

# EIR

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*EIR (ISSN 0273-6314) is published weekly (50 issues),  
by EIR News Service Inc., 912 Pennsylvania Ave., S.E.,  
Washington, DC 20003. (202) 543-8002.  
(703) 777-9451, or toll-free, 888-EIR-3258.  
World Wide Web site: <http://www.larouchepub.com>  
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Canada Post Publication Sales Agreement #40683579

**Postmaster:** Send all address changes to *EIR*, P.O. Box  
17390, Washington, D.C. 20041-0390.

## From the Associate Editor

**W**hy did Lyndon LaRouche choose to deliver his latest Washington webcast on the anniversary of his Oct. 12, 1988 West Berlin press conference, in which he accurately forecast the early reunification of Germany? He began by playing the video of that historic event (see our transcript; the video itself archived at [www.larouchepub.com](http://www.larouchepub.com)). First, of course, is that it establishes his record as the world's foremost economic forecaster—a role which he explains at length in the current webcast. But also, it is because the current conjuncture is a turning point in history, comparable in its importance to the meltdown of the Soviet Empire. Decisions made over the coming days and weeks will determine the course of history for generations to come.

In responses to the Oct. 12 webcast, many key political contacts were completely bowled over by the way LaRouche put the whole picture together, especially his central focus on the need to oust Vice President Cheney. There is a general sense, among political contacts and intelligence sources, that between the Plame and the Abramoff investigations, the White House is facing an explosive political situation.

As you will see, LaRouche drops a couple of bombshells in this respect. Cheney is the central figure in the Valery Plame case, and is also key, going back to early 2002, with his constant pressure on the CIA, and then with the formation of the White House Iraq Group in late Summer 2002. This was followed by the creation of the "Get Wilson" operation in Cheney's office in March 2003, long before Ambassador Joe Wilson had gone public with his refutation of the Administration charge that Iraq was acquiring nuclear weapons. That is the significance of the belated disclosure of reporter Judith Miller's notes of her meeting with Cheney's Chief of Staff Scooter Libby in June 2003—weeks before Wilson went to the press with his charges.

LaRouche's relentless focus on Cheney in, and preceding, the webcast, has triggered a shift in the U.S. institutions, in the direction in which LaRouche has been insisting. Keep in mind that LaRouche first called for Cheney to resign, or be impeached, in the Fall of 2003. What we are seeing now, is the product of a two-year effort since that time.

*Susan Welsh*

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EIRNS/Neil Martin

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## LAROUCHE WEBCAST

# Truth in Economic Forecasting: To Recover America

*This is a transcript of Lyndon LaRouche's keynote speech to an Oct. 12, 2005 webcast, delivered in Washington, D.C., along with a selection from the questions and answers. The keynote began with a video segment of LaRouche's press conference at Berlin's Kempinski Bristol Hotel on Oct. 12, 1988. The webcast was moderated by Debra Hanania Freeman.*

**Freeman:** On behalf of the LaRouche Political Action Committee, I'd like to welcome all of you to today's seminar and webcast. I should probably say, in the way of introduction, that the selection of today's date was not accidental: Because, it was in fact, in 1988, on Oct. 12, that Mr. LaRouche, in a press conference that was held at the Kempinski Hotel in Berlin, in the Federal Republic of Germany, announced the impending collapse of the Soviet system. It was a collapse that he said would begin in Poland, and would lead to the restoration of Berlin as the capital of the Federal Republic of Germany.

At that time, no one agreed with Mr. LaRouche. And people did not completely understand where his forecast was coming from. Within a year of that press conference, the world had changed significantly. In fact, it was the case that the Soviet Union fell. It was also the case that Mr. LaRouche was a political prisoner, placed in prison by the Administration of George Bush.

Now, many years later, in a changed world, we're faced with the reality that, in fact, had leading figures around the world heeded Mr. LaRouche's warning in 1988, had we taken measures then, as he recommended, the world would be a very different place today.

But history is as it is: The fact of the matter is that, although we are at a moment of great crisis, a crisis that some have called an existential crisis, there is still tremendous optimism, certainly on our part, that there are still measures that can be taken; measures not only to avoid an impending catastrophe, but measures in fact that would lead to the equivalent of a new era of unprecedented progress for our nation and for the nations of the world, at a time when that really is direly needed.

There are certain things that have to be accomplished for that to take place. There are certain obstacles in the path of that kind of progress. I could say that there



EIRNS/Stuart Lewis

*Lyndon LaRouche addresses the Oct. 12, 2005 webcast. "We have to learn to change our way of thinking," he said. "And what I've done in economics is just exactly this: is to define an approach to economics in which I judge money from the standpoint of physical values."*

are dykes in the pathway of progress, but I was thinking more in terms of the dyke's spouse. Much of what has to be accomplished, much of the progress that needs to be made, is blocked by the presence of Dick Cheney in the White House, by the presence of George Bush. But I think that we're at a moment, that if we weigh the developments, especially of the past few weeks, people can see that that is an obstacle that could very well be dealt with.

We've been engaged in activity this week, which Mr. LaRouche has identified as "Take Back America Week," where close to 100 members of the LaRouche Youth Movement have stormed the city of Washington, and have essentially conducted a crash education course for our policymakers, on what needs to be done, and how they, as the generation that is about to take leadership, considers it should be done. But there's more that can be said about that during the course of today's discussion.

I think, what is far more compelling, and I know it's why all of you are gathered here, and it's why audiences all over the world are tuned into this webcast, is that, today, on Oct. 12, just as he did in 1988, I think that Mr. LaRouche will deliver what will prove to be an historic address. And therefore, I ask you to join me in welcoming him.

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## Lyndon H. LaRouche, Jr.

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First, we shall begin with a playing of the tape of the address I gave in Berlin 17 years ago. And after that, I'll make a few comments about that, and you will understand from the following time, why it's important to hear the whole tape in

order to understand what I'm about to say, here, today, that is new. Shall we proceed?

[A video of LaRouche's Kempinski-Bristol Hotel address is shown, introduced with a Cold War-era view of the Berlin Wall, and ending with scenes from the fall of the Wall in October 1989. LaRouche's 1988 remarks are transcribed here.]

### LaRouche's Oct. 12, 1988 Berlin Address

"Under the proper conditions, many today will agree, that the time has come for early steps toward the reunification of Germany, with the obvious prospect that Berlin might resume its role as the nation's capital.

"For the United States, as for Germans, and for Europe generally, the question is: Will this reunification process be brought about by assimilating the Federal Republic into the East Bloc's economy, or economic range of influence, or can it be accomplished in a different way? In other words, is a united Germany to come into being as a part of a Europe from the Atlantic to the Urals, as President de Gaulle proposed, or, as Mr. Gorbachov has desired, a Europe from the Urals to the Atlantic?

"I see the possibility, that the process of reunification could occur precisely as de Gaulle proposed. I base this possibility on the reality of a terrible worldwide food crisis which has erupted during the past several months, and which will dominate the world's politics in every part of the world for at least two years to come.

"The economy of the Soviet bloc itself is a terrible, and worsening failure. In Western European culture, we have demonstrated that the successes of nations of big industries

depend upon the technologically progressive independent farmer, and what is called here in Germany the *Mittelstand* [Germany's small and medium-sized entrepreneurs]. Soviet culture in its present form is not capable of applying this lesson. Despite all attempts at structural reforms, and despite any amount of credits supplied by the foolish West, the Soviet bloc economy as a whole has reached the critical point, that, in its present form, it will continue to slide downhill from here on, even if the present worldwide food crisis had not come into being.

"I do not foresee the possibility of genuine peace between the United States and Soviet Union earlier than thirty to forty years from now. The best we can do in the meantime, in the name of peace, is to avoid a new general war among the major powers. This war-avoidance must be based partly upon our armed strength, and our political will. It must be based also, on rebuilding the strength of our economies.

"At the same time that we discourage Moscow from dangerous military and similar adventures, we must heed the lesson taught to us by a great military scientist from about 400 years ago, Niccolò Machiavelli: We must also provide our adversary with a safe route of escape. We must rebuild our economies to the level at which we can provide the nations of the Soviet bloc an escape from the terrible and worsening effects of their economic suffering.

"Recently, in response to the food crisis, I sponsored the adoption of an international association, called Food for Peace. This association has just recently held its founding conference in Chicago, Sept. 3-4, and since then, it has been growing rapidly inside the United States and in other nations represented by delegates attending that conference.

"One of the points I have stressed, in supporting this Food for Peace effort, is that the Soviet bloc will require the import of about 80 million tons of grain next year, as a bare minimum for the pressing needs of its population. China is experiencing a similar food crisis. As of now, the food reserves of the world are exhausted. There are no more food reserves in the United States; we have none. And the actions of the European Commission in Brussels have brought the food reserves of Western Europe down to very low levels. Next year, the United States and Western Europe will be cut off from the large and growing amounts of food imports during recent years, because of the collapse of food production in developing nations, or most of them, throughout most of the world.

"During 1988, the world will have produced between 1.4 and 1.7 billion tons of grains, and that is already a disastrous world shortage of grain. To ensure conditions of political and strategic stability during 1989 and 1990, we shall require between 2.4 to 2.5 billion tons of grain worldwide approximately each year. At those levels, we would be able to meet minimal Soviet requirements; without something approaching those levels, we could not.

"If the nations of the West would adopt an emergency agricultural policy, those nations, working together, could ensure that we reach the level of food supply corresponding



EIRNS/Dean Andromidas

*Lyndon and Helga LaRouche on the western side of the Berlin Wall, with the Brandenburg Gate behind it, in divided Berlin on Oct. 11, 1988, the day before Lyndon LaRouche gave his press conference forecasting the early reunification of Germany. Nobody believed it was possible.*

to about 2.4 billion tons of grain. It would be a major effort. It would mean scrapping the present agricultural policies of many governments and supranational institutions, but it could be accomplished. If we are serious about avoiding the danger of war during the coming two years, we will do just that.

"By adopting these kinds of policies, in food supplies and other crucial economic matters, the West can foster the kind of conditions under which the desirable approach to the reunification of Germany can proceed on the basis a majority of Germans on both sides of the Wall desire it should. I propose that the next government of the United States shall adopt that policy as a part of its foreign policy toward Central Europe.

"I shall propose the following concrete perspective to our next government. We say to Moscow: We will help you. We shall act to establish Food for Peace agreements among the international community, with the included goal that neither the people of the Soviet Union, nor the developing nations shall go hungry. In response to our good faith in doing that for you, let us do something which will set an example of what can be done to help solve the economic crisis throughout the Soviet bloc generally.

"Let us say that the United States and Western Europe will cooperate to accomplish the successful rebuilding of the economy of Poland. There will be no interference with the political system of government in Poland, but only a kind of Marshall Plan aid to rebuild Poland's industry and agriculture. If Germany agrees to this, let a process aimed at the reunification of the economies of Germany begin, and let this process leading toward the reunification, be the *punctum*



EIRNS/Chris Lewis

*The Brandenburg Gate in 1990, after the Wall came down.*

*saliens* for Western cooperation in assisting the rebuilding of the economy of Poland.

“We, in the United States and Germany, should say to the Soviet bloc, let us show you what we can do for the peoples of Eastern Europe, by this test in Poland, which costs you really nothing. Then, you judge by the results, whether this is a lesson you wish to try in other cases. . . .

“All of us who are members of that stratum called world-class politicians, know that the world has now entered what most agree is the *end* of the postwar era. The state of the world as we have known it during the postwar period is coming rapidly to an end. The only question is, whether the new era will be better or worse than the era we are leaving.

“The next two years, especially, will be the most dangerous period in modern European history, and that worldwide. Already, in Africa, entire nations, such as Uganda, are in the process of vanishing from the political map, biologically. Madness on a mass scale, of a sort which Central Europe has not known since the New Dark Age of the 14th Century, has already destroyed Cambodia, is threatening to take over the Middle East as a whole, and is on the march, to one degree or another, in every part of this world. As a result of these conditions of crisis, the world has never been closer to a new world war than under the conditions which threaten us during the next four years. What governments do during the coming two years will decide the fate of all humanity for a century or more to come.

“There have been similar, if not identical periods of crisis in history before this time, but, never, to our best knowledge, has such a crisis occurred on a global scale, all at once. . . .

## **No Place to Hide**

“There is no place in the world to which any man or woman can safely run to hide in a crisis-ridden world without food. One can not duck politics, with the idea of taking care of

one’s career and family, until this storm blows over. There is no place, for any man or woman to hide. There is no room for today’s political pragmatists anymore in the leadership of governments. If we as a civilization are to survive, we must make boldly imaginative decisions, on the condition that they are good choices, as well as bold ones.

“The time has come for a bold decision on U.S. policy toward Central Europe. . . .

“We may be certain that the content of my statement here will be examined at the highest level in Moscow before many hours have passed. The Soviet leadership has said in its newspapers and elsewhere, repeatedly, that it considers me as its leading adversary among leading individual public figures

today. Nonetheless, Moscow also regards me with a curious sort of fascination, and, since President Reagan first announced the Strategic Defense Initiative, Moscow considers everything I say on policy matters to be influential, and very credible.

“Moscow will wait, after reading this statement, to see which other circles around the U.S. establishment echo the kind of proposals I have identified. Once they see such a confirming signal from those quarters, Moscow will treat the proposal which I’ve made in the statement today very seriously, and will begin exploring U.S. and European thinking on this.

“As far as I am concerned, it is Germans who must make the sovereign decision on their choice of fate for their nation. My function, as far as Germany is concerned, is to expand the range of choices available to Germans. So, I have come to Berlin, where the delivery of this report will have the maximum impact in Moscow, as well as other places. Or the fact that I’ve delivered it here.

“I conclude my remarks with the following observation.

“Moscow hates me, but in their peculiar way, the Soviets trust me at my word. Moscow will believe, quite rightly, that my intentions toward them are exactly what I’ve described to you. I would therefore hope, that what I am setting into motion here today, will be a helpful contribution to establishing Germany’s sovereign right to choose its own destiny.

“For reasons you can readily recognize from the evidence you see before you, I know my German friends and acquaintances rather well, and share the passions of those who think of Germany with loving memory of Leibniz, Lessing, Beethoven, Humboldt, Schiller, and that great statesman of freedom, Freiherr vom Stein. If I can not predict Germany’s decisions in this matter of which I’ve spoken today. I believe that what I’ve set afoot, if it’s brought to success, will have the included result that a Reichstag building, restored to its original condi-



Bundesbildstelle Bonn

*The exuberant celebration of German reunification, Oct. 3, 1990, in front of the Reichstag building, which is today the seat of the Bundestag (parliament), as LaRouche had forecast it would be.*

tion, will be the seat of Germany's future parliament, and the beautiful Charlottenburger Schloss, the future seat of the German government.

