or Japan’

This kind of response recurred everywhere, so that by the middle of the trip, I began to speak of the “revolt of the ‘normal cons’ against the ‘neo-cons’ ” as a global phenomenon, starting with U.S. Army Chief of Staff General Eric Shinseki’s June 2003 revolt against Donald Rumsfeld.

In Tokyo 10 days later, these events were repeated. Again an officer who had heard *EIR* speak, arranged a meeting, this time with a top defense official. I had sent him an article in the U.S. Army War College review, which states that “avoiding war entrapment” is Japan’s foremost goal. Japan can not long tolerate the “first strike” doctrine, because it eliminates national sovereignty, it warns, and unless steps are taken, Japan will at some point exit the U.S. alliance. He had the article ready and began, “I’m not ready to say this is 100% accurate—but we are also not delighted with the ‘first strike’ doctrine.”

He then flipped and recited the standard government line, that if North Korea abuses nukes, Japan may, however, use the first strike doctrine. I asked, “And after you have struck North Korean installations numbers 1-30, and they blow up Tokyo using installations numbers 35-40, what next?” He realized that I knew that he had no answer, and said: “Oh well, we don’t think Kim Jong-il is crazy anyway. If we act rationally, he’ll act rationally, and we can solve this whole thing diplomatically.”

The difference between his behavior and Cheney’s is striking.

In Tokyo, I was given detailed reports that people whose ancestors were self-defined fascists in the 1930s, a true “clique” out of a Grade-B movie, have hijacked the inner

cabinet of Prime Minister Junichiro Koizumi—but again, it’s a thin layer. As one source put it, “at the higher levels of Japan’s military, a strong majority oppose the neo-cons, because they know more about what’s going on in the world—and because they don’t like radical behavior.”

Flexing the \$1.8 Trillion Muscle

Japan, Korea, and China are the financial powerhouse of the world. The next plank in the “New Westphalia” is LaRouche’s plan for a New Bretton Woods monetary system, which drew interest beyond expectation.

“Is the IMF an Endangered Species in Asia?” read the *Korea Herald* headline May 10, after the Asian Development Bank’s Annual Meeting May 4-8; “Asia Agrees to Beef Up Currency Swaps,” said Tokyo’s *Yomiuri News*. The very fact that former Japanese International Vice Finance Minister Haruhiko Kuroda became Asian Development Bank Chairman in February, had given Wall Street columnist William Pesek of Bloomberg News fatal indigestion, to read his *Korea Herald* report. “It’s baaaaaaack!” he wrote, Kuroda was the “mastermind” of the 1997 Asian Monetary Fund (AMF) idea, and he’s at it again, this time aiming to replace the IMF in Asia altogether. This “could have major consequences for the global elites and the Washington Consensus,” he worried, reporting that he saw U.S. officials after the September 1997 IMF meeting “in an absolute panic that an AMF would shut the United States out of controlling Asia’s future.”

The only news in the article was the announcement by Kuroda’s office that the Chiang Mai Initiative (CMI) of currency swaps agreed to in 2000 by Japan, Korea, China, and 10 ASEAN nations, is now being doubled from \$40 billion to \$80 billion. “No big deal,” I thought.

Days later in Seoul, I was told by a very angry Korean official that the monetary authorities of South Korea, Japan, and China could no longer tolerate Washington’s mismanagement of the U.S. dollar. “The dollar just keeps falling, but they keep up the same bad policies which are making it fall,” he said. “We must buy more dollars every day, just to keep the dollar from collapsing. We are afraid that one day the U.S. will simply default, and we will wake up with worthless paper.” In March 2003, a Chinese participant speaking at an *EIR*/Schiller Institute Conference in Germany said precisely this: “We’re producing physical goods, and giving them away for worthless paper.” Now his capitalist brothers have caught up.

The Seoul official was so angry, that he confronted U.S. monetary authorities on the matter in early May, speaking jointly for the authorities of South Korea, China, and Japan. Having bought \$1.8 trillion amongst them to support the dollar since 2001, he said, the three could not swallow more paper every day. “We showed our sword and said: ‘We want a new system, such as a New Bretton Woods. Also, please stop threatening a war in Korea.’ ”

“Go to Hell,” came the reply. “Sell dollars if you want, we don’t care: it will raise the won and destroy your exports.

If you don't like that, then just shut up and keep buying dollars." The Korean said to himself: "If this keeps up there will be war in Korea. I'd better move my family to Paris."

Calling the Bluff?

Nonplussed, I phoned LaRouche. "It's a bluff," he said. "The Bush Administration has no cards. The U.S. economy is a shambles. They are losing control in Washington," that is, in no way can they handle significant dollar sales.

By mid-May, U.S. officials admitted that LaRouche was right. On May 18, Bank of Korea (central bank) Chairman Park Seung told the *Financial Times* that Korea might some day no longer go on buying dollars; the dollar collapsed and the bank had to buy \$1 billion to support it. The U.S. Treasury came down on the Korean government like a ton of bricks, warning them not to cause global financial panic.

"Now they tell us privately: They are well aware that any dollar weakening could become an uncontrolled dollar crisis," the Korean official said. "They're asking China for a deal—make some concession to raise their currency rate, to make U.S. hard-liners happy—but it's a cover story. In the back room, the U.S. technocrats take uppermost care to maintain the value of the dollar—because they are well aware it could crash. The Treasury has told me they are in great trouble because they fully understand the terrible weakness of the dollar—but they must cool down the right-wing criticism of China—so they are dancing on a rope. And so they beg us to be patient.

"But I keep telling them: Look, if the U.S. had industry, then your policy to pressure China to raise the yuan and lower the dollar might make sense—because you could sell cheaper exports and increase export earnings. But, you don't have any industry. So why do you push the weak dollar, when you anyway have nothing to export?"

Roadmap for a New Monetary System

Japanese are normally the most reticent and conservative of all, so I did not expect this kind of detailed discussion in Tokyo. As an experiment, however, to see whether my acquaintances in various fields were willing to sit down together and discuss the paradigm-shifting proposals in LaRouche's *Earth's Next Fifty Years*, I rented a hotel conference room downtown and invited 16 executives from government ministries, large corporations, trading companies already active along the Eurasian Landbridge, specialists in Russian and Chinese affairs, diplomats, engineering and scientific experts, and a senior elder of Japan's peace movement to round it out. Much to my delight and shock, each and every one showed up. Most of them had annotated printouts of my slide presentation text, which I had e-mailed out the night before.

In under 40 minutes I quickly outlined the host of crises which we face, and LaRouche's series of major proposals which make up the New Westphalia—to leave maximum time for discussion. I mentioned a strategic military crisis; a

world financial crisis with the collapse of the dollar; a crisis of raw materials, a new "commodity shock" worse than the 1975 "oil shock;" and a crisis of culture. I touched on the "Prometheus idea," explained LaRouche's proposal for each crisis, and asked for discussion.

The engineering executives wanted to know more about Prometheus and the Divine Spark. A shipping executive wanted to know more about "creativity vs. money." "I'm very happy with this idea LaRouche has, that creativity does not exist to 'make money,' but that money instead should be made the slave of creativity!" Everyone wanted to know more about what actually happened at Westphalia in 1648: "We want to understand the far-reaching implications of this," said one, and why you insist on Westphalia. And do you really mean to proclaim national sovereignty for every government, regardless of the *type* of government?"—the unstated implication being "even North Korea?" The peace movement elder wanted more about what U.S. Democrats are doing to stop the neo-cons from blowing up the world.

Alas, it was not to be—for every questioner was cut off by the most senior of all, who kept repeating, "There is only one topic on the agenda: What exactly is this New Bretton Woods monetary system?" First he had to know, "What is the connection, in detail, between your monetary, financial, commodities, and military security proposals?" Before two sentences could be given in reply, he went on, "And, we want to know your core principle: what is the absolute basic building block of your system (quick answer: "Divine Spark".) An attempt to take others' questions was momentarily tolerated, before he interrupted again:

"We need a concrete plan for the monetary system! We want details, we want to know how you will fix the currency rates, who will be in charge of what, how much gold, how much foreign exchange, what is the connection to the credit system, which is an entirely different question from the currency rates, how many countries will be involved. "We want a complete road map for the new monetary system." That was Day 2 of 10 in Tokyo.

Koreans have a saying that they are only "a shrimp, crushed by whales," referring to the great powers. But the time has come when the nations of Eurasia, in general, and Japan, Korea, and China, in particular, can stop this and similar restrictive thinking. Japan and China, for example, may not think of themselves exactly as shrimp, but they have a "shrimp-think" tendency to look inward, and let others order world affairs. This need not be.

As President Roh flies into Washington June 10, he need not feel like a shrimp. Korea and Japan, with their friends in China, Russia, and so on, who have doubts about the viability of the dollar, have many cards to play, to ask that America forget the war, mend fences with Pyongyang, and join in convening a New Bretton Woods monetary conference, to save everyone's assets. It is only necessary to realize that Cheney and the neo-cons are bluffing—and, finally, giving up the comfortable habit of shrimp-think, to think like a whale.

Behind the Screen of The 'Dirty War' in Iraq

Luigi Malabarba is a member of the Italian Senate from the Communist Refoundation party (Rifondazione Comunista, PRC). Before entering politics, he worked at the Alfa Romeo automobile factory in Arese, near Milan, where he was a leader of the trade union factory council. As president of the PRC group in the Senate, Malabarba was named to the Parliamentary Control Commission on Secret Service activities. He has launched a number of initiatives against the Bush preventive war policy, and against Italian military participation in Iraq. On May 5, he posed parliamentary questions to the government, concerning U.S. Director of National Intelligence John Negroponte's "Operation Salvador" operations, and parallel intelligence warfare in Iraq and elsewhere (see EIR, May 27). In documentation prepared for a public discussion on Iraq, he reprinted an analysis written on Jan. 25, 2005 by Scott Ritter, the former senior United Nations weapons inspector in Iraq, entitled "The Salvador Option," in which Ritter stated that special Pentagon units have created "death squads" in Iraq that are being used against resistance leaders.

In late May, Malabarba spoke with EIR's Paolo Raimondi in Rome, who briefed him on Lyndon LaRouche's activities against the neo-cons and the war policy in Iraq, and about LaRouche's ongoing campaign for the impeachment of Dick Cheney. Malabarba then gave this report on his own efforts in the case of Italian intelligence agent Nicolà Calipari, who was killed by U.S. soldiers at a checkpoint on March 6, while attempting to free journalist Giuliana Sgrena. The interview with Raimondi has been translated from Italian.

Malabarba: The effort to understand what is happening in Iraq, including in light of the Calipari case, forced me to set aside a somewhat fixed ideological idea for somebody looking at the events from a leftist standpoint, regarding the phenomena of war, the U.S., and secret services; to put aside a type of preconceived belief about the United States. I tried to do this in order to make a positive contribution with my activity on the Parliamentary Control Commission on Secret



Service activities (Copaco). This is a small commission formed by eight parliamentarians—four Senators and four Representatives—which is the only institutional point of discussion between the secret services and the Parliament and Italian citizens. For many months, I tried to avoid linking the presence of John Negroponte, then the American Ambassador in Iraq . . . to what had happened in Iraq, and in particular with what happened regarding the Italian secret services in Iraq.

However, all the events I had directly experienced in Central America in 1980 recently came to mind. I began to follow the events in Central America after the assassination of Archbishop Romero in March 1980. I knew a fair amount about the organizational structure of "Orden," built up since the 1960s by Maj. Roberto D'Aubuisson on the basis of a theoretical orientation provided by certain American networks, and also by John Negroponte [who had been the U.S. Ambassador in El Salvador]. Orden was a political-military agency based on military and intelligence networks which did not answer to the official hierarchy of the military command and the government of that period. This network later produced the infamous "death squads."

Unfortunately, I have also seen this type of mechanism in the Iraq War. Not only with what happened in the last months of the "dirty war," with the physical elimination of farmers and other people carried out by special American and Iraqi agencies, as was done in El Salvador and in Nicaragua by the Contras, but also the organizational structure set up by Negroponte, who himself called these special operations "Operation Salvador." This was also reported in *Newsweek* on Jan. 19, 2005, and has clearly provoked a strong reaction in the circles of the U.S. Democratic Party, and also from [former UN weapons inspector in Iraq] Scott Ritter. These groups have expressed serious concerns, because we have begun to carry out "dirty war operations" in an attempt to win a war which is becoming more and more complicated every day. We are trapped; it's like being in a swamp.

I also see something similar to Central America in the organizational structure proposed and implemented: There is a military intelligence structure, and there is a well-defined political command, but there is also a network which cuts across all three sectors—intelligence, military, and political—with its own structure and command. This type of structure is the most worrying.

When Anti-Terrorist Action Goes Too Far

I say this, because even in Italy there is a reflex which became operational in the context of the G-8 summits and [violent] demonstrations in 2001. I am speaking of the Naples conference in March 2001 and the Genoa summit in July 2001.

We saw that there was a particular individual coordinating the events on behalf of the government forces present at the G-8 summits: the head of the national police, Gianni De Gennaro, who was responsible for public order at both events,

under different governments. He used a form of coordination that was similar to that in real war areas, although clearly not with the same consequences. For the first time, operational teams trained specifically for these events were created, and then dissolved immediately afterwards. This includes the Caterini squad, which was probably wrongly blamed for beating the demonstrators at the Diaz School in Genoa.

Another manifestation of the problem, is the creation of squads made up of elements of various different forces, that no longer answer to the traditional command structure, but rather to some other control center. As was reported in the trial hearings on these events, you cannot find a specific person responsible for what happened; we can't find out where the orders came from, and this is not because people don't remember; it is because this specific type of network was created.

This is a worrying sort of reflex that De Gennaro, I believe, learned during the two years he spent in the United States. The general reorganization of the secret services is not aimed at making them more efficient. The old secret services had two different orientations—for internal and external affairs—and efficiency and coordination are logical and necessary when you have to deal with organized crime, terrorism, and other things on a supranational scale. But in exploiting this need for better coordination of these forces, there has been an attempt to put them in “safer hands.”

This process is also very evident in the U.S., from my experience when I went to the States along with Nicolò Calipari and other members of Copaco. There, we had the opportunity to meet all 15 existing secret services, and the need for coordination was obvious. But we could also see that there are frictions and differences over how to solve this problem; we could already sense that there was an attempt to freeze out people with good capabilities and professional qualities, but who did not fit certain special criteria, and which later—with the recent nomination of John Negroponte—became hegemonic. The same thing is also happening in Italy, where there is a violent clash among the different agencies, as we had in the recent Copaco hearings. I can't say anything about the hearings though, as they are confidential. But one gets the sense of who should be in charge of certain specific things.

The Kidnappings in Iraq

In the case of the kidnapping in Iraq, this turbulence came clearly to light: Some military people, for example, spoke out directly about the case and gave out information publicly, as opposed to how the SISMI military intelligence people acted. The question of John Negroponte and his philosophy is one of the ways the United States has intervened abroad, particularly in certain areas of the world; and this risks becoming the theoretical and actual practice of the U.S. and its allies. Since Sept. 11, there has been a strong push to conform to a certain model and conception. I also see that there is a resistance to this process in Europe, very visible in Italy and France.

For example, in the kidnapping cases, there was a biparti-



Nicolò Calipari, the Italian intelligence agent killed by U.S. troops while freeing a hostage. The case has created a rift between Italy and the United States.

san alliance between the government and the opposition to reach a positive outcome, a sort of national unity required to solve a serious problem, where you put aside all other political differences in order to succeed in freeing the hostages, by any possible means. Regarding this attitude, there is clearly American interference, which has been evident since the first kidnapping of the four Italian contractors (one was immediately killed), when negotiations were immediately begun by SISMI, with the support of the Italian government. The Italian Foreign Minister and other high-level government personalities were deployed to the Middle East to establish a network of relations to make it easier to free the hostages, while the Americans intervened to try and stop this process. This even led to a situation where the first three living hostages were not delivered directly to SISMI or any other Italian authority, but a special operation was concocted: an American military blitz to free the hostages and thus claim credit for the fact they were freed. This was done by the so-called “Hostage Center” created by Negroponte, which serves the whole coalition, but everybody knows the American Embassy has total control over it. There was evident friction here, because to contact the kidnapers, the Italian secret services also had to work with the intelligence services of all the other countries in the region, including those considered “rogue states,” or with certain organizations and associations that are at times considered pro-terrorist. Such relations also have historical justification, because of the particular location of Italy as a country, and its own security needs.

These clashes got worse during the subsequent kidnappings. (The killing of journalist Enzo Baldoni was so rapid that, apparently, there was no possibility for such interference, even though the way the matter ended left us with many serious doubts. I also do not know much about this case, as we received very little information during the Copaco hearings.) However, during the kidnapping of Simona Pari and Simona Torretta, and in the case of Giuliana Sgrena, I can say that American interference in the Italian attempts to free them was very strong. We know that there was interference at least four

The Calipari Story

Nicolà Calipari, a high-ranking official of the Italian military intelligence agency, SISMI, was killed on the evening of March 6 in Baghdad by a U.S. patrol, which opened fire on the car in which he was escorting Giuliana Sgrena, a liberated hostage, to the airport. *EIR* on May 20 published the two differing versions of what occurred.

The Italian government's report maintains that the car was driving at a low speed of 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 opening fire; and that the head of airport security, U.S. Captain Greene, had been

informed of the approach of the vehicle at least half an hour earlier. The U.S. command's report claims that the car was driving at 95 km per hour; that the driver did not stop at the warning light; and that U.S. authorities had not been informed of the arrival of the car.

Numerous disparities have emerged. The ostensible reason for the checkpoint was that Ambassador John Negroponte was going to be travelling along the road, to the Baghdad airport. In fact, he had already arrived there, travelling by helicopter, which had landed a few minutes *after* the set-up of the checkpoint. Also important is that the U.S. forces destroyed evidence; they removed the car from the scene, and removed and eliminated the cartridges used in the shooting.

When Rome prosecutor Franco Ionta made a formal request to U.S. authorities that he be allowed to interrogate U.S. witnesses, his request went unanswered.

times in the case of the two French journalists, even to the point of aborting an ongoing operation to free them. For the two Simonas, the positive outcome appeared to be a humanitarian solution, without payment of ransom or such things, because there was direct intervention by the Red Cross, which is actually only what certain people wanted everyone to see.

The personal intervention by Red Cross director Maurizio Scelli had a propaganda effect also, in terms of his personal ambition to become a political figure in Italy. But we know that in this case, there were negotiations involving SISMI and Nicolà Calipari. As for the case of Giuliana Sgrena, we reached the high point with this method, and I believe the Americans did everything they could to block it, so this is part of the reason why Calipari himself did not want others to know everything about the method which led to her liberation.

The Sgrena Case

With this case, I tried to retrace all the steps, including through the reports of the Investigative Commission on both the American and Italian sides. The most obscure point about what happened is not the speed of the car as it approached the checkpoint, which everyone wants to concentrate attention on—[Italian Prime Minister Silvio] Berlusconi also concentrated on this in his speech in Parliament. The key point is why that improvised checkpoint was even there, since it was established for the passage of Negroponte towards the airport, and this passage never took place. No communication was made as to why it didn't take place, even to the Italian command at the airport, or to Captain Green, the soldier responsible for the checkpoint. There were several sources that could have given the information [about the approach of the car carrying Calipari and Sgrena] to the squads at the checkpoint; the squads had even complained about the situation several

times, because it was extremely risky. These improvised checkpoints can last only for 10-15 minutes, because they do not have the required protection. We know that in the same area, hand grenades had been thrown on other occasions, including when the Italian commission was investigating the scene.

But the checkpoint was there for almost two hours. So here, we already have a series of contradictions.

And then there's the question of the "lack of knowledge" regarding the trip. How is it possible? The Americans had been informed, and they had approved Calipari to move through the territory with a pass and a rented car. It was known that the SISMI mission was linked to the liberation of Sgrena, and we also know very well that the Americans control the territory electronically, including through the company in charge of all mobile phone communications. Thus, they were able to monitor all of Calipari's moves.

The information given to us during our visit to CIA headquarters a year ago, regarding how communications are controlled in Iraq, forces me to say that if they were not able to follow Calipari, it would completely contradict the explanations given at that time. The road to the airport is controlled 24 hours a day, and even more so when Negroponte was to come through. To say that they were not in control would be to offend them: 33,000 people are involved in monitoring everything that moves. Fifty percent of all the military operations to fight terrorism are done with electronic and other such controls. In the U.S., they showed us all sorts of methods of control: If a person has a cellular phone, he can be followed anywhere.

EIR: Is your analysis endorsed by others in Italy, in the political field or in other sectors of society?



DoD/Staff Sgt. Ashley Brokop, USAF

Then-U.S. Ambassador John Negroponte greets Iraqi President Sheikh Ghazi Ajil al-Ywar at the U.S. Embassy in Baghdad, July 4, 2004. What does Negroponte, now the U.S. Director of National Intelligence, know about the Calipari case, that he's not telling?

Malabarba: When I presented this analysis in the parliamentary debate, putting together all the factors involved in the Calipari case, and stating that I thought it was a planned operation (initially I really did not want to think this way, but in putting together all these elements, I had to conclude that it was an planned operation), I found that many people, the majority of analysts and experts in secret services, who also work for newspapers, shared my view. Everybody told me: “We think the same thing but we cannot say it publicly.” Rarely have I seen such a convergence on these matters. Someone also told me that I was courageous to make these claims, because when you do so, you expose yourself to retaliation.

Among other things, Italian Ambassador Cesare Ragaglini, who is one of the two Italians sent by the Rome government to the American Investigative Commission on the Calipari case, had to admit that regarding the way the checkpoint was [supposedly] established and maintained, and other malfunctions, what happened cannot be explained; this, from a person who is very direct and precise on other points, like the definitive rejection of the [idea that the car was] going at a high speed on the road. Or at least he says that the explanations given are not at all convincing. I must say that Ragaglini is not in a position to create trouble for the Americans. The Investigative Commission was created as an attempt to find a compromise on a single version of the accident shared by the two countries. And on this key point, he himself has some doubts.

EIR: There was a long process of privatization of the secret services, leading to the creation of “parallel secret services,”

which are taken away from the control of the official agencies; or creating “private” agencies for special operations. This process has been going on for a long time in the United States and also elsewhere. This was already very evident with the Iran-Contra networks and their operations. These networks, which involved some key figures, including George Bush—the father—operated in Afghanistan, for example, using people like Osama bin Laden, and acted against the Constitution and without the control of the Congress, and even of the official agencies of the secret services. The Iran-Contra figures have been involved in weapons- and drug-smuggling operations, for example.

More recently, *EIR* has emphasized the crucial role of Dick Cheney in these operations, who has a higher role than that of Negroponte. This is not only about his dirty operations with Halliburton, but the role he has played for ten years, with Paul Wolfowitz and other neo-cons in the Pentagon, in defining a complete strategy, a strategy of preventive war and the use of “parallel secret services.” In Iraq, we have seen special sectors of military intelligence, such as the Office of Special Plans, operate outside any Constitutional mandate, in the interest of special groups. We have also indicated the crucial role played by Negroponte. Now, you were in the United States, with Calipari, about one year ago—

Malabarba: Please let me have more *EIR* material on these matters.

On Calipari, I can only mention some impressions I had. Recently, I learned that he had some clashes with De Gennaro when he was working with a department of the police. Many people highly respected his work in the Immigration Department of the police, particularly in Rome. He developed a

certain competence in this field, and then was integrated into SISMI, rapidly becoming responsible for certain activities in the Middle East, because of various important contacts he had built up over the years. He was considered somewhat anomalous: A policeman who ends up with these positions and responsibilities is something rare. It was well known, it was in the air, that this was not welcomed by certain sectors of military intelligence, and by the head of the police himself, who has long been thinking about a restructuring of SISMI. The role played by SISMI in Iraq, including in the liberation of the hostages, gave it more room for maneuvering, and greater importance.

I got to know Calipari last year, before the kidnappings, and I got an idea of how the relations between the American and Italian services might be. This also led to what the Americans say about the Italians, that there was a complementary relationship functioning in the war situation. The role and contacts developed by the Italians in the Arab world, especially before the war, were important for the Americans; and these included contacts with people in the Saddam Hussein regime. But there was also some mistrust in this process. At the press conference that I just participated in, to present a book on the Iraq War [see review, below], I said that when we entered the CIA headquarters for discussions with the various secret services, we were asked to deposit our cellular phones. I immediately gave them mine, because it didn't work in the U.S. anyway. Calipari privately said, "I'm not going to give them my phone, just to find out later that it was cloned." This was the day they told us about the way electronic monitoring is done.

Collaboration between American and Italian intelligence is extremely close in these sectors, maybe even closer than with allies like the British. There is competition between the Americans and the British in the Middle East. But there is jealousy between the intelligence services: It even happens among the different services in our country. The attitude of not giving out sources of information, like his cell phone, also revealed the feeling that such information could be used against your interests. This was my sense; this was the atmosphere, even if Calipari never explicitly said it this way.

EIR: You know that every time there is a discussion on preventive war and the Iraq War, when pro-war spokesmen have difficulties, they always raise the question of Sept. 11: "Where do you stand? With the terrorists or with the war on terrorism?" We have seen it hundreds of times in television debates. The supporters of the Iraq War say: We are at war because we were attacked. Lyndon LaRouche and *EIR* have questioned the official story about the 9/11 attacks, from the very beginning. LaRouche even said on live radio that morning, that such a sophisticated operation required the complicity of someone inside the United States. Recently, even the association of victims has raised many questions, because it is unsatisfied with the official explanation.

Now, we know that a dossier was produced right after 9/11 and sent to all the allied governments, including the Italian government, and it was immediately classified. This dossier is the basis for Italy's participation in the general war on terrorism and also in the Iraq War. I collaborated with some Senators a few months ago in preparing a parliamentary question, which you also signed, asking the Italian government to lift the secrecy on this dossier, particularly after we learned about Cheney's lies on the weapons of mass destruction, Abu Ghraib, and so on.

What more can be done to find out the truth?

Malabarba: I agree completely on the necessity of knowing more about these documents and dossiers, but I fear there is not much of a chance that we'll get them, including the information given to the allies. In general, we have serious difficulties in obtaining them, not only because of the incompetent answers you get when you ask, but also because parliamentary debate on these matters is explicitly blocked. Even now, there are open differences with the U.S., where Italian magistrates are investigating Calipari's death. The Italian government is now pushing for this, even with the request for investigations and information officially made by the Justice Ministry. Thus, I do not expect much from Italy in this respect. It would be good to have an international court which is universally recognized; but we know the U.S. has completely rejected such an idea. Other international organizations are also impotent when faced with a question like this. Who could obtain the requested information from the United States?

One consideration: I do not know any specific elements that allow me to speak about domestic responsibility, although many things certainly lead us to consider certain options, such as the neo-conservative group's push for world domination. Indeed, even what we see in official documents is worrying; the "Patriot Act" is almost inconceivable, even for a traditionally conservative culture in Europe. During one Copaco hearing, a Milan anti-terrorism magistrate, D'Ambrosio, said: I am looking for more efficient means to be used in the fight against terrorism, but when I see the methods and the rules included in this Act, I am shocked.

This philosophy justifies Guantanamo, torture, and many other things; so it clearly tells me they want to achieve their aims by any means possible. It also implies that someone could allow certain provocations to take place in order to justify a specific response.

I don't know if we can achieve concrete results, but we can create a democratic sensitivity that can put pressure on the U.S., and Europe could play a positive role in such a process, although in Europe as well, economic interests usually take over in such dramatic situations, and many are ready to forget the existence of human rights. . . . I doubt that Europe wants to discover the truth and actually challenge the present dangerous neo-conservative forces and their plans. But I believe that every single case is important, to keep open the possibility of searching for the truth.

Book Review

Italian Journalists Probe 'Faceless War'

by Paolo Raimondi

Iraq: La guerra senza volto (Iraq: The Faceless War)

by Paolo Cucchiarelli and Vincenzo Mulè
Milan: Selene Edizioni, 2005
161 pages, paperback, 11.50 euros

In analyzing some of the most dramatic events involving Italian journalists and humanitarian activists kidnapped in Iraq, and the mobilization of Italian authorities in the attempt to free them, this book gives a detailed account of the tensions between American and Italian intelligence agencies in dealing with these cases. It focusses on the kidnapping of four Italian contractors, one of whom was killed; the kidnapping and assassination of Enzo Baldoni, a freelance journalist; the kidnapping and liberation of Simona Pari and Simona Torretta, two young women in charge of the Italian NGO "A Bridge to Baghdad," who worked with women and children in the devastated areas of Baghdad; and the kidnapping and liberation of journalist Giuliana Sgrena, during which Italian military intelligence (SISMI) official Nicolà Calipari was killed by "friendly fire" at an improvised American checkpoint on the road to the Baghdad airport.

Co-author Paolo Cucchiarelli is a journalist who covers the Italian Parliament, and is an expert on the "Strategy of Tension." This is the strategy through which, beginning in the late 1960s, Italian and NATO "parallel secret services" politically destabilized Italy through right-wing and left-wing terrorist operations, to prevent the formation of a sovereign and independent coalition for national unity.¹

Vincenzo Mulè, a researcher and investigative journalist, has written a book on the assassination of former Italian Prime Minister Aldo Moro.

The book was presented at a May press conference at the Italian National Press Center in Rome, with the participation of political leaders, including Sen. Luigi Malabarba (see ac-

1. See Claudio Celani's series on the Strategy of Tension, *EIR*, March 26, April 2, April 9, and April 30, 2004.

companying interview).

The report presents overwhelming evidence of an American military intelligence strategy to get all independent journalists and genuine anti-war activists from the United States and Europe out of Iraq, and concludes by saying that "the risk is that the enemy is being exaggerated for the aims of the war, and is actually an enemy at the service of those who are promoting this war against everything and everyone."

The book provides an important reading on the interventions against the war by Pope John Paul II and a few other Vatican representatives. John Paul II denounced the "faceless" conflict, in which everyone seems to have lost his own human identity. He also intervened very forcefully against the bombardment of the predominantly Sunni city of Fallujah and the Shi'ite holy city of Najaf. His independent voice for peace and justice was seen by many Islamic leaders as the only one they could trust for serious negotiations.

Speaking in October 2004, after Libya's Qaddafi was welcomed back into the international community, Cardinal Renato Martino, the president of the Vatican's Council of Justice and Peace, said: "And if I tell you that Saddam Hussein was ready to do the same thing, you should draw your own conclusions. . . . He was almost ready to allow the UN inspectors back into Iraq. It was an avoidable war."

The book suggests that journalist Enzo Baldoni was supposed to become a "mailman," to deliver messages from the city of Najaf to the Pope. Unfortunately, he was kidnapped and immediately killed, in a way totally different from what happened in all the other kidnappings.

The book also suggests the existence of a number of Islamic terrorist networks whose connections in the West have never been checked out. One case is the Islamic Army of Iraq (IAI), which claimed to have kidnapped Baldoni. As documented by an Italian researcher whose material was published in the Italian weekly *Diario*, this group's website, where a picture of Baldoni's body was published on Sept. 8, 2004, originates from a computer in Utah, which is also the point of origin for the website of Ansar al-Sunnah, a group supposedly allied with al-Qaeda. Italian intelligence has also found a connection with Yasser Tawfiq al-Sirri, an Egyptian living in London who is considered one of the spokesmen for al-Qaeda in Europe. Such leads require cross-checking and investigation, because the dividing line between truth and disinformation is very thin in these matters.

Another important contribution the book makes is the documentation of the process of progressive "privatization" of the war, the involvement of mercenary troops, and the hiring of tens of thousands of contractors for various tasks, both military and bureaucratic. The result is that the present Iraqi government is a de facto puppet that would not survive a single day on its own. The strategy of Dick Cheney and Donald Rumsfeld is to get all the independent media and observers to leave the war theater immediately, so they can bury the Constitution and human rights in Iraq.

IMPLICATIONS OF THE U.S. SENATE'S ACTION

Be Tolerant and Compassionate

by Lyndon H. LaRouche, Jr.

May 28, 2005

A new world economic, and strategic situation has been defined by U.S. Senate developments of May 23, 2005. This condensed summation of the strategic highlights of that change, has been prepared for the information of some relevant higher-ranking circles in Europe, and also some comparable places in Eurasia more broadly. I report this from my position of advantage as an insider to much of the process leading up to this most recent development.

The Monday, May 23 events in the U.S. Senate, mark a qualitative change in the world situation. Curiously, but not accidentally, up to the day this report is written, there was virtually no reporting on this momentous event in the leading continental European press, except for the *Neue Zürcher Zeitung*, which devoted a large part of its first page to this crucially important development. That curious pattern of behavior, in which leading European circles effectively suppress attention to one of the most crucial, and widely viewed of the strategic developments of recent years, is not accidental, in any respect.

This should remind us that some persons of privileged social status then clung desperately, out of fear, to the belief that the *Titanic* were unsinkable, even when they had just learned of the fatal leak which had just occurred.

The key to this strategically crucial development in the U.S. Senate, is the fact, that what now grips the world's trembling economy is not a so-called "cyclical monetary-financial crisis," but the culmination of a decades-long process of physical-economic decadence whose development has been centered in the Americas and Europe. These economic developments are the context which shapes crucial

current political and military events.

Since the weekend of May 21-22, there has been a sudden turn within the U.S. political system. A bipartisan agreement among U.S. Senators determined to prevent the Bush Administration's commitment to overthrow of the constitutional powers of "advice and consent" of the Senate was successful, at least for the moment. This represented an effective act of resistance to an attempted Bush Administration coup d'état against the U.S. constitutional system.

This development must not be misestimated. It does not represent, at least not yet, any more deep-going political alliance between some Republicans and the Democratic faction in the Senate than common regard for the relevant principles of the U.S. Constitution, although the possibility of such a future political alliance of some kind could not be excluded. The bloc of Senators which resisted the attempted White House-directed coup d'état was united, for this occasion, by explicit commitment on the practical implications of that narrowly defined constitutional issue, and that alone. However, once that important qualifying statement by me has been understood and accepted, the global implications of that successful act of resistance, to what was nothing less than an attempted coup d'état, are unignorable.

An attempted coup d'état, such as that one just defeated in the Senate, a coup attempt within the world's leading nuclear-armed power, ought to be regarded as of earth-shaking significance by any serious political leader in any part of the world. According to the recent behavior of most of the European press, and others, fear or some other form of corruption led to their public silence on the matter. That silence is itself of grave strategic significance, given the already imperilled state of the world as a whole at this moment.

This turn has produced a new global strategic, political-economic situation, which upsets virtually all those established, recent political trends in other nations' relations with the U.S. Bush Administration. Although all parts of the world are affected by this sudden change in direction, the typical effects include those upon the general foreign-policy, as well as economic options for nations such as Germany and Russia.

1. The Post-FDR Change

The present situation so defined could not be competently assessed without taking the following bit of recent world history into account.

From the defeat of the Nazi power until the beginning of the official U.S. 1964-1972 war in Indo-China, Europe and the Americas had been dominated by a long wave of economic growth under the influence of the Bretton Woods monetary system which had been designed and launched by U.S. President Franklin Roosevelt. However, the intention to overthrow Roosevelt's reform of the world monetary-financial system had been the shared intention of a right-wing U.S. bloc within the U.S.A. and such British allies as Winston Churchill and Bertrand Russell, since no later than the time of the famous Yalta conference among President Roosevelt, Josef Stalin, and Winston Churchill.

To understand that, we must recognize that Adolf Hitler, like Benito Mussolini, had been put into power by a cabal of international financier interests merely typified by the cabal's tool Hjalmar Schacht. Many of these who had put Hitler into power, from New York City's financial center and elsewhere, changed their attitude toward Nazi Germany when it became apparent that Hitler would strike westward first, rather than eastward, as Hitler's one-time Anglo-American supporters had intended that eastward priority. Once Germany were defeated, by about the time of the Yalta conference, these same Anglo-American and other circles returned to their earlier intention of using Germany as a base for attacking the Soviet Union. With the death of FDR, they succeeded. These same Anglo-American circles, which President Dwight Eisenhower denounced as "a military-industrial complex" represented by the likes of former Pinochet crony George Pratt Shultz today, are the backers of the radical right wing, including fools and tools such as the so-called neo-cons and Karl Rove's religious fanatics today.

Therefore, within a very short time after President Roosevelt's death, the bloc including the U.S. Truman Administration and the co-thinkers of Churchill and Russell were embarked on a policy of world government achieved through "preventive nuclear warfare." The utterly unnecessary drop-



President Franklin D. Roosevelt signs the Social Security Act, 1935. "Only those same kinds of methods which President Roosevelt mustered during the 1930s and early 1940s," LaRouche writes, "could save the planet from a plunge into economic and cultural Hell today."

ping of nuclear weapons on Hiroshima and Nagasaki, was intended, like Hermann Göring's act of 1933 in setting fire to the Reichstag, to shock the world into acceptance of the state of "preventive nuclear warfare" as soon as the Anglo-American pro-war bloc might have developed an arsenal sufficient for that enterprise. The combination of developments in the Korea war and the news of a Soviet development of an operational type of thermonuclear weapon, prompted the Anglo-American bloc associated with Bertrand Russell's preventive nuclear warfare policy to back off, and to shift toward what emerged, through the Pugwash conferences, as a deterrent doctrine of Mutual and Assured Destruction (MAD).

Through all of those developments of the 1945-2005 interval to date, the continuing intention of the right-wing, anti-Franklin Roosevelt bloc within the Anglo-American establishment, has been the elimination of that power of the U.S.A. typified by the Franklin Roosevelt Administration, in favor of a system of imperialism called "world government" then, and "globalization" today.

The orchestration of the development and deployment of nuclear-warfare-tipped arsenals, then, as again today, for this purpose, has been complemented by a program of cultural corruption which was typified by the Congress for Cultural Freedom (CCF). The conditioning of the populations of chiefly the Americas and the western side of the 1945-1989 division of Europe by the work of the CCF, conditioned much of the relevant population born after 1945 to become the "68ers" of the "rock-drug-sex youth-counterculture" of the 1964-1972 interval. The work of Bertrand Russell and two of his assets, Norbert Wiener and John von Neumann, are typical of the sources of the axiomatic assumptions underlying the work and influence of the CCF.

The most crucial of the strategic economic and social effects of the CCF and related cultural programs, showed themselves on the surface of large-scale economic and related cultural developments, such as the launching of the U.S. official war in Indo-China, as the U.S.A. of the 1964-1981 interval underwent a shift from being the world's leading agro-industrial power, to becoming what is now the virtual wreckage of a "post-industrial" utopia.

These developments of 1964-1968, and beyond, were carried to their logical outcomes during the 1971-1981 wrecking of both the Bretton Woods system and of the constitutional American System commitment to scientific and technological progress in basic economic infrastructure, agriculture, and manufacturing.

1.1 The Present Monetary Crisis

The 1971-2005 shift into wild-eyed varieties of monetarism and trends toward globalization, unleashed a long-term pattern of accelerating expansion of both monetary and financial aggregates, accompanied by, and correlated with a general decline in both net physical output in infrastructure, agriculture, and manufacturing in Europe and the Americas. Typical is the long-term, 1977-2005, decline in physical standard of living of the lower eighty percentile of U.S. family households, combined with a poorly concealed acceleration of inflation in monetary and financial aggregates.

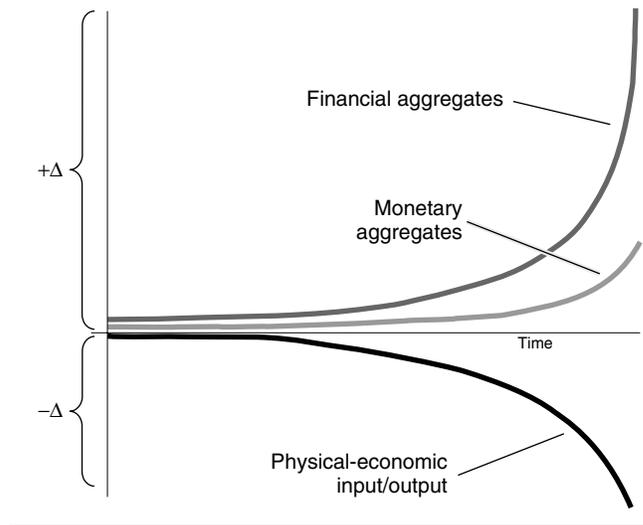
Since the immediate aftermath of the October 1987 U.S. stock-market collapse, under then incoming U.S. Federal Reserve Chairman Alan Greenspan, the present world monetary-financial system has been characterized by, and propped up by the accelerating expansion of a system of gambler's sidebets known variously by such names as "financial derivatives" and "hedge funds."

The growth of the mass of financial derivatives, and the pollution of what had been previously considered normal practices in finance and monetary institutions by the increasing role of such derivatives, has created what is in fact a vast, "John Law"-style, hyperinflationary bubble. This result was apparent to me in the discernible trends shown in 1992, when I described this as the "great mud-slide" threatening President George H.W. Bush's re-election chances, and when I, in late 1995 and early 1996, presented my now well-known "Triple Curve" depiction of the pattern of systemic disaster in the relations among financial, monetary, and physical outputs (**Figure 1**). That "Triple Curve" pattern shaped by the growth of the financial-derivatives "cancer," was expressed in the 1997 and 1998 monetary-financial crises, and the U.S. sharp economic decline which began during 2000, and has continued to converge on a global breaking-point today.

In the aftermath of the Spring-Summer 2000, partial collapse of the "Information Technology" financial bubble, by the time of the inauguration of President George W. Bush, Jr., the situation was created that, without a sweeping reversal of the long-term U.S. economic and related policy-trends of the 1982-2000 interval, a general collapse of the U.S. and

FIGURE 1

LaRouche's Typical Collapse Function



world economic and monetary-financial systems would continue up to the point of, not a mere cyclical depression, but a general breakdown-crisis. Although remedies exist even still today, a global general breakdown-crisis were now inevitable for some time during the short term, unless those remedies are chosen.

1.2 The Underlying Physical-Economic Crisis

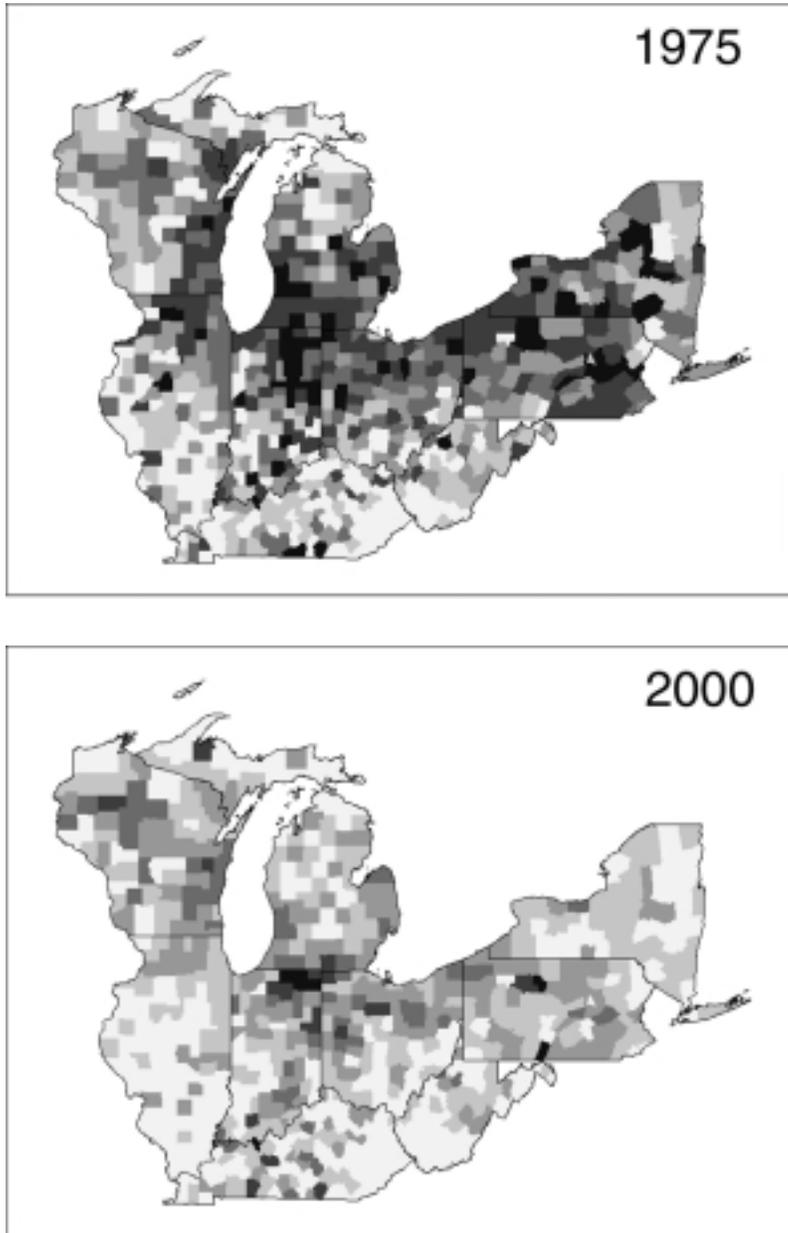
This is not a cyclical crisis; it is a systemic crisis. As long as there is an effort to continue the present, floating-exchange-rate mode of the IMF/World Bank system, a dreadful, chain-reaction collapse of the world's physical economy is now inevitable. However, while the continuing cause of the crisis is built into the current trend toward globalization under the present IMF system, the threatened breakdown itself is physical, rather than monetary-financial. It is a physical breakdown caused by the systemic physical effects of 1964-2005 trends in monetary-financial policies of both governments and international authorities to date.

The worst of the systemic physical-economic effects are those caused by the trend toward what is currently termed "globalization." The drive toward elimination of national-economic "protectionism" and toward the lowest world-market price, has lowered the net physical productivity per capita of the planet. This has been brought about in the following way.

When the economic history of the U.S.A. is examined from the vantage-point of the American System of political-economy as defined by paragons such as Benjamin Franklin, Mathew Carey, Henry C. Carey, and the German-American Friedrich List, a healthy U.S. economy is based upon a commitment of approximately fifty percent of physical investment to what is called basic economic infrastructure. As I

FIGURE 2

U.S. Industrial Belt, Decline in Manufacturing Workers as Percent of Workforce, by County, 1975-2000



Source: Bureau of Labor Statistics. Map produced by MapInfo.

Darker tones show greater percentages of manufacturing workers.

have explained this in appropriate published locations, this investment in infrastructure, is also the multiplier-factor which is indispensable for realization of the potential benefits embedded in the use of improved technologies for production of marketable goods.

What “globalization” has done, since this trend began, as a southward movement, significantly during the 1950s, is to

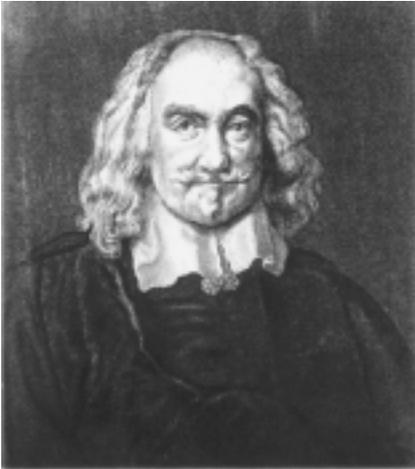


shift production from regions which were relatively infrastructure-rich, into regions where cheaper labor was associated with a significantly poorer development of infrastructure. The current replacement of rail transport by inherently more costly uses of truck transport, and replacement of mass transit systems by use of rush-hour superhighways as involuntary parking lots, expresses the same foolishness which has crept over government and public opinion inside the U.S.A. during the recent half-century or more.

More recently, the flood of transfer of production from the U.S.A., among other formerly industrialized leading nations, to ever-cheaper labor markets, has been correlated with a quarter-century deep collapse of both productive employment and infrastructure within North America and Europe (**Figure 2**), while production is shifted into the infrastructure-poor sections of what is sometimes called the developing sector. As a result of this trend toward lessening of the essential factor of modern technology in infrastructure, the actual net physical productivity, the level of productivity of the planet as a whole has declined. When this factor is recognized, there should no longer be any mystery about the evidence which shows that the cheapening of the apparent price of products through “globalization,” is essentially a global delusion. Not paying for the needed level of technological development of infrastructure, causes the cheaper labor of globalization to become the global physical-economic catastrophe which the oncoming early general monetary-financial collapse will reveal to have been in progress over decades of popularized delusions about the benefits of cheaper labor abroad.

2. The Needed Political Remedies

The U.S. emerged as the world power whose policies of agro-industrial development, those of Henry C. Carey, be-



www.arttoday.com.

“We have entered a time when the legacy of Thomas Hobbes must be absolutely banned from world politics, that in favor of the principle expressed, from the outset, by the 1648 Treaty of Westphalia.”

came widely imitated in places such as Bismarck’s Germany, Meiji Restoration Japan, Alexander II’s and Mendeleyev’s Russia, and elsewhere, from approximately 1877 onward, as in Sun Yat-sen’s program for the modernization of the economy of China. Under President Franklin Roosevelt’s leadership, the economic development of the U.S.A. astonished the world and doomed the Nazi dreams of empire. It was U.S. logistics, unleashed by FDR, which aided U.S. allies in a global two-front war, in overwhelming a well-trained German military force with sheer force of overwhelming productive superiority.

This advantage of the U.S. economic system, over its rivals in Europe, was shown most dramatically in cases such as the pre-1688 Massachusetts Bay Colony of the Winthrops and Mathers, as in the mobilization by Presidents Abraham Lincoln and Franklin Roosevelt. The U.S. constitutional system is essentially a system based upon the legacy of constitutional principles of national banking, whereas European systems, throughout most of their modern history, predominantly subordinate government to the power of so-called independent central banking systems. It was for that reason that the U.S.A. became a continental power, from Atlantic to Pacific, and between its northern and southern borders, through immigration which was largely of populations drawn en masse from Europe. The U.S.A. is essentially The Prototype of a European Nation-State; policies of public credit, with public superiority over private financier interest, such as those imitated by the founding of Germany’s Kreditanstalt für Wiederaufbau, typify “the secret” of the U.S. rise to great power. This principle applies with great force to the present world situation.

It will not be an easy matter to return the U.S.A. to the kinds of national economic policies, such as those of President Franklin Roosevelt, which made us great in the past. Only a great crisis could break popular and official opinion free of those intellectual habits through which the United States has virtually destroyed itself during the recent three decades and longer. That crisis now exists for the U.S.A., as it does for all

of the nations of Europe, and elsewhere. However, as the referenced recent events in the U.S. Senate show, the needed spirit for action continues to exist, as an embedded feature of the U.S. institutions’ national character. This exists among normal Republicans, as among normal Democrats.

This present situation means, that were the human race to fall under hegemony of the right-wing currents seen in the Americas and Europe today, there would be no future for humanity during the immediate future of this planet. The right-wing ideologues, such as those of the Mont Pelerin Society of today, would not allow any of the measures needed to deal with the present global economic crisis.

Only those same kinds of methods which President Roosevelt mustered during the 1930s and early 1940s could save the planet from a plunge into economic and cultural Hell today. Only under a revival of the essential features of the Roosevelt design for a Bretton Woods, fixed-exchange-rate system, could an economic recovery be organized in the world today.

This fact of a changing pattern of alignments among nations is reflected in the tendency for a break-up of established patterns of political alignments. The May 23rd developments in the U.S. Senate do contain a reflection of that new trend. No one can neatly predict how revised political alignments which take shape, although the Franklin Roosevelt tradition is a historically predetermined factor in the United States today. However, science-driven technological progress melded with dedication to protection and promotion of the general welfare, are principled features of any new alignments which could address the presently onrushing crisis successfully.

The most recent leading developments in the U.S. Senate do not show us precisely what the new alignments will be, but they do foreshadow what is now possible in the U.S.A. and other parts of the world.

We have entered a time when the legacy of Thomas Hobbes must be absolutely banned from world politics, that in favor of the principle expressed, from the outset, by the 1648 Treaty of Westphalia. Defense of security is still obligatory, but warfare for purposes such as regime-change, are the impulses of dangerous madmen. Civilization can no longer tolerate certain reckless kinds of behavior by governments, such as those of the Blair and Bush governments in the matter of Iraq; nor can we tolerate the inhuman fanaticism inhering in the dogmas of the Mont Pelerin Society. Otherwise, if we can be as tolerant and as compassionate as is honestly possible, and if we can avoid the usually fatal pitfall of descent into practices of sophistry, we shall be able to get along with one another.

The hope of the future is a powerful motive. The expectation that even risk of one’s life might determine the outcome, for the future, of your having lived, is the most powerful of motives. That is the power and the advantage we must seek to afford to our own and other nations. If we can do that, we of many nations shall get along well with one another.