"If the conditions arise in which that occurs, President de Gaulle's dream of a Europe from the Atlantic to the Urals will be the peaceful outcome of thirty years of patient statecraft, over the years ahead, and that durable peace will come to Europe and the world within the lifetime of those graduating from universities today.

"And therefore, *Heute, ich bin auch ein Berliner.*"  
[end of video]

## We Stopped a World War

There are two things I should add to that: First of all, the collapse of the Soviet Union is something of which I had warned in February of 1983. At that time, I was conducting a back-channel discussion with the Soviet government on behalf of President Reagan, through representatives of our National Security Council. At that point, we had a discussion about the SDI [Strategic Defense Initiative], with a report-back from Moscow, in which the Soviet representative told me, that the Soviet Union would reject the proposal. They agreed that it was feasible, that it would work, but they said: "We reject it because the United States will benefit more from it economically than we will, because the United States has more advanced technological potentialities. And the Soviet Union has its *own* plan for dealing with the United States." To which I replied. I said: "If your government follows the policy you have just outlined, as I understand its policy and capabilities, the Soviet Union will disintegrate within about

five years." Later that spring, I repeated that statement publicly during the May-June period of that year.

After the Wall fell, the authorities in Germany and in other parts of Europe, had a chance to open the can, so to speak, to see what the military potential and plans of the Soviet system had been. And they looked into what was the evidence, that the East German government, on behalf of the Soviet Union, was at the verge, and capable, of suddenly overrunning West Germany—and they had already designated the individual persons from East Germany, who would occupy the key positions in private industry and government in West Germany.

So, at the point the Wall fell, at that time, the government of East Germany and the Soviet government were prepared for a pre-emptive military strike into Europe, which they trusted the United States would back down from, at that time.

So, we did, in a sense *stop* a world war. We *were* on the verge of it, at that time. And the fall of the Wall, was the end of that threat, and we have entered a new time.

## The Question of Forecasting

Now, most people who do forecasting have never been able, in modern times, the past 40 years, to match my performance in long-range forecasts. My forecasts have been as accurate, or more accurate, than the forecast which is implicit in that address I gave at the Kempinski-Bristol Hotel 17 years ago. But, no one else in forecasting, in economic forecasting, in this period of time, the past 30 or 40 years, has matched my public record as a long-range forecaster. And the same thing applies today. What I'm telling you today, has the same kind of authority, and perhaps an even a more ripened and skilled



authority, than I represented at the Kempinski Hotel address 17 years ago.

My function today is to indicate to you, not a forecast exactly in that form, but a forecast in the sense of outlining the conditions and realities which we must take into account, if we are to escape from what is imminently the *greatest financial crash in the modern history of Europe*. This is not a depression. We had a 1929 stock market depression in '87, in October of '87—as I forecast; it happened. What happened is, we've gone to a new type of economy based on financial derivatives, which is funny-money. That funny-money hyper-inflationary economy, is now at a boundary condition, where it must crash. It is not a question mechanically of what day it will crash on: We're in a boundary condition. We don't know the day it will crash. But we know that this economy, if it continues, will crash, and will crash soon. It will not be a depression, if it comes: It will be a disintegration of the entire world economy. Not a depression of the economy, but *the end of an economy*—an economy going out of existence.

And that, I shall indicate some of the things you have to consider, to understand that today.

## The Collapse After 1989

Now, first of all, you have to recognize that with the fall of the Wall, and the collapse of the Soviet system entirely over the following two years, that there has been, as a result, a collapse of world economy in the former Soviet Union, in Europe, and throughout the Americas. The economy today, in terms of *physical terms*, has fallen far below the level of what might be called prosperity, which existed in 1989.

Every step we have made, in terms of major policy, in economic policy, in Western Europe, throughout the Americas, in the United States, in particular, has been a *stupid mistake*, with catastrophic results. The condition of life of the lower 80% of our households is far worse today, approaching desperation, than it was then. We have lost industries. We have lost infrastructure. We've lost health care. We've lost everything that we once prized as making our economy strong and beneficial. The same thing has happened in Europe: Every part of Europe today, is operating physically below break-even. Every economy in Europe today, were it to continue its present course, is doomed! In addition to that, unless the present monetary system is changed in the way I shall indicate, then the international monetary-financial system will not merely collapse, *it will disintegrate, in a hyperinflationary disintegration, which is already on the road to happening*.

So now, we have to make certain changes in policy. Not merely to correct the problems we already had in 1988-1989, but we're now at a point where we shall not survive, *unless we abandon the way of thinking, which has governed us, over the past years since 1989*. We shall not exist as a nation!—unless we change our ways radically, and abandon everything that has been considered innovation, changes in policy, since that time to the present.

The question is: Do we as a people still have the moral

fitness to survive? Are we capable of correcting our mistakes? Or are we so determined, not to try to put the toothpaste back in the tube, that we will let the whole system simply disintegrate, and let the world's population collapse from a level today of over 6 billion persons, to a level far less than 1 billion persons, within a generation or so? That's the prospect, that's the choice we have.

On the surface, you would say, knowing politicians as they've behaved, as I know, knowing how governments behave, knowing how elections have gone, knowing how people talk, that this is a civilization which has lost the moral fitness to survive.

However, being a person of greater optimism, and with good reason, I think that possibly Mr. Cheney might go. And a few other improvements of that sort, which might be not only improvements in the personnel of our government, but also a liberation of our government from some insanity, which allowed Cheney to get into that office in the first place.

So, let's look at some of the facts first, about what the United States looks like, relative, especially, to the year 1989. So, let's start with the question of looking at the percentile and numbers of manufacturing workers (**Figure 1**). Now, this is based on a county-by-county measurement, using statistics from the United States official and related sources—county by county, over this period, and this goes back quite earlier than 1989. So, we've got a good picture of how the United States was *being destroyed*, as measured in the ability to produce the goods on which we live. Okay, here we are. It speaks for itself—you see the dates are in there. The bright red, of course, is the optimal, and the blue and darker blue is the worst. You see what's happening. A transformation which accelerates, hmm? And this is a summation of that particular interval. We have lost our industrial capacity.

Now, just look at another thing: Look at our rail transport system (**Figure 2**). You get a picture of a disintegration of a national economy. And don't say, "rail has been replaced." If you've ever been through a traffic jam on a superhighway, which has been turned into a parking lot at rush hour around Washington, D.C., you know better. Again, the same thing. Note the dates.

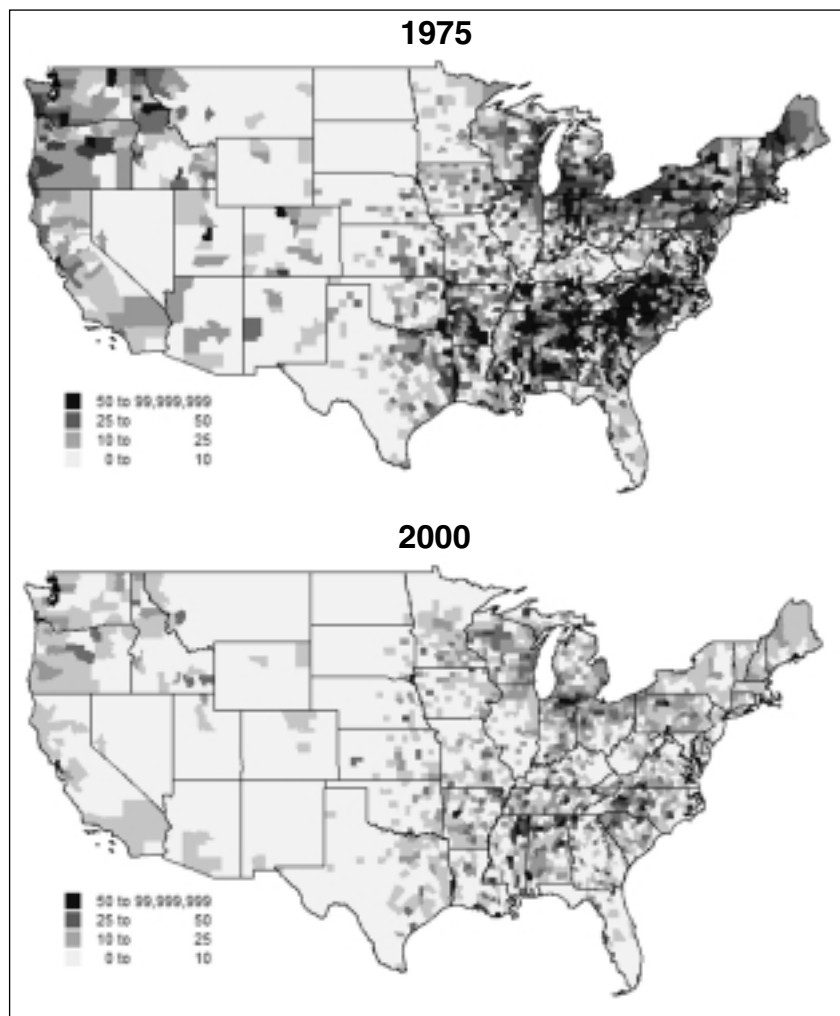
What you're looking at is a nation which is abandoning its own territory. With the present collapse of the airline system, due to deregulation launched under Carter—launched by Brzezinski and the Trilateral Commission under Carter—we no longer, with the collapse of airlines, have a way of taking people from coast to coast! We have struggled since the time of John Quincy Adams's service as Secretary of State, to establish a nation with defined northern and southern borders, as a continental nation, from the Atlantic to the Pacific. And we made that nation a nation, by distributing immigrants and shifts in population, from coast to coast, by opening up new territory for development. Key to that, was the development of railroads and the improvement of river systems and related internal navigation, water navigation.

We have destroyed that! And the fact that we have lost

FIGURE 1

## U.S. Manufacturing Workforce Decline, by County, 1975 to 2000

(Percent of County Workforce Engaged in Manufacturing)



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

*The darkest tone indicates the highest percentage. The data are from the Standard Industrial Classification series of the BLS. The decline of manufacturing from 1975-2000 is evident throughout all geographic concentrations, from textiles in the South, to aluminum in the Northwest, to steel, auto, and machine tools in the Northeast and Upper Midwest. See [www.larouchepub.com/animations](http://www.larouchepub.com/animations).*

the railroads—we no longer have a continental United States in rail! We no longer have a continental United States in air, as we lose the airlines! You can not go into a booth and buy a ticket for a secured flight from the West Coast to the East Coast, or to the interior of the United States, at your convenience any more. We're at the point, we may *lose that*. You drive by car? We're losing our automobile industry, as we sit here today. We're a disintegrating nation.

Now, look at the question of power, for example (**Figure 3**). Thirty years is about the age of a power plant, the

mean age of a power plant, before it has to be rebuilt, refurbished.

[Nuclear plants], same thing (**Figure 4**). Capital cycle of approximately a generation, 30 years, a little more than a generation. We're losing them. We're losing whole parts of the country now, whole sections.

## How We Built a Nation

Take a historical view, of how the country was developed as a continental power. We started from the ocean. Civilizations came from the oceans, not from inland. And civilization moved from the oceans inward, first into coastal settlements. You'll find, in archeological records, you see the structures of cities: Civilizations were based on coastal settlements, which were fortified *to the interior*, to protect civilization against the *uncivilized interior*. The culturally inferior interior. And then, as civilization progressed, it moved up rivers, up the large major rivers. And it began to move into the land area, and found ways to move into land areas.

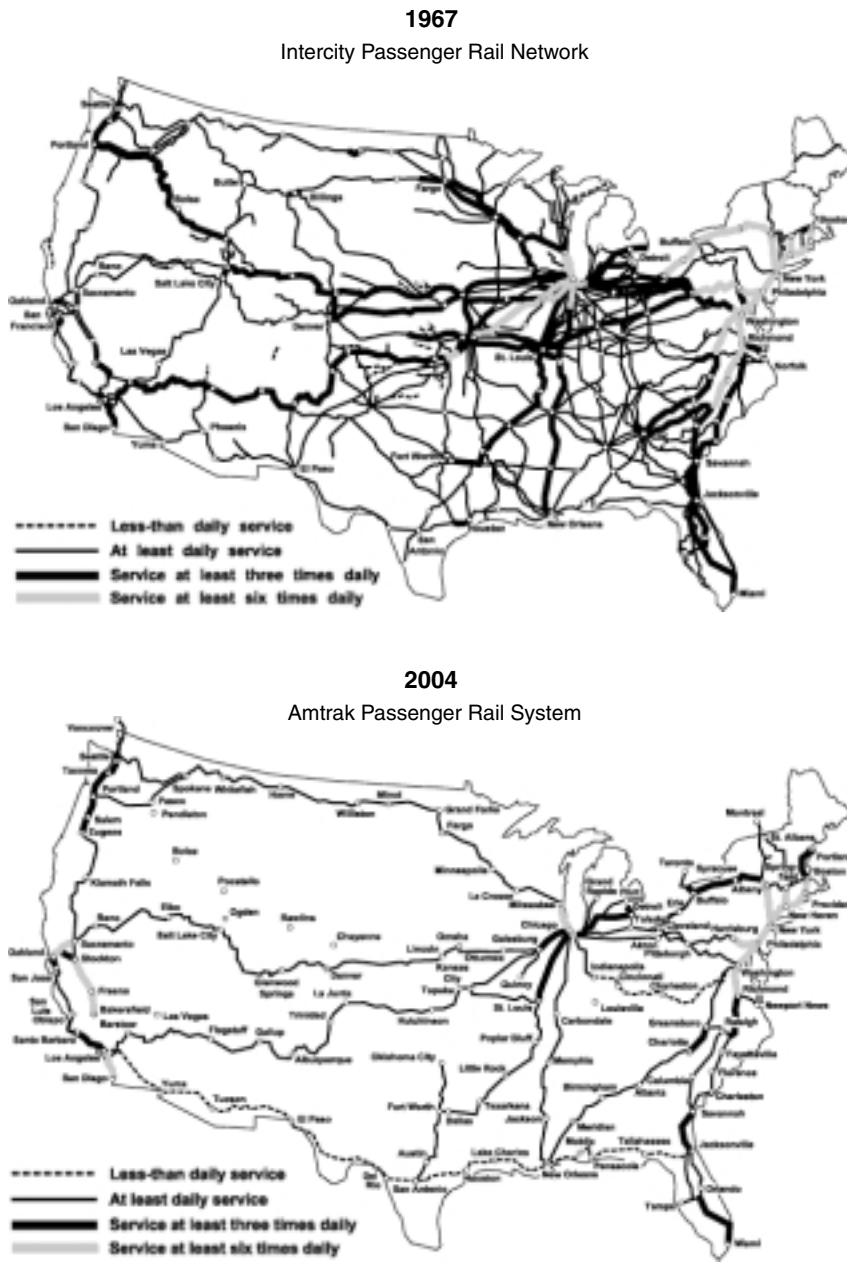
So, in that process, we transformed the character of civilization. And civilization was initially a maritime civilization, because the possibility of advanced human life depended upon the oceans, and navigation of the oceans. The most ancient science came not from the land, it came from the oceans. It came from astrogation, from the use of observations of the stars to locate a position, and to navigate from one place to the other.