Congress's Mission for Bankrupt Auto: Build U.S.A. Electrified Rail Network

by Richard Freeman and Hal Cooper

Congress, turning to the real tasks of the economy after disposing of Cheney's coup attempt against the Senate, is focused on the spreading collapse of industrial workers' pension plans; the need for creation of good jobs and protection of America's infrastructure; and stopping the White House's attempt to eliminate the national passenger rail system, Amtrak. At the center of this focus of attention, should be saving the auto sector from a collapse which, if unchecked, will cost the nation its greatest industrial/machine-tool capacity. GM is heading for bankruptcy and perhaps, dismemberment, faster than policy-makers have supposed or admitted; Ford and the auto parts suppliers are not far behind.

Three possibilities exist: First, Wall Street will chop up GM and Ford into pieces and destroy their capabilities while looting their "profitability." Second, sales of SUVs and pickup trucks, as well as cars, will rebound: Falling real incomes make that infeasible, and round-the-clock traffic jams around all our major cities makes it undesirable. Third, Congress will intervene in time, before the biggest automakers collapse, and give the auto sector as a whole, credit and a chance to reorganize for a new mission. Airline and railroad routes are both shrinking to the point of threatening national disintegration. But the means for transforming the U.S. rail network are at hand—retooling the productive capacity, and re-employing the skilled workforce, of GM, Ford, and other auto-sector firms to build new economic infrastructure.

Lyndon LaRouche has called for urgent and forceful Senate action to do this.

A Transportation and Energy Policy

True high-speed rail corridors—at travelling speeds for passengers of 150 mph (250 kph) or greater, and for freight at 90-110 mph—and, as quickly as possible, magnetically levitated train systems, will upgrade the whole U.S. economy. Both have a fundamental requirement: They run exclusively on electricity. In order for high-speed rail to operate, it must have electric-powered locomotives, and overhead catenary systems to transmit the electricity to the locomotives. Yet, of America's 141,000 route-miles of rail, less than 1% is electrified. Seventy years ago, much more was, but most has been dismantled.

A national electrification program should concentrate on

building and electrifying 42,000 critical rail-route miles¹, in two phases: as **Figure 1** shows, it would start with the electrification of 26,000 route-miles, and in the second phase, bring the electrification up to the full 42,000 route-miles. These route-miles are selected because they are the heart of America's rail system; they support, overwhelmingly, the greatest volume of freight and people. Although these 42,000 route-miles constitute only 29% of America's total rail route mileage, each year, they carry 65% of America's freight, and more than 70% of the intercity rail passengers.

The electrification of America's rail system would require one of America's largest and most powerful "great infrastructure projects." It would shift America away from its addiction to two modes of transportation—highway and airports—100% powered by petroleum, to a more scientific system. Dependence upon automobiles and trucks leads each person to waste hundreds of hours and hundreds of dollars in traffic jams per year, which become worse as ever more trucks carrying freight take to the roads. Twelve-lane superhighways, as urged by "urban planners"—consuming greater volumes of land—are hardly a solution.

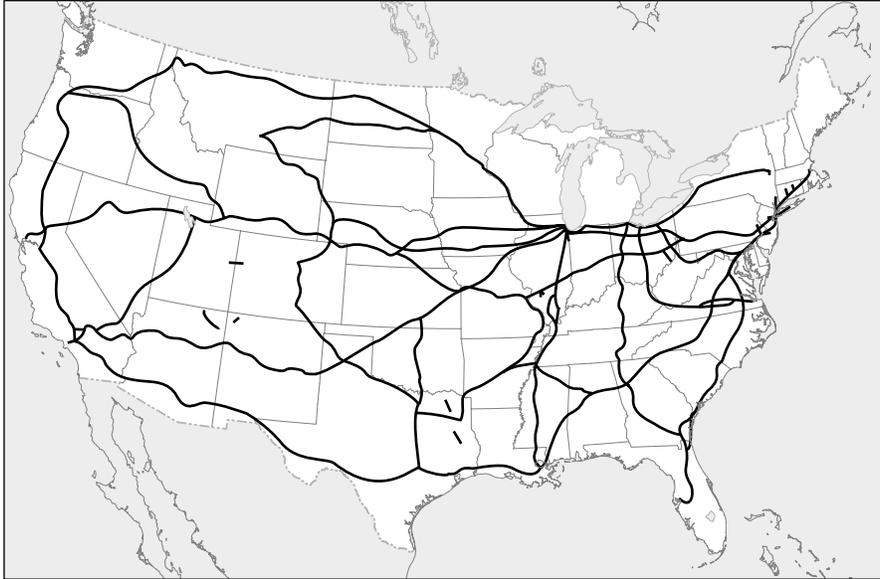
The movement to electric rail would mean that eventually up to a third of truck traffic could be shifted onto rail, and that the current rail system whose motive power is diesel-electric locomotives (which consume vast amounts of petroleum) could be shifted toward all-electric locomotives. Under advanced high-speed rail and maglev systems, *goods and people would move two to three times faster than they currently do.* Moreover, this will demand a huge increase in electricity generation. America would require mass production of nuclear power plants, and ultimately fusion power, to produce the electricity. Thus, America's transportation and energy policy would shift, in tandem, to higher efficiency and safety.

The electrification/improvement of the rail system, and the production of new power plants, through increased production at retooled auto plants, would produce a diversified array of goods from locomotives and train sets to nuclear

1. A route-mile is a mile of actual route that a train travels. A route of 50 miles represents 50 route-miles. This route may be double-tracked, thus having a total of 100 miles of track (and even more track in sidings, and yards), but still have only 50 route-miles.

FIGURE 1a

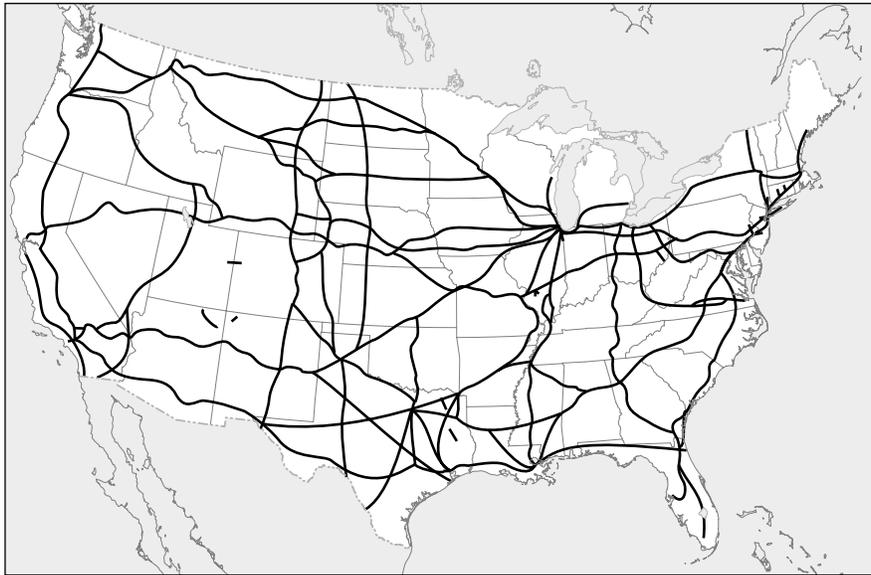
An Electrified U.S. Rail System: Phase I, 26,000 Miles



Sources: Hal S. Cooper, Cooper Consulting Co.; *EIR*.

FIGURE 1b

An Electrified U.S. Rail System: Phase II, 42,000 Miles



Sources: Hal S. Cooper, Cooper Consulting Co.; *EIR*.

reactor vessels, and transmission lines, employing a tremendous number of auto workers. A job multiplier would result, as each mile of rail requires 370 tons of steel, 535 tons of cement, and so on, which leads to increased new employment of workers producing the steel, cement, etc. Likewise, new

of the powers of each. This brings out the stunning superiority and method of operation of electrified rail.

The steam-powered locomotive, an invention of the 1820s and 1830s, works on the following basis. On the locomotive of the train is a “firebox” into which is fed coal. The firebox

jobs would be created in the actual building of the new rail systems. This entire project would employ several hundred thousand workers. It would require 15 years to construct, and cost more than half a trillion dollars, but its cost would represent but a fraction of the enhanced economic productivity it would impart back to the U.S. economy.

Importantly, as LaRouche has stressed, and we will show, the rail trunk lines represent potential, and that potential is radiated 100 miles in both directions in development corridors.

The necessity for immediate action is clear. On May 5, Standard and Poor’s rating service, and on May 24, Fitch rating agency, downgraded the bonds of both GM and Ford—with \$301 billion and \$171 billion in debt, respectively—to “junk.” In the aftermath, GM’s and Ford’s bonds declined, setting off enormous problems in the market for collateralized debt obligations (CDOs), and shockwaves in the world’s \$400 trillion derivatives market. Various hedge funds failed. The world financial system sits on the verge of *systemic* meltdown. Financier sharks, like mob-linked Kirk Kerkorian, are still pressing ahead for the dismantling of GM, and of its machine-tool capacity which America cannot live without. The time for LaRouche’s proposal is now.

Superiority of Electrified Rail

The fight to electrify the American rail system has been waged for more than 100 years. The superiority of electric-driven locomotives over steam-powered locomotives and over the hybrid diesel-electric locomotives that are used today, is undeniable. We will compare electrified rail to steam-powered rail at the peak

FIGURE 2

America's Transcontinental Railroads, As Built From the Eastern Rail System After 1865



Source: EIR.

In 1862, President Abraham Lincoln signed the Pacific Railway Act to create a transcontinental railroad, and the U.S. government played a direct role in building it, with land grants around the road and loans of government bonds. The railroad spread industrialization and agricultural development westward. By 1893, a total of five transcontinental railroads were constructed.

heats a water boiler, making super-heated steam, which is under very high pressure. The super-heated steam is passed to cylinders (by a suitable valve arrangement), where it drives pistons. The moving pistons turn a main rod, which in turn, moves connecting rods that are attached to the locomotive's driving wheels. (This whole arrangement utilizes a system of gears.)

Five limiting features are obvious. First, the train can only achieve a certain speed. The best steam locomotives in the 1940s, using super-large cylinders, and in some models operating two parallel sets of super-large cylinders, could only achieve top speeds of 125 miles per hour, without a load of cars. Second, on a steep grade, a steam locomotive could lose as much as half of its pulling power. Third, a steam locomotive could be in the shop for as much as 40-50% of the time.

Fourth, it must drag its own fuel and water supplies (for boiling into super-heated steam) along with it, usually in a "tender car." The steam locomotive must haul many tons of coal and 2,500 gallons of water or more. Fifth, the steam locomotive is inefficient: It consumes nearly two times as many BTUs of energy to carry a ton-mile of cargo freight as does an electric locomotive.

At the dawn of the 20th Century, electrification of rail had been introduced in the United States, poised to become a reality. It grew in small steps so that by the early 1930s, 3,000 route-miles had been electrified, at least several hundred of them through the decided assistance of President Franklin Roosevelt's Public Works Administration.

An indisputable advantage of electrified rail is that it does not carry its own power generator/power supply with it. The system begins with a stationary electricity generating plant far away from the locomotive, which can use any source of fuel—say, nuclear—to generate the electric power. The electricity is transmitted by transmission lines to a set of wire lines that hang overhead of the train track, called the catenary lines. A device on top of the locomotive—called a pantograph—makes continuous contact with the catenary system, transmitting electricity continuously into the locomotive. (A transformer steps down the voltage). The electricity is directed to motors which are attached to the wheels, and power them.

The electrified train system produces benefits of great significance: First, one leading system, the French TGV, cruises at 180 mph (290 kph), a speed closely approximated by electrified systems in several other European nations and Japan. Second, the electrified train system uses no petroleum. Third, several electrified trains can use "regenerative braking systems" (by essentially transforming the motors into generators) which capture electricity when braking, and save great wear and tear on brake shoes, etc. Fourth, the electrified train uses half as many BTUs to carry a ton-mile of cargo freight as do steam powered locomotives, and maintains a sizeable energy efficiency over other transport systems.

The close of World War II marked the end of the dominance of steam-powered locomotives—a demise that should have come a half-century earlier. Certainly, the bright pros-

pect of the U.S. moving toward electrified rail was beckoning. But this move never occurred, sabotaged by Wall Street banking interests.

Post-World War II Highway Initiative

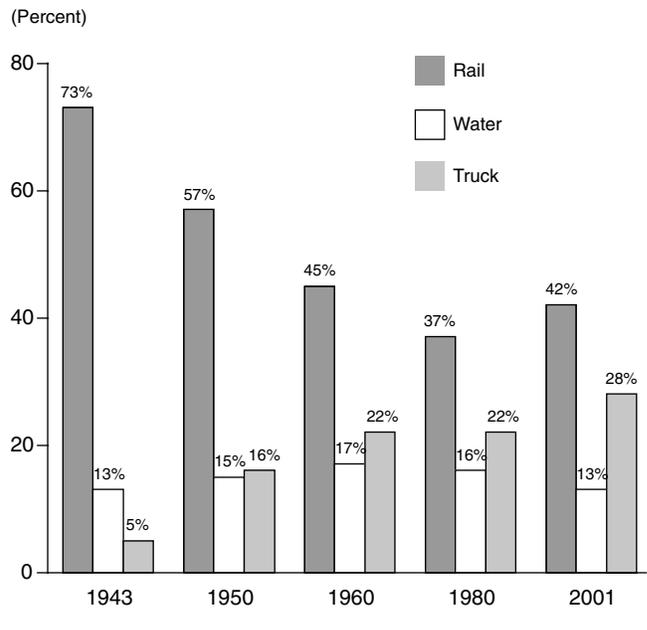
In the period after World War II, an alliance of the Anglo-American bankers, the oil cartel, and the Morgan/Dupont-controlled General Motors organized to stop cold, the electrification of U.S. rail. First, they worked to pass the Interstate and Defense Highways Act of 1956. Ostensibly the product of a Presidential task force on this subject headed by General Lucius Clay, the Act was to provide a centralized series of corridors for the continental movement of goods during war and other emergencies. However, the above alliance shaped it to spread suburban sprawl, suburban real estate bonanzas, and the explosive growth of the petroleum-consuming car and truck market, which came to dominate the nation's transportation system.

The Act created an enormous annual flow of government money into highway building, so that during the past 50 years, \$2.5 trillion has streamed into building and repair of U.S. highways and roads, while Amtrak must beg to get a paltry \$1.8 billion per year to barely survive. In 2004, some 8.75 million trucks were turned loose on the highways, carrying 25,000-100,000 pound loads. The heavier the trucks become, the more they rip up the highways—as the damage increases geometrically with heavier trucks—requiring greater repair. The surge in truck traffic in particular, and also passenger cars, has grown to such unwieldy proportions, that for hours of each day the highways don't function. Various urban planners now propose building highways with six lanes in each direction.

Figure 3 shows the result of this process, which is a degradation of the U.S. transportation system's functioning. In 1943, during World War II, 73% of America's intercity freight traffic travelled by rail, and only 5% travelled by truck, and the system worked. By 2001, the percentage of freight moved by rail plummeted to 42%, while truck freight rose to 28%. Were one not to count the coal moved by the railroads, trucks today carry more goods.

The bank-oil cartel-automotive alliance carried out a second assault in the post-World War II era. They dismantled much of the electrified rail that existed, leaving less than 1,000 electrified miles in America. As steam-powered locomotives were phased out, they shifted toward diesel-electric hybrid locomotives, which now comprise 99% of the U.S. fleet. Of the several points that could be made about diesel-electric locomotives, two are most important. First, think of putting a diesel engine onboard just to power a generator for an electric locomotive. This could be done simply, without the diesel engine, through transmitting outside electricity into the locomotive. Second, consider that a diesel-electric locomotive has a 450-500-gallon diesel fuel tank. Collectively, these hybrid locomotives consume 3.8 trillion gallons of fuel per year.

FIGURE 3
Share of Domestic Inter-City Freight Traffic,
by Mode of Transport



Sources: U.S. Dept. of Commerce; EIR.

Thus, one has reduced an electric locomotive to an appendage of the burning of petroleum.

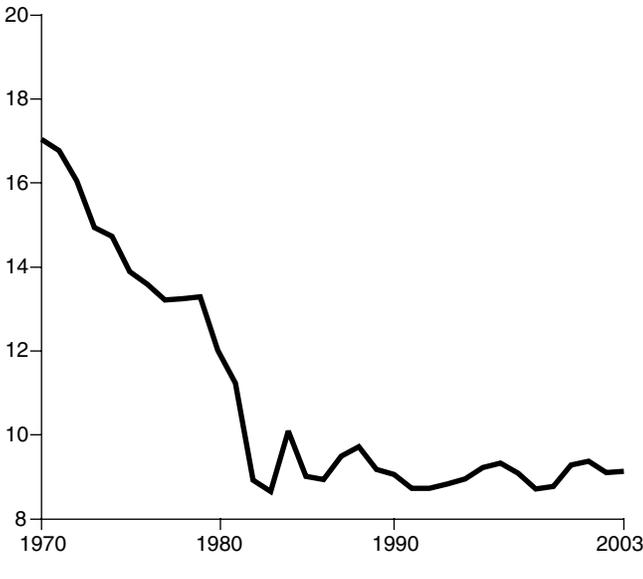
In addition to the technological degradation of the rail system, has been its physical dissolution, especially after the Staggers Act of 1980 deregulated the industry, and the sharks and asset-strippers moved in. There was a ferocious "rationalization" of rail lines. Whereas in 1980, Class I railroads operated 164,822 route miles, that was taken down by 40% by 2004, to 99,000 route-miles. In the same period, the railroads settled on a survival strategy: Loading up on the transportation of coal. Coal is a legitimate fuel source for electricity generation, but its role and use should not be exaggerated. In 2004, 43% of all tons shipped on the rail system were coal. This ties down the rail system. The transport of other goods is lagging. **Figure 4** shows that over the past three decades, the rail industry's shipment of non-coal goods, per household, has fallen dramatically.

Building a Great Project

The long-suppressed electrification of America's dilapidated rail system is an undertaking which could only be achieved by the fight for and adoption of LaRouche's April 13 emergency proposal to the Senate, because that would retool the auto sector to deploy the immense volume of advanced machine tools and hundreds of thousands of skilled workers it still commands, to produce the goods for the electri-

FIGURE 4

U.S. Railroads' Shipping of Goods Other Than Coal, Tons per Household per Year



Sources: American Association of Railroads; *EIR*.

fication infrastructure.

We present the crucial elements, which, being done in tandem, put great demands on the economy. Consider the tremendous array of goods, through the bill of materials, that would go into each element.

1. **Electric Locomotives:** In 2003, the Class I railroads (the nation's largest railroads)² operated 20,711 locomotives, all of them diesel-electric. About half these locomotives travel on the most heavily travelled 42,000 route-miles cited above, or 10,350 locomotives. An attempt could be made to retrofit the diesel-electric locomotives into all-electric locomotives, but that is a complicated procedure. Thus, the retooled auto plants would have to take the lead in building 10,350 all-electric locomotives.

2. **Catenary lines and transmission lines:** To electrify these routes, an overhanging system of catenary lines would have to be built above the tracks, to transmit the power to the trains. From electric power plants, electricity would be carried by transmission lines to the catenary lines. This means 42,000 miles of catenaries, and tens of thousands of miles of transmission lines.

3. **Substations:** These bring power from high-voltage levels to lower voltages, and also act as phase-breakers, because

2. Class I railroads—A Class I railroad has \$277 million or more of revenues per year. In practice, each of America's Class I railroads has more than 10,000 miles of track.

when current travels more than 40 miles, there are severe voltage losses. The substations, more than 1,000 of them, would be built every 40 miles.

4. **Double-tracking:** When along a specific route, trains coming from opposite directions share the same track, both must slow down at some point, using a side track to clear one another. If that happens several times on a route, the overall trip speed is considerably slowed. A double-tracked route provides a set of tracks for going in each direction. Of the 42,000 route-miles selected for electrification, only 10-12,000 are double-tracked, but heavy usage makes virtually all of them candidates for double-tracking, calling for tens of thousands of miles of new track. There exists a bill of materials to lay each new mile of track: 370 tons of steel, 535 tons of cement, etc. As well, steel is required for the culverts.

5. **Nuclear Power Generating Plants.** The 42,000 route-miles of electrification would require a complete overhaul of America's energy policy: Its inadequate energy grid now suffers blackouts and shortages. To electrify these route-miles would require adding new electric generating capacity of 50,000 megawatts (MW), that would generate 383 trillion kilowatt-hours of electricity during the course of one year. This would represent a 5.3% increase of the United States' installed (Summer) generating capacity.

To do this, the U.S. would have but one choice: to move forward with a vigorous nuclear energy policy. Let us assume that the new 50,000 megawatts added capacity were to be produced by building new nuclear power plants. A fourth generation reactor could be a 800 MW nuclear plant, consisting of four high-temperature gas-cooled reactor (HTGR) units of 200 MW each.³ To construct the added 50,000 MW in generating capacity, it would be necessary to build 63 nuclear plants of 800 MW, which is to say, 252 units of 200 MW. This cries out for mass production techniques for nuclear power production. Retooled auto plants could make several of the components.

We have briefly examined five elements that are indispensable for the electrification of America's rail system. Needless to say, there are many more elements of importance that could be considered: signalling systems; grade separations (underpasses and overpasses to cross the track); passenger cars, hopper cars, and intermodal cars; train stations; components such as couplers, cooling systems, etc.

The most important thing is getting physical production geared up to produce the critical features of this great infrastructure project. Its production will employ at minimum 250,000 workers, most of them skilled, in producing the array of goods from the final locomotives and transmission lines, to the semi-finished goods like steel, copper, and aluminum, and the components like cooling systems, to the

3. Another arrangement could be a 1,140 MW nuclear plant, consisting of four GT-MHR units of 285 MW each.



High-speed railroad travel and freight requires electric-powered locomotives, whose mounted pantograph devices pull power from overhead lines. This means construction of new power facilities, substations, and transmission lines, as well as rail, because the United States has lost virtually all the electrified rail mileage it once had.

final on-site construction. There is a price attached to each element; for example, the cost of an electric locomotive is about \$3.5 million, so that 10,000 such locomotives would cost \$35 billion. Preliminary projections are that the whole project would cost in the range of \$400-500 billion, and take 10-15 years.

However, the system will permit the economy to leap-frog ahead technologically. Electrified high-speed rail passenger travel will occur at 150-190 mph; freight will travel at approximately 90-110 mph (for safety's sake, coal and a few other commodities are best served travelling at lower speeds). By contrast, 75 mph is the legal limit of passenger cars and freight-carrying trucks, and in reality, in traffic, they travel at a fraction of that speed. The electrified system will radiate these benefits, and the associated higher productivity, through the main corridors of every part of the nation.

Given the speed and other advantages of electrified rail,⁴ it will be possible to take trucks off the road in two ways. First, there are categories of freight that are best shipped by rail. Second, in a process that is in its infancy: trucks can do short-haul. A truck picks up a product, drives to a railroad, is strapped onto a rail flat car, and shipped to another city, where the driver and truck disembark to make the delivery. By these two processes, within 15 years, one-third of truck traffic could be shifted to rail.

However, the production of goods for electrification of 42,000 rail route-miles cited above, is based on working to accommodate the current volume of rail freight, and factor in a small annual increment. Were we to succeed in transferring

4. A truck consumes nearly 2.5 times as many BTUs of energy to carry a ton-mile of cargo freight, as does an electric locomotive.

one-third of truck freight to rail, this would require a *second round* of increased production for electrified rail.

Magnetic Levitation

As forceful as the effect that rail electrification would have in transforming the economy, there is still a higher level: magnetic levitation. In "maglev," the magnetic forces generated by the interaction between the bottom of the transport vehicle and the rail, lift, propel, and guide a vehicle along a guideway, so that it "flies" on a magnetic cushion. This eliminates wheel-on-wheel friction, which slows all traditional modes of railroad transport. Current generation maglev systems cruise at speeds of 245 mph (392 kph), and can reach top speed of 300 mph (492 kph), four times the current average speed of U.S. freight and passenger travel.

Maglev would start in the 5,000 miles of corridors that are the most densely populated. It would require a *third round* of rail production gear-up, including an additional 25,000-50,000 gigawatts of nuclear generating capacity, meaning that with electrification and maglev, the nation's generating capacity would have to increase an impressive 10%. A national maglev rail system would cost a quarter of a trillion dollars.

Railroad electrification, including maglev, becomes possible only when the economy is mobilized and the mammoth production capability represented by the retooled auto sector, is brought into play. Without this capability, electrification of this scope would not be possible.

Such a mission will emerge from a political fight. Adoption of LaRouche's emergency proposal would save the auto sector in precisely such a manner, as to generate a technological revolution in rail and cascading productivity that will aid in reconstructing the nation.

What Can Bring U.S. Manufacturing Back?

by EIR Staff

Against the background of early June's new government reports of still-declining U.S. manufacturing activity, employment, and real wages—and the associated loss of more and more industrial pension plans—the responsibility for “recreating our economy” is falling upon the Congress. The President's priorities—more tax cuts, more budget cuts, replacing Social Security with 401(k)s, tax breaks for energy speculation—are completely remote from the real economy. And the Senate agreement of May 23 has ended his ability to give orders to the Legislature. Congress must take the reins of an economic recovery.

A new, national high-speed rail grid is “ready-to-go” infrastructure of the greatest importance to the productivity and wealth of the United States. The major high-speed corridors

have already been defined by regional coalitions of elected officials and planners; feasibility studies have been done on many of these corridors, both for conventional high-speed rail and even for the ultra-high-speed technological frontier, magnetic levitation railroads. In his November 2002 *Emergency Infrastructure Program*, Lyndon LaRouche showed how the collapse of our national *air and rail travel carriers simultaneously, could break up the United States as a national economy.*

Of the major high-speed corridors, (below), we focus on the overlap of two of those corridors through Western Pennsylvania, Ohio, and Indiana, and how constructing the new rail grid can bring back steel production and electric power capacity, and reverse the collapse of manufacturing employment, county by county.

FIGURE 1
United States: High-Speed Rail Corridor Designations

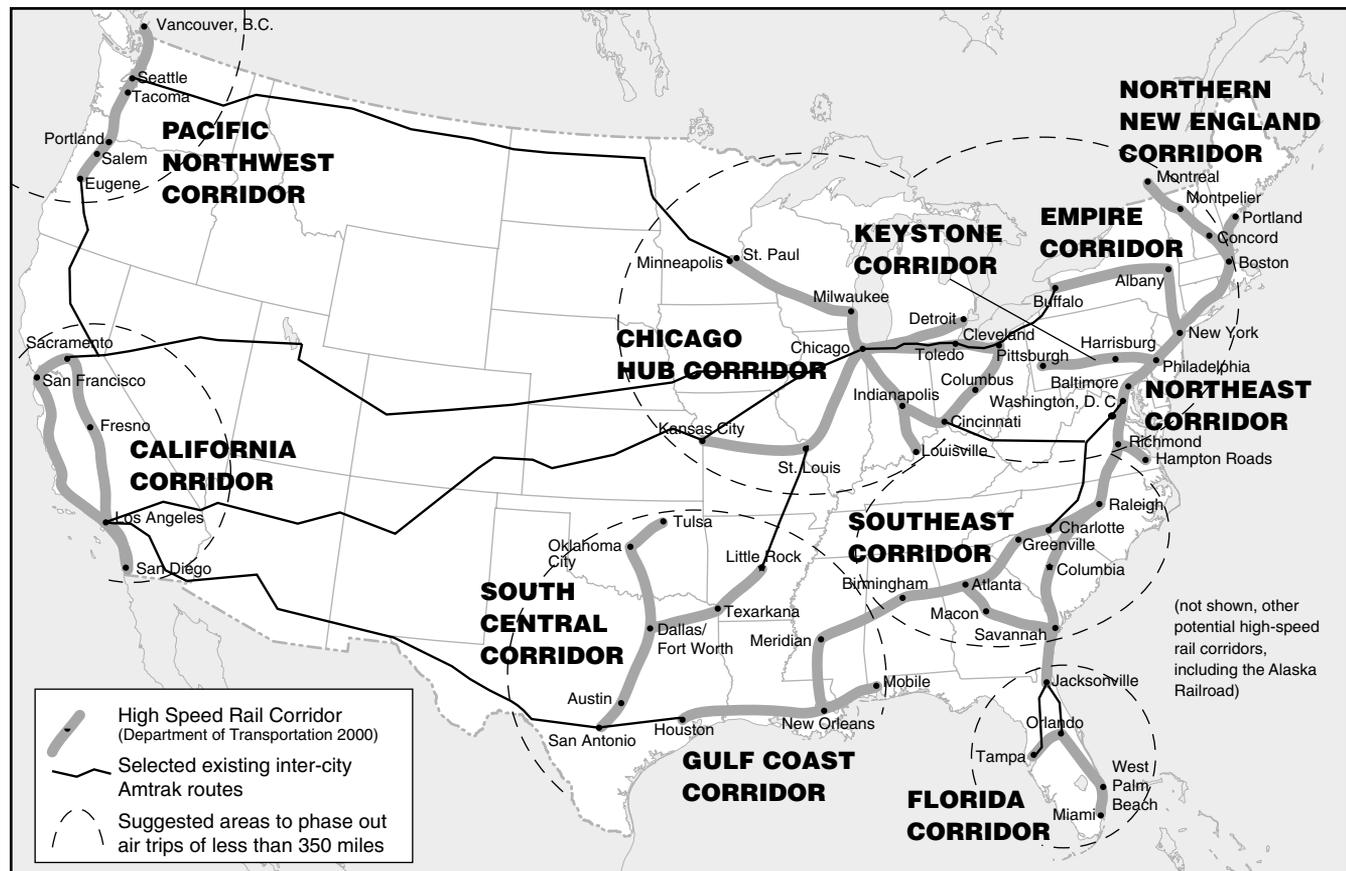
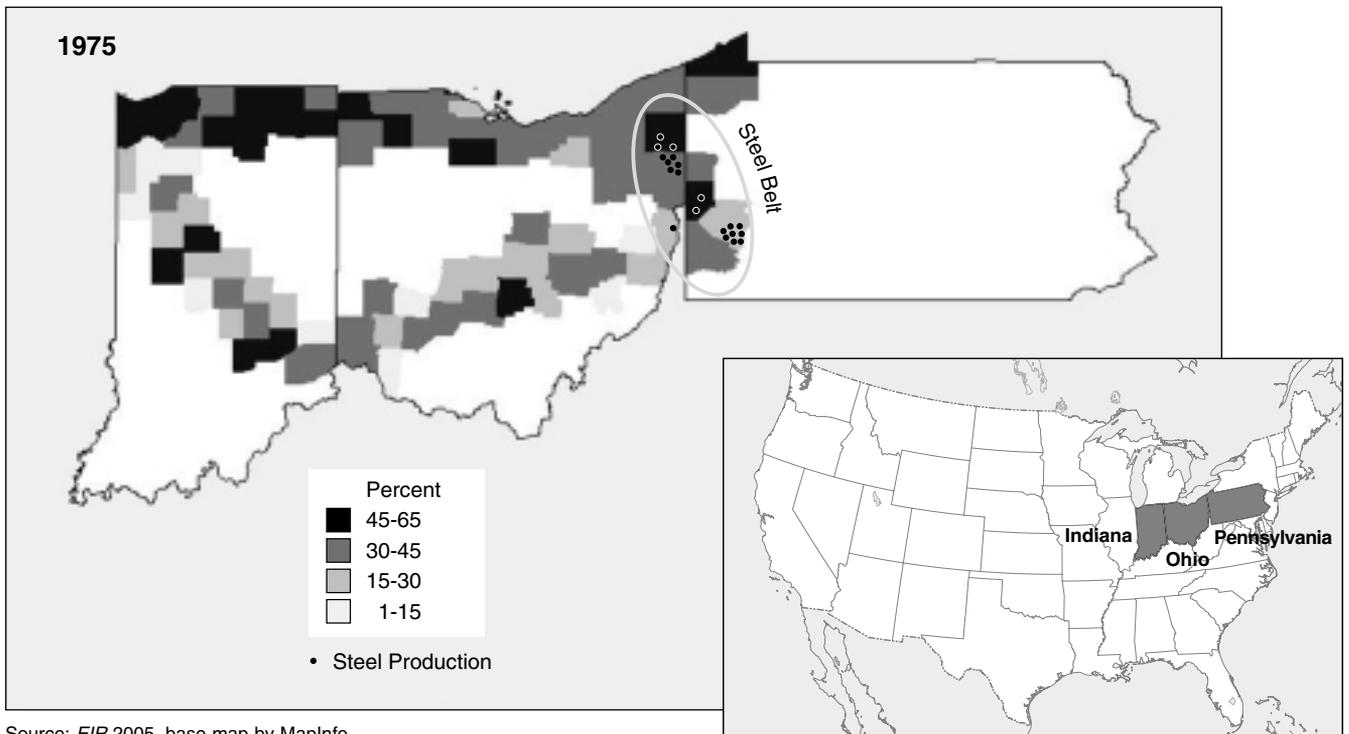


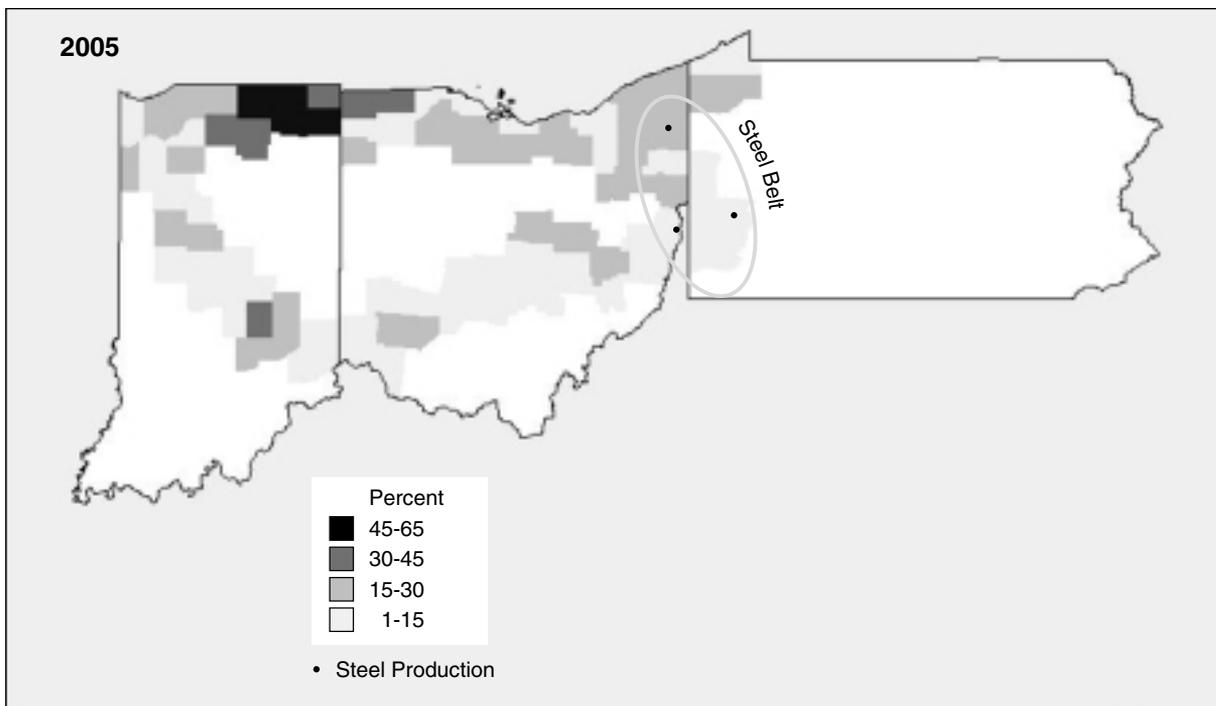
FIGURE 2

Decline and Revival of Manufacturing Share of Total Workforce, by County Along Two Main Corridors for High-Speed Rail

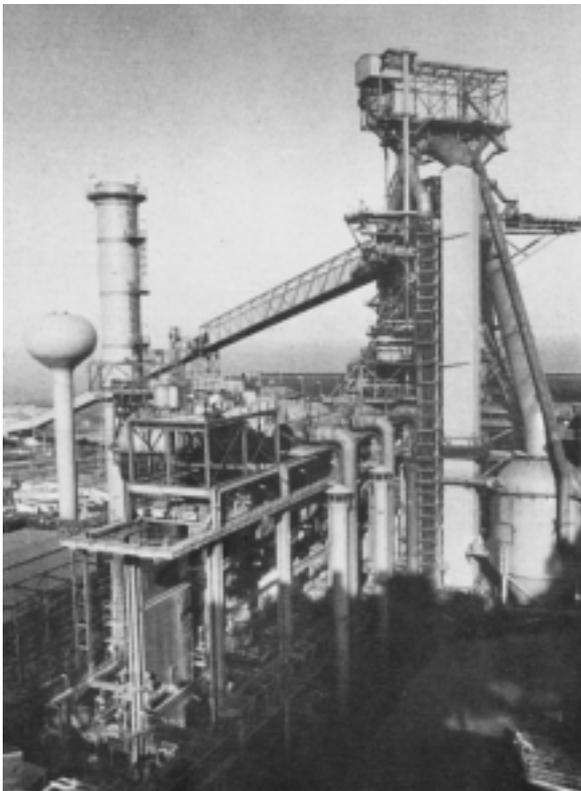


Source: EIR 2005, base map by MapInfo.

FIGURE 3



Source: EIR 2005, base map by MapInfo.



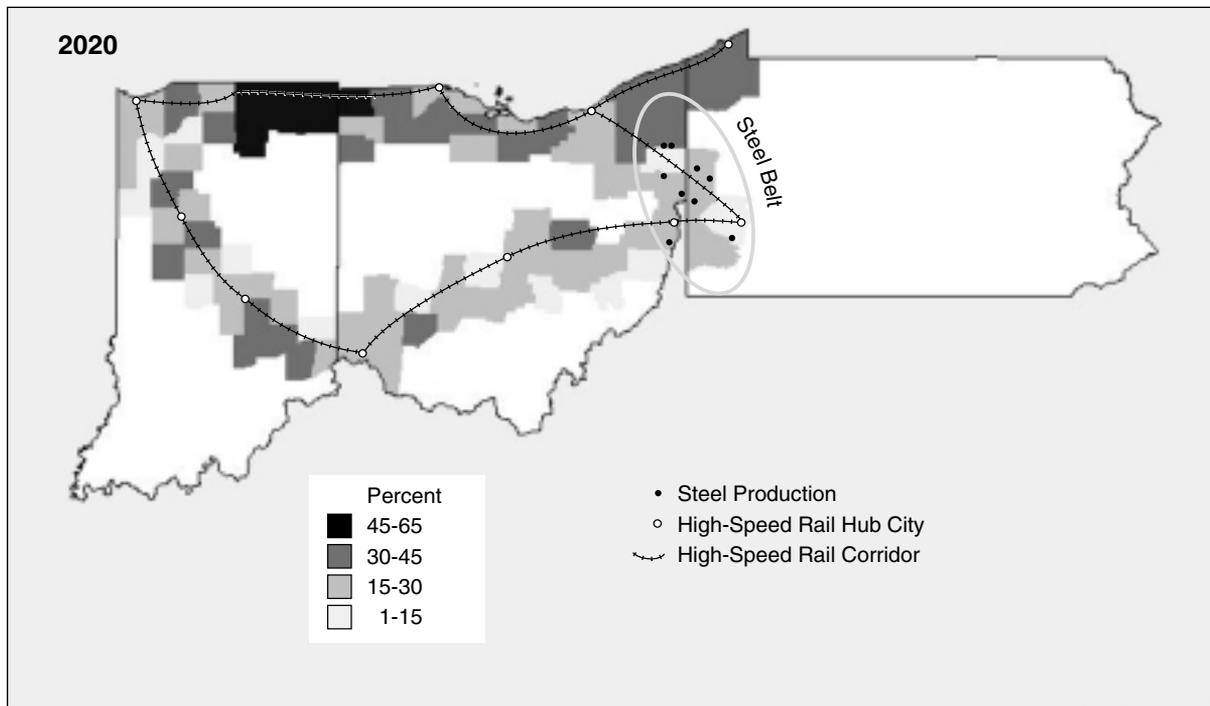
Inland Steel Corp.

High-tech upgrading of blast furnaces like this one at Indiana Harbor, Indiana, was undertaken at very few sites in the Midwest steel-belt over the past 30 years. Instead, as shown in the Pittsburgh-to-Youngstown, Ohio region, there was a drastic shutdown of integrated steel centers. Building a high-speed, electrified rail grid requires large quantities and many qualities of steel, re-opening production with the most advanced technologies. An animation of this process is available on www.larouchepub.com.



European Railway website

FIGURE 4



Source: EIR 2005, base map by MapInfo.

VA Hospital Cuts Could Backfire

by Patricia Salisbury

On June 7, the final hearing in the current round of the Bush Administration's campaign to cut back and close Veterans Administration hospitals around the country will take place in Poplar Bluff, Mo. At issue is the entire acute-care inpatient capacity of the John J. Pershing VA Medical Center. The unit is small, with 18 beds, but is critical for veterans and general health care in the area.

The Pershing VA hospital provides primary care to veterans throughout 29 counties of southeast Missouri and north-east Arkansas. Approximately 50,000 veterans live in the service area, and about 40% of them annually receive care at the Medical Center.

A talk with a local union official revealed that a similar shutdown is planned for the VA facility in Montgomery, Ala., where the entire inpatient treatment capability is on the chopping block. The official, who works at the hospital, said that it treats 2,000 to 3,000 veterans a year on an inpatient basis, all of whom would be shunted to Birmingham or even Atlanta hospitals if they wish to continue to receive VA treatment. Although a public hearing held in May witnessed a popular outcry against the shutdown, this official believes that the decision had already been made, and the supposed public input was just a charade.

Who CARES?

These situations in Missouri and Montgomery are 2 of 18 in the country, in which veteran and general health care is threatened by a swindle know as "Capital Asset Realignment for Enhanced Services" or CARES. The misnamed CARES program proposes to sell off all or part of VA medical campuses for real estate development purposes, and to otherwise cut back the cost of veterans' care. Eighteen Veterans Medical Centers are currently on the short target list, and there are corresponding political mobilizations to halt CARES and maintain or even expand veterans' health care.

One of the hottest fights is under way in New York City. In early June, more than 100 veterans and others heard from local elected officials concerning the extraordinary threat to completely close the Manhattan VA hospital on First Avenue. This is the only VA Medical Center within 100 miles that offers cardiac and vascular surgery, as well as neurosurgery, rehabilitation medicine, kidney dialysis, and AIDS treatment.



www.afge-8th-dist.org

An eloquent protest against what the mis-named VA CARES plan would do to up to 18 Veterans medical centers. Over recent months, the protests have grown and members of Congress have begun to take leadership.

New York Sen. Charles Schumer (D), and Rep. Jerrold Nadler (D), along with New York City Councilwoman Margarita Lopez, spoke against proposals to merge the Manhattan facility with the VA hospital in Brooklyn, and then sell the site for private development. The estimated real estate value of the site is \$500 million. Elected officials, veterans groups, and medical authorities have joined to form a "Committee to Save the Hospital," which includes Dr. Robert M. Glickman, Dean of the New York University School of Medicine, and Dr. Van Dunn, Vice President for Medical Affairs of the New York City Health and Hospitals Corporation.

Getting right to the heart of the swindle behind CARES, Councilwoman Lopez announced that she will introduce legislation to increase restrictions on commercial use of the property, and thus make it less attractive to developers of luxury housing.

Across the country, in Livermore, Calif., veterans and others protested the possible relocation of a 120-bed Veterans Affairs Nursing Home, south of Livermore. The facility would supposedly be relocated from its current pastoral setting to a Central Valley site near San Joaquin's County Hospital and Jail, where a new facility would be built. Desperate vets who require nursing home care at the Livermore site want to stay where they are, while others in the Stockton area are begging that the new facility be built near them.

EIR's study of VA- and state-run nursing home beds per 1,000 vets over age 65 shows that the state of California is at the low end of the range, with only 2.30 beds per 1,000. (See **Figures 1-2.**) Clearly, what is required is an increase

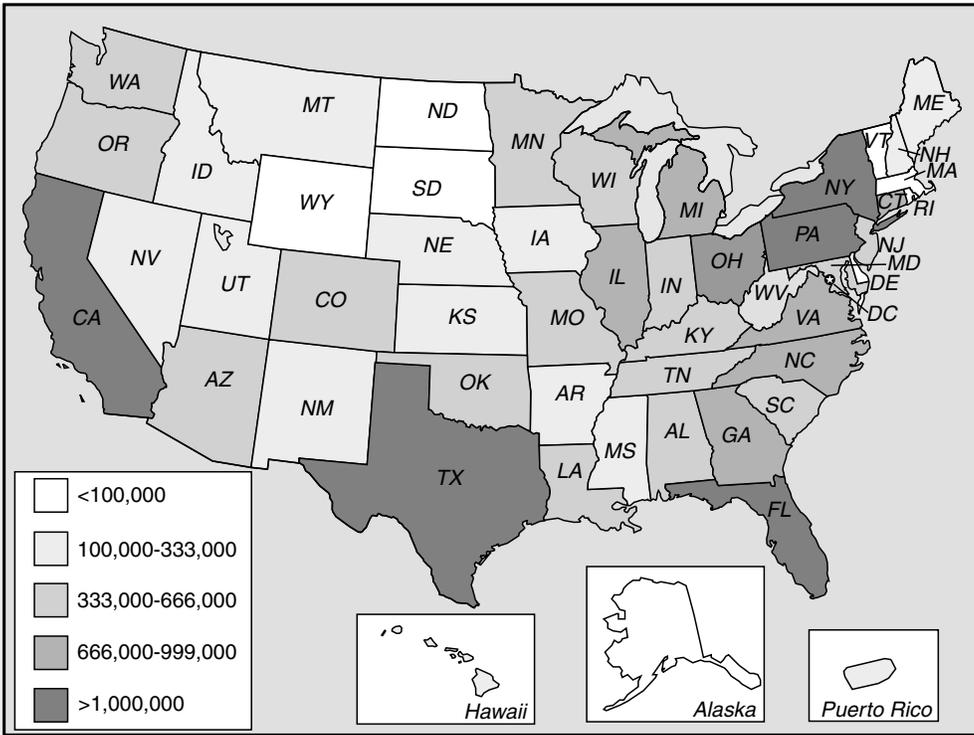


FIGURE 1
**Where 26 Million
 American Veterans
 Live, 2001**

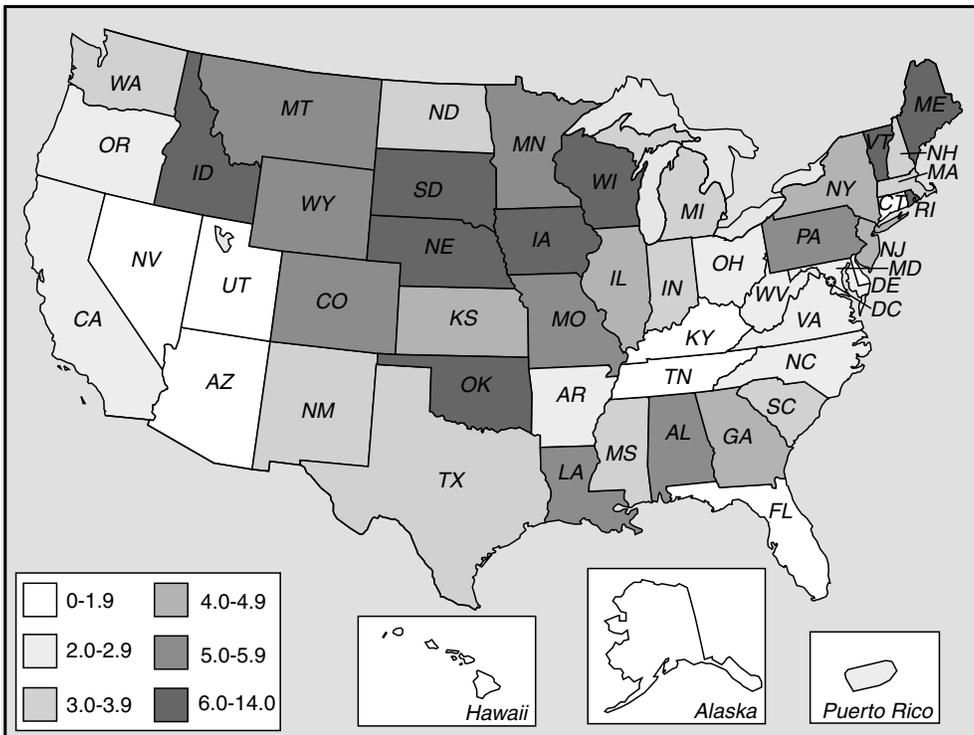


FIGURE 2
**VA or State-Run
 Nursing Home Beds
 per 1,000 Veterans 65
 Years or Older, 2004**

Sources: U.S. Department of Veterans Affairs; National Association of State Veterans Homes.

Over one-third of all Veterans reside in six states (darkest). The overall distribution of residence, and characteristics of sub-groups (age profiles, health conditions, means, etc.) is the basis for deciding what ratios of infrastructure (hospitals, clinics, etc.) need to be provided, where. But **Figure 2** shows the wide disparity in nursing home beds provided by either the VA, or state-run homes. More need be built, not shut down.

in number of nursing home beds for the entire state—a demand that seems difficult to raise within the prevailing assumptions of shrinking resources and the reality of a collapsing economy.

The Backfire Possibility

Nonetheless, there are challenges being made to the central assumption of the CARES program. In Walla Walla, Wash., where U.S. Sen. Patty Murray (D) is taking a determined stand against cutbacks to the Jonathan M. Wainwright VA Medical Center, a local community commission chaired by Walla Walla City Manager Duane Cole, has proposed upgrading the facility and dealing with the problem of the aged plant by building a new medical building, and converting some of the current space to administrative use. The community group has prepared detailed estimates of costs as well as information on the utilization to capacity of virtually every medical facility in the area serviced by the VA Center. Still, one local elected official told this news service that a complete closure of the facility cannot be ruled out.

Ironically, in some instances the process which CARES has set in motion to convert the VA campus areas to non-medical usage is fostering proposals from community activists and others for productive usages, instead of real estate speculation.

An early May meeting concerning the St. Alban, N.Y. VA Center heard testimony that the Center—which was once a U.S. Navy Hospital Facility and is built in the shape of an anchor—is vital for the area. John Rowan, President of the Vietnam Vets of America, New York State Council, said that three times the current 181 nursing-home beds are needed, and pointed out that Vietnam vets will soon be reaching age 65. At the same hearing, the local Deputy Mayor, Dennis Walcott, proposed that all medical services be maintained, and that 3 out of the 55 acres of the campus be used to create a high school with an early-admission college program to serve from 600 to 800 students, and which would be geared to the medical sciences.

Others proposed to create a senior center or a medical school in honor of the late Dr. Canute Bernard, a Jamaica, N.Y., resident and long-time community activist who died in March.

The potential for this situation to fly out of control is nowhere more evident than in the discussion around the West Los Angeles VA Hospital. According to one member of its administration, this hospital sits on the “most valuable property West of the Mississippi,” adjacent to the affluent area of Brentwood. Despite late public notice, more than 120 local people and staffers for two Congressional offices showed up at the CARES local advisory panel public hearing on May 6.



www.va.gov

“The most valuable property west of the Mississippi,” is what one member of its administration called the West Los Angeles VA Medical Center. The White House/VA closings and consolidations aim to throw such sites into the real estate speculation bubble.

Almost to a man, attendees declared their opposition to the use of even one inch of the VA property for commercial purposes. Many invoked the history of the land, which was deeded by a local family in 1888 for use of disabled veterans.

There were several proposals that part of the land be used to provide decent housing for the area’s large population of homeless veterans (estimated at 27,000 in Los Angeles County alone). Others pointed out that the current services at the VA Hospital are not enough to meet the needs of veterans, and that it was an illusion to think that the current health care is the best that can be provided.

One person noted that research on cell transplants was done at Building 118 of the facility, and proposed that there is the opportunity to integrate the country’s foremost science and medical technology to create a facility where veterans can obtain the very best, at the forefront of medical care. As one person testified, “Yesterday’s, today’s, and tomorrow’s veterans need the West L.A. Facility to be the diamond of the West Coast.”

Ironically, the Bush Administration maniacs and the VA bureaucrats may find that their VA real estate swindle will instead force people into thinking about the potential of the VA medical system to lead a renaissance in U.S. health care.