This is particularly true of the past 200,000-odd years of the Ice Age, prior to about 19,000 B.C. or 17,000 B.C. In that period, civilization was largely located in the oceans. Even in India, which was not under ice, the coastlines were, of course, much wider then. The oceans had

dropped, or had dropped to about 300 to 400 feet below the present level. So, people were living largely in cities, or riparian settlements along coastlines, and were cultures which were maritime cultures on the open sea. And populations, which, of course, were not as large today, but the population, or the more advanced population, survived by astrogation, trans-ocean astrogation: by study of the stars for navigation. Just the same way, the Egyptians taught some of the people in the Polynesian islands how to navigate. And when they learned how to navigate, they settled New Zealand, and

FIGURE 2

## Passenger Rail Grid Shrinks Drastically Over 40 Years, 1967 to 2004



Source: National Association of Railroad Passengers.

Nationwide passenger rail miles fell from 65,842 in 1967, to 22,453 by 2004, a 66% loss. A map sequence of this decline is available from the National Rail Passengers Association, on [www.narprail.org](http://www.narprail.org). An animated sequence is posted on [www.larouchepub.com/animations](http://www.larouchepub.com/animations).

became Maoris; which is a result of what the Egyptians taught them at about 200 B.C., this sort of thing. So, the ocean civilization.

So, in the case of Europe and the United States, the devel-

opment of inland waterways, which was started in Europe, largely with Charlemagne, where the plan for developing, [was] to use the internal rivers of Europe as a way of connecting all the parts of Europe, to make the interior of Europe economically developable to a higher degree.

The same thing happened in the United States: We tried to find methods of transportation, to develop the economy and the territory that we occupied. This led, of course, to the struggle always to cross the Alleghenies, to get to the other side of the Alleghenies, toward building a continental civilization, into which European immigrants could come. We built up an economy. Then we had—the access points were the Great Lakes, the coasts, and the great rivers. The greatest system was the Mississippi River system, which took the entire territory from the Rocky Mountains to the Alleghenies, from western Pennsylvania on.

You saw the development of heavy industry, in Michigan, in Ohio, in western New York State around Buffalo; in Illinois, Indiana: How did these parts develop? They developed on the basis of the improvement of water systems. They developed on the basis of the emergence of the idea of a transcontinental railway system, which was actually built in the time prior to, but during and following the Lincoln Presidency. So, this vast area of the United States, became accessible, economically, as well as physically. You could have always walked there, if you had the endurance. But to actually move there efficiently in an economic sense, could not be done, until these developments.

We then invited populations from Europe, of skilled farmers, and people who were not skilled, to come into the United States as labor. We moved them into new areas, we gave them land—"Here's the land! Take it! Build a farm. Build an industry, build a community." We provided the transportation system which made this nation an economy. We took Europe-

ans, who had a certain skill, and we brought them into the United States, where they had greater freedom, and their skills enabled them to prosper, and our economy to prosper, as they could not prosper in Europe, under more repressive condi-

FIGURE 3

**Of 539 Coal Power Plants (200 MW Capacity or Larger), 296 Are 30 Years or Older (Dark Tone)**



Source: Energy Information Administration. Maps produced by MapInfo.

FIGURE 4

**Of 104 Nuclear Power Plants, 31 Are Over 30 Years or Older (Darker Tone)**



Source: Energy Information Administration. Maps produced by MapInfo.

tions of a medieval tradition which Europe had not freed itself from.

We built a nation! We built a continental nation!—whose very existence, especially after Lincoln's victory over that Confederacy which was a tool of the British, a treasonous tool of a foreign power, trying to destroy us—with slavery: Once we freed ourselves from the yoke of slavery, and established protectionism, we imported the populations of Europe. And they came to the United States, and they were more productive here, than they ever *could have been*, in Europe.

And then, later, after 1876, Europeans, beginning with Germany—1877-1887, revolutionized the economy of

Germany. How? By imitating the United States: The welfare system, the public welfare system of Germany, was installed by Bismarck, who learned the lesson of the principle of the General Welfare, as the basis for building a modern agro-industrial economy. Russia developed the Trans-Siberian Railroad, and began to develop industry on the same basis. Japan was transformed from a feudal society into a modern industrial society *by the United States!* France developed on the inspiration *of the United States!* Italy developed on the inspiration *of the United States!* South and Central America began to grow, on the inspiration *of the United States*, and what we represented.

### **We Have Destroyed Our Economy**

Now, since the middle of the 1960s and the beginning of the 1970s especially, *we have destroyed this nation*. Not some foreigner. Some aliens among us—and they didn't come from outer space, but we wish we could ship them there.

This country has been destroying itself. The worst part of this, is not what has been done to us, as if by an occupying power. *The worst part is, we have done it to ourselves*, as a matter of popular opinion. We are the ones who destroyed the most successful monetary system, which existed up to this time, the Bretton Woods system. We destroyed it! Under the influence of people like Nixon, Kissinger, Shultz, and so forth, we destroyed it.

We destroyed the U.S. economy. We destroyed the regulation, on which our prosperity depended. We went to free trade, which destroyed us. We went to cheap labor, which destroyed us. We went to outsourcing, which destroyed us. We went to globalization, which destroyed us. We said, "technology is bad," which is a lie! And that also helped to destroy us. *We*, by accepting these ideas, which have been the reigning ideas in our government, and among

our leading political constituencies, over the course of this period, *we have destroyed ourselves!*

## **ANIMATIONS**

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And therefore, the question of the survival of this nation, under condition of the threat now confronting us, depends on our willingness *to change ourselves*. Not to adapt to public opinion, *but to change it!* Because it is public opinion which has destroyed us. What public opinion has become, has been the instrument *by which we have destroyed ourselves*. It's a case of *moral national suicide*. And if we wish to save this nation, we have to go back to the values we had, still—minus Truman, and few other things like that—but the values we had, on which this nation and its growth were maintained: a tradition which we locate essentially, today, as the legacy of President Franklin Roosevelt. Whom most of us in my generation, in particular, and those who have passed on in an earlier generation, remember as the man who saved a United States, which had been ruined by Teddy Roosevelt, by Woodrow Wilson, by Calvin Coolidge, by Herbert Hoover.

Remember, it was not the '29 crash that caused the Depression: It was Herbert Hoover. He used the pretext of the Depression, to *halve* the level of income and employment in the United States *within three years*. And that was the problem of the Depression. It was the Hoover: It sucked!

So, we have destroyed power. People say, "soft technology." That's bunk!

Now, there's a worse part to this thing, and that is, that we have destroyed our ability to think. For example, you had effects of this type—you had, in the 1950s, in particular, under the influence of what was called the Congress for Cultural Freedom, which was a bunch of Marxists and existentialists and others—including some Jews who had left Germany. They had been pro-Nazi, but their birth certificate said this was not a career opportunity. So, they came over here, and they practiced it here. It became known as existentialism, and it became a key part of the Congress for Cultural Freedom. You should look up the pedigree of the people who actually ran the Congress for Cultural Freedom, and what they did. They set out to destroy culture, to destroy Classical culture; to destroy Classical education; to destroy the ability on which the United States had depended, and Europe had depended, for its progress. Where did technology, where did science, where did medicine come from? It came from the tradition of European Classical culture. We set out to destroy it. We set out—

Look at our entertainment industry, look at it from Hollywood. Back then, it was already bad enough. Look how it became worse. Look how we used to entertain children with monsters from outer space, eating them, or something, in the 1950s. This is where the Baby-Boomers got their education: Monsters from outer space coming to eat us. And they wondered who the monster is, and then they went to school and they found out who it was. It was teaching.

## **We Have Destroyed Our Sense of Humanity**

We have destroyed our culture. We have destroyed our sense of humanity.

Now, we also have another problem: It's that, dealing

with an economic crisis, very few people in the United States know what an economy is—especially the economists. The few economists who tend to know something about an economy, are usually over 65 years of age. That is, they are people who were born before 1945. Because, people who were born in 1945 or later, what time did they become adults? Middle 1960s, during the period of the 68ers. What did they learn? They no longer had any intellectual association, coming out of universities, with actual scientific and technological progress. They had no serious association with the Classical culture, upon which a literate population had developed, in Europe and the United States. We educated our people in garbage. We said, "You got a headache? Take LSD." "Your sexual partner doesn't look attractive any more? Take marijuana. Take it with cheap red wine—it helps."

We destroyed our culture! You know this! I mean, those of you who are younger, who are in this 18-to-25 age bracket, you know it better than anyone else. Because, people say, "get an education." You have silly parents, saying to the young people of this age, "get an education." You say, "Hey! Mother! Father! Do you know what tuition costs? Do you know what it costs to attend the following universities? And do you know what kind of garbage they teach there, when you get there? It's worthless and you pay a lot more for it? You mortgage your life! You couldn't pay off your university debt now, in your entire lifetime." Take the debt you get, for paying tuition, and other fees at universities; take the debt you incur to live at the university—and unless your father can steal as much as Vice President Cheney is able to do, you really can't take that hit!

And then, you look at the quality of education you're getting in universities, and there are some relics of the past there, but, in general, you're more poorly educated, than back in the 1950s, when you could get a university education for a tuition of, say, \$400 a year. Or something more than that. Now, you pay thousands, and you get nothing. You get entertainment.

The youth we have in the Youth Movement, especially as we find in areas like California, are getting a better education than they would get in a university! And when, as in Boston, they teach some of the professors at Harvard about the ABCs of science, they realize that that is the case—because they don't know.

The problem is this, on economics: People just don't understand economy. The reason they don't understand economy, is because of what's called "Liberalism." Now Liberalism is not "being nice." Liberal is being very mean. It's like practicing usury: That is not nice!

But, what's happened is, is the old system of Venice in the world, which we've inherited in some form in modern times, was a system of usury: For example, in the medieval period, from about 1000 A.D. until and into the 15th Century, Europe was dominated by an alliance between a Venetian maritime power (which was largely a financier-oligarchy engaged in maritime practices), which entered into a partner-

ship with a bunch of butchers, who were called the Norman chivalry. And through Crusades, such as the Albigensian Crusade or the Norman Crusade, the Norman invasion of England, which killed off the Christians, called Saxons (and nary a Christian's been seen there since), these Crusades were intended to prevent the emergence of representative forms of government, such as nation-state government. And the quarrel that occurred during this period, from about 1000 A.D. until in the 15th Century, was a struggle to *suppress* the emergence of nation-states—as Charlemagne had tried to build a system of nation-states—in favor of a system of usury, in which the Venetian financier-oligarchy, through usury, looted Europe. And used its alliance with the Norman chivalry, as in Crusades, to butcher anybody who objected to the arrangement. As a result of this, of course, European civilization collapsed, in the 14th Century, in what's called the New Dark Age, simply because Europe was looted into a state of virtual nothingness, as a result of this.

### The Nation-State vs. Venice

Now, the 15th-Century Renaissance, which was centered, of course, in the great ecumenical Council of Florence, established a new order of the type which had been intended since ancient Greece, since the ancient Greece of Solon and Plato, for example: The idea of the nation-state, in which the state had no authority *over* the people, as such, as an oppressor; but the state had the responsibility and authority, to promote the General Welfare of *all* of the people, and their posterity. This was the idea which distinguished the best aspect of European civilization, which was associated with the Classical movement in ancient Greece, associated with names such as Solon and Plato. It was on the basis of Solon's letter, and Plato's dialogues and letters, on which European civilization has been based, from then to the present time. And the struggle was, to do that.

But, Europe always maintained this idea. Christianity, in the Apostle Paul and so forth, is based on this idea.

But as a *state idea*, the idea of the *state*, was that the state was an imperial state, in which some tyrant would have the power to make law, to declare what was law, what was the principle of law. And everybody else was subject to the law issued by this tyrant—who would have such names as “emperor” in honor of the Caesars. This was the system: It was a system of usury, a system of financial usury, of the use of money, controlled by a minority, money as a weapon of looting the population. Backed up by a mafia, called the Crusaders, the Norman chivalry.

And the 15th-Century Renaissance changed that. Because it established as a principle, that the nation-state must exist, because man must be governed by a government which is itself *morally accountable* to be the instrument of promoting the General Welfare of the all of the people and their posterity, their cultural development, their welfare, the improvement of the land.

The first such nation-states of that form created, were

Louis XI's France. And then, you had a fellow, Richmond, who attended the court of Louis XI, who went back to England and he overthrew Richard III, and established a Commonwealth form of society in England, which was ruined by his son, Henry VIII, but nonetheless, the society was formed. So, that was the modern nation-state, which was something which did *not exist* in any part of the world, until the 15th-Century Europe! And that is the core of European political civilization.

However, the Venetians did not give up. They had been defeated by their own dirty-work, in the great Dark Age. But they came back. And through the Fall of Constantinople and other things, they began to get power again. They launched the Inquisition in Spain. They were responsible in 1492 for the Expulsion of Jews from Spain, which was the beginning of a period of religious warfare, which continued till 1648 when the Peace of Westphalia ended religious warfare. Then Europe began to develop.

### Venice Returns As Anglo-Dutch Liberalism

But then, the Venetians came back in a new form. They came back in the form of—Venetians would change their identity, and move up to the north, into England and into the Netherlands. And there, they would adopt Dutch names and Dutch peculiarities—dykes and so forth. They would also do the same thing in England. The Cecils of England, for example, were essentially a Venetian family, controlled by the New Faction of Venice, which was that of Paolo Sarpi.

So, this faction of Anglo-Dutch Liberals came out of the middle of the 17th Century, as Anglo-Dutch Liberalism, which spread in its organized form through the Dutch India Companies into England itself, especially through the 1688-89 takeover of England by the occupation. And then, in 1763, as a result of the Anglo-Dutch Liberals organizing warfare throughout Europe, the Anglo-Dutch financial interest became dominant in Europe, and you had the establishment in 1763, at the February Treaty of Paris, of the hegemony of the British East India Company over the world. That is, the trade of the world, the trade and organization of the world, was dominated in international trade, by a maritime power: The British East India Company. This was an empire.

This is what the American Revolution was fought against. The American Revolution was a fight to establish the idea of the republic, as understood by Solon, as understood by Plato, as understood by the 15th-Century Renaissance, and as understood by the Treaty of Westphalia and so forth—to establish a republic, in opposition to the Venetian-style imperium, which ruled through its control over the power of international money, and money rates. That is the British System.

Now, the United States is the only nation, the only national system, which, with the so-called American System of political economy, has ever successfully challenged the British System. But the British System today, is still the system of usury.