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Revolt Brewing Around Base-Closing Swindle

by Carl Osgood

Secretary of Defense Donald Rumsfeld's base-closing plan, which is nothing more than a giant real estate swindle, has generated a vehement reaction across the country. Although it is natural that constituencies would arise to defend bases targeted for closure in their area, what makes the reaction more pointed is that Rumsfeld's plan intersects austerity measures being pushed by the Bush Administration. These include the shrinkage of the Veterans Affairs (VA) medical system, in a plan written by former VA Secretary Anthony Principi, who is now Base Realignment and Closure Commission (BRAC) chairman. The Bush Administration's proposed VA cuts feature the closure of VA hospitals and VA-funded nursing homes, and substantial cuts in the Medicaid program.

These Administration efforts run parallel to efforts by Wall Street interests to slash and burn employee benefits, including pensions and health care, in the airline, steel, and automotive industries.

As *EIR* reported, soon after the Pentagon's release of its base-closing report on May 15, members of both the House and the Senate introduced legislation to slow the process down. Within days, the bill of Sen. John Thune (R-S.D.) garnered 17 co-sponsors. In the House, debate on the base closing, led by Rep. Jeb Bradley (R-N.H.), went straight to the floor May 25, with the House consideration of the Fiscal 2006 defense authorization bill. Bradley noted that just four days before the BRAC closure list came out, the Overseas Basing Commission released its report, recommending that the base-closing process be slowed down, so that decisions can be made in a reasonable manner about where to put the 70,000 troops, plus 100,000 family members, who are scheduled to come home from bases in Europe, and build any new infrastructure that will be required. Also there will be requirements for the 30,000 new troops that the House has voted to authorize as an addition to the Army's end strength.

"We need to slow the process down to ensure we do not make critical mistakes when we are deciding our national security and military strategy," said Rep. Stephanie Herseth (D-S.D.).

Bradley's amendment was defeated by a vote of 316 to 112, but the last word on the subject has yet to be heard in the House. Rep. Joel Hefley (R-Colo.), the chairman of the House Armed Services Committee Readiness Subcommittee, told the House that although he had led attempts in the previous two years to slow the process down, this time around, "as the

old cliché says, 'the train has left the station.' I think it is very difficult to call that train back at this stage." Hefley noted that Congress will have one more chance to consider the final BRAC plan. "And while I recognize that disapproving the recommendations is a difficult hurdle to overcome, that is our best remaining opportunity to terminate the BRAC process." House Armed Services Committee chairman Duncan Hunter (R-Calif.), who on May 13 had issued a statement in favor of keeping open the Navy's Submarine Base in New London, Conn., seconded Hefley's analysis, but urged members to take their cases to the BRAC Commission.

In the Senate, that debate has yet to take place, but Thune, along with Maine's two senators, Olympia Snowe (R) and Susan Collins (R), are determined that debate will occur. Under the plan, South Dakota will lose Ellsworth Air Force Base, the second largest employer in the state, and Maine will lose the Portsmouth Naval Shipyard, and the Brunswick Naval Air Station.

Snowe, in particular, has been angry that the Pentagon has been slow to release the data on which it based its determinations of the military value of its installations. On May 25, Snowe and Thune introduced legislation that would require the DoD to turn over all of its data within seven days of enactment, or terminate the current BRAC round. "In this country, we simply do not allow our government to make decisions in the dark that profoundly impact so many citizens' lives," said Snowe.

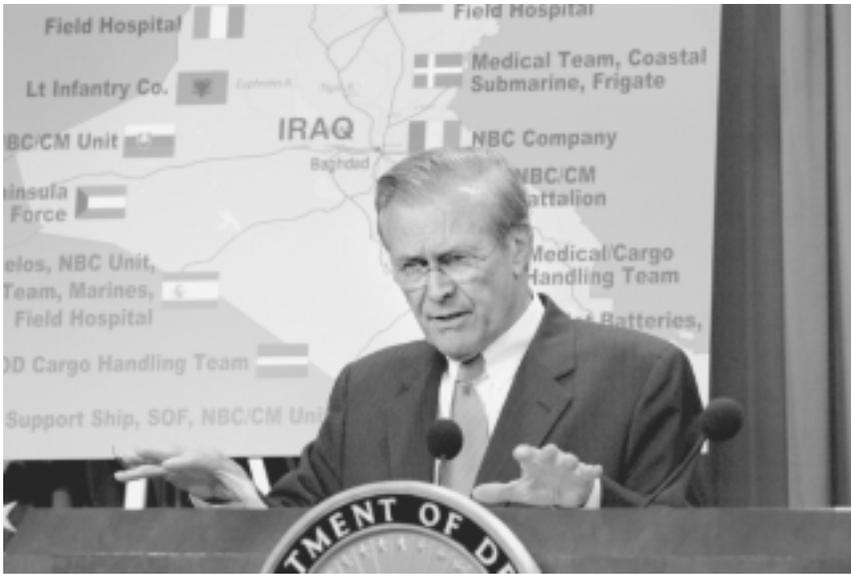
A day later, May 26, 22 senators from Maine to Nevada sent a letter to Rumsfeld demanding that the Pentagon release that data. During the base-closing rounds of the 1990s, such data were released within seven days of the closure proposals. "If the Department continues to delay the release of this data, communities adversely impacted by BRAC, and the BRAC commission, will be unable to assess the Department's recommendations in the limited time allotted to them under BRAC law," the senators wrote, noting that the BRAC commission's first field hearing is on June 7.

In addition to the senators, 14 state governors signed a letter to President Bush, initiated by Maine's Gov. John Baldacci, making the same demand. "The confidence of the American public in the fairness of the process and the ultimate decisions that will be made to close or realign military installations relies on the accuracy of the data used by the various services, as well as the validity of the calculations and comparisons made using this data," the governors wrote.

Under this growing pressure, the Pentagon made all of the data available, in a classified setting, to members of Congress, the BRAC Commission, and their staffs, on June 1, and promised to make it publicly available on June 4, although some of it would remain classified.

Surprising Revolt from the Military

By law, active duty military personnel at affected bases are prohibited from speaking out in defense of the bases to



DoD/Helene C. Stikkel

Secretary of Defense Donald Rumsfeld's plan to close or relocate 18 military bases has generated an outcry from citizens and Congressmen whose districts will be devastated by the actions—even as real estate speculators stand to make a killing.

be closed. However, that prohibition does not apply to the National Guard, whose members are considered state employees, unless called up for Federal service. And the National Guard has made no bones about its position on BRAC. On May 26, Thune announced that the National Guard Association of the United States, the Adjutants General Association of the United States, and the Enlisted Association of the National Guard had all endorsed his legislation, and leading members of all three associations appeared with him at a press conference, that day.

Maj. Gen. Francis Vavala, the adjutant general of Delaware, who was representing the Adjutants General Association, said, "We do this as a body to underscore flaws in the recommended decisions fueled by the exclusion of key information pertaining to the Air National Guard."

Vavala was echoed by the adjutant general of Montana, Maj. Gen. Randy Mosley, who was reported to have told Montana Gov. Brian Schweitzer (D) that if the recommendations go through, "then our urban center areas and the homeland security support we provide to the nation, states, and governors will be less capable than what we were pre-Sept. 11, 2001."

A major feature of the plan is the redistribution of National Guard aircraft to fewer bases around the country. Twenty-eight states would wind up with fewer aircraft than they presently have, and five of those, including Montana, would have no aircraft at all. Schweitzer is threatening legal action if the Montana Air National Guard is shut down.

Mosley further complained that the National Guard was never part of the Pentagon's process. "We were never involved or informed," he told the Associated Press. "All of the adjutant generals were purposely excluded from the process. They did not want to involve us." Mosley speculated that the reason for the exclusion was that the Pentagon thought it would never get agreement from all of the adjutant generals.

Focus on New England

The focus in recent days has been on New England, where members of the BRAC Commission made visits to the New London Navy Submarine Base in Connecticut, Otis Air Force Base on Cape Cod, and the Portsmouth Naval Shipyard and the Brunswick Naval Air Station in Maine. Before departing Washington, commission chairman Principi received the Maine and New Hampshire Congressional delegations, as well as the states' governors in his office in Washington, D.C. Prior to the meeting, Senator Snowe had told reporters that the delegations would tell Principi that the recommendations to close the shipyard, along with Brunswick Naval Air Station and the Defense Finance and Accounting Service Center in Maine, "are based on faulty data and assumptions and ultimately would be detrimental to our national security."

The delegation also argued that clean-up costs for the shipyard are higher than the Pentagon is estimating, and that keeping the shipyard open will actually save the Navy more money than closing it. Representative Bradley added that the delegation stressed that Portsmouth's nuclear license would be "gone forever in all likelihood," once the yard were closed. Rep. Tom Allen (D-Me.) said that the delegation was "able to make the point that Portsmouth is the most efficient yard in the country and it needs to be kept in place or the Navy will lose money overhauling submarines for years to come."

When Principi and other members of the BRAC Commission showed up on June 1, to tour the Portsmouth shipyard, they were greeted by the Maine and New Hampshire governors, congressional delegations, and thousands of shipyard workers and townspeople, all rallying to keep the shipyard open. Representative Bradley told the *Fosters Daily Democrat* that the commission members frequently asked the workers to explain how productivity would suffer if the shipyard were closed and those skills lost. "I think that's a good sign," he said.

Legislative Initiatives: Save Private Pensions

An indication of the new seriousness of the U.S. Congress on questions of economic policy, comes from the series of pieces of legislation which have been introduced into the 109th Congress either to stop the Administration's most egregious looting policies (such as Veterans Administration cuts, or pension cuts), or to initiate much-delayed infrastructure projects. Notably, a growing number of these bills is gaining bipartisan sponsorship.

EIR will be compiling an overview of this legislative agenda in coming weeks. We begin with the bills introduced to deal with the dumping of private pensions.

Bills have been introduced into the House of Representatives and the Senate to put a six-month moratorium on the dumping of private pensions, including those of United Airlines, on the Pension Benefit Guaranty Corporation (PBGC).

The House bill, initiated by Reps. George Miller (D-Calif.) and Jan Schakowsky (D-Ill.) on May 12, is H.R. 2327. Its purpose is "To impose a 6-month moratorium on terminations of certain plans instituted under Section 4042 of the Employee Retirement Income Security Act of 1974 in cases in which reorganization of contributing sponsors is sought in bankruptcy or insolvency proceedings." The Miller-Schakowsky bill already has 89 cosponsors, three of whom are Republicans (Henry Hyde [Ill.], Donald Manzullo [Ill.], and Ron Paul [Tex.]).

The Senate bill, S. 1158, has been initiated by Senators Ted Kennedy (D-Mass.), Daniel Akaka (D-Hi.), and Frank Lautenberg (D-N.J.). It mirrors the House bill, and is entitled the "Stop Terminating Our Pensions Act."

Denied a hearing date in the House by Committee on Education and the Workforce Chairman John Boehner (R-Ohio), Representative Miller called an "Online Congressional Hearing" on May 23, sponsored by the Democratic Caucus of the Committee, which he and Representative Schakowsky addressed, along with leading labor officials, Senator Kennedy, and thousands of working people, mostly from United Airlines. We include some significant statements from that hearing below.

Opening Statement by Rep. George Miller

Miller is the Ranking Democratic Member of the House Committee on Education and Workforce.

I want to thank everyone who is participating in this Online Congressional Hearing on a very serious problem facing not

only the airline industry, but the pension plans of millions of American men and women who have labored for years on the expectation that the promise made to them—of a secure retirement—would be kept.

The subject of this first-ever Congressional Online Hearing is the decision of United Airlines to abruptly terminate its traditional pension plan and dump \$6.6 billion of losses onto the Pension Benefit Guaranty Corporation (PBGC), the public agency that is supposed to guarantee private pensions for retirees. The stakes for 120,000 United Airlines employees and retirees are very high—they face deep and permanent cuts in their retirement benefits if the PBGC takes control of United's pension plans. The takeover of the plan will result in pension benefit cuts averaging 25% to 50% for United's employees and retirees—a loss of over \$3 billion for these men and women who have worked for years with the promise of a secure pension.

United employees have been asked repeatedly to give wage concessions to help United to improve its financial condition. And they have done so. Before United decided to terminate its pension plans, its workers were negotiating alternatives to ending those plans. The Pension Benefit Guaranty Corporation itself studied United's finances and determined that the company could afford to continue at least one of its four plans.

We need an independent review of United Airlines' ability to continue its plans. United employees should be full participants in the discussions about their own retirement. Congress and the American taxpayer, who could be called upon to pay out billions of dollars to cover pension plans that have been underfunded and sent to the PBGC for payment, deserve accurate information.

Last week Rep. Jan Schakowsky and I introduced legislation, H.R. 2327, to impose a six-month freeze on any company in bankruptcy trying to dump its pension obligations onto the PBGC.

This short-term legislation—as well as broader action on pension reform—is critical to millions of Americans who want assurance that their own companies will make good on their pension promises, and not try to dump them off on the taxpayers or other companies as a way of restructuring with fewer liabilities.

All the other airlines will look to United's actions to see if they can cut their own costs by dumping their workers' pensions. I am very concerned that other industries that face economic difficulties, or which have drastically underfunded their pension plans, will follow United's example and pass their debts on to the taxpayers and their own employees.

For too long, we have been urging the Congress and the Administration to address this very serious pension underfunding crisis. Unfortunately, they have been more intent on privatizing Social Security and cutting retirement benefits, despite our warnings, and therefore no action to help employees has been taken.

If ever anyone needed an example to show why working men and women cannot suffer Social Security benefit cuts, as the President is recommending, you need look no further than the example of United Airlines.

I join many of those who will testify in this hearing in urging the Republican leadership in Congress and the Bush Administration to support H.R. 2327, and allow United employees to go back to the bargaining table on the future of their pension plans. During the six-month freeze, Congress must pass urgently needed pension reforms to

Congress must send a clear message that dumping billions of dollar of their responsibilities onto the U.S. taxpayers is wrong and won't be tolerated. If United is allowed to terminate its pension plans, other corporations will surely follow suit.—Robert Roach, Jr.

protect millions of employees whose nest-eggs are very much at risk, and address many other failures of the pension system that place the retirement security of millions of Americans at risk.

It is time for the Bush Administration and its Labor Department to start defending the economic rights of the millions of working men and women who depend on the Administration to ensure that they are treated fairly in the workplace. That is not happening today and employees are suffering for it.

Testimony of Robert Roach, Jr.

Roach is General Vice President of Transportation for the International Association of Machinists and Aerospace Workers.

Thank you, Congressman Miller, for giving me the opportunity to testify today on a matter that will have a profound impact on America's working families. United Airlines and the U.S. airline industry are trying to pull the retirement rug out from more than 100,000 United employees by terminating their pension benefits. That is wrong and Congress should not allow it to happen.

We support your efforts to stop corporate America's attempt to dump billions of dollars of their pension responsibilities onto the U.S. taxpayer and rob millions of workers of a retirement with dignity after a lifetime of work.

As the General Vice President of Transportation for the International Association of Machinists and Aerospace

Workers (IAM), AFL-CIO, I represent more than 150,000 active and retired members who work in America's airline and railroad industries.

Furthermore, as a former TWA employee who had his own pension terminated, I know first-hand how it feels to have a company break its pension promise.

Our airline members are dedicated professionals who repair airplanes, take reservations, greet passengers at the ticket counter and gates, keep passengers safe in the air, and unload aircraft and perform the behind-the-scenes jobs that make commercial aviation the safest mode of travel in history.

IAM members and thousands of other airline employees have made extraordinary sacrifices since the Sept. 11 attacks that struck at the heart of our industry. Airline workers have endured bankruptcy proceedings, pay cuts, short staffing, and all major hardships. Yet they've stayed at their jobs and keep the public safe when they fly. Our members have struggled through tremendous hardships, yet they give their all, day in and day out. As evidence, United Airline entered bankruptcy in 2002 but remains a leader in on-time performance.

And now, our members have had enough.

Dumping pensions is just one of a long list of sacrifices airlines have forced on our members. Our members take pay and benefit cuts, but management repeatedly gets raises and bonuses. It's not right and it's time airline workers get treated fairly.

With the deck stacked against them, our members have persevered. But now it's time for justice. Airline employees have paid too high a price and they need help. As members of Congress, you can provide that help.

From the heart-wrenching stories our members and other airline workers will put before this hearing, you will hear the real consequences of airline management's actions. Taking over airline pensions may be a balance sheet problem for Pension Benefit Guaranty Corporation accountants, but for our retirees it means a choice between having to forego medicine, or working until death to make ends meet.

And for retirees with serious health problems, cutting retiree health benefits literally means life or death for them. . . .

American can't have a safe and efficient air transportation system without career airline employees. And you won't have that, if airline management is allowed to go back on promises and responsibilities to its workers.

Congress must send a clear message that dumping billions of dollar of their responsibilities onto the U.S. taxpayers is wrong and won't be tolerated. If United is allowed to terminate its pension plans, other corporations will surely follow suit.

H.R. 2327 is a start in that direction. We applaud your efforts to head off this pension disaster and thank you for the opportunity to speak on behalf of the thousands of employees who depend on you and your colleagues to help them achieve a retirement with dignity.

Wayne County: Save Auto, Machine Tools

The Wayne County Commission, which represents a county of 2 million, including the city of Detroit, passed a resolution June 1 calling on Congress to "take every possible action to promote and diversify the automotive and machine tool sectors of our national economy." The resolution, which passed by a 13 to 0 vote, with one abstention, was introduced by Commissioner Philip Cavanagh, who had attended an April 9 meeting with Lyndon LaRouche in Northern Virginia, to discuss saving GM and the auto industry.

Representatives of LaRouche PAC and the LaRouche Youth Movement gave short presentations in favor of the resolution.

Resolution No. 2005—By Commissioner Philip Cavanagh

WHEREAS, an increasing number and variety of relevant specialists are warning that the collapse of the national economy could occur if certain stop-gap and long-term actions are not adopted and implemented to forestall the threats to our economy from the problems associated with the automotive and machine tool sectors of our economy. The loss of the physical capabilities of the automotive industry, and especially its machine tool sector, could mean the end of America's leadership as a world economic power; and

WHEREAS, it is in the best interests of our national homeland security to have a strong and vibrant manufacturing and industrial sector, capable of producing the necessary machinery and technology to defend the citizens of the United States and protect our interests abroad, but sadly our manufacturing and industrial sector has been experiencing a dramatic reduction in capacity and production over the last several decades; and

WHEREAS, government has an obligation to promote economic activity through the creation of new capital investment, which will result in the expansion of employment opportunities and help jump-start long-term capital investment by private investors. As government leaders, we must ensure the continued viability of our automotive and machine tool industries, which creates the bedrock of Michigan and America's economy. The loss of these vital economic anchors would be a disaster with incalculable chain-reaction consequences for our nation and the world; and

WHEREAS, one of the key options is Federal capital investment in diversification of the productive potential of the automotive and machine tool industries into a broader mixture of production. Our nation needs to shift into the domain of

essential capital goods and economic infrastructure, such as the repair, expansion, and improvement of our national railway systems; maintenance and improvement of water management systems; and the development of other urgently needed infrastructure projects. The result of this will be to save existing manufacturing jobs and create large new areas of employment in infrastructure and manufacturing for our citizenry in a manner comparable to the best of the New Deal programs that rescued the nation and the world from the ravages of the Great Depression;

Now therefore be it

RESOLVED, by the Wayne County Commission on this 1st day of June 2005, that it go on record that we urge the Congress of the United States to take every possible action to promote and diversify the automotive and machine tool sectors of our national economy; and be it further

RESOLVED, that a copy of this resolution be sent to Congressman Thaddeus McCotter, Congressman John Dingell, Congressman John Conyers, Jr., Congresswoman Carolyn Cheeks Kilpatrick, Senator Debbie Stabenow, Senator Carl Levin, and President George W. Bush.

Letter of Support Circulating

A letter of support for the Wayne County Resolution has been signed, so far, by Robert Cebina, President UAW Local 723, Monroe; Hugh McDonald, President, Dearborn Democratic Club; John Clark, President UAW Local 2031, Adrian; David Campbell, Secretary-Treasurer, American Postal Workers Union, 48041 Area Local, Allen Park; and Eugene Morey, President UAW Local 849, Ypsilanti.

The letter reads, in part:

We the undersigned wish to thank Wayne County Commissioner Phil Cavanagh for his sponsorship of Resolution 2005. Many of our constituents either live or work in Wayne County, and are vitally affected by the crisis now gripping the county and the state due to the deteriorating status of the domestic auto industry. Our livelihoods are very much at stake.

We know that elected officials and others are beginning to take note of the unnecessary and rapid collapse of the auto industry and its related parts suppliers. There are resolutions similar to that of Mr. Cavanagh in other state legislatures and city councils. . . . Economist Lyndon LaRouche has also issued a memorandum to the U.S. Senate, calling upon that body to intervene to save the auto industry.

It is now time for the Congress to not merely take note, but to act in a spirit of bipartisan collaboration to save this vital American industry. In the great depression of the 1930s, President Franklin Roosevelt initiated a New Deal for all Americans that put people to work in infrastructure and manufacturing, and rescued our nation from the grips of that crisis. We support Mr. Cavanagh's resolution and urge the other commissioners to do the same. Thank you.

‘We Need to Put the Heart Of America Back to Work’

Jeffrey Bailey, business manager and financial secretary for Ironworkers Local 292, in South Bend, Ind., was interviewed June 2 by Mary Jane Freeman. Mr. Bailey has been an ironworker for 22 years.

EIR: How many members does your local have?

Bailey: Here in the South Bend area, approximately 300, and nationally about 100,000 members.

EIR: What do ironworkers do?

Bailey: Basically, we are the first people on a construction site and the last to leave. We start out in the foundation, the footings of the building, and the carpenters put up the forms, then we place the reinforcing steel into the forms. The cement finishers pour the concrete, and then from that point, the structure rises, as far as the structural steel. Then the masons come along put the masonry brick on, if it has a brick facade; the glazers put in the windows; the carpenters put in the drywall, the doors, and the carpet, and then hand over the key to the new owners and say, “Here’s your new high-rise.”

EIR: So, ironworkers build the inside, or the backbone of every structure.

Bailey: Yes. We build the bridges you cross over the I-80, I-90 toll road, or the I-94, I-96 Interstate exchanges, over the rivers, the railroad tracks. We build steel mills, which make the steel for our cars, if they’re not made in another country, and the railroad tracks that trains run on. We also build water-treatment plants where the raw sewage from the city goes, so that we can maintain a clean water supply. . . .

EIR: What is one of the great projects you’ve worked on during your 22 years as an Ironworker?

Bailey: One of the first ones, when I first got started, was the D.C. Cook nuclear power station, which is located on the shores of Lake Michigan in the town of Bridgman, Mich., built in the late 1970s. It has to be one of the cleanest power production plants in the whole Midwest. There are two reactors there, which produce about 2,000 megawatts of electricity per day.

There was also a joint venture project between Nippon Steel and Inland Steel, where we built a facility called INTek, in New Carlisle, Ind. This was the most advanced steel pro-

duction plant in the world at the time.

That was 18 years ago. It could take the processes to make steel that normally took 24 hours to process the steel, and do it in 12 minutes! It takes a cold roll of steel, then runs it through a heat treating process, dips it through a galvanizing process, and then stretches it to the precise thickness needed in automobiles, appliances, rail cars—anything along that line where you need precision steel. We made steel there for Mercedes Benz, Toyota, and so on.

EIR: Is that facility still open today?

Bailey: It is, but now it has 18 years on it. It is starting to slow down, and I can see it being closed down in the near future, because the technology, in just 18 years, has changed to the point where we need to build a new facility that is more high-tech.

EIR: In the LaRouche PAC pamphlet, “It’s the Physical Economy, Stupid!,” there is a map which shows the nuclear power plants that were built, and also those which were cancelled since 1980. It appears from the map that there were two plants planned for Indiana. What happened with these, did either get built?

Bailey: No. There was a facility called Marble Hill and that plant was never completed. It was near total completion and then, I believe there was an issue at Three Mile Island [in 1979], and they stopped construction on it. They have now completely dismantled and torn down the entire project, basically back to the raw earth. The other nuclear plant that was going to be built in Indiana was the Bailey plant. So currently we have no nuclear sites in the state of Indiana.

EIR: When a nuclear plant is built, like the one you were involved in, in Michigan, how many ironworkers are employed?

Bailey: On that site at D.C. Cook there were probably 800 to 1,000 men just in the ironworker trade alone, not counting the electricians and everyone else involved.

EIR: On May 23, in the U.S. Senate, earth-shaking events unfolded, where the effort to defeat the Bush/Cheney plan to tear up the Constitution and take away the advise and consent powers of the Senate was successful. Most Democratic, and

some Republican Senators, speaking from the floor of the debate on this nuclear option, were saying that what *should be on our agenda* rather than this filibuster debate is jobs, the economy, health care, and so on. What do you think about that?

Bailey: I'm in total agreement with what happened there. You have to have it set up where we can filibuster so that we can stop these people; their agenda is nothing but to destroy the middle-class American and his family by stopping jobs that pay a person a good living wage, as opposed to someone for substandard wages.

What we need to do is get focused back on rebuilding America, and get America back to work. Once we do that, then maybe we can look at some of the other problems that are out there in the world, in my opinion. We should have the most advanced rail system in the world. We probably have the worst rail system in the world today.

EIR: In fact, this is a critical issue now with the financial sharks downgrading the debt of General Motors and Ford, positioning themselves to break-up and sell off the productive part of our auto industry, putting in jeopardy the existence of the auto plants and their machine tool capacity and skilled workforce. In the face of this, Mr. LaRouche has called for the U.S. Senate to take emergency action to rescue the auto and aerospace sectors, to retool them, as FDR did during World War II, retooling them for the production of things like a new rail system.

Bailey: This would create hundreds of thousands of jobs for working people. Basically, you start from the ground up. You've got to start in the ground. You pour the concrete, raise the columns, and build the rail system on top of those columns, that can go from New York to California safely, efficiently. To do all that you have to get your steel mills up and producing, making more steel for the project. You have to retool the manufacturing sector parts so that we can make the components that we need to build the train and all that goes into building such a system.

It's just a cycle that goes on and on. You'd have to increase copper mining just to make enough copper to build something of that magnitude. You'd have to open up the gunite and tagnite production, and the coal mines, to get those in operation, just to build the projects that this country needs.

EIR: Instead of outsourcing our jobs abroad.



epa.gov

The D.C. Cook Nuclear Power Plant on Lake Michigan was one of the first major projects Bailey worked on. Built in the 1970s, it is one of the cleanest power production plants in the Midwest.

Bailey: Definitely instead of shipping our jobs abroad, or debating over daylight savings time in the state of Indiana for over eight weeks! Then, when all was said and done, the Governor stated it was going to create thousands of jobs now that we're going to switch to daylight savings time. That's just absurd.

EIR: Yes. This rail project which LaRouche has been talking about as an interim step to getting to magnetically levitated trains, is electrification of the rail system as a national project. This would electrify 42,000 miles of track and along the way you'd have to have power stations and transmitters, and so on. I presume ironworkers would be involved in the laying of the track, the power systems. . . .

Bailey: Yes, absolutely. Since the current Administration has been in office, I've had five power plants, just in my jurisdiction here, that have been put on hold. One in particular, Allegheny Energy Co., had a project one-third of the way completed, and my men went to work one day and the gates were locked. Allegheny said, "Sorry fellas, this job has been shut down."

EIR: Why?

Bailey: The reason given was that there was no longer a need for clean efficient electricity in the country. We have more than we need, is what they were saying. . . . That was five years ago in 2000. . . .

EIR: At the height of the energy crisis in California. . . .

Bailey: Correct. The company, Allegheny Energy was building the facility here in my area right next to my steel mill. The steel mill was going to be one of the main purchasers of the power. It was to be a natural gas power plant.

EIR: A rail map I'm looking at appears to show that Indiana does not have much rail service. Is that true?

Bailey: Well, we have an electric train system that goes from South Bend to Chicago's South Shore. We've been struggling to keep that still functioning.

It is quite old. I'd have to say it has been running for 60 years and is in need of great maintenance. But what we really need is a high-speed rail that goes from Detroit, Mich., to Chicago, which would swing down through the state of Indiana to get around the bottom of Lake Michigan. This would be approximately a 400-mile stretch.

Building on that core you could spread out and go south to St. Louis, Mo., or southeast to Cincinnati or to Cleveland. It's the rust belt—that's what they call us here, but we are the heart of America. We need to get this part of the country back to work, as well as all parts of the country.

EIR: It appears that there is no rail link from one of Indiana's major cities, Indianapolis, to Chicago, right?

Bailey: Right, there absolutely is not. I happen to be very fortunate, as here in the South Bend area the Amtrak system is still running so that you can take Amtrak from South Bend to downtown Detroit.

EIR: How many auto plants do you have in Indiana, and what's the impact of the downgrading, bankruptcy, and potential sell-off of GM and Ford for workers there?

Bailey: The most current facility that we built in South Bend, is the H-2 Hummer, four years ago at the height of RV-madness. It was a combined joint effort by General Motors and AM General. AM General is the company that makes the military Hummers which are also here in South Bend.

This venture was to make the civilian vehicle, which you know the Governor of California is quite proud of, and is running around the streets in. That plant, when it went into production, was running around-the-clock shifts, seven days a week, and now it has been shut down to one shift, five days per week.

EIR: How many auto workers are there in Indiana, and at that Hummer plant?

Bailey: Well over a couple hundred thousand, statewide. There's a GM plant in Ft. Wayne. At that Hummer plant now, there are only about 500. There were plans for this plant to expand. The parts were shipped in from all over the country and assembled there at the site. We had 11 Indiana firms that were involved just in bringing in components into the plant and now, of course, those jobs have been affected too, as there is no longer a double shift going.

EIR: What's the status at the Ft. Wayne GM plant?

Bailey: GM truck and bus in Ft. Wayne has been slowed down. Its production is just down to a crawl.

EIR: You mentioned before that there's a Bendix plant there too. What is done there?

Bailey: Bendix here in South Bend was one of the leading manufacturers of parts for the airline industry, for landing gear and braking systems. This plant also made braking systems for the European Air Bus. It has now been bought out by Honeywell, which is running only a small part of the plant. At one time it employed 10,000 United Auto Workers, and now it is down to approximately 1,000 people. This downsizing has occurred over the last 10 years.

Another Bendix plant in my area was a foundry where they made auto parts, castings that were then machined down by machinists, to make the finished product. That plant, I was just told, will be completely closed down by the end of this summer. This will put 500 more people out of work.

EIR: This year the American Society of Civil Engineers (ASCE) issued a "Report Card" on America's infrastructure which said that 27% of the country's bridges, or one in four, are structurally deficient or functionally obsolete. If we were building bridges the way we should be, or refurbishing or repairing them, how would that impact ironworkers?

Bailey: Oh, it would be an absolute increase in total production. Because to do this, you have to have the people working in the mills to make the steel. Once they make the steel, then it gets fabricated by fabricators. Then my men go out and erect the new bridge after they've taken down the old one. Between 10 to 15 ironworkers would be employed, per bridge.

This process goes even further. You have to make the reinforcing steel for the foundation. The concrete has to be made that is poured to hold up the bridge. The operating engineers who excavate and dig the dirt, have to be put to work. It would create jobs, jobs, jobs.

EIR: What about waste-water facilities? The ASCE says America needs \$72 billion in funds, over 33 years, to meet Clean Water Act standards.

Bailey: It's the same thing. Most are built out of heavy reinforced concrete. So once the form work is done by the carpenter, then my people put in the reinforcing steel. The same thing: The steel has to be made in one of the steel mills in our area. Our water-treatment facilities are in such disrepair that it is a miracle that a lot of them are even functioning.

Again, we should have the most advanced treatment facilities in the world, but yet we don't. I don't know if it's because of politics or what. It's the old saying, "Wake up America."

EIR: LaRouche has identified the 30-year deindustrialization policy which has manifested itself in the creation of bubbles—housing, stock market, or IT—but then the market

collapses, which reveals the underlying looting or cannibalization that has gone on. What about prevailing wage and health care issues for your union?

Bailey: The members that work through my local, pay more than minimum wage for every hour they work, just for their health care, which is \$6.00 per hour. We are self-funded. . . .

EIR: You mean that for every hour that an ironworker works, he has to pay \$6 of his wage to health-care costs?

Bailey: Yes, and there are other locals in the country that are higher. I believe that Chicago is now up around \$9 per hour. Out in the East Coast, their contribution levels are up to \$7 and \$9 per hour.

EIR: What should Congress do about that?

Bailey: What they have to do is step up to the plate and declare that there will be no more increases in the health and welfare costs. Put a freeze on these costs, if not try to reduce these escalating costs. They need to get employers, whether it is Wal-Mart, or K-Mart, or whatever, to provide health coverage for their workers. Because in my opinion, our union is having to help foot the bill for those that don't have insurance, and that's why the costs are so high.

If you think about a guy who is out there in the cold, the rain, the snow, he's paying \$6 per hour just for health insurance, which is way over what minimum wage is. So you have to ask, how does a person on minimum wage make it? He can't. The thing is my people, in the building trades, we're not like other unions, say like the United Auto Workers. If my guys aren't out there physically working, they don't get paid. They don't get paid holidays, no sick days. We're not like teachers, and so on; if we're not working, we don't get paid.

EIR: And on the prevailing wage matter?

Bailey: Well, the prevailing wage issue, in our opinion, is that when there are local tax dollars and tax money being spent on projects, whether it is a school house, or a water-treatment facility, or an interstate or local bridge, then the highest rate of pay, established by the building trades, is what should be paid. The taxpayers' dollars are involved, and so if you pay the higher rate, then that man can go out and pay for his health insurance, or buy a house, or pay his taxes.

It's the simple economics that Clinton had. If you fertilize the tree, then it grows, sprouting limbs and leaves. It is a constant battle with the State, to try to keep the prevailing wage in effect, and Davis-Bacon rates. If contractors, using private money, build with cheap labor, which will be non-union workers, they can build it, they can get it done, but it's not the quality. . . .

EIR: That raises another question which Mr. LaRouche has focussed on, what you might call the Army Corps of Engineers or draft approach to educating people. What kind of

training does a person have to get to become a skilled ironworker? And does the union have training programs?

Bailey: My local, and all the locals in the United States, require four years of apprenticeship training. After the four years, you become a journeyman. At the end of your apprenticeship, here in my local, the member receives an associate's degree in applied science through the Ivy Tech college. He is required to take college-level courses, which helps him to become a well-informed better worker. He's also required to take 225 classroom hours, and approximately 1,000, hands-on hours in the field, working, before he can advance year to year.

The program is done all right at our own facility. What I do is hire a professor or instructor from Ivy Tech college. They come to my facility where we have our training. There are classrooms for the book part of the program, and in the back of the facility we have hands-on areas where they do the hands-on work. This is done twice a week, four hours a night. Our apprenticeship training fund pays the Ivy Tech personnel, and once the young apprentice completes all the requirements, then he gets his associate's degree in applied sciences. Most of the building trades require that, electricians, pipe fitters, and so on. We are trying to educate our people.

EIR: Pensions are in crisis now. What's the situation with your union's pensions?

Bailey: Our fund is a multi-employer-type trust fund. We're in good shape, on solid ground. But it is something we have to monitor all the time, because we know that we're not going to be like a United Airlines, or Delta which is going to be next, I'm sure, because we cannot go to the Federal government and get relief if we have an unfunded liability issue.

EIR: Why do you say you can't go to the government?

Bailey: I believe under the ERISA laws that multi-employer trust funds cannot go to the government for relief.

EIR: If you had your two U.S. Senators sitting in your office today, what would you tell them they have to do back in Washington?

Bailey: They need to go back to Washington and put a freeze on medical costs; put a freeze on prescription drug costs. And they need to get this country back to work and bring our soldiers home. Let's rebuild America. We've got those young men and women over there fighting, and when they come back home, they're not going to have a job, and that's wrong.

EIR: Anything else you'd like to say?

Bailey: It is what we need to do, like what LaRouche has always said: We need to rebuild the country. Just as any common farmer can tell you, when you plant your corn, you put a little fertilizer down there and it makes the corn grow. We've got to go from the bottom up, not the top down.

Auto Is ‘Very Large Part Of St. Louis Community’

State Rep. Juanita Head Walton (D) represents the 81st District in the Missouri General Assembly, which encompasses North St. Louis County. She is the president of the Missouri Legislative Black Caucus Foundation and Secretary of the National Order of Women Legislators. In 2004, she endorsed Lyndon LaRouche for President in the Missouri Democratic Primary, and invited the candidate to speak in St. Louis along with other legislators. Representative Walton sponsored legislation in 2004 to reform the election laws in Missouri, to return to a system of paper ballots. She serves on the Veterans, Appropriations for General Administration, and Higher Education Committees in the Legislature.

Representative Walton was interviewed on May 27 and May 31, by Richard Freeman.

EIR: On May 13, you sent a letter to members of Congress, along with Rep. John Bowman and Rep. Craig Bland, entitled a “Resolution Urging Congress to Take Emergency Action to Save the Economy and the Auto Industry.” What do you think is the importance of taking such an action?

Walton: Before I answer, I’ll add that those other two legislators are auto workers: [Rep. Craig] Bland works for Ford, and [Rep. John] Bowman works for DaimlerChrysler. Being a legislator and a state rep in St. Louis County, north county,¹ I have an awful lot of constituents who are working at Chrysler, GM, and Ford, and also retirees. In fact I have an aunt who is a retiree from GM, who lives in my district. So it will affect, in terms of the downfall of the automotive industry, my community tremendously. One of the things which we’ve just had recently, within the last three years in north county, is Ford talking about closing the plant here in Hazelwood. It’s not in my district, but I have a lot of Ford employees that live in my district that work there at that plant.

And of course not only would it affect those employees who work at that plant; there are residual jobs also in terms of the parts suppliers, other companies that feed off of that auto industry, or that plant.

EIR: There is also a plant in the city of Wentzville?

Walton: The plant in Wentzville is a General Motors plant. The city of Hazelwood has a Ford plant. The city of Fenton, which is in St. Louis county, has a DaimlerChrysler plant. I

1. “North county” and “south county” refer to the north and south legislative districts within St. Louis County.

have constituents and retirees that work, or worked, at all of them.

EIR: So there is discussion of closing the Hazelwood plant?

Walton: Yes, and at this point in time I think they are going down to one shift, and probably they’re going to close the plant. I had worked at that plant when I worked for St. Louis Community College. At that time, and I think also today, they still make, the Ford Explorer.

So, that industry is a very, very large part of the St. Louis community, and we need to feed it, and let it continue on, and that’s why I am asking Congress to step in, and try to make sure that the industry does not go under.

EIR: Do you know how many people work at the Hazelwood plant?

Walton: I think it was in the thousands.

EIR: Part of a resolution that you will introduce, talks about the idea that, to stop the liquidation of the physical productive capacities, and to retool these plants, they produce things for rail or water projects. What is your thinking on that?

Walton: That is something that Ford and GM auto makers would do all the time. They would shut down the plant, retool, and come up with another product. So that’s something that can be done, it can be easily done, but you have to have the desire to continue on and support that industry.

EIR: When does your legislature come back into session?

Walton: January.

EIR: So this is a resolution that would be raised in January?

Walton: Right. Also, we may be able to file it in September when we have a special, or veto, session.

EIR: Are there possibilities of more cosponsors?

Walton: Oh, yes. If I get the word out, I’m sure I’ll have an awful lot more people. I think you talked to John, and I brought it up with Craig, because I knew Craig worked for Ford, and would be very supportive of that. But if I had time to really get around, and let folks know what’s going on, I’m sure we’ll have a lot of support.

EIR: In terms of things that could be built, I know that the discussion is to build water systems, rail systems, and other infrastructure. Tell me a little bit about the situation with infrastructure, because I know that is something you’ve been extremely concerned about in the state of Missouri.

Walton: Well, I’ll just talk about our infrastructure here in terms of the city of St. Louis; that infrastructure was built years ago, in the 1930s. They are collapsing, they need to be addressed, and nothing is really happening because, I guess people are looking at, “Hey, we don’t have money for these things, fix it when something happens,” rather than working on it now and preparing. It’s those type of things.

When I say infrastructure, I mean the pipes that our water system runs through. On occasion you'll have a sink-hole where the street would just collapse. So we have issues there. In fact I understand they have a lot of tunnels beneath the city of St. Louis. . . . Of course we had a lot of breweries in St. Louis that utilized tunnels and caves. We need to improve our infrastructure, we need to improve the plumbing, how our water is being done

Our transit system, in terms of our Amtrak that we have, is partially funded through the state, and probably other sources, or has been partially funded through the state; we can have a better transit system in terms of commuting and getting our people through. . . . We also have a light-rail system.

EIR: Where does it run?

Walton: It doesn't run in my neighborhood, I can tell you that. Our light-rail transit system starts in Illinois, and runs across the Mississippi River to St. Louis city, and then to the airport. It's almost like a straight line . . . it runs east to west, and it starts in Illinois. And now they are in the process of expanding that light-rail system, and they are expanding it to Clayton, which is west of the city of St. Louis, almost at the border of the city limits. . . .

EIR: Has there been discussion of expanding that?

Walton: They are doing some expansion right now, and that's taking it out to Clayton. Now that may be fine, but we also need to be taking it out to north county, we need to take it to south county, other places too, where the people live. Two hundred thousand African-Americans live in North St. Louis County, and need that transportation.

EIR: But they're not taking the rail system to north county next?

Walton: No. The people instrumental in making that decision didn't come up with north county, and I thought: This is where the workforce is, these people need to get to work. . . . Amtrak hasn't been very dependable. They are using the line of Union Pacific, and if Union Pacific has a freight train that needs to get through, then you have to stay and wait for them to carry their freight.

EIR: The sense of the resolution you've introduced, is to build a high-speed rail corridor between Chicago and St. Louis, which would carry people at about 125-150 miles per



EIRNS/James Cameron

Missouri State Rep. Juanita Walton at a 2003 press conference in St. Louis, introducing speaker Lyndon LaRouche. She has filed a resolution in the legislature, calling on Congress to take "emergency action to save the economy and the auto industry."

hour or higher. This is also something that is being called for by a midwest government group called the Midwest Regional Rail System. What do you think are the benefits, how might that benefit the state of Missouri?

Walton: I think it's an excellent idea, and of course, it would be for economic development. I don't know how many hours it would be to get from one place to the next. How long do you think that would be?

EIR: From Chicago to St. Louis is 260 miles.

Walton: It's a five hour drive.

EIR: By high speed rail it would be two to two-and-one-half hours.

Walton: Half the travel time.

EIR: Do you know what the unemployment rate is, roughly, where you are?

Walton: No, I don't.

EIR: But you can tell it's there?

Walton: I know it's there. And another thing they have, is they have people who have had jobs, at higher salaries, who've been downsized, whatever, and they're getting jobs at lower dollars. . . .

EIR: Aside from the auto industries, what companies have been suffering the most in your area? Have you had some

other plants closings?

Walton: St. Louis used to be headquarters for several companies, and then a lot of those companies moved out of St. Louis. Southwestern Bell used to be headquartered here, and they moved to Texas. There were about seven or eight companies that were headquartered here that moved out, I can't remember them all.

EIR: Those jobs, they just moved them out?

Walton: Yes.

EIR: There is the idea of globalization, shipping American jobs to places where there's cheaper labor . . . lower infrastructure, sometimes it's not even existent, like in the *maquiladoras* in Mexico. How do you view this?

Walton: Well, if we don't try to do a better job at globalization, we're all going to be unemployed, or most of us. It would hinder our working class. It would hinder our unions that we have, and when I say working class, it also is beginning to hinder our white collar positions, in terms of our programmers and data-base management people. Those jobs are going to India now.

EIR: And do you see effects of manufacturing companies, as they shut down to globalize, go to other countries?.

Walton: Our steel industry is non-existent.

EIR: Let me ask you, just to shift ground a little bit, I know that your Governor, Matt Blunt, has a proposal to cut Medicaid. Could you tell us what is involved with that?

Walton: Well, it's already passed, and been signed, and approximately 100,000 people in Missouri will be cut off from Medicaid.

EIR: And this will affect elderly, disabled? What will happen to the dental, and podiatry, and things like that?

Walton: It will be wiped out.

EIR: When did he propose this?

Walton: It was legislation that was introduced, passed through the House and Senate, and he signed it in April.

EIR: Has it gone into effect already?

Walton: Yes, he's already signed it. Normally they wait—I'll go back; I don't think they plan for it to start until maybe the Fiscal Year, July 1. Normally, when you have bills, and the governor signs them, they go into effect Aug. 28. But since he signed it already, I believe they probably plan for it to start at the beginning of the new Fiscal Year.

EIR: What will this do? How will it impact the population?

Walton: People will not have services. What do you do if you don't have services? In fact I have this young lady who is a doctor, who is a member of an organization I'm involved with, and she says that she had a patient who had cancer. He

was on Medicaid, and with those cuts, he would not be eligible, any longer.

EIR: Really? So what would happen to the patient? Just do it on his own, or put money on the credit cards, to pay for it?

Walton: Whatever way they can kind of come up with something, if they can. And this person is very disappointed, because they voted for Blunt.

EIR: Do you know of other things that might have gotten eliminated as a result of the cuts?

Walton: Well, I won't say eliminated, but I know of cutbacks in terms of mental health.

EIR: So before, you could get some coverage on mental health if you were on Medicaid, and now that has been reduced?

Walton: It's been reduced, yes. . . . Social services, health, and mental health have been reduced drastically.

EIR: Many of the hospitals get a very large percentage of the money from Medicaid, and Medicare. To your knowledge, has this affected, or will this affect in some way, the hospitals?

Walton: If they were getting money from the state, yes. You'll have people coming in there, they'll probably want to service them, and they won't have any way to have it paid. The hospital is in the business of making money, pay for the workers, cover the expenses, overhead.

EIR: Have there been hospital closedowns?

Walton: Well, they got rid of the public hospitals. They are all closed. Homer G. Philips, that was the black hospital that they had here in St. Louis. . . . So the hospital was basically dismantled in terms of cutting programs here and there. They had a nursing program, they had all kinds of programs there. So they dismantled the hospital, cut down on services, and closed the hospital eventually.

There was another public hospital, Hospital No. 1, that was closed. And St. Louis County had a hospital, called St. Louis County Hospital—they closed that—which was located in Clayton. . . .

EIR: Can you see some of the effects of the Medicaid cuts? Obviously, someone not getting cancer treatment is one of those?

Walton: Normally what happens, is you see people who have mental problems, who are not able to get services, or get treatment, just leave them out on the street in the community. And you have families who have no resources or anything to assist their relatives.

EIR: We spoke earlier of unemployment?

Walton: Well, actually, what normally happens with unemployment, in terms of African-Americans, they are cut first, and have a higher percentage of unemployed. You can look

at the foreclosure rate here in St. Louis. I think we were number one in bankruptcies here.

EIR: In the state?

Walton: No, in the country. We have an awful lot of bankruptcies that are done here in St. Louis and in the state.

EIR: Are many of the bankruptcies African-Americans?

Walton: They don't discriminate on that one.

EIR: Wow. What happened to the real estate market? Did prices go up a lot, like the rest of the country?

Walton: No. It's gone up; it went up, like 7% in terms of appreciation, in terms of the homes. But it didn't really go up a lot. I think what happened is: unemployment; legal gambling.

EIR: Do you have a lot of casinos in the state?

Walton: In St. Louis we have one in Alton—which is ten miles from where I live—which is in Illinois. Then you have the President Casino, which is downtown. Across the river in Illinois is Casino Queen. Then you have in the city of Maryland Heights in St. Louis County, Harrods; and then in St. Charles County on the Missouri River, Ameristar. That's five. And they've got approval for another one, I think it's Jefferson County or south county, one of the two. That's the sixth coming.

EIR: So you see this as a scourge, just to keep people losing their money there?

Walton: People are losing their money from gambling, from mismanagement, in terms of living for today, not planning for tomorrow; and unemployment.

EIR: One of Missouri's United States Senators, Kit Bond, a Republican, has supported Amtrak. Have you worked with him, or your state's other Senator, Jim Talent, on any of these questions?

Walton: I really had not worked with them on those questions, and those questions pretty much had been directed towards the governor's race, rather than the U.S. Senator's race. Or if they were addressed, you know you have to have resources to get your message across. In fact, I tell people, in terms of our Governor, he won on the three Gs: God, Gays, and Guns. And that's what they got. The whole Republican party played it that way, and won on those three Gs. And you had those evangelical Christians that go out to vote, based their vote on at least the Gays and God.

EIR: These are wedge issues, hot-button issues.

Walton: Yes, and people go out and vote on those single kind of issues where they don't think about "how is this going to affect me if I lose my job?" or a person gets sick, and on and on. How is this going to affect me?

EIR: If you had a Senator in your office, what would be the sort of things that you would say should be done as first steps?

Walton: Our people need jobs, and once they have jobs, of course they're going to stimulate the economy. People, especially African-Americans, need jobs. And of course, some of the things that you can do to help stimulate the economy in terms of jobs, is our transportation system, our infrastructure, on and on, in terms of, you know, our manufacturing we've gotten away from helping our people have jobs. They have to have them.

EIR: How have the policies of Bush and Cheney affected this?

Walton: Of course, I didn't vote for them. I just felt that nothing was going to get better if they continued on. I wasn't pleased with them getting us into this war over in Iraq. And I just can't believe how the people have bought into this stuff. And when I listen to them talk, they don't even have the facts right. But they're gung-ho on this war thing.

EIR: In terms of some of the work on the water systems, now you have the Mississippi River, and there are projects right now before the Army Corps of Engineers to rebuild locks and dams on the Upper Mississippi River as well as on the Illinois River. This affects the Missouri waterways system. What do you think of that type of thing?

Walton: I think it would be an excellent thing to do, provided that they fund it.

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Senate Panel Passes Bipartisan Energy Bill

The Senate Energy and Natural Resources Committee pushed out, by a vote of 21 to 1, a bipartisan energy bill on May 26. The broad support in the committee for the bill resulted from a deliberate effort to avoid the partisan lightning rod issues that have held up passage of an energy bill for the past two Congresses. The comity on the committee was noted by ranking Democrat Jeff Bingaman (N.M.), who told reporters afterwards that during the five-day markup, "virtually every vote that occurred was spread all over the place." In other words, there were no party-line splits on any amendment.

Two of the provisions left out of the bill include liability protection for contamination caused by the gasoline additive MTBE and the repeal of the Public Utility Holding Company Act (PUHCA), both of which were included in the House bill passed, last April. Committee Chairman Pete Domenici (R-N.M.) noted, during a mark-up session on May 19, that "Senator Bingaman and I have not been able to agree on language to repeal" the PUHCA, so it was left out of the bill.

The bill also slows the charge towards deregulation of electricity, by prohibiting the Federal Energy Regulatory Commission (FERC) from mandating that utilities join Regional Transmission Organizations. The bill includes increased penalties for violations of the Federal Power Act and a ban on market manipulation by electricity marketers. Both of those provisions were sponsored by Democrats. The bill also restricts FERC's authority with respect to the siting of liquefied natural gas plants by denying it "eminent domain authority," unlike the House bill which gives the agency unlimited authority over the siting of such plants.

Once it is passed by the full Senate, the energy bill faces a rough ride in conference with the House. Aside from the above-noted differences, the House bill also includes \$8 billion in tax breaks, most of which go to oil and gas interests closely tied to Vice President Dick Cheney. The Senate bill, on the other hand, puts the brakes on full-scale deregulation, something House negotiators are unlikely to accept.

House Debates Exit Strategy for Iraq

For the first time since the invasion of Iraq in March of 2003, the House voted on whether or not the war should continue. The May 25 vote came on an amendment to the Fiscal Year 2006 defense authorization bill, sponsored by Rep. Lynn Woolsey (D-Calif.), that would have expressed the sense of Congress that the Bush Administration should develop a plan for the withdrawal of U.S. forces from Iraq. Woolsey told the House that while she honors members of the military serving in Iraq, more than 1,600 of them have been killed in two years of war, more than 12,000 wounded, and an estimated 25,000 Iraqi civilians have also been killed. Between that and the more than \$200 billion Congress has appropriated for the war, "do the members [of the House] not think that the American people deserve to know what the President plans to do in Iraq?"

Woolsey's amendment was defeated by a vote of 300 to 128, based on arguments from the Republicans that such an amendment would "send the wrong message" to the terrorists in Iraq. Significantly, however, five Republicans voted for it, including Walter Jones (R-N.C.), who spoke in support of it on the House floor. Jones noted that two years ago, he was an

enthusiastic supporter of the war, but since that time, "I have been very disappointed in what I have learned about the justification for going into Iraq." He called on the Congress "to start the debate and discussion of what the exit strategy is of this government." The Congress has a responsibility, he said, and "we should not be into some endless, endless war in Iraq, when we have so many other countries that we need to be watching much more."