## The Idiocy of Money

Now, therefore, the way we run our economy is a form of idiocy. The form of idiocy is simply, we say, that the performance of the physical economy will be measured by *money*. Whereas, in a republic, we say, the performance of money will be measured by physical economy. The performance of economy was measured by, what does it mean in terms of the standard of living? The development of territory, per capita and per square kilometer? The improvement of productivity? The education and culture and improvement of people, through the opportunities for development. Then, we look at money, and we say: How do we run the money system, which is a necessary thing to have—how do we run the money system and manage it, in such a way that the money system does not suck our blood, but the money system is used as a convenience in trade, in order to promote trade and to promote investment?

Now, this form of dealing with an international system, which was dominated by the Anglo-Dutch Liberal philosophy, was what we lived under. We didn't defeat it entirely, with the American Revolution. We set a precedent against it: It's called protectionism. How do we regulate money? By protectionism. How do we protect our production, against cheap trade? We protect it. We encourage things, investments that are good, by being more generous in our tax rates on things that are useful to society, and taxing more highly those things that are less useful. We promote investment in things we need: For example, 50% of a modern economy should be, and is, basic economic infrastructure. Which has nothing to do with the market, as such, directly; indirectly, yes, but directly, no. What is it? It's public utilities. It's public education. It's water systems. It's public transportation—these kinds of things. Fifty percent of a national economy that is healthy is based on infrastructure, which is largely long-term investment in improvement of territory and conditions of life. The other 50% is production, or services relative to production, which is private.

So, what you do, is you regulate the economy to make sure that capital is flowing in, through taxation and other mechanisms, to provide the production and maintenance of 50% of the economy which is in the public sector. It is in the public sector of the Federal government, or the public sector of the state government, the public sector of the county government, or the municipal government: like your local water system, your local police services, your educational system—all these things. *These are things which should be public expenditure.*

Now, some of these things can be franchised to private expenditure, which we do. For example, in a state, we used to create public utilities. A public utility would be, say, a power plant. Now, you want the power plant: So, the Federal government or the state government intervenes, creates a facility, builds the power plant. Now it forms a corporation which is a regulated corporation, as a public utility. And people can invest their savings in these public utilities, which have a

generally guaranteed rate of stable return. So, the public utility becomes an advantageous way of direct savings, by people who buy bonds in public utilities, or indirect savings through the banking system. So, the banks depend upon public utilities, under a good system, for a good part of their deposit base. So, you invest in the bank, or you put your money in the bank; the bank, in turn, uses part of this money which you deposit, to invest in public utilities, which have certain guaranteed protections. Therefore, this is the most secure kind of local investment you could have, under the old regulated system.

We destroyed this! We said, "We want free trade. We want to cut out things that are not essential to a local employer!" Which means, no school system—we privatize the school system! We don't care about our population as a whole, we privatize the school system. We take elements which used to be public education, we privatize them!

You want to get an education in machine-tool practice. You used to get that in secondary school. They took that away. Now, you pay for it, whether you have the money or not. In the old days, we understood: We took a young kid out of the school population, whose family had no money, to speak of—just getting by, couldn't afford anything—and we take this young guy, and we put him in a machinist training program as part of his secondary education, and he came out of high school as a person with a skill, and could go on to college with the basis of that skill under his belt. And probably would try to get into engineering or something like that, based on that.

So, we understood, the importance was to take people who may not have any money, in terms of families, and to upgrade their productive potential. We *invest* in that. And, we were rewarded for that, because they developed skills. They make our industries possible. You want to somebody to teach you how to put a bulb in socket? You have to have an educated person these days—and that's difficult to find. But that's what we did.

So therefore, in a sane economy, the way you measure the performance of money, is the way the money system works, or does not work, to meet *physical objectives*. The physical objective is the improvement of the land area, the improvement of the condition and the health and welfare of the population—things like that. Say: Is the money system working? If it's not working, we have to re-regulate it or adjust it.

For example, we're now in a situation where we have a collapse of the U.S. economy. We're operating currently below breakeven. There's no possible way, we can succeed on purely private, free-enterprise basis. Couldn't happen. We're ruined. If we stick to a free enterprise basis as such, as opposed to what Brzezinski destroyed with deregulation—if we stick to that, we're doomed, we're finished. Not only depressed, but we're finished as a nation.

## Government Must Provide Capital To Rebuild

Therefore, we have to rebuild industries. Where's the money going to come from, to build industries? Well, we



EIRNS/Philip Ulanowsky

*Education in the machine-tool principle used to be part of the secondary school curriculum, preparing skilled employees, engineers, and scientists for the workforce of the future. Here, a girl learns to operate a lathe.*

have one thing, under our Constitution: The provision of the Federal government, with the permission of the House of Representatives, to create debt, create debt in the sense of printing or issuing currency. What we do, as Roosevelt did, is, we create debt through the Federal government, which is the only place that can *utter money* under our system. The Federal Reserve System cheats, and Greenspan cheats especially on that, but we may put him out of circulation pretty soon, anyway.

But, the point is, so, the Federal government uses its power to create debt, prudently, to provide capital in the form of means of employment of people who are otherwise not properly employed, to produce things we need: such as hospitals, health care systems, power systems, and so forth. So, now you put people to work, productively, in things we need, as a capital investment in the future. For example, as we saw here, a power station is generally—we're talking about a 30-year investment. So, you are building a power station, say, within five years, which may be the time it takes to build a new power utility; and this thing is going to, we're going to write this off as an investment over 30 years.

Fine. So now, using this, we build up the level of productivity per capita, by employing people who otherwise would not be employed in these kinds of things. When we employ people to build a power utility, the project of building the utility, now requires private contractors and skilled people to come in from the outside, as small businesses and otherwise, to contribute their skills to this effort. So now, you've stimulated the productive economy around the project, as well as the project itself. And by that means, we build up an economy.

The key thing, is, physically, *you must get the U.S. economy above breakeven*. You do that, by using public credit, which is going to be repaid—it's government credit, essentially—to expand the level of production of useful production, which we're going to write off over periods of 25 to 50 years; use that to bring the economy up above breakeven, and get back to prosperity. That's the only way it's going to work. It's not going to work on the basis of investment. What's called private investment now, used to be called "stealing." And you look at the [New Jersey Senator Frank] Lautenberg report upon the way Cheney's making his money, through Halliburton, you know what stealing is. It's the "steal business"—the new kind.

So, the point is, therefore: We have to understand, we have to look at an economy not in terms of money. Don't ask your accountant how an economy works—don't even bother to try to explain it to him, he wouldn't understand. Proceed from the standpoint of a physical economy, and how we must control money, so we don't create inflation, but, on the other hand, we create actual, physical growth, and increase the productive powers of labor, per capita and per square kilometer—and make a better life for society in the process.

Now, that's what a good forecast is based on.

We're now in a hopeless system. The present system, the present monetary system, is hopeless. The debts we have, the financial debts we have as a result of Greenspan's operation in the Federal Reserve System since 1987, has created a mountain of debt, of financial derivatives, so-called hedge-fund debt and things like that—which could never be paid. We're talking about an economy, which is in the order of





U.S. Atomic Energy Commission

*The Enrico Fermi fast-breeder nuclear power plant in Michigan (now closed, due to environmentalist hysteria). A breeder reactor produces more atomic fuel than it uses, as it produces electricity. A power plant is a 30-year investment; the Federal government properly uses its power to create debt, prudently, to finance such projects for the General Welfare.*

magnitude of not more than \$60 trillion in total, in world economy. We're now having quadrillions, or perhaps even hundreds of quadrillions of obligations of out there, tied to financial derivatives, which could never be paid, and never will be paid! What do you do? You're going to keep this system going? You can *never* pay for this stuff! The hedge funds should never be paid—they're only gambling debts! They're only gambling side-bet debts which Greenspan has legalized. In former times, we would consider this a criminal activity; the person would go to jail directly, rather than he does now when he gets caught. We head it off at the pass, so to speak.

### **Bankruptcy Reorganization**

Therefore, we're going to have to put the United States' economy and the banking system through *bankruptcy reorganization*. The world is going to have to go through the same kind of thing: *a general bankruptcy reorganization*. That is, governments—the banks are about to close their doors. Every leading bank in the United States is hopelessly bankrupt. It is on the verge of a situation, as a result of what is happening now with Delphi—and other things like that, and the housing bubble—it's on the verge of a point, not quite predictable in terms of exact time, but inevitable, if it goes on, in the short term. This entire financial system is about to disintegrate.

What are we going to do? Sit back and weep? Or, are we going to do something about it? What we would do, normally, under our law, our Constitution, is—and, forget what some Supreme Court Justices think about this, because their think-

ing is not too clear, either; especially, poor Thomas, he's a problem case—we're going to put the banking system into bankruptcy. What does that mean? It means that the Federal government walks in and takes the Federal Reserve System over, directly; takes it over, in bankruptcy! In order to make sure that the banks don't close their doors. Because, all of the major banks are bankrupt! But, we can't have them close their doors: Because we must keep the doors open, because people have their savings there. Because businesses depend upon the capital and financial flow, through the banks, and through those facilities for functioning. Everything depends now, in this system, on the banking system. Therefore, we say, "No, you keep the doors open."

You now go into general receivership, as in any bankruptcy reorganization. The Federal government takes over the Federal Reserve System, under the Constitution, because it's bankrupt. And the responsible agency, when the Federal Reserve System is bankrupt, is the Federal government. There's no other legal agency that can deal with a bankruptcy of the Federal Reserve System, and the Federal Reserve System is now—if anybody catches it—is bankrupt! That's where we stand.

So therefore, what do we do? We ensure that it keeps operating. How do we do that? Well, do the same thing you do in any bankruptcy: Put it into receivership. And you sort out what will be paid, and what will not be paid. And we know what isn't going to be paid: It's financial derivatives. Obligations attributable to financial derivatives will not be paid at all. Otherwise, we don't make it.



Transrapid

*Maglev rail technology can provide the basis for a modernized, integrated air-rail transport system, to rebuild the cross-country transportation capabilities that have been destroyed by deregulation. Shown here is an artist's conception: Maglev exists in China, but not in the United States.*

Now, eliminate that piece of parasitism, and we have a chance. Then, what do you do? You must try to protect savings. You don't want to move into people's private lives a great deal, particularly ordinary people's private lives. You want to make sure their savings are protected, up to at least a certain limit, immediately. You want to maintain local business functioning the way it was functioning before. You want a continual flow of credit into the community for useful purposes, to make things function. You want local government to function, local states to function. They don't have money: They can not utter money. Therefore, the Federal government's responsible. Who regulates? The Federal government does it, with the consent of the House of Representatives. That's how it's done.

Now you create credit, the way Roosevelt understood, and you create credit to bring the U.S. economy *above breakeven*. That is, the number of people working productively, and the amount they're producing, *exceeds* the current operating costs of the country. That's your requirement. Once you do that, you now can manage.

Now, what you must do, in addition to bringing the economy above breakeven, you must now have new projects,

which are frontiers in scientific and technological progress, at the same time they are capital improvements. We need power systems—do you know how much we need, in terms of power systems to replace? That will keep a lot of people working, and will stimulate a lot of growth. Do you know what we need, in terms of a national transportation system, with an integrated air-rail transport system, so goods and people can get from coast to coast, as required, in a free flow in the economy? We've got to rebuild that. That's a big project. We can not get safe drinking water out of a faucet any more, in most parts of the Eastern part of the United States. We're going to have to rebuild water systems, and water purification systems: So you can turn on a faucet and get drinkable water out of it, again, as we used to be able to do, in most parts of the Eastern part of the United States.

We're going to have to rebuild the health-care system. We had one. It worked, under the old system, the postwar system, until it was taken down by the Nixon Administration, with the modern health-care system, which doesn't work.

So, we have plenty of investment to make, in urgently required investments. We can pack into those investments, technological and scientific improvements, which are productivity-increasing factors. We can restore the composition of employment of our labor force, so we have fewer pencil-pushers, and more producers. What we need are people who produce physical wealth, useful physical wealth or related services, skilled services. We have to shift the composition of employment into skilled production, and the ratio of people who are in skilled production, of high-gain production, as opposed to those who are in make-work jobs. You know, getting a job as a maid in somebody else's house, and then you employ a maid in your house to take care of your house while you're working as a maid in somebody else's house, is not exactly a good economy! It used to be said, "taking in each other's laundry." That's the kind of economy we're getting today.

So, that's what we do.

### **Launching a Recovery**

Now. So therefore, we have a number of objectives which have to be the basis of forecasting where we *should* go,



Cincinnati Milacron

*"We have to shift the composition of employment into skilled production, and the ratio of people in skilled production, of high-gain production, as opposed to those who are in make-work jobs." Here, workers at the Cincinnati Milacron machine-tool company were producing jet engine components. But today, the airlines are shutting down.*

because, if we just stand still, where we're going to go is no place you want to be! Therefore, you have to now choose, not what money tells you to do, physically, but you're going to have to control money, to force it to behave, the way it must, in order that we can do *physically* what needs to be done.

Now, the first thing we have to do, which I've already indicated: We have to halt the collapse. We have to halt it in the United States. We have the same problem in Europe, the same problem worldwide. We have to launch a recovery. That is, actually get back above a losing level we're at now, a bankrupt level; we have to get above breakeven, in terms of current operations. This requires largely state credit, in our case, Federal government credit: to increase the level of useful employment, up the levels at which we are operating, producing more than it's costing on current account. At that point, we now have maneuvering room to go on to bigger and better things. But you must get to a breakeven point, first.

There's going to be a change in the world, under these

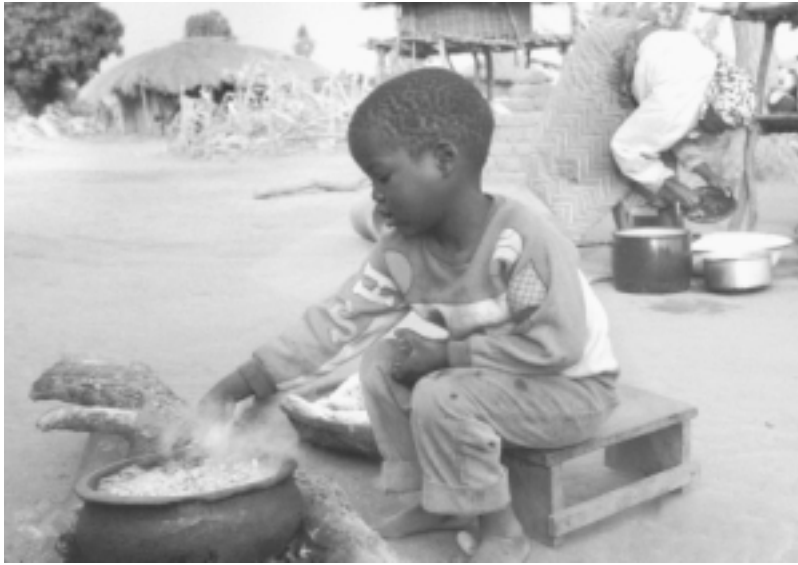
conditions. Not only a general improvement of technology, but a more general change. Since the 15th Century, approximately, but especially since the 17th Century, world history has been based on Europe, on European civilization. It includes the United States, the Americas generally, and so forth. The rest of the world has never had an efficient system of government, based on the principle of the General Welfare. There's been the struggle for the improvement of the welfare of people, in various countries. But the concept of a form of government which is conceptually committed to promote the General Welfare for present and future generations, doesn't exist. For example: India is considered to be a prosperous economy; it is not. Seventy percent of the Indian population is living in terrible conditions. The terrible conditions under which they're living are a part of the reason why they are exporting to the United States—because they're not paying their population enough to live. And 70% of the population is suffering, at the prices at which India exports services and goods to the United States and Europe. China has a similar situation. China's character of problem is different than it is in India. But they're similar, in the sense that they're both reflections of Asian culture, which do not have, in general, an understanding of the concept of the General Welfare, as an economic policy concept of statecraft. That has been the unique achievement, in known world history, of European civilization since Solon of Athens and since Plato, and especially since the 15th-Century Renaissance in Europe.

So, we now come to a point, that we have vast and growing populations in Asia, in particular—apart from, even forget Africa for a moment, which is a case of deliberate genocide, by the United States and Europe. We also have, throughout the Americas generally, we have the same problem. It's a part of European civilization, it has European civilization's values: That is, the idea of the General Welfare, or the Common Good, is a characteristic feature of the morality of Classical European civilization, and is a characteristic feature of natural law, in modern European society. It is not the case, in other parts of the planet.

### **A New Conception of a Eurasian Planet**

But we've now entered into a period, in which the population of Asia, in particular, is growing. So therefore, the first thing we have to deal with, after looking at the mere fact of getting above breakeven, we have to face the challenge of a Eurasian culture: That is, the task of integrating our recovery and European countries, or countries of European civilization, with the aspirations and needs, of a growing population of Asia. Therefore, there has to be a commonality of understanding developed, between European countries, and those of Asian culture, which creates a new conception of culture from a European-dominated planet, to a new conception of a Eurasian planet.

If we do that, then we can turn to Africa. And sub-Saharan Africa is a case of pure genocide, out of a policy of genocide



UNAIDS



EIRNS/Philip Ulanowsky

*In 1974, Secretary of State Henry Kissinger commissioned National Security Study Memorandum 200, which denounced population growth in the developing sector as a threat to U.S. national security. In the 30 years since Kissinger's paper was written, we have destroyed sub-Saharan Africa, which is now ravaged by AIDS and poverty. Here, an AIDS orphan in Malawi.*

which was launched from Spain in 1492, essentially by that regime, by the Inquisition, in which the rule was, that Africans are not human. And therefore, you can hunt them down, and capture them, and cull the herd, the way you do wild cattle. And herd the cattle you want to keep, as the ones you think you can control, as you do cattle. And the racism in the United States in particular, is a legacy of those who follow that Spanish tradition, that Africans can be considered as not human; as cattle. You have an approximation of that also, in Hispanic culture in the Americas, where the argument was made, that the indigenous population of the Americas, which had been occupied and conquered by the Spanish and Portuguese, were not *fully* human—they were not cattle. They were not animals. But they were not fully human—they had animal characteristics, sort of like the Yahoos of Jonathan Swift's story of the Houyhnhnms. And therefore, you had to herd them, like cattle, which became the system of peonage, which is the social conflict within Mexico, for example.

Mexico was one of the two countries emerging from this area, from the Spanish conquest, in which there was a large, and rather vigorous population in Mexico at the time that the Spanish, with the help of the Indians, got rid of the Aztec tyrants. And then the Aztec tyrants were replaced by Spanish tyrants. And the Spanish tyrants said the peons were semi-animals. And the social division within Mexico to the present day, is based on a legacy of this thing, of seeing that the Mexican indigenous population are not really *fully human*, and therefore they must be dominated by an elite of the purely Spanish type. And I've never seen a pure Spaniard, yet.

Same thing: you had a similar thing in Peru, where you had a fairly large population of the indigenous population,

which was, in a sense, a well-organized population, as a social culture, and a similar thing was attempted there.

So, in the case of Africa, we had since the 1970s, it was U.S. and British policy in particular, as enunciated by Henry Kissinger, that Africa must be de-Africanized, sub-Saharan Africa. That a policy of genocide against the people of the southern part of Africa, sub-Saharan Africa must be policy. And since the middle of the 1970s, that policy of genocide, as enunciated by Kissinger, has been the policy of the Anglo-Dutch-American interests in Africa.

### **Repair the Damage of a Genocide Policy**

Now, therefore, what we have done so far, in those recent 30 years, since Kissinger wrote that paper, we have so much destroyed sub-Saharan Africa, that it has no inherent capability of recovering from its present condition, on its present internal resources. And therefore, we, as a global conscience, must repair that damage. We must create the conditions, under which the standards of European civilization are available, and efficiently available, throughout sub-Saharan Africa. This means the promotion of large—

Let's take one case, we have a case right here, in nearby Baltimore. You have an area which we call "the Blob." It's called the "Blob," because it's a case in which the principles of Dirichlet's Principle of Riemann applies to epidemiology. You have a section of a city—remember, Baltimore once had a certain degree of prosperity during World War II: It was an industrial city; you had the Bethlehem Steel works, shipping, and so forth, were all centered there. And you had an indigenous population of largely African descent, which was becoming prosperous, developing homes, normal lives.



EIRNS/Suzanne Klebe

*Baltimore was formerly a thriving hub of industry and transport, with its port and rail system. Now the waterfront has been “gentrified,” and the population of the inner city left to die of AIDS and other diseases.*

In the course of the past period, especially the 1970s, this characteristic of Baltimore was destroyed. Baltimore has been transformed. It’s been transformed in two ways. In one sense, it’s been gentrified—which is really a horrible thing to do to anybody—at high prices, along the waterfront. What used to be a prosperous waterfront is now an area of gentrification, of useless people thinking they’re important. But then, to maintain this population in Baltimore, you also require a slave quarter: A population which services the menial work of maintaining the gentrified part of the population.

Now, such a population is not one which, on the average, is raised on a certain level of productivity—no! It is a “process” population, which is dying at the same time it’s used! It’s just like what you saw on the beaches when the tsunami hit on the coasts in Asia, in the recent tsunami. People who were considered useless, are running the errands and providing the sexual entertainment, for European and American visitors who are there as tourists, in tourist and entertainment centers! So therefore, in order to be convenient to these crazy Americans and Europeans, who want to have sex on the beaches, or by the beaches, you have a population of very poor people who live in shacks in this area. And in very poor conditions, and high rate of disease!

And when we look through some of the things in this area, and you look at things like HIV, and you start to make the dots of the cofactors, in some of these areas, you find that instead of having an area, where you have many dots of cofactors, the whole thing is almost solidly black with cofactors: which is the kind of cesspool, in which AIDS spreads fantastically. Because everybody transmits everything to everybody out of this area. And usually, the center of this thing, is some-

thing like a prison system. You go into the prison system, you’ll find the concentration of disease of the populations coming in and out of the prison, in a *dynamic model*—not your normal statistical model. But a dynamic analysis of this, will show you a process, where you have an area in a city, which has this function: Of people who are in the process of dying, who are all black in terms of dots of disease-sharing, and who often spread AIDS, tuberculosis, and everything else at a high rate, because everybody who kisses everybody, spreads all the diseases.

Some people are looking for a specific agent: They’re not looking at the totality of the problem. They’re looking at the *disease of poverty! The disease of filth! The disease of terrible conditions!* And every other disease imaginable. And it’s all in this area.

And then, you can find an area, you can demark precisely: *It’s where the people who are part of this operation live.*

Now, you want to find out, a part of the world where you find this commonly? It’s called Africa.

This is genocide: *To condone this kind of condition of humanity*, where you create a dynamic condition—not one disease—a dynamic condition: nutrition, sanitation, diseases, infectious agents, all these things together, this brew! You’re committing genocide! And that’s what we have to deal with in Africa.

So therefore, we, because we are human, as a human race, if we get our act together with a conception of Eurasian development, Eurasian culture as an emergent development—we, combined, *must deal with this great crime against humanity, in sub-Saharan Africa.* We have to go into an area where disease is of this character; conditions of life of this character;

where the death rates are such that you don't have family structure; all these kinds of conditions. That is what a Eurasian policy means to me.

First of all, we've got to take this world and *come back out* of what we've known before, and finally begin to consider, as nation-states, cooperating nation-states, the condition of the planet as a whole. We have to therefore develop a concept of Eurasian culture, as a process of extending the benefits of European experience, including technologies, into this kind of development in Eurasia generally. We then, jointly, through Eurasian culture, we must attack this great sin, this *great evil*, that's been done in sub-Saharan Africa: And we must say, that is a mission to make this planet self-respecting, once again.

### Vernadsky's Biosphere and Noösphere

Now, there also has to be qualitative change in thinking, a qualitative change which must come now. Because we can no longer run the world the way textbooks taught people, or tradition taught people, or various conferences taught people before. We've now come to a point, which I've described and addressed frequently on this subject of Vernadsky, and Vernadsky's implications, the concept of Biosphere and Noösphere.

Our planet has four features to it. Three are recognized by competent scientists today: One is those processes which we call abiotic, in which we think we can account for these processes without considering the action of living principles. The abiotic planet: What we presume to be, which is not quite true, but it's a good working assumption, that up to a certain point there was no significant life activity on the planet; but the planet was—to any passer-by who happened to be in the neighborhood—was simply one, abiotic thing, with no life.

But then, you find that most of the planet, increasingly, over the thousands of millions of years, has been transformed. It has now more and more, what we call a "fossil layer." What do I mean by fossil? I mean the atmosphere. The atmosphere is a by-product of life. Water! The presence of water, in the form of lakes and so forth, and oceans, it's a by-product of living activity. You look at the crust of the Earth, from the surface of the solid crust of the Earth, down. Most of what you reach, and where we do most of our mining for minerals and things like that, is the crust. It's in the fossil area. And the reason you find, say, potassium concentrated in a certain way, is because little living organisms died there, and they happened to concentrate potassium. So, now you have a potassium mine. You find iron, because some little living creatures concentrated iron; iron is not distributed in an abiotic way throughout the planet. Iron is deposited, where we get it, where living processes have died and left their skeletons behind, which are the iron. And so forth and so on.

Then, you have a third layer. That's called the Biosphere: The living processes and the fossil areas which they have produced, which could not be produced by the action of

abiotic processes, as we know abiotic processes. We have the third area: the Noösphere. We are doing the same thing, as man, as creative thinking man, making scientific discoveries—we are now transforming the planet. And this is not just something that's happening—"I saw a guy do it yesterday," or something. This is something that's ongoing. We have a cumulative transformation of the planet. The crust of the planet is being changed. It's being changed, not by living processes as such. It's being changed by the mental activities of human beings, the creative mental activities of human beings, as typified by technology.

So now, you have a fossil crust of the Earth, in addition to the Biosphere, of fossils which are created by human intellectual activity. And by the human beings who are performing this activity.

The common feature of the Biosphere and Noösphere, which distinguishes them from what we are taught about abiotic physical processes in school, is that they are characterized, each case, by a *distinctive creative principle*. We call it creative, because it does not occur "normally," in non-living processes; even though non-living processes are much more complicated than the textbooks would indicate. But, these are dynamically distinguished, a dynamic principle.

For example: In a living process, as Vernadsky puts it, there is nothing in the living process happening, except the living process is assimilating material from the environment. It is now processing this living material in a way which does not occur outside living processes. It then deposits, as product of its existence, back into the environment, something which is produced only by a living process—just like the iron deposit, which is created by the animals which died and left their skeletons behind as the iron ore.

Now, all of these processes are interactive. The living process is selective. It selects what it uses, it spits out what it doesn't like, takes what it likes, and so forth—transforms it according to its peculiarities, and throws it out again, in a different form than it came in! But what you have in there, in between, just like a human body, it absorbs from the environment and it dies. In the process of death, it goes back, disintegrates, no longer behaves as a living process, but leaves its deposits, which wither, wither away. But the human being, the principle which has occupied the living body was never *in* the living body, as such. It was a principle which acted on the process, as in all living processes, to select and change the way the abiotic processes around it functioned.

### The Universal Principle of Human Reason

In the case of the human being, you find something else: You find a principle which does not exist in any other living creature, which transforms human beings, so the human population, rather than having a fixed population density-potential, has a variable population density-potential, based on creativity, typified by scientific discoveries and things of that sort. This also is a transformation process, which is not found in

the animal aspect of the human being! It's not found in animal life. It's a higher form, called human reason, which exists only among people who don't think like accountants. And this principle does not die, with the death of the human being: It's a principle in the universe.

Now, we've come to the point that the rate at which we are tapping into the fossil areas of the Biosphere and Noösphere, are such, that with present technology, we have to think not of unlimited resources; we have to think of creating and developing resources. For example, the simplest level is, you go into an area which is desert; you transform the desert into an area of rich growth—a very simple principle. Now, we have to think about applying that principle in a more extensive and systematic way, to the future: We must now create the conditions on Earth which are required to sustain the kind of population we intend to have, with growth and with the needs it has, increasing, as it goes along.

We also have to think more about the nature of man. Don't think about man as just existing—how does a biological human being get by? That's no good. I mean, there's a certain anxiety about that kind—an existentialist anxiety about that kind of idea of life. What are you, you're trying to get by, like Cheney or something? A parasite, living on society, seeking your advantage in life—then you're going to die? Where are you ending up? (I've got an idea where Cheney might end up, but that's a different story, huh?)

Doesn't human life have a purpose—a purpose which transcends life and death as such. And you look at what our culture is, look in particular inside European civilization—trace it from the development of the application of Egyptian concept of sphaerics, in developing Greek civilization. What we are, is, we are the fruit of the transfer, including with language and everything else; we are the result of the transfer of *principles of discovery*, sometimes called scientific principles. The very existence of language and so forth is a heritage which is transferred from one person to a next. So that, if you live as I do, and I have about 3,000 years of European history embedded inside me at all times (I carry it in my pockets), we never die! The body dies; we never die. We are in communication with ancient discoverers, such as, for example, Archimedes; you relive a discovery he made, it's a unique discovery. It's unique, you relive it: You are reliving the inside of the mind of Archimedes. You're reliving him, as a person, not as a biological entity.

### The Fourth Dimension: Human Creativity

We live and we progress, by reliving, and transmitting from one generation to another, from one person to another, the ideas on which the development of mankind progresses. This is the fourth dimension, above the Noösphere: the dimension of human creativity, the dimension of immortality of man. And that must be the conception which the world adopts as the organizing principle of economy, for the time to come.