Rangel Re-Introduces Bill on Military Draft

On May 26, Rep. Charles Rangel (D-N.Y.) re-introduced legislation to reinstate the military draft. Rangel said that "what is happening now indicates to me that the entire volunteer system is in danger of collapse under the weight of the burden being placed on those who are serving." The legislation is, in part, a response to the growing crisis in military recruiting, especially in the Army, which has missed its monthly recruiting goals by as much as 30% every month since February.

Rangel noted that the Army's recent decision to allow recruits to sign up for as little as 15 months, plus training time, "shatters the myth of the volunteer military, while exposing the hypocrisy of the Pentagon's arguments" against the draft. The 15-month enlistment, along with sign-up bonuses of as much as \$30,000, are part of the Army's response to the drop in recruiting. The Army has also beefed up its force of recruiters and ordered a one-day recruiting stand-down on May 20, after allegations of abuse, in order to review the rules and regulations of recruiting.

Rangel also noted that the Penta-

gon has “only been able to keep troops in the field by extending deployments, calling back veterans who have previously served in combat, and placing an unsustainable burden on the Reserves.” He warned that these practices “have devastated the troops’ morale, made life more difficult for military families, and, in many cases, caused the loss of civilian jobs, homes, and even marriages.”

Rangel, who is a decorated Korean War veteran, originally introduced his bill in January 2003, when it generated a great deal of anger from neo-con pro-war circles. Rangel noted at the time, that most of those promoting the war policy against Iraq hadn’t “the slightest clue as to the pain of war, the sacrifice of war.”

House Passes Defense Authorization Bill

On May 26, the House voted 390 to 39 to pass the Fiscal 2006 defense authorization bill. The \$441 billion bill authorizes funding for activities of the Defense Department as well as nuclear weapons activities of the Department of Energy. It also reflects the growing discontent in the Congress with the Bush Administration’s penchant for funding its wars with supplemental appropriations. In addition to the regular funding, it includes a “bridge fund” of \$50 billion, “which is intended to provide the resources necessary up front to allow our military to fight the war on terrorism,” in the words of Readiness Subcommittee Chairman Joel Hefley (R-Colo.)

The bill also does something else that the Bush Administration has resisted: It increases the size of the Army and the Marine Corps by 10,000 and 1,000 troops, respectively, bringing the total authorized increases in the

two services over the past three years to 30,000 soldiers and 4,000 Marines. It also authorizes enlistment and re-enlistment bonuses of up to \$30,000.

Democrats Call for Select Committee on Abu Ghraib

The House Democratic leadership, Leader Nancy Pelosi (Calif.) and Whip Steny Hoyer (Md.), and nine ranking committee members, including Henry Waxman (Calif.) of the House Government Reform Committee, and four others, announced on May 27 that they would be introducing legislation to establish a 14-member select committee to investigate the evidence of detainee abuse at U.S. prisons in Guantanamo Bay, Cuba, Iraq, and Afghanistan.

“We first introduced this resolution a year ago after the Republican Majority refused repeated requests to investigate the accounts of prisoner abuse in Abu Ghraib,” Waxman said. “Since then, the scope of the problem has exploded. Nearly every week brings new reports of horrific abuse of individuals in U.S. custody. Yet, there still has been no serious Congressional investigation.” Waxman called this lack of oversight “shameful.”

House Debates Veterans’ Health-Care Funding

Veterans’ health care was at the center of debate when the House passed by a vote of 425 to 1, the Military Quality of Life and Veterans Affairs appropriations bill on May 26. The bill is one of the results of the realignment of the House Appropriations Committee, undertaken by Chairman Jerry Lewis (R-Calif.) at the beginning of the year.

It combines the old Military Construction function, military family housing, and the defense health program, with the Veterans Affairs budget, which used to be packaged with the budget for the Department of Housing and Urban Development. In the bill passed by the House, the Department of Veterans Affairs gets \$68.1 billion, including \$21 billion for health care, and the Defense Department gets \$53.5 billion, of which \$20 billion goes to the defense health program.

Military Quality of Life and Veterans Affairs appropriations Subcommittee Chairman James Walsh (R-N.Y.) pointed out that the Veterans Affairs portion of the bill does not assume the adoption of the increase in fees and co-pays for veterans’ health care that the Administration is demanding, nor does it preclude the Veterans Affairs Committee from moving on legislation to prohibit those fees. It also restores funding for long-term care to the Fiscal 2005 level, and it directs the Veterans Affairs Department to spend not less than \$2.2 billion on specialty mental health care in 2006.

Freshman Rep. Charlie Melancon (D-La.) offered an amendment that would have added \$169 million to various VA accounts, including \$53 million for programs that serve veterans returning from Iraq and Afghanistan. He proposed paying for the increased funding by taking it out of accounts used for paying military base closing expenses, which was already reduced by \$310 million from the Bush Administration request. Walsh argued that taking the money out of base closing accounts would only free up about \$30 million and would further delay ongoing clean-up efforts at previously closed bases. Walsh barely prevailed, as Melancon’s amendment went down to defeat on a 214 to 213 vote.

How LaRouche Youth Organizing Uses the Dirichlet Principle

The May 28 edition of EIR's Internet radio program, The LaRouche Show, featured a discussion of Lyndon LaRouche's latest document, "The Noëtic Principle: Vernadsky and Dirichlet's Principle," with Bruce Director, one of the prime authors of the LaRouche-commissioned series of pedagogical exercises, called "Riemann for Anti-Dummies." Host Harley Schlanger and Director were joined by a panel from the LaRouche Youth Movement, who described how they were applying their own studies in the principles of mathematical physics to conveying economic principles in day-to-day organizing. The youth also had an opportunity to query Director on specifics of some of the concepts presented in LaRouche's document.

The LaRouche Show airs weekly on Saturdays, from 3-4 p.m. (eastern time). The animated economic graphics that Aaron Halevy references, "Manufacturing Jobs as a Percentage of Total Jobs, Continental U.S.," can be obtained by subscription at EIR Online at <http://www.ljcentral.net/eiw/wa6mfj/flashmaps/index.html>; earlier exemplars of the animations can be obtained from the archive of LaRouche's most recent webcast at http://www.larouchepac.com/pages/audio_video_files/2005/050407_arc.html. Animations accompanying the "Riemann for Anti-Dummies" series of pedagogical exercises can be found on the LaRouche Youth Movement website <http://wlym.com/tiki/tiki-index.php?page=Pedagogicals>.

Harley Schlanger: Good afternoon, and welcome to The LaRouche Show. It's May 28, 2005: It's the end of a week which changed the world. I'm Harley Schlanger, the Western States spokesman for Lyndon LaRouche. And we're going to be discussing those principles which are behind the dramatic and very positive changes which occurred this week, primarily in the U.S. Senate. We're at a moment which was characterized by Lyndon LaRouche two days ago at a seminar in Berlin, as one of both great danger, but also of enormous potential. We see in the world economy, the deepening of an

economic crisis: Hedge funds may be on the verge of blowing out—we'll know more by the end of this month, and definitely by the end of June. Ford and General Motors are teetering on the verge of bankruptcy. There's an effort to wipe out the pension funds of major U.S. corporations. So, we have an economic crisis deepening.

And now, we have a danger, because of the effects of what happened in the Senate, of Cheney going nuts. Cheney, who's a sociopath in any case, has a nuclear option. He may have lost the "nuclear option" in the Senate, but we've got to keep our eyes on the potential danger of an attack on North Korea, less likely, on Iran.

But, what happened this last week, is that a bipartisan group of Senators rejected the drive by the Cheney-Bush Administration to destroy the U.S. Constitution. It was the defeat of the so-called "nuclear option," which would have put an end to the right of the minorities in the U.S. Senate to filibuster in the case of the absurdly terrible nomination, such as the one of some of these judges; such as [John] Bolton, who's not a judge, but he's up for United Nations Ambassador. But, what happened is, a group of Democrats and Republicans came together, and made an agreement, which not only prevented the "nuclear option" from being detonated, but essentially turned Bush into a lame duck.

This was an action taken by Senators, which had been shaped by Lyndon LaRouche, and the deployment of the LaRouche Youth Movement internationally, but especially in Washington, D.C., and we'll be discussing that in the course of the show today.

But in terms of what LaRouche has done, since the end of July in 2004, when he formed the LaRouche PAC, he's consistently put forward a series of policy initiatives, based on his forecasts—both in economics and in statecraft—to create an alternative toward a march toward fascism under the direction of Cheney, using his idiot-President as a frontman. After the Democratic Convention in Boston, on Nov. 9, a webcast by LaRouche put forward a strategy centered around



Bruce Director, author of the ongoing pedagogical exercises “Riemann for Anti-Dummies,” works with youth from the Boston LaRouche Youth Movement.

EIRNS/Robert Dettlof

defeating the Social Security privatization, which created motion within the Democratic Party to rally around the immediate question of Social Security privatization, but more broadly to defend the FDR policies embodied in Social Security. And then, on Jan. 5, another webcast by LaRouche laid out a strategy in which he called, specifically, for a bipartisan coalition to resist the policies of Bush and Cheney.

Now, today, we’re going to look at how LaRouche knows what he knows, as embodied both in his unique forecasting, and how that enables him to craft a strategy to shift the direction of global politics. He’s just written a new paper, titled “On the Noëtis Principle: Vernadsky and Dirichlet’s Principle,” which will be in the June 3 issue of *Executive Intelligence Review*, and in which he discusses his method of analysis, forecasting, and also political transformation.

So, with us today on The LaRouche Show, will be Bruce Director, who is the primary author of the ongoing revolutionary series of pedagogical exercises, “Riemann for Anti-Dummies.” And we’ll have our regular LaRouche Youth Movement panel: today’s guests will be Aaron Halevy, who’s in Washington, D.C., Steven Jeffery in Detroit, and Riana St. Classis in Seattle.

Now, I would encourage people, if you have questions on this, to get your emails going early. You can email a question to us at radio@larouchepub.com.

So, Bruce: Welcome to the show.

Now, I know it’s not possible to explain the Dirichlet Principle in the course of a few words, or even the time we have on this show; that, as Lyn has always insisted, one must make the discovery in his own mind. But, what is LaRouche

discussing, when he speaks of the Dirichlet Principle? Where does it come from?

What Does LaRouche Mean by ‘Dirichlet Principle’?

Director: Well, it comes out of an investigation that began initially with Leibniz, into the question of basically: How does one know how the physical universe operates? And essentially, how can we investigate not only the physical world, but also how can we investigate the way we investigate the physical world? And Leibniz deals with this, in a particular context, having to deal with the question of “powers,” but Leibniz’s investigation goes back all the way to the ancient Greeks. And this investigation by Leibniz was continued through Gauss, and Gauss’s collaborators, Dirichlet and Riemann.

Probably the best way for people to get a sense of it, is to look at it from the standpoint that Lyn is approaching it, which is from the standpoint of economics. If you look at the situation that we face right now, as Lyn has emphasized: We are in a global financial collapse. There are two things happening here: One is a financial collapse, which is the collapse of derivatives markets and financial systems and so forth. And that in itself poses some political problems, but that’s not the biggest problem we face. The biggest problem we face, is the effect of over 40 years of a policy of deindustrialization and collapse in the physical economy. And so, we have to look at, now, what are the principles of economics, that we have to understand and come to some agreement on, so that we can develop those kinds of economic policies which will have

the greatest impact in shifting the direction of the physical economy as a whole.

Schlanger: Now, Bruce, this idea of physical economy, actually LaRouche identifies as a discovery of Leibniz.

Director: Correct. And Leibniz is the first one to enunciate the idea of physical economy. But, of course, you can already see the epistemological implications of physical economy, in the subjects that Plato is treating in his dialogues. Because this really is the question of what is the nature of man, and what is man's relationship to the universe as a whole?

And so, with Leibniz, you have for the first time a self-conscious investigation, or self-conscious understanding, of how this process works, with respect to man's relationship from the standpoint of society to the transformation of the physical economy. But it really doesn't get clarified, until Lyn's groundbreaking work in economics, which has come to be known as the LaRouche-Riemann Method of Economics.

But this is precisely what we have to look at right now. Because, you've got a collapse of the *physical* basic capacity for the development of mankind occurring globally right now. And the question is, what kind of projects can we implement? What kind of policy initiatives can we take, that will give us the greatest shift in the entire direction of the global economy as a whole? As opposed to trying to deal with little problems, one by one.

Why Do I Have To Go Back to Philosophy?

Schlanger: But Bruce, you realize that most so-called "economists" out there are saying that these are largely matters of monetary policy, or they're questions of—the dominant axiomatic school today of the neo-conservatives, is "budget cuts and tax cuts." And the problem a lot of people in the country are going to have, is they're going to start out by saying, "Okay. I realize things are getting worse. But, why do I have to go back to Plato? Why do I have to understand philosophy? What does Leibniz have to do with the price of a cup of coffee at Starbucks?"

Director: Well, that's why we've got to have this argument. Because, I think a lot of people right now, are beginning to realize that we're in a crisis, and that the kinds of thinking that they've depended on up till now don't work. And, as the poet Shelley said, it's at a time of crisis like this, that people are capable of grasping and imparting profound conceptions concerning man and nature that they otherwise would not be able to do.

So, it's under these kinds of conditions, that's precisely when people realize that the old ideas don't work, that if somebody enunciates the correct ideas and the historical development of it, people will begin to look at that. Especially, you see this with the development of the LaRouche Youth Movement, which really is the social process, by which we're getting a reintroduction into the thinking in society of these profound ideas, which are the ideas which led to human progress up to now.

Schlanger: So, virtually everything that's been produced by so-called "economists" since the period of the mid-to late-1960s, with the shift to the post-industrial society, has to be tossed out?

Director: Well, yeah! This stuff obviously doesn't work. But, it's not just that the theories are wrong. It's the *thinking* that leads to the theories that are wrong, and this is what we have to get at. You have to shift the approach to what we actually think about the economy. As Lyn has emphasized—as Leibniz emphasized: The only source of wealth in the economy is the development of ideas, is new ideas. And those ideas are developed in an economic process, through the development of technology, and the application of that technology in infrastructure and other types of economic processes, to the development of improving the conditions of human life, which has the net effect of increasing the capacity of the human mind to produce even *greater* ideas.

So, when you look at an economy in its fundamental form, you see that the only input into an economy is ideas, and the fundamental output in the economy is new ideas. It's not products or material goods, it's ideas.

Now, of course, ideas don't exist out there in the ether, floating around in empty space. Ideas exist inside and through the process of deliberation and discussion by *individual* human beings, who make individual discoveries—unique in some cases; revolutionary discoveries; in some cases, the replication and re-discovery of previously made ideas—and the ability to communicate those ideas both among our contemporaries, and also to future generations.

So, this process of the development of ideas, of individual human beings, and the communication of ideas in the social process, is the way human society progresses. And that's been our history. And that will always be human history, because it's intrinsic to the nature of man. So therefore, you have to look at your economic policy from the standpoint of, how does your economic policy enhance the ability to produce ideas? And that can only come through the development of increasing the material standard of living, and the physical conditions of life, for as many people on the planet as you possibly can.

Revolution in Thinking

Schlanger: Bruce, I think one of the interesting questions that comes up, then, is that what Lyndon LaRouche is doing, is carrying out a revolution in thinking—going back to old ideas of principle that worked in the past, but injecting something new. Now, in this new paper, he talked about "Vernadsky and Dirichlet's Principle." What's new in this new paper by Lyn?

Director: Well, let's look at this in comparison to the way this approach was taken—not in such a conscious way, but in a certain sense, in a conscious way—by Roosevelt: You had a situation where the entire physical economy had been destroyed, or a collapse, not simply by the financial collapse of 1929-33, but the ongoing physical collapse that

had been occurring all during the Twenties. And Roosevelt had to come up with certain projects, certain key infrastructure development projects which would have the greatest effect on changing the capacity of the system as a whole. Or, as Leibniz or Riemann would talk about it, the “potential” for the economy to produce as a whole.

So, Roosevelt couldn’t deal with, or couldn’t solve, every little problem one by one. So he looked at certain key problems. So, he focussed on things like the TVA project, the Bonneville Power Authority and so forth, which had the effect of solving not only a particular problem of power generation, for example, in the Tennessee Valley Authority or in the Northwest, but which created an overall increase in the *potential* for economic development as a whole.

Now, that’s exactly an expression, in the form of an economy, of the Dirichlet Principle, of what Riemann would look at in physical science as a Dirichlet Principle. Now, Vernadsky gives us the capacity to look at this in a somewhat more fundamental way, which is: Vernadsky insists that when you look at the universe as a whole, you see it’s characterized by three distinct processes: the abiotic, the biotic or living processes, and the cognitive processes. And, when you look at the development of the Earth as a whole, you see that it’s the interaction of these three mutually independent, but connected principles, which is what the development of the Earth is about.

If you look, for example, in the case of the biotic with the abiotic, you get what people tend to understand as the Biosphere. The interaction of products, materials which originally were initiated in abiotic form, such as the carbon dioxide in the atmosphere, which is processed by plants, and then introduced into a living process, and then processed by animals and respired as oxygen, back into the atmosphere. So, those oxygen molecules are a material substance, which in one state are in an abiotic state; in another state are incorporated into a biotic, a living process. But the living process is the one that is actually dominating these processes in the Biosphere as a whole.

Well, now you add to that something else, which is the capacity of human beings to discover principles and apply those principles, which is something which only human beings do; but, if you look at the effect of human thought on the development of the abiotic in the biotic domain, you see that mankind, the ideas of man, have increasingly come to dominate the Earth, and ultimately parts of the universe outside the Earth.

And so, this understanding of this relationship between the cognitive, the biotic, and the abiotic, is really what you’re talking about in economics. You have to look at the interconnection of these three processes as a whole, and choose your economic policies from the standpoint of this process, as opposed to the simple, mechanical way of people saying, “How do we produce more VCRs that can be sold at Wal-Mart?”

Schlanger: So therefore, it has immediate implications

for statecraft.

Director: Oh, absolutely! And, of course, it has immediate implications for life or death of civilization: Either we begin to think of our policies, our national policies and international policies on economics, from this standpoint, or civilization will not survive. Mankind has to grow up. The relationship of thought, or as Vernadsky would talk about the Noösphere, the development of the Noösphere itself, *is* the subject of economics. And either we are conscious about developing the Noösphere, or we will suffer the consequences of it.

LYM Organizing Transforms Washington

Schlanger: Well, I want to come back to you in a few minutes to pick that up again. But, I want to bring in our LYM panel here, starting with Aaron Halevy, in Washington, D.C.

You know, back in November, I think the country was somewhat caught, after the election, in the grip of pessimism, the idea that “now Bush has control over everything, he’s going to do whatever he wants, you can’t change the Congress.” But, we saw an incredible change this last week with the emergence of this bipartisan coalition *against* the nuclear option, which primarily saved the Constitutional process in the deliberation and “advice and consent” role of the U.S. Senate.

Now, this was partly the result of reality hitting. But also, the result of some significant, continuous deployments by members of the LaRouche Youth Movement, with regular Days of Action, distributions of LaRouche’s material including his “Recreate the Economy”; his new book, *Earth’s Next Fifty Years*, as well as his now almost-daily leaflets, the “Guts & Government” and then the one on “Save the Constitution.”

Aaron, why don’t you just give us a quick report on what you’ve been doing, and what changes you’ve seen since you’ve been in Washington, D.C.—which is about two and half months, I think.

Aaron Halevy: It’s been almost three months that I’ve been here. And even in that small period, there’s visibly a lot of changes that’ve happened, especially in the government and the institutions. When I first got here, I did notice that everybody here knew who LaRouche was—either if that enraged them, or made them secretly a little happy about what we were up to.

But, more and more, what’s been happening is that people are starting to pull us in for discussions. We’ve become a serious institution in Washington. I guess I’d say, when we first started doing this lobbying, it was kind of nasty. We’d go in, and say, “Hey! We’re with LaRouche. We want to meet with this person!” And they would say, “Sorry—we’re not going to meet with you guys,” or “We’ll take this literature, thanks!” And it seemed ineffective, at first.

But, we did it, every week—going in, bringing in some literature, creating a definite presence. And then, after some big changes were happening, like the filibuster thing, the question of the economy, of General Motors, we started getting a



EIRNS/Finn Hakansson

A LYM organizer in New York's Union Square demonstrates methods of doubling the square and Archytas' method of doubling the cube. This kind of pedagogy conveys to the population how one "knows," and from that change in conception, how one can act on something like the economy.

lot of meetings. And then, we started making the calls into the offices, and getting even more meetings. And now, we're looking at it, where sometimes, we'll call on Monday, and someone will us back on Tuesday for a meeting, on Tuesday! Or someone will call us for a meeting on Wednesday. And before, usually, it would take a couple weeks, and that would be only if we have someone who lived in the [particular Congressman's] district, or something like that.

Schlanger: Aaron, I know part of this is driven by the sense in Washington that there are big, dramatic changes occurring back in the home districts, especially in the Midwest with the collapse of auto, or wherever there are auto plants. But, are you getting the sense that, besides just wanting a recipe or a formula for a quick fix, that people are beginning to get interested in the deeper philosophical and scientific implications behind LaRouche's solutions?

Halevy: Yeah, because of this book that LaRouche came

out with, *Earth's Next Fifty Years*. We put a bunch of those out in D.C., and after getting those out to all the Senate offices and the staffers, there has begun a deeper process of discussing the longer term of the collapse of the economy. People are looking for the causes, and we're right there. Sometimes, we'll bring in the laptops and show them the animations that LaRouche has commissioned, describing how processes in economics are more than just momentary decisions. It's long-term outlooks that create these changes. And people are more willing to look into it—especially Republicans, too, which is very significant. We're getting a lot of meetings with Republicans, discussing these things: like Franklin Roosevelt's miracle, and the kind of things he was doing.

Animations: Economics Is No Mickey Mouse

Schlanger: Now, Lyn announced today that he's going to upgrade, overall, the production of the animations, that we'll make available on the website. And these, in some cases, show over a period of time, the collapse of health care per county in the country; collapse of steel industry, auto sector. What response are you getting? Do you find people are shocked, when they see the fact that they've lived through 25-35 years of disintegration of the economy? What's the reaction you get, Aaron, when you show that?

Halevy: It is just like that: You show them—there's one animation we have which is the whole United States manufacturing, and the darker colors represent the more dense manufacturing jobs. And it starts in 1970, and, at first, if you show it to an economic staffer or something—at first, they'll look at it, and they'll look right at their state; they'll just concentrate on their state, and see some of the changes, and they're like, "Oh, wow! Oh, wow! Ooh! Look at that!" And they're following the progress up until the '90s, when you have NAFTA and other things happening, and then you see a *huge* shift. And then it's basically bare, and it shows the comparison of 1970 to 2000. And then you show it again, and you say, "Well, look at the rest of the country," and then these guys really start to get it. And "Oh man! Something has to be done about this. Can I get these animations? Can you e-mail these, or something?" That's what people are starting to ask us.

The Detroit Picture

Schlanger: Hmm! Well, now we're going to switch to one of those states, where the dark, dense pattern of manufacturing has been replaced by unemployment, bankruptcy of cities, and now we see Ford and General Motors heading toward bankruptcy. The key question for the future, is going to be whether the Wall Street speculators, the sharks, come in, and devour the machine-tool sector—sell them off as junk, or sell them off to other countries; or whether LaRouche's proposal of retooling, of direct government credit to retool the industry for development of high-speed rail systems and the like, whether that's done.

Now, Steve, you've been out daily with this pamphlet "Recreate the Economy," and organizing in the heart of the

auto sector in Detroit: What kind of response are you getting?

Steve Jeffery: Well, it's quite a scene. You know, the Midwest, Detroit in particular, is a pretty deserted place, and it's had a big effect on the quality of thinking of the population. One thing I've found that's been a very necessary fight, that many people don't realize, a lot of people are looking for Kerkorian's help in terms of helping and saving GM and Ford—

Schlanger: For the listeners who don't know: Kirk Kerkorian is basically a California-based, Wall Street speculator, who's been brought in to buy stocks of General Motors for the purposes of a financial salvation for the shareholders and bondholders, by selling off and destroying the corporation.

Jeffery: It's been actually one of the central things in terms of organizing, that a lot of people are running into. There are centers in Detroit where we're getting more and more of the population, and one of the major ones is actually the motor plant, because, everywhere else the city's desolate. Now, these guys, there's been a very, very positive response from the UAW members, in terms of getting an insight into somebody who has a real intention of fighting to rebuild, seeing young people—because, Detroit is hugely sprawled. And what we're finding more and more, because of the intensity of our deployment, is people running into us in various places; where people, actually a lot of the UAW and auto workers, are distributing our literature, after seeing the seriousness of how we're organizing.

And, when people get an insight into what the threat is from guys like Kirk Kerkorian, or the others running the country, whom they already hate but don't know anything to do about. And, the optimism we provide is really very central. And we've been building pretty strong meetings in our office, in recent weeks, because of this deployment we're organizing.

One of the very powerful things that's happening, is we're getting more and more people reading our literature. The mosques, where we deploy—and this is very important, because this is the largest Arab community in the country—and I'm getting more and more people, when they see me, they're just thanking me. They're taking extra literature. We're getting a type of mobilization where, I'd say we probably have more people distributing our literature, than there has been in Detroit in a very long time.

Schlanger: Is there a growing sense of urgency among auto workers? Do they—after the United Airlines announcement that they're dumping the pensions, do you think that started to shake people up more?

Jeffery: It's an odd situation, because we've been sneaking in on these UAW presidents, catching them when they're having their meetings, and about to try to take it easily that their industry's collapsing. So, we have certain key UAW presidents that are working with us, like Mark Sweazy, who was on the show a few weeks ago. But, in general, the UAW workers, they're much more honest. But, there's not a mobili-

zation going through the UAW right now. So, in that sense, it's more like a—it's a sadness, not an urgency. I was just going to end, that we are providing the intensity and giving a method for mobilizing to these UAW members, these auto workers.

Pedagogy, Teaching Gauss, and Organizing

Schlanger: If people want to get a sense of the reaction, our guests on The LaRouche Show on May 14—and this is archived on http://www.larouchepub.com/radio/archive_20-05.html—included UAW local presidents, Eugene Morey, from Ypsilanti, Michigan, and Mark Sweazy from Columbus, Ohio; as well as Sue Daniels, who's a leader of the Texas AFL-CIO down in Tyler, Texas.