The motive must not be, "How do you achieve prosper-



Institut für Mathematik und Informatik

*"Be immortal!" Relive the discoveries of the great thinkers of the past, such as Archimedes. "You are reliving the inside of the mind of Archimedes. You're reliving him, as a person, not as a biological entity."*

ity?" "How do you become wealthy?" "How do you get this—?" Buddy, it doesn't mean anything! You're going to die anyway, sooner or later! Now, pick me something that has enduring value! What do you want that has *durable value*, that doesn't die within a lifetime? *Do something!* Develop the opportunity to do something, which has the quality of immortality in it. Like the great scientists who generate and transmit the ideas; or the great artists, who create the works, transmitted from one generation to another.

*Be immortal!*

The function of human society, and the quality of change in thinking about man, must be that the understanding, the *quality of understanding of what man must be, what society must be, it must be the promotion of the immortality of the human being*, as expressed in this way.

So therefore, we have to learn to change our way of thinking. And what I've done in economics is just exactly this: Is to define an approach to economics in which I judge money from the standpoint of physical values. And by physical values, I mean, all four of them: I mean, the abiotic, I mean the living, I mean the quality of the living human being, and I mean the potential immortality of every human being. These are the four levels of physical reality. Because they have physical effects, and therefore they are physical reality.

And it's those four things which must govern the way we shape our policy. And the kind of monetary systems, financial systems, and recovery programs which we generate. This is our duty. This is our future.

And I believe this, also: I think, that, knowing people as I know them, today, which ain't much—given as they are, as they are generally accepted, as they describe themselves—they're not going to survive. Humanity as we know it today, is not morally fit to survive. Because it is incapable—and look at the Congress, which is not the worst institution by any means; look at the Senate, which is probably one of the best

institutions of the country. Look at it! What is it unwilling to do? What change is it unwilling to dare to make? *Changes which it must make* if this nation is to survive! Are they willing to make those changes?

If not, where's the fitness to survive? What could cause them to choose to undertake those decisions on which the survival of civilization depends? They have to proceed *not* from the sense of physical advantage, of financial advantage, of gain, of their own gain or the gain of their constituents, or the physical satisfaction of their constituents. They have to think about *the future of humanity!*

They have to think: *Are they worthy of being considered immortal?* Because, if you know anything about life, and you try to do something good, you go against Cheney, your mortality is immediately threatened. And therefore, if you want to change the world that Cheney dominates, you better give up the idea, about automatic immortality. You better start earning it.

And that is good forecasting.

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## Dialogue with LaRouche

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### What Should Democrats Do Next?

**Freeman:** As part of the questions which have been submitted, these webcasts in Washington have been principally characterized by an ongoing dialogue between Mr. LaRouche and leading institutions attached to the Federal government, and that will continue today. And in some cases, what I will do, because we get a lot of questions on the same topic, where necessary, and where it's convenient, I'll group those questions together.

Lyn, the first question is this, it's a simple one, really. It comes from a Democratic policymaker, who has the task of figuring out strategy for the party as a whole nationally. And what he says, is:

"Mr. LaRouche, in the aftermath of John Kerry's concession to George Bush, we were in a state of what might diplomatically be called 'disarray.' We were fighting over what we'd done wrong, and what we needed to do next. At that time, you defined a clear focus and direction. Your proposal was that we take up two principal issues: One was the question of voter suppression. And the other was the question of stopping the privatization of Social Security.

"To be honest, I really didn't think it would work. But for lack of any better idea, we went with it. And as the events that followed showed, you were right.

"Right now, the situation is more complicated, but it is the case that we need an order of battle. Can you define, in the way that you did then, a couple of issues, a couple of principal issues that we should be proceeding on? And let me just ask you, in advance, if you would identify dealing with the Dick Cheney question as a similar proposal?"

**LaRouche:** Well, the problem we have is one of gutlessness of a certain kind. The gutlessness is—for example, the case of dealing with the Democratic challenge of Bush, was easy. You had a fraudulent process of election. It had different elements, so you could not easily pin down one element, such as the vote count as a way of showing the fraud. That vote suppression, you had other factors in there, all of which combined to the *intent*, by various devices to defraud the American people of the knowledge and the ability to discriminate in the way they wanted to, in vote selection.

So, this was a gut issue which was obvious, and it had a lot of pent-up anger behind it. So, when people heard that, as I had warned, Bush was going to come on with an attempt to steal Social Security, a lot of Democrats realized I had been right, and our campaign essentially was, to change the Democratic Party *back* from an *anti*-Franklin Roosevelt party, to a *pro*-Franklin Roosevelt party.

Now, in certain degree we succeeded. And it's a little bit dangerous now, to run around and say you hate FDR in the Democratic Party. Republicans won't trust you if you say that. They figure that you're some kind of a crook; they'll start seizing their pockets and things like that.

Today, the problem is still the same, but now it expresses itself as a broader principle: The enemy has to be defined properly. Who is the enemy? Well, Cheney is ready for the rubbish bin. He could go quickly—he's earned it. I mean, the Lautenberg-Waxman report on the way he's ripped off the American budget, the American till with aid of his Halliburton associates, and how he has profited by what Halliburton has done by way of the "steal business," really puts him in jeopardy. He's not a popular guy. He's hated. Unfortunately, he's also feared. And cowards fear him.

But the enemy is not Cheney. Cheney is only a tool (as his wife describes him). The enemy is the Venetian faction.

The problem today, is economy, which has to be addressed—and this is where Democrats lose their nerve, in the Senate and elsewhere, they lose their nerve. It is not that they don't lack inspiring causes to go to. But when they know, and they are informed, by people like Felix Rohatyn, that they are treading in dangerous waters which they might not like to find themselves in—they *win*.

The biggest support we have, is the defection of Republicans from the Republican cause. Not the Republican Party as such, but from what the neo-cons represent in the Republican Party. So you have a mass defection of Republicans, who can not support what stinks. But you don't have Democrats, with a few exceptions, who are stepping up to the plate, as is said, on issues: Because they're afraid—of what? They're afraid of the financial interests. We have to realize that the enemy of humanity today, is the same enemy that Franklin Roosevelt had when he was alive, which sometimes are called the "bankers," but he didn't think of the "bankers." He had it right: He understood that the financial oligarchy, including the grandfather of the present President, Prescott Bush, had been the





*Felix Rohatyn and Donald Rumsfeld at a meeting of the National Economic Council in 1988. Rohatyn represents the financier-oligarchy, "which says clusters of these bankers are going to run the world, and no government will challenge the authority of these bankers, or their money."*

EIRNS/Stuart Lewis

authors of funding Hitler's being put into power in Germany. That these people in the American oligarchy—the Wall Street oligarchy—the backers of Coolidge, the controllers of Hoover: These were the people who had put Hitler into power, and Mussolini before him, and Franco afterward. These were the people, who were prepared to support Hitler all the way, and his system, if he had only gone East first, against the Soviet Union, rather than against France and England.

They turned against Hitler—many of them didn't turn until 1940. But they began to turn against Hitler, when it was learned, that the German military was prepared to strike westward first, before striking eastward. So, they became *anti*-Hitler, because they didn't like his direction. They liked his methods, but not his direction. And they supported him, by bringing fascism, Nazism, into power in Germany; and fascism into power throughout Continental Europe.

Now, you understand then—you have to go back deeper: That fascism, Nazism, which is largely a product of a group known as the Synarchist International, it's a group of bankers, in the Venetian tradition. These are independent family banks, family financial interests, which cluster like a slime-mold together, and have individuality, but they also are a slime. This is the problem.

These guys have come to the point, where since 1989, since there was no longer a Soviet Union as a contender, they felt free to destroy Western Europe and the Americas. Because they no longer needed Western Europe and the Americas as economic and military strength, to *control the Soviet Union*. Once the Soviet Union was gone, they said, "history has ended," as Francis Fukuyama put it. History is now at an end: Now the empire can return.

Now, the empire means the Venetian model. Which means the British model. It means the Anglo-Dutch Liberal

model, under which, in their view, the nation-state either should not exist—and they intend to eliminate most nation-states, which was what the real purpose was in Iraq, not to defeat Saddam Hussein. It was to destroy Iraq, which they're doing! Their intent is to destroy Syria; their intent is to destroy Iran; their intent is to destroy Israel: The intent is to destroy *every part* of that region of the world—and beyond. And they called them "failed states." Why has it failed? 'Cause it got killed. That's why it failed.

What about the other states? They *do not want to tolerate* in Europe, or in the United States, a government which does not submit to the power of a financial oligarchy!

Now, what these guys are up against, which Felix Rohatyn merely typifies, is, they represent a financier-oligarchy, which says clusters of these bankers are going to run the world, and no government will challenge the authority of these bankers, or their money. That's what the issue is. And they not only use the threat of financial campaigns against politicians and their constituencies. They also kill! They commit murders. They murder officials! They murdered Kennedy. They murdered McKinley. They murdered other people—*en masse*. They are killers. They don't do it personally, generally. They give the orders. And they can find Nazi types, like the Pinochet types and so forth, who will go out and carry out those orders. That's the way it's done.

So there is a genuine fear of these bankers, or these financier interests, among people who know that they hire killers. Most of the assassinations of the world are run, orchestrated by these financial agencies. They kill! They are poisonous cockroaches in our system, inhabiting the pores of our system. And that's what the problem is. People are afraid of them.

Again: The answer is what I said just a while ago. The answer is, *if you don't have a sense of immortality, of an*

*immortal interest in your life, you don't have the source of courage to make the kinds of decisions to challenge power, evil like that.* What they represent, what Felix Rohatyn typifies, in his own small way, is *Satan*. You want a figure for Satan? That's him. Not him personally, as such, but he typifies what is Satanic in society today. This is the evil.

And people are afraid to stand up against evil. They say, "Look, I'm willing to do whatever is possible to reform the society for the better. But, look! Don't get me in trouble!"

## How Can We Deal With the Pension Crisis?

**Freeman:** The next question comes from the senior economists at a Democratic Party-affiliated think-tank.

"Mr. LaRouche, it seems to be a pervasive trend in the airline industry, and it may be extending to other industries as well, but as you know, Northwest Airlines and Delta Airlines have followed USAirways and United into bankruptcy protection, raising again the issue of the pension promises that companies have made to their employees. The growing concern comes with very good reason. USAirways and United have already terminated some or all of their obligations. Beneficiaries who had counted on and worked for these promised benefits, can now expect substantially less retirement income than originally anticipated. At the same time, the government's insurance company for defined benefit pensions, the Pension Benefit Guaranty Corporation, has had to absorb billions of dollars in unfunded pension promises, contributing to a total loss of approximately \$23 billion in 2004 alone. These new bankruptcies raise crucial questions about the security of airline pensions, which we are currently studying and being asked to answer. Can airlines maintain their promised obligations to their employees and retirees? What will happen to beneficiaries if the pensions are terminated? Can the existing insurance system for defined benefit pensions absorb more terminations? Will taxpayers have to foot the bill? What does this mean for the airline industry, for airline employees, and for consumers?"

While I don't expect you to answer each question specifically, please be as specific as you can."

**LaRouche:** Okay. I'll take that.

The problem here is, again, what I just said: it's the slime-mold. It's the financiers.

But it's also the people. The shock of what has happened has to be made clear to the people, brought home to them. *They said they would go along with deregulation.* They voted for it! They voted for it in Carter. The Carter vote was for deregulation. Deregulation was the policy of the Reagan Administration, despite Reagan himself, who had divided views on that. On one side, he was a traditional Democrat of the Roosevelt type. On the other side, he'd been brainwashed by GE and others, and he was crazy on the question of economy. But, in effect, the Reagan-Bush Administration, every administration since 1971-72, especially since 1977—has been *for deregulation!*

And deregulation has been a form of stealing, of looting.

Look, look at the stealing. People have been collecting profits. How? By letting the public utilities decay. Look at the public utilities we had in 1971-72; look at what we have today. Look at all the long-term capital investment. What happened to it? We didn't maintain it! We used it up! We burnt it up, like firewood! We don't *have* much of it, any more.

Now, what you're looking at in terms of the airline industry is exactly that. We burnt it up! We burnt it up, with deregulation, under Carter. Which was under Brzezinski. I don't think Carter ever understood economics. But we did it! And nobody changed it.

The Democratic Party adopted that policy, of deregulation. It adopted the policy of so-called environmentalism, which is largely insane, it's fraudulent—but it's popular. People believe it. It's destroying us. How many people adopted the idea of a change from a producer society to a services economy? Who accepts that? Who says we have to live with that? How many leading politicians in the Democratic Party, as well as Republicans, say that? *This is the price!* This is the problem!

Give me the power as with the Presidency of Franklin Roosevelt; I could fix this, in the way I indicated. This system has to go into bankruptcy reorganization. We're going to keep the airlines. We're going to pay pensions. We're going to keep things going. And we're going to grow, at a rate that we can pay for it. And it has to be done by the Federal government, chiefly.

Which means: Don't tell me you want to "fix this." Tell me: *Are you willing to repeal deregulation?* Huh? Are you willing to go to a fair-trade policy, not a free-trade policy? Are you willing to overthrow pro-free-trade agreements, international agreements—repudiate them? Are you willing to reverse the mistakes you've made, since the middle of the 1960s, alone? To reverse those policies, which you now deem sacred, policies construed *to destroy* our economy, policies construed to destroy our people and their institutions.

Look at our health-care system. Look at everything! You guys (I say to the American people), you did it, you idiots! You did it to yourselves! You decided to go along with popular opinion.

Let me go back one deeper, on this thing. Because I've said this, on other occasions, let me say it here. It'll come up again in different form. But:

How were we changed? All right, the minute that Roosevelt died, Harry Truman, who was not a good guy—he was never a good guy. He was a Missouri racist, and he never changed. He was also a bad guy in other ways. He was shoved on Roosevelt, because Roosevelt wanted to maintain the continuity of government into the postwar period, even though he was already virtually dying. So he ran for a fourth term, to keep the mission going, because he knew the sharks were out there, just waiting for the war to end, to eat up everything he tried to do. So, under those conditions, under pressure, he

took this swine Truman. And I say “swine,” advisedly. (I checked with the pigs, and they agree.)

Now, what Truman did—remember, at the end of the war, we’re now at the close of the war, just before the war had ended. And many people like Patton—George Patton. George Patton was not a nice guy; he was a killer, but not a nice guy. He was hired to be a killer, that he did well. Nice guy—he was not hired for that. He never accepted that job.

What happened was, Winston Churchill, who knew—as then, Truman did not—that the United States had developed a prototype, three prototypes of a nuclear weapon. One was tested at Los Alamos. Two were remaining. They were not production-line weapons. They were laboratory-test operational prototypes. One was a uranium bomb; the other was a plutonium bomb. The intention of Winston Churchill was to drop one or both of these bombs, when completed, on Berlin. But, as luck would have it, Hitler was gone! Couldn’t do it any more.

We now had, at that time, a peace agreement, negotiated through the Extraordinary Affairs Department of the Vatican Foreign Office, with then-Monsignor Montini; who later was Paul VI, the Pope. And there was an agreement, which was the agreement under which the occupation peace treaty with Japan *was signed*, involving MacArthur. What Truman did, was postpone the recognition of Emperor Hirohito, which was the condition on which the signing would occur, which the Emperor said he would have the authority to tell the military to shut down. They postponed it *in order to drop the two prototype nuclear weapons* on Hiroshima and Nagasaki—which were largely civilian population centers—in order to launch a policy, which the British had organized, and associated with Bertrand Russell, who was the author of the policy. Many people call Bertrand Russell a peacenik. Well, if you kill everybody, you’re going to have peace, of course. And Bertrand Russell was a nuclear bomber: He was the one who put out the Cheney policy, of *preventive nuclear warfare*, pre-emptive nuclear warfare.

And it was the Russell policy of pre-emptive nuclear warfare which was implemented on Hiroshima and Nagasaki by Truman! The intent was to crank up a production arsenal of nuclear weapons, to launch a pre-emptive nuclear attack on the Soviet Union.

All right: Now, the United States went through Hell under Truman. We went far to the right. We went in the direction of a fascist outlook, and people returning from war, as I did, in 1945-46—I came back in ’46—had returned to a United States which was turning fascist. In which the *same financial interests which had backed Hitler, in 1930-33*, the same financial interests, from Washington and London, were now running the Truman policy and the policy of the United States! And this, was the so-called “right turn.” A tendency toward fascist dictatorship, under Truman, in the United States.

What happened is, in the course of time, you had a development, such as the Soviet Union developed nuclear weap-

ons. Ar-r-gh! It’s a different thing to attack a nation which has no nuclear, and one which has one. They can shoot back.

They got nervous. The Korean War didn’t work too well; they got nervous. It was a stalemate war. They got nervous. Quagmire war. And then, the word came back: The Soviet Union had developed a *thermonuclear weapon*, and we didn’t have one. Pre-emptive nuclear warfare was off the table for the time being.

Somebody told Truman, in language he could understand: “Git!” And he “git”! And Eisenhower came in, and Eisenhower saved the United States from nuclear warfare. And did a lot of other good things, both as President and after being President, up through 1968. Many of the things that Eisen-

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hower and his team were working on, in the 1960s, were excellent projects, such as Middle East peace, things like that. Atoms for Peace was a great idea, an Eisenhower idea. But he had a thing like [John Foster] Dulles on his back, and he had a thing like Arthur Burns on his back on economic policy. They were limitations.

Kennedy came in. Now, Kennedy had, of course, a fascist background in his father: Joe Kennedy was a friend of Hermann Goering, and an opportunist who would not intervene to save a single Jewish life. So, Kennedy originally started out in the postwar period, like his brother Bobby, as a right-wing fanatic. And then, as John decided to run for President, he changed his line, and he went to Mrs. Roosevelt, and said he was going to try to be like Franklin Roosevelt, and he changed his profile. But he had trouble getting his

gears meshed on that one—and about the time he began to get his gears meshed, he got killed, by this same crowd, in order to get the Vietnam War started. He was killed, by the usual crowd, the banker crowd, the crowd I referred to.

We went through a transformation in the meantime. Because, people who were born in 1945, or slightly after that, were not the same people who were born before then. People born after that time, were subjected to, first in their parents' families, the terror of "McCarthyism," as it was called. It was actually Trumanism.

Then, they formed the league of fascist-Marxists and existentialists: They were called the Congress for Cultural Freedom. And whether you know it or not, the school system, and the institutions of the United States and Western Europe, were taken over culturally, by this fascist gang of Marxists—like Sidney Hook and company. They were the people who directed the *cultural transformation* of the culture of the United States, through many things. For example: You couldn't hear Beethoven any more. You had to have some "Chopsticks" in there in the middle. You couldn't have any kind of decent entertainment, you had to screw it up in some way, Bertholt Brecht style, piggish style.

You couldn't get decent education any more—it got worse and worse. And you had a generation of people born around 1945 or later, their parents had capitulated to fascism, like the cowards they were, or had become. But the children were the victims of it! They didn't know any better! They were born into it! They were born into a fascist culture, that of Truman and what followed, through the Congress for Cultural Freedom. They were brainwashed in the schools; they were brainwashed on television.

They were frightened. "Don't get your father into trouble! Your father will lose his job—be careful what you say!" They were children who were raised *not to tell the truth*, but to "be careful what you say." They were children of the Delphi code, the Apollo Cult of Delphi, which created Sophistry in Greece, to destroy Greek culture, and succeeded with the Peloponnesian War and other things, beginning of the 5th Century B.C.

*This* is what's happened to these people! The people who are called the Baby Boomer generation, those born shortly after 1945, are a lost generation! And their children, today, know it! Young people today, now between 18 and 25, are experiencing the brainwashing of their parents' generation by these circumstances. And that's what makes their parents tick. They were brainwashed into becoming Sophists. And we, the United States, are being destroyed the same way Greece, which had been a great culture, was destroyed—and destroyed *itself*—in the Peloponnesian War, through the influence of Sophistry.

We are a nation of Sophists. And the problem with our government today, is that the Sophists, or the Sophists' generation, those who were born, who have lived between the interval-bookends of 1945 to the present time, who are now in their 60s or approaching their 60s—that is the generation

which has been brainwashed. They don't know any better! They don't know what truth is. They were educated, you have to look at the program they were taught: They were taught *there is no truth*, there's only opinion. There is no truth, there's only sensitivity. If you try to tell the truth, then you're an authoritarian.

The way we got the right wing today, among the right-wing Republicans around these nuts—this 30% of the American population which is absolutely *nuts*—religious fanatics—we got them, because of a reaction against the 68ers! The 68ers were the ones who were used to destroy the U.S. economy. They were the ones who were out to destroy industry, to destroy technology, to eliminate nuclear energy, to eliminate infrastructure, to eliminate high technology, to transform the society from a producer society to a services economy! They did it!

And the reaction by my generation, to *this*, was the Reagan phenomenon: the hatred of the 68ers! And it was a legitimate hatred, because the 68ers were destroying the United States.

The reason Carter was rejected, the reason Bush lost to Reagan in New Hampshire, was that reason. I was in the center of it. Bush represented the Trilateral Commission. He represented the no-future society. He represented all these funny things that Brzezinski represented. And the voters in New Hampshire hated his guts! And Reagan won the nomination because of that. The Reagan Democrat, was a Democrat who *hated* the 68er! Because the 68er was destroying the country, destroying the nation—and he was right.

The 68ers are now running the country, in the highest positions of business. The immorality, Enron, is created by the 68ers! The people who are running, and ruining General Motors, and the auto industry, were created by the 68ers. That's the secret of politics in this country.

And that's what we have to understand, is that issue.

Now, when you look at the airline industry: *It was deliberately destroyed!* It was not some accident, it was not mismanagement: *It was deliberately destroyed as a matter of policy!* Tell me: What happened to Pan American Airways? What happened to all the leading airlines of that period, or virtually all of them—what happened to them? They went quick. What's happened to all of them? The same thing: *It was deliberate!*

What happened to our industries: *It was deliberate!*

Why the mismanagement of the automobile industry: It was deliberate!

And it was two things: It was this intention, behind this, of this banking crowd—the guys who were actually Nazis, Nazis in the sense of followers of those who put Hitler into power in Germany in the first place! In our own country, like Prescott Bush, the grandfather of the present stupid President: *These* are the guys, who intended to do this, to destroy the United States. Why? *Because the United States, and what the United States represented from its creation, its inception, was the alternative to the Anglo-Dutch Liberal system.* And they



EIRNS/Stuart Lewis

*The religious fanatics emerged as a reaction against the 68ers, and today represent the core of the right wing in the United States. Here, a Washington for Jesus rally in Washington.*

wanted to destroy it.

And they couldn't destroy it from the outside, so they destroyed *from the inside*.

And if we recognize that we have been betrayed, and are being destroyed in this way, for that reason, and that we once had a great country with a great promise, and decide to take it back, under *its* Constitution: then we can win. If we're not willing to do that, we won't win. We'll lose.

## Don't We Have to Tackle Fraud in Government?

**Freeman:** The next question is from the Senate Judiciary Committee: "Mr. LaRouche, the sudden discovery of *New York Times* reporter Judith Miller's notes, which, as you know, detail a conversation she had with Dick Cheney's chief of staff, Louis Libby, on June 23, 2003, would seem to establish that the White House started targetting Joe Wilson and his wife weeks before Wilson publicly accused the Bush Administration of twisting intelligence on Iraq, to promote their war. The fact that this meeting has heretofore gone undisclosed, would seem to add charges of conspiracy, perjury, and obstruction of justice to the original charges that the White House knowingly revealed the identity of an undercover CIA operative.

Now, some argue that this is the business of special prosecutor Fitzgerald, and not the business of the United States Congress. They say that the more compelling issue for Congress to consider, is the fraud that was perpetrated to get us into the war in the first place. There is yet a third argument that is batting around, which is that Congress shouldn't concern itself with either of those two questions, but should instead deal with the current situation. But the simple fact that

there doesn't seem to be a way out of Iraq, without first dealing with the fraud, especially since that fraud was perpetrated under the direct command of the Vice President, with the complicity of the President himself, is an issue that troubles me.

My question to you, really, is what are your thoughts on this? What is the appropriate course for us to take in considering this overriding problem?

**LaRouche:** The complicating problem is one addressed by the former First Lady, and now Senator, Hilary Clinton, in a recent press conference this past week. And that was, that there's a certain kind of a creature, a crawling creature, that works for the *Washington Post*, called April Witt. And she's half a wit. I don't know which half, but anyway. There was a feature published in the *Washington Post*, under her name, which was a really disgusting re-warming of an operation, in which the FBI used, among other things, a complicit member of the extended Kennedy family, to set up the Clintons for a scam against them, or against their fund-raiser, in a Hollywood fund-raiser. Now, she ran the story in spades and in color, which was actually run by the *Washington Post*, which is not a center of purity in these vicinities. It was run as an operation against Bill Clinton and Hilary, because that's all in the past, in the former Clinton Administration, when Hilary was the First Lady. And it was run by an FBI sting, scam operation, against the President of the United States! Now, where's the morality there? And a member of the extended Kennedy family was complicit in assisting an FBI sting operation, run by the FBI against the President of the United States!

That's to begin with. But then, take how these things develop: You've got to get the total picture of what we're up against. You've got to get the dynamics of this, not just the



*The 68ers, who destroyed the economy, technology, and industry, are now running the country. Here, a New York City "Pot Parade" in 1981.*

detail, one detail or the other. It's come to, what is our policy on this question? To answer the question: What is the policy? I think that's the intent of the question. So, anyway, naturally, at the first occasion, the customary press—which is really like a pack of locusts, most of the time, in the cornfield, you know?—she came out at the press conference, and they began to pounce on her about this reported scandal against the Clinton family, in connection with his fund-raising this time—which was a sting operation against the President of the United States. They're not shocked by that. They want to go along with the *Washington Post*, which has published a piece of filth, using a filthy mouth to get it out of—April Witt, a notorious piece of filth.

Now, Hilary's answer to this pounding of her, to demand a response on this question about this *Post* article, was, "Well, Judith Miller is not the only government agent in the press corps"! The press corps went wild, because—you have no idea, or perhaps you do, of what percentile of the so-called

leading members of the press, are agents of government agencies of some kind, as in the case of Judith Miller. Judith Miller is not a reporter. She operates out of the cover of being a reporter. It's like a beetle wearing a suit and saying, "I'm your cousin"! Now, one of the things to answer is the holier-than-thou U.S. press corps, is an essential part of the corruption.

Now, there's another aspect of this thing, which is mentioned in the question, which is crucial, and which goes to the great irony of the thing. Now, how would Cheney-ac know to try to set up Joe Wilson and his wife, before Wilson had published his article? How would they know? Well, because Wilson made his report *to whom*? The report on the yellow cake operation from Niger—who did he report to? The CIA! Now, how would anyone in government find out what Wilson had said to the CIA? Because his report to the CIA actually discredited Cheney's story on Iraq. So obviously, the inception of the fraud against, and the violation of law, against Wilson's wife, had to come through some kind of a security leak. Who had access to that security information? Who would go to visit the CIA headquarters? What does the former head of the CIA have to say about this! Did he give out this information? Did this information come out of his office, into Cheney's hands? Into whose hands was it delivered? How did they know they had the problem, unless somebody told them?

So, the point is, the question is, the direct question: Was there corruption inside the Bush Administration which generated this thing in the first place? It was not, did the information leak, information that should not, which was entrusted to a reporter? That's a phony story! Because the operation was in place before Wilson was disposed, and Wilson was breaking this story only because it had *not* broken. He thought it was important to get it out. And the other side was the gutlessness of members of the Congress, especially the Senate, in failing to take this into account. He had said that what Cheney was saying was a lie, and the members of the Senate were afraid of Cheney, and they wouldn't buck him, even though the evidence was available to them. They didn't do a damn thing about it. Why didn't they? Because Cheney said he swore, and it was a question—to challenge this information was to challenge Cheney personally. Not Bush. Bush doesn't know where Iraq is yet. Sometimes he can't find Cheney.

### **The Issue Is Constitutional Law**

So, we have to look at this from that standpoint. We have to look at these things, not from the standpoint of legalisms in the narrow sense. When you're in a crisis, the law has to be the conception, which is our constitutional law as such. This is not British law. This is our constitutional law, and our constitutional law is specified essentially in the Preamble of the Constitution, and by the powers and responsibilities assigned to the Executive Branch, and the Congress, and the Supreme Court, by the Preamble of the Constitution, which is the overriding authority on all of them, when it comes to matters of law.

When a thing like this occurs, the Federal government is responsible to enforce the law, not the law as such, but especially the Executive Branch and the Congress, especially the Senate, are responsible in a case like this, or there may be no law. They can't sit back and say, "We don't have a law that covers the situation." Yes, they do have a law that covers the situation. The Preamble of the Constitution. That's the law! The general welfare. Their obligation to defend and promote the general welfare, for ourselves and our posterity. So whenever the security of the United States is at stake, the Constitution specifies that the Executive Branch and the Senate, in particular, are responsible for making a finding, and to get a community of agreement among the houses of the Congress and the Presidency, a finding of agreement of what is required in due process. You don't need a new law. That *is* a law! A declaration of war is a law. You don't have to have a special law to make war! It's in the Constitution: The powers to make war, the checks and balances. In this case, the power to make war, or the power to *prevent* an unnecessary war, are constitutional matters, not matters of positive law.