I'd like to bring on our third youth panelist, Riana St. Classis, from Seattle: Riana, you've been teaching pedagogicals as part of the recruitment process for quite a while in Seattle. Tell us a little bit about how you approach this kind of material, when it comes out from Lyn, in preparing for the classes, and giving people an opportunity to make their own discoveries.

Riana St. Classis: Well, actually, it's kind of interesting, because the way that we've been looking at some of the pedagogical work that we've been doing, has been changing. And Lyn's new paper gives a good way to look at some of the change: because we've been thinking a lot more at how to look at this, as Bruce was saying, from the standpoint of economy. And how to apply these ideas, about how a change in the actual conception that people have about the way that, say, something like economy works, changes their ability to act on the economy.

And so, for instance, there's the project that I think has been discussed before, that people in Los Angeles have been doing on the Rural Electrification Act and looking at that in more detail, as a way of being able to start to give some of these Senators and policymakers, and the population in general, an idea about how to—. Because we've sort of given them a sense of the collapse, and we've been documenting that fairly well with the animations. But, then, also giving them a sense of how you can know, as Aaron was saying, looking at the country as a whole, and how you can get a sense of how to change the entire structure, in a knowing way.

And so, we've been looking at the challenge that Lyn gave us about mastering Gauss's "Fundamental Theorem of Algebra" more from that standpoint. And it's actually had a really good effect. Because, there's a lot of technical aspects to the paper; there's a lot of technical questions that people can get embroiled in. But when they begin to see how working on these things is actually increasing their own capability of having profound conceptions, and then seeing how that is analogous to looking at how profound conceptions, put into an economy or disseminated through a population, can increase the potential of that economy, and when they see that analogy, it gives them a great new sense of willingness to push forward on difficult work.



Library of Congress

When he was 60 years old, Carl Gauss worried that his mind wouldn't stay active enough, unless he learned something completely new about something he knew nothing about. And so he took up the study of Russian, Sanskrit, and botany—a good lesson for today's Baby Boomers.

And so, as Aaron was saying about getting these meetings with Senators' offices and Representatives' offices, this is actually what we've seen as well, with the Democratic Party in Seattle, and other work we've done in Portland and in Oregon. Now that they are more familiar with us, there is this dialogue that's being conducted, and we're able to increase—as Aaron was saying—the profundity of the ideas that we're putting in. We're not necessarily always just trying to bang our heads against them on the issue of free trade, but we're able to start to develop something more of a real process. And we're seeing with the population as a whole, as well.

So, we're trying to look at the pedagogy more from that standpoint lately.

Schlanger: Riana, let me ask you a question that gets at this on a personal level. You had an interesting academic background: How frightening is it, to challenge the axioms from your college days, and then be able to make these breakthroughs?

St. Classis: You know, it's funny, before the show began, I was talking to Aaron at little bit, about someone who's doing a lot of work with us now. And it's interesting, because he's been confronting his economics professor—he's in this department called "Informatics," so you can imagine what that might be! And, he had to take an economics class, and he's been confronting the professor on their course reading, and also on these basic ideas that the professor's putting forward about globalization and free trade, and some of these ideas about the New Economy, that he's been coming to look at.

So, he's started to develop this e-mail dialogue with his professor, and he's really frustrated because the professor won't actually discuss any of the ideas with him. The professor was at first very excited that he had a student who was actually responding to him, so, he started to tell him about LaRouche, and the professor got very, very cold, and just said, "Well, you really need to read this book," and gave him a reading list.

And so, he's been talking to me about it, and I said, "Well this is a perfect example of what the real problem is." And he said, "You know, I get the feeling that my professor doesn't have any ideas!" And I said, "Yeah, it's true." He said, "I think that my professor's just recycling things that he's heard before." And I said, "That's probably true, too." And then, he said, "You know, I think my professor's afraid." And I said, "Yep, that's a lot of what we're dealing with!"

So, I think that in a certain sense, though, when you really start to confront it, and you really begin to get a sense of how much we can really do, then it becomes fun to pull these things out.

How Can a Neophyte Tackle Gauss?

Schlanger: We have a couple of questions from the conference line that we'll get to in a moment.

Bruce, let me go back to you for a moment. Let's just say you're a typical, middle-aged, brain-dead Baby-Boomer, and you suddenly realize that everything you've been taught all your life is wrong, and you're going to have to change the way you think. How do you begin to approach Gauss and the question of the complex domain?

Director: Well, I would approach it from Lyn's writings, because he will situate it for you, first of all, from the standpoint of why this is absolutely relevant for being able to figure out what's been happening in the world, and what you need to do about it. But also, he'll guide you through the implications of—the scientific implications, and put it in the actual context. Part of the problem is, is that the level of literacy is so poor—or put it conversely, the level of illiteracy is so high—on basic questions of history and science, people just are ignorant of things, that even if you were to take up, and read something like Gauss's paper directly, unless you had enough of a background in the history of science and the history of ideas, you wouldn't be able to recognize what Gauss is talking about.

So, the best way, the quickest way to catch up on everything you've missed, is to start from the standpoint of Lyn's writing. And then, I would urge you to find some members of the LaRouche Youth Movement and get them to sit down and explain it to you.

Schlanger: You know, we've started that in Houston with the Boomer members, the older members who are involved in raising money and doing the outreach. They've started a Gauss class for Boomers, which is being taught by a couple of the youth, which seems to have people both challenged, and in some cases, nearly hysterical; but also, in other cases, they're getting a lot out of it. They're doing the work, and it does take a lot of work, doesn't it?

Director: It does. And I entirely recommend it. The work is highly recommended. First of all, this is absolutely necessary that people understand this: If you're going to be able to convey Lyn's ideas, and you're going to be able to organize the population as to what they have to know, you have to know it.

But I also point to the famous story about Gauss, who, when he was 60 years old, was worried that his mind would not stay active enough, unless he learned something completely new about something he knew nothing about. So, he took up the subject of the study of Russian, Sanskrit, and botany, three topics which were completely new to him, just so he could have the mental exercise. This is something Boomers are not really used to, but it's a good thing for them, and they'll benefit simply from the exercise. But in addition, it's also necessary they know this.

Where Do New Ideas Come From?

Schlanger: Certainly more challenging than coming up with lottery numbers.

Let's take a question from the conference line. We have Ashley from Boston, can we bring him on? Go ahead.

Q: This is a question for Bruce. In the Youth Movement, there's been this subject of ambiguity around Dirichlet's Principle, and the way Lyn has been discussing it, which I think is one of the reasons why he wrote this new paper.

But, you had brought up earlier, that the fundamental input into the economy is ideas, and the output is new ideas. And in Lyn's new paper, he talks about how Riemann earlier in his life used the term "*Geistesmasse*," as meaning "thought-object." And he goes into explain, how later on, he replaces the term "*Geistesmasse*" with "Dirichlet's Principle." And I was wondering if you could shed some insight onto the relationship between these two ideas.

Director: Well, I was struck by what Lyn said there, as well, and I think it's quite beautiful, and quite an important insight. Because, what you're looking at here, when, say, you're looking at an economy; or, in Lyn's new paper, he has these various quotes from Vernadsky, where Vernadsky talks about the Noosphere as being in a state of "dynamic equilib-

rium": That is, you can not understand this in some type of mechanistic way—that this part touches that part, and that part touches this part, and this part touches that part, or something like that. But you have to look at this, from the standpoint of the system as a whole, and what are the characteristics of the system as a whole that determine the range of possibilities of the interaction among all the different parts, and that if you change one thing, you change everything. This is the way an idea works.

What Riemann is doing with this concept of *Geistesmasse*, is helping to develop, in the domain of epistemology, a way in which we can think of things which are functioning as a whole, and what kinds of changes occur, which transform the system as a whole. Go back to the idea of an economy, which is probably the easiest way to get it in a concrete sense: You've got a certain set of economic relationships, economic activity which is going on. But that economic activity itself, is dependent upon certain preconditions which determine the effectiveness of any economic action. And those preconditions are, your level of infrastructure, primarily—both your hard infrastructure, transportation, power, water, those kinds of things; and your soft infrastructure, your educational level, your health-care level and so forth. These things are not independent of each other, but they interact with each other, and they determine what is *possible* in the economy.

Kepler's Revolutionary Discoveries

The most crippling error in mathematics, economics, and physical science today, is the hysterical refusal to acknowledge the work of Johannes Kepler, Pierre Fermat, and Gottfried Leibniz—not Newton!—in developing the calculus. This video, accessible to the layman, uses animated graphics to teach Kepler's principles of planetary motion, without resorting to mathematical formalism.

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Remember that what's crucial about an economy, as well as about ideas, is you're looking at, what is possible? What is possible under this conception? And this is the issue Riemann is dealing with, with this question of *Geistesmasse*.

He talks about how—you know, you have a certain concept of the universe, whether people are conscious of it or not, they do. They have a certain idea, concept of how the universe functions, what the principles that govern the universe are. This is a thought-object. And then, Riemann says, under this concept, certain things are possible and certain things are not possible. And then, you get some experimental evidence which appears to be impossible from the standpoint of your current concept, which causes you to make a revolution in your own thinking, and to come up with a new concept in which you understand now the universe, as it experimentally presents itself to you.

The simplest example of that, is the case of the non-uniform motion of the planets, as Kepler recounts it in *The New Astronomy*; it's the first assumption of reason that the planets are moving in perfect circles, some kind of spherical universe. But then, when you see the non-uniform motion of the planets, this is experimental evidence, that a concept of the universe moving according to perfect circles is incomplete! And it requires a new concept—not a separate idea for the planets than the rest of the universe, but one concept of one universe, in which you would have these two different types of motions: the uniform motion and the non-uniform motion, and the different gradations of the non-uniform motion.

So, you have to come up with a new idea. And what Riemann is showing with the case of his understanding of the Dirichlet Principle, is how that process actually works: How new ideas emerge, new singularities emerge which cause a complete revolution and change in thinking of the way you've got to think of the universe as a whole.

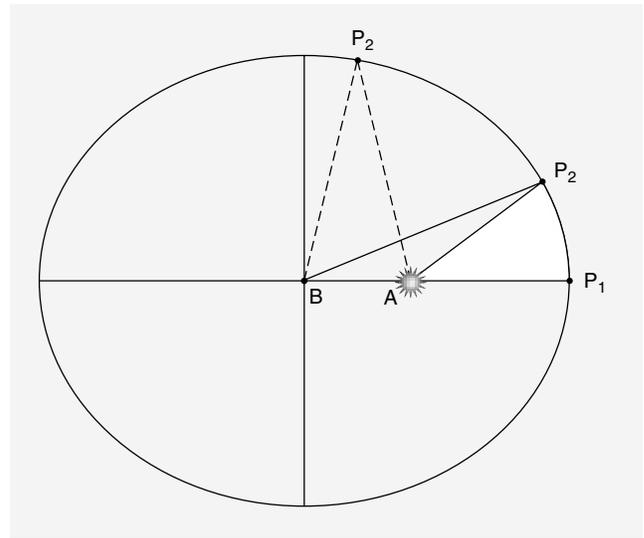
Gauss's Work on Earth's Magnetism

Schlanger: Let me turn to Aaron for a question: Aaron, you're preparing for a cadre school, coming up between Washington, D.C. and Philadelphia. I know you're working on a panel on this. I wondered if you have any questions you wanted to ask Bruce in preparation for what you're doing?

Halevy: One of the things I was trying to grasp, is, when Lyn started introducing this concept of Dirichlet's Principle—or at least, recently—he's been bringing up a lot Gauss's work on the Earth's magnetism. We tried to read it, and in the beginning, it somewhat makes a little bit of sense of how he does it, but—I was just wondering, how does it work, in this question of potential and powers? How was Gauss looking at it, because Gauss doesn't just lay it out so easily?

Director: Well, the Earth magnetism is a very good example of this, because this was the first time—and of course, Dirichlet was involved in this, as well as Alexander von Humboldt, who was the key organizer of it, and Alexander

FIGURE 1



Fidelio

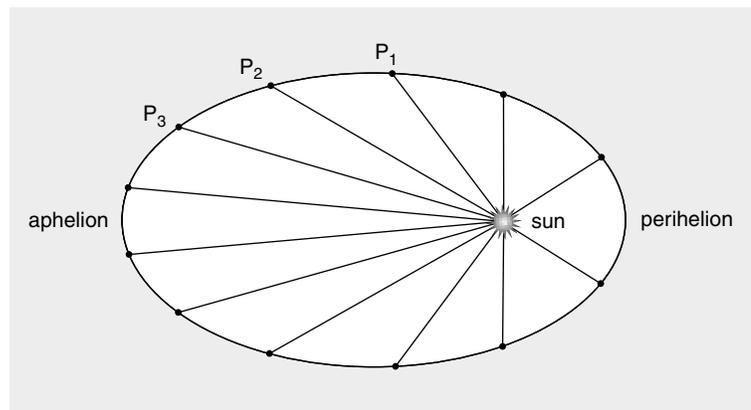
Kepler's elliptical-orbit hypothesis. Here, length P2B is not constant, but constantly changing at a changing rate. What lawful process now underlies the generation of swept-out areas?

Dallas Bache and others—in which you actually had a global scientific experiment. That is, under Gauss's direction, he designed, and Humboldt disseminated, methods for measuring variations in the Earth's magnetic field. And these variations in the Earth's magnetic effect, when they're measured in different places all over the planet, were very small, infinitesimal parts of the whole picture. Because, the Earth's magnetic effect is not made up of all these different parts. It's one effect. It's dependent on many different factors, but it's the overall effect of the magnetic relationships of the Earth and of the Earth's makeup; and the effect of the Earth's makeup and rotation and so forth, produces this magnetic effect of the Earth, which has a certain characteristic.

Now, the problem is, you can't see that whole characteristic as a whole. There's no way you can stand off from the Earth, and look at the Earth as if it were one big magnet, the way you would look at a small bar magnet or something, from the outside. You're *inside* the magnetic effect. And in fact, you can only measure, at different parts, very, very small, infinitesimal changes in this Earth's magnetic effect at various different points. So, the question is: How do you get a global picture of the entire Earth's magnetic effect, from these infinitesimal small measurements? Because the infinitesimal small measurements are not determined by something that's happening in the small; it's determined by the overall global effect.

You see the same thing when you're dealing with economics. People tend to try and understand the economy based on how it affects them personally, and that's the mistake. They have to realize that what they see in terms of their own per-

FIGURE 2



Fidelio

Kepler's constraint for motion on an elliptical orbit. The ratios of elapsed times are proportional to the ratios of swept-out areas. In equal time intervals, therefore, the areas of the curvilinear sectors swept out by the planet, will be equal—even though the curvilinear distances traversed on the orbit are constantly changing. In the region about perihelion (when the planet is nearest the Sun), the planet moves fastest, covering the greatest orbital distance, whereas at aphelion (when the planet is farthest from the Sun), it moves more slowly, covering the least distance. This constraint is known as Kepler's "area law," later referred to as his Second Law.

sonal economic situation, is the effect of a global economic problem. And if you're not willing to affect that global economic problem, and make a change in the whole global economic system, then you're not going to be able to change your own personal situation. Which is why, when we run into people in the organizing, who say, "I don't have time to pay attention to the world, I have to worry about my own problems," those people are doing exactly the wrong things to help their own problems. Their problems are only going to get worse, the more they focus on their own problems. If they *really* are serious about solving their own problems, they've got to try and solve the whole world's problems, otherwise, their own problems aren't going to be solved.

Schlanger: And that's a scientific proof.

Director: That's a scientific proof, yes.

Schlanger: Let's go to a question we have from the conference line, a second question, if she's still there, Judy.

Q: This is not, for the moment, directly on the question of Dirichlet's Principle, but on the Bolton nomination.

I'll just be very brief: Right now, it's not looking too good for him. The White House—the hang-up that [Democratic Senator Joseph] Biden and others used to stop the nomination this last week, was that the White House was refusing to release documents from the National Security Agency, of intercepts that Bolton was using—probably illegally—to spy on people like Colin Powell in the State Department. And

Biden and others are saying, "Release these documents, because this is part of the investigation." And the White House said, "No." So, the Democrats said, "Well, we're going to keep talking, until we see them."

And [Senate Majority Leader Bill] Frist tried to stop it. They were going to invoke cloture, but they couldn't get the votes. A number of Republicans either abstained, or didn't vote with the Republicans, so they couldn't get the votes to invoke cloture. And so, as it stands right now, there's a standoff. And the White House is saying, they *won't* release these documents, *probably* because they don't want it to get out what Bolton was really doing.

So, for the moment, it's postponed until June 7. So, I think this is an example of what you would call "a transformation in D.C.," the fact that the Democrats are using their capability to stand firm on these issues, and force changes from the Republican side. And among the people who have taken the point against Bolton, is Senator Voinovich from Ohio, who's clearly very upset by what he's seen from Bolton, what he's seen from Karl Rove threatening him for not going along. And don't forget, Voinovich is in a formerly industrialized state, called "Ohio," which is seeing continued losses of jobs, and now it's threatened by the further cutting back of Ford and General Motors.

Mechanics vs. a 'Science of Dynamics'

Schlanger: Let me go to Steve, back in Detroit: Steve, do you have any other questions for Bruce?

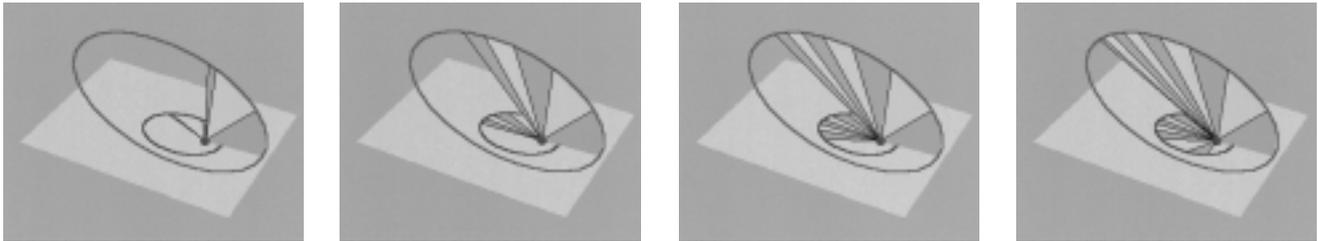
Jeffery: Yeah, in looking into this Dirichlet Principle, I can't help but get a sense of, it's defining—I guess, as Lyn puts it—a "field," which suggests immediately to my mind, a "power." And getting an insight into a power. And I was wondering what you think the necessity of this principle is, in terms of a change in power?

Director: Well, that's exactly what Riemann is dealing with. As I said, this goes back to Leibniz. And Leibniz defined, in the 1680s, what he called "a science of dynamics," as opposed to mechanics. And the science of dynamics is the investigation of powers.

And that's what you're dealing with in a physical process: You have a power. The power defines the characteristics of the system as a whole. And then, you're looking at what are the interactions in a system of multiple principles.

Again, to take it out of the abstract, look at it from the standpoint of an economy: The problem we have in the economy right now, is the *system as a whole*. It's not a problem with this particular factory, or that particular factory, or this industry or that industry. Take the problem of General Motors: The problem with General Motors is not a problem

FIGURE 3



LaRouche PAC website, "Animation and Economics."

An example of animations that can be found on the LaRouche PAC website: Two elliptical orbits, demonstrating Kepler's principle that an equal area is swept out in equal time.

unique to General Motors, it's not an isolated problem. It's a problem of the system as a whole: the accumulated effect of the free-trade, globalized system that is now coming to an end.

And this is what people don't understand. They think they can tinker with the system, and maybe reform it a little bit, and it might get a little better, and it might get a little bit less bad, and so on and so forth. But they don't want to face the fact, that every one of these individual problems, is *the problem of the system as a whole*. And so, you've got to figure out a way to change the system as a whole.

Now, how do you do that? You have to do that, by looking for those kinds of policy-initiatives, key projects, for example, the infrastructure development projects, the Eurasian Land-Bridge, or other types of development projects within the United States or the Americas, that would have the effect of shifting the direction of the economy as a whole, now that the financial system has collapsed, towards rebuilding the physical economy.

So, for example, take General Motors, you don't save General Motors by trying to come up with a better way to sell cars. This is the problem they've been having: The car has become an excuse for *financing* cars, and they're making money off the financing. So, you're not going to solve their problem by coming up with a new way of producing cars, or figuring out getting a way to buy cars.

But you can't let the industrial capacity, the machine-tool capacity, and the skilled labor, of General Motors go under, because of the effect that would have on the physical economy. So, you talk about taking this industry, and retooling it for production for those kinds of physical goods, use its capacity, for production of products which will have the effect of shifting the direction of the physical economy as a whole.

So, that's the way you've got to look at it. That's the idea of Dirichlet's Principle. You have to look at it from this Riemannian standpoint. People are used to looking at things from the standpoint of mechanics, of how do you manipulate one thing or another thing—this button pushes that button; this ball hits that ball. This is the Newtonian way of doing it, and also the way most people treat other! They treat other human beings mechanically. The point is, you've got to look at *dynamics*, and how do we create a *dynamic change* in the

economy? A shift from one set of dynamics, which right now is a dynamic of collapse, into a dynamic of growth?

'Punctuated Time'

Schlanger: All right, we're down to about two and a half-minutes, and I'm going to give Riana the last word. Riana, did you have another question for Bruce?

St. Classis: I did. I'm sure he can't answer it in a minute. But, I was just thinking about, in terms of Lyn's latest paper—and there are the quotes from Vernadsky, that he has both at the beginning, and then he reiterates them at the end; and there's a point where Vernadsky talks about the "dynamic equilibrium" of the Biosphere. And he says, "if you were going to look at it like a mechanism, it would be a very peculiar mechanism," which was constantly changing.

And I was thinking about that, in terms of both biological time on the planet; because, you have this thing which has created a great kerfuffle with a number of evolutionists, this idea of, I guess it's "punctuated evolution": Where you have, it appears that at particular points, you have certain kinds of explosions in speciation, all across the Biosphere, that it's not just one individual. Sort of the way you were speaking about GM, or looking at any one aspect of the economy.

And I was thinking about how to—which is sort of what you were talking about now, as well—how to apply that idea to the economy as a whole?

Director: Well, I think what I said sort of points in that direction, right? But, that's exactly what the economy is. Think about an economy, as Lyn put it once—improvements in economic productivity is the way scientific discoveries which occur in an individual human mind, how those scientific discoveries change the way people interact with each other. Because the effect of a new idea, as it affects an economy, has its effect on the economy in the way it changes social relations among people, which in turn changes mankind's relationship as a whole to the Biosphere, to the abiotic and biotic parts of the Biosphere.

So, that's the way you have to look at it. Of course, the *form* of that process, is obviously a form that is characteristic of the universe as a whole, including the development of species within the Biosphere itself.

Editorial

Will Cheney Detonate His Other Nuclear Option?

A Memorial Day appearance by Vice President Dick Cheney and his wife, Lynne, on the Larry King Live show on CNN, has provoked worldwide concern that the Bush Administration could be contemplating a nuclear “sneak attack” against North Korea in the very near future. In response to a question from King, the Vice President delivered a series of threats and provocative insults against North Korea, labeling President Kim Jong-il “one of the world’s most irresponsible leaders,” who directs a “police state,” and “wants to throw his weight around and become a nuclear power.” “But,” Cheney went on, “if this happens, North Korea will never have normal relations with the rest of the world.” Cheney threatened to go to the United Nations Security Council to impose murderous sanctions against Pyongyang.

Not surprisingly, Cheney’s televised provocations produced a direct public attack by North Korean officials against the Vice President. The Foreign Ministry issued a statement, declaring, “Cheney is hated as the most cruel monster and bloodthirsty beast, as he has drenched various parts of the world in blood.” The statement went on to say, “What Cheney uttered at a time when the issue of the six-party talks is high on the agenda, is little short of telling the D.P.R.K. not to come out for the talks.”

The exchange, willfully provoked by the U.S. Vice President, has caused widespread apprehension, particularly in Europe, that the Bush Administration is prepared, now, to carry out an attack against the Korean peninsula, using the only military capability available—mini-nuclear weapons. As *EIR* reported in a cover story two weeks ago, the Pentagon has finalized a new “global strike” doctrine, CONPLAN-8022, which, for the first, time, integrates mini-nuclear weapons into the “conventional” arsenal. Despite a decade-old Congressional ban on the development and deployment of mini-nukes, the Bush Administration has produced an unspecified number of B-61 “mod 11” small-scale “bunker buster” nuclear warheads, that can be delivered by Stealth bombers, and even by F-16 fighter jets. Stealth bombers have been recently pre-positioned in

South Korea by the U.S. Air Force. Given the Bush-Cheney new national security doctrine of preventive and pre-emptive war, there is good reason for the world to shudder, that the lunatics in the Washington Administration could make good on Cheney’s blustering threats.

The Bush Administration, and particularly Vice President Cheney and David Addington (his inhouse wanna-be Carl Schmitt, the crown jurist of the Nazi regime), recently suffered a stunning defeat in the United States Senate, when a bipartisan group of 14 Senators blocked the so-called “nuclear option,” which would have barred the use of filibusters against judicial nominees. Predictably, the White House has gone wild, in response to this stinging defeat of what Sen. Frank Lautenberg (D-N.J.) had called a Cheney-led attempted “coup d’état” against the U.S. Constitution.

Indicative of the insanity coming out of the White House “lame duck show,” is the recent firing of Securities and Exchange Commission head William Donaldson, and his replacement by Rep. Christopher Cox (R-Calif.), a notorious “Gingrich Revolution” ideologue, who will crush all efforts to re-regulate the derivatives activities of the big Wall Street banks, and thus accelerate the collapse of the entire multi-trillion-dollar hedge-fund industry. Lyndon LaRouche has denounced the Cox appointment as a continuation of the “Enron Syndrome” by the Bush crowd.

The word around Washington and other capitals around the globe is: Patriotic U.S. Senators killed one coup attempt by Cheney and company. Will the Cheneyacs now activate Dick Cheney’s “other nuclear option”?

One well-placed Washington source recounted a discussion several years back, with a neo-conservative insider. The neo-con boasted that, following the invasion of Iraq, the Bush-Cheney Administration would move militarily against Syria and Iran. And before leaving office, the neo-con insider boasted, Team Bush would take direct action against North Korea. “We will use nuclear weapons against Pyongyang,” he promised. “And this will be intended first and foremost as a message to China.”

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