See, the Constitution as such has to be understood. The Constitution has to be understood historically, not on the basis of some British advisor. The British don't have law. They never did have a Constitution. They have habits. Sometimes they wear them, sometimes they use them. Sometimes the habits use them. But we are a nation under constitutional law, in the tradition of Solon and Plato's Republic. We have a Constitution which reflects that. That is our law. Our Declaration of Independence is still our law. It's the intention under which this nation was founded. The establishment of the Federal government is an implementation of the intention of the Declaration of Independence. You have the Leibniz clause in the Declaration of Independence, which is against slavery. The pursuit of happiness is Leibniz's denunciation of John Locke. So any argument in law which is based on John Locke, is unconstitutional. It's against the founding principle of the United States. The idea of property right as such, is unconstitutional. The highest authority of law is the pursuit of happiness, which is reflected in the Constitution as the realization of the mechanism by which the pursuit of happiness would be promoted.

And therefore, when we get into a situation like this, you're not dealing from the bottom up with a violation of trying to figure out where you carry it. You go from the top down, because what is at stake here is, the United States was put into an unlawful war by fraud. Various mechanisms were used. There are various dynamic aspects, elements, to this process. And therefore, things should come from the top down. Any agency, in my view, any agency of government, authorized government, has the responsibility and right to proceed with its responsibility in the matter.

And the question is—for example, is Judith Miller really a reporter? Her fellows at the *New York Times* didn't want to

cosign any articles with her. Is she really a reporter? Is she an agent of [John] Bolton? Is she an agent of some intelligence service, operating out of the cover of a reporter? Will the *Times* tell us that? Will the *Times* tell us whether she's really a reporter or not, or whether she's an agent they had planted? These are the kinds of questions which are posed, and I say we go back to the essential thing here: The first thing to look at is, where was the actual genesis of this operation against Valerie Plame? Didn't it come prior to the fact that Joe Wilson had published an article? Didn't it come through his report to the intelligence community? Isn't that where the genesis was? Wasn't somebody angry, like Cheney, because Cheney was the author of this war in Iraq—it wasn't Bush, it was Cheney. Was Cheney very angry that Joe Wilson, by saying the yellow cake story was a fake, had jeopardized Cheney's private interests? And wasn't Cheney already putting the machinery into play to get Joe Wilson for this, and to silence the CIA by this kind of process?

## The Bankruptcy of Delphi

**Freeman:** We are very close to being out of time, but we have an overwhelming number of questions on General Motors and the recent bankruptcy filing of Delphi. I am going to ask Lyn a question that was submitted by the Manufacturing Caucus, which touches on various of the questions that folks here have submitted. And, Lyn will answer it as he sees fit. You will certainly have the opportunity later on, to ask him more about this. This question is:

"Mr. LaRouche, earlier this year you warned that General Motors was moving toward bankruptcy. We were visited by delegations representing you who demanded that emergency action be taken to protect the auto sector in various ways. Some of your critics here on Capital Hill argued that what you were essentially doing was calling for the nationalization of the auto industry. Now, some months later, GM is still with us, but Delphi, the largest manufacturer of auto parts in the nation, has indeed filed for bankruptcy protection and GM is in big trouble. So, in your view, where are we right now, and where do we go? And please, since it did emerge as such a point of controversy, are you recommending the nationalization of the auto industry?"

**LaRouche:** In the past we have, in situations like this, we have put an entity or a group of entities under Federal protection, not with the intent of privatizing them, but of re-constituting them. I don't think you'd get many people enthusiastic about bailing out some of the management of General Motors, or Delphi. As I said, what's happened, what the management of those two entities have done, means that the U.S. government owes Martha Stewart an apology!

This management is evil. Just this question of the pensions. Here they are, with the bankruptcy law coming up, what are they concerned about? They're not concerned about the entity. They are concerned about increasing their pensions, their withdrawal rights, while they are stealing everybody

else's! And, if the bankruptcy went through later, then they'd come under the new bankruptcy law and they wouldn't be able to steal quite as much from these special withdrawal funds. So they wanted to bankrupt the things *now*, in order to run away with large pensions which they can do now, but they won't be able to do when the new bankruptcy law kicks in. Now for this kind of scoundrel, I have very little sympathy. For the stockholders of these companies, that's another question. They should take their licks like everybody else in the industry. But, from our standpoint, we have to look at this as a government, from a standpoint of national interest, national strategic interest.

Now, the problem in the Congress is, that there is a lack of understanding of the ABC's of economics. And, that's because they are Baby Boomers. They are part of this generation of the '68ers. They are people who have been conditioned to believe in the mysteries of *service economy*. Free maids, for example, eh? Or, changing your sex, and wives, and husbands, and so forth. Marry a turtle, whatever, eh? So, these fellas have a little confusion about things about the general welfare question. And, therefore it's going to take a lot of effort to get them to understand this problem.

But, *we need machine-tool capability*. We need the means to implement machine-tool capability. We have tremendous needs in this country for a railway system, for a magnetic levitation system, for improved, many kinds of systems. We do not need to save the capabilities of GM, Delphi and so forth for the specific business of automobiles! We need to save the *capacity* for producing the kind of product this combination can produce. And, producing it in the areas in which people are presently employed, because, the other side of the thing is, you don't really have people working in some *place*. You have people who have families imbedded in communities. There are several generations, in communities. These are family-related communities. There are all kinds of complexes, stores, other industries, all kinds of things tied together.

So, you want to take an area like western Pennsylvania, Ohio, Michigan, Indiana, Illinois, for example, which are prime areas; the Ohio River basin, the Great Lakes, Ohio River basin. You want to take that area and make sure you stabilize that. You stabilize that by keeping people where they are. So, now you keep people where they are and you come up with some new work for them to do. Work we need. Do we need a national railway hookup? Yes, we do. Do we need to increase employment? Yes. Do we need to get the other employment which will come as a spinoff of maintaining these firms in operation? Yes. Does it have to be automobiles? No. It has to be the combination of machine-tool capability, science driven, machine-tool capability, which turns design of a product and the tools of the production of that product into a product which is produced by masses of people working in that industry, the way we did in World War II. We broke the job down to fit the skills of the people. We got things

designed and produced that worked. The case was the same as [Henry J.] Kaiser's work about building ships, by building the victory ships and so forth, these kinds of things. This was done as a machine-tool job. What Kaiser did was a miracle, with this stuff.

We can do that again. And, you don't need to have everybody know how to do it. If you have a cadre of people, just like a military cadre, you have a cadre of people, an inside team, the hard core of the design engineers. That's the hard core. You design the basic product around that. Now, you have a cadre around them of machine-tool engineers and skilled people who now break the job down as designed, and are trained and know how to do that. Now you take your design and now you put it out into a production line. And, you'd be surprised how rapidly, as we learned from World War II experience how rapidly, from almost zero, we can go into a large-scale production, if you are willing to accept a high rate of errors, a high rate of scrap in your initial stages. We can produce almost anything. We can change this economy quickly.

Now, what we need is, we need a mass transit system. Preferably we need a maglev system, because, with a maglev system we can get people from a railroad station on the West Coast to a railroad station on the East Coast about as fast as you can get there by plane, when you think of all this stuff about going through the ticketing and all the moving back and forth to airports and so forth. You can certainly do that with that kind of system; your intercity connections become highly efficient. You would never use short haul air flights as a way of transportation between urban centers, because you can do it more cheaply and quickly by maglev. You even have high-speed rail, which is a compromise in many cases. We have improved qualities in high-speed rail which we are using in some parts of Europe, for example, that work.

We could do that. We could produce plants. By breaking the job down, we could produce power plants; new ways of making power plants. Now it takes a number of years, three, five years to build a power plant. We can speed that up by redesigning the job. We know how to make the thing work, we just have to design the way that we put it together, eh? Like this whole curing of concrete, and so forth, in some cases.

So, therefore, we need the increased production. We have to change from a services economy to a producer economy, *now*. If we don't maintain the integrity of our machine-tool sector, our machine-tool industrial sector, *we can't do it*. We become a Third World country. And, I think some people want to destroy us.

So, we are talking about saving the nation. And, if we have to put the industry under Federal protection to keep it running, in order to maintain the capacity and keep these communities functioning, the tax-paying communities, maybe that will get through to some of the Congressmen, eh? Then we should do it. It's not a question of nationalizing! This is stupid propaganda by some idiot advisor.



## DELPHI BANKRUPTCY

# Congress Must Stop Global Vultures From Destroying Auto

by Richard Freeman

The Delphi Automotive Corporation management's massive fraud on a New York City bankruptcy court, which began on Oct. 8, sends the clearest possible signal to the United States Senate, whose members received memos six months ago from physical economist and statesman Lyndon LaRouche warning of the "strategic bankruptcy" of the auto industry. The U.S. Congress must intervene to support and regulate the American auto industry as LaRouche proposed, giving it credit, and a new national mission to "retool" to build vitally needed new economic infrastructure for the nation; and it must protect auto from the global gang of destructive vulture capitalists of which Delphi CEO and hatchet-man Robert "Steve" Miller is an operative. Without such urgent Congressional action, the integrated auto industry will vanish in the United States—as did the steel industry. A Delphi bankruptcy will soon be followed by waves of other auto-supplier bankruptcies, provoked strikes by the United Auto Workers Union (UAW) as its contracts are destroyed, bankruptcies of General Motors and then the other major automakers, broken into pieces to be sold off to global vulture "equity funds" and moved abroad.

Following the model set by Northwest Airlines' CEO Douglas Steenland's bankruptcy move in September, Miller took a viable, non-bankrupt corporation into bankruptcy court, in order to "gain protection" from its wage contracts, eliminate its pension and healthcare benefits, provoke union strikes, and close most of its plants—and give big bonuses to its top executives to buy their immoral loyalty to his wrecking operation. Thus looting Delphi, Miller's gang's strategic objective is to transfer its cash flows into offshore markets of hedge funds and "equity funds," and move most of its remaining U.S. production abroad, to an auto industry below U.S. Federal minimum wage levels.

This crime at Delphi was precisely predictable as soon as

vulture "Steve" Miller was brought to the scene; just as fellow-vulture Kirk Kerkorian's buy-up of GM shares has been predictably aimed at forcing a bankruptcy of GM's auto-production operations. Miller had been Delphi CEO for all of three months before attempting to bankrupt the firm. Prior to that, he had gone from CEO positions at one after another leading American steel producer—LTV, Bethlehem Steel, Morrison-Knudsen—using bankruptcy to gut each company, and selling them off to UBS- and Rothschild-backed vulture fund operative Wilbur Ross; Ross, in turn, sold them to megavulture and Tony Blair moneybags Lakshmi Mittal's Mittal Steel Corp., now the biggest in the world. Mittal's steel plants across the globe feature worn-out capital and machinery, low wages, no pensions, and *rising* prices for the steel they produce, including flat-rolled steel bought by the U.S. auto industry.

The United States economy could not recover from the loss of skilled labor and high-technology machine-tool capability now threatening if the auto industry is broken up and completely outsourced, as these banks, hedge funds, and vultures plan. Globalization has to be stopped here, by Congress, in the battle of Delphi—and thoroughly reversed.

### Vultures After Loot

On Oct. 8, new Delphi CEO Miller, with newly hired bankruptcy advisors from Rothschild, Inc. in New York—Wilbur Ross's firm—and bankruptcy lawyers from Skadden Arps, moved for Chapter 11 bankruptcy protection in order to dismantle and loot the Troy, Michigan-based Delphi, which with \$28 billion in annual sales, is one of the world's largest auto parts-making companies. Ross had told the *Detroit News* on Sept. 27, that he might want to buy Delphi after it were "reorganized" in bankruptcy by Miller. Miller rushed to get the bankruptcy filed before a new U.S. bankruptcy law took



*The U.S. auto industry is being chopped up by thuggish predators, to be sold off to global vulture equity and hedge funds, and moved abroad, where workers will be paid subsistence-level wages.*

effect on Oct. 17, so that he and the pirates of Delphi's top management could deal as much loot as possible to themselves. As LaRouche grimly quipped, of that aspect of the fraud, "After what the Delphi top management has done, the United States owes an apology to Martha Stewart."

Miller has delivered an ultimatum to the 24,000 Delphi production workers in America who are represented by the United Auto Workers (UAW) union (Delphi employs 50,000 employees in the United States, of whom 32,000 are production workers): Take a 63% pay cut, and a cut in pensions and retiree medical benefits of roughly the same percent. This is one of the steepest wage- and-benefit cuts in the annals of labor history.

Under Chapter 11 bankruptcy, there is a roughly two-month period when the interested parties are to work out an acceptable agreement. Miller announced Oct. 8 that if the UAW does not "willingly" accept his demands, on Dec. 16 he will ask the bankruptcy judge to void the UAW-Delphi contract; Miller then will unilaterally impose these demands. Workers would be reduced to paupery, scarcely above Wal-Mart standards of living. At least one UAW union, local 686 in Lockport, New York, is already warning its 4,000 members to be prepared to go on strike at that point.

Strikes at two Delphi parts plants virtually shut down GM across North America for nearly two months in 1998, costing

\$2 billion in losses.

But when it comes to executives, Miller mandated a proposal—which would not have been allowed by new bankruptcy law, had Delphi filed for bankruptcy after Oct. 17—that pays the executives \$88 million in bonuses to stay with the company. About 486 U.S.-based executives would be eligible to *receive cash payments equal to 30-250% of their annual base salary*.

On the cynical, self-dealing policies of Delphi management, Lyndon LaRouche said on Oct. 7, "These people have cut their budgets, all right—they've cut morality out of their budgets! Why should we allow self-dealing *increases* in the pay of mismanagement executives who are doing an incompetent job, and an immoral job? They couldn't raise their pay under the new bankruptcy law; that's why they're sneaking fat bonuses in, under the old law, before it expires. I say we should cut their salaries. . . . I ask these mismanagers, at Delphi and at GM,

'Have you no sense of shame?'"

Worse, Delphi stated that under bankruptcy protection, it intends to close or sell a "substantial" number of its 23 U.S.-based production facilities, sending most of the production to its operations overseas, where the workers already work at slave-labor wages. A minimal workforce, working at below-subsistence living standards, will be kept on to operate the shell of operations that will be left in America.

### Chain-Reaction Effects

But the Delphi bankruptcy is just step one: The City of London-Wall Street financiers who actually drafted this plan, have as their final objective to decimate the entire U.S. auto industry, and the U.S. manufacturing base, culminating the last 40 years' post-industrial policy.

Moreover, this plan is producing lawful, if unintended effects. A chain-reaction failure of suppliers of materials to Delphi which are dependent on payment from Delphi, has started. As well, the follow-on effect that the Delphi bankruptcy has on GM, could trigger the violent disintegration of the derivatives-hedge fund market, which is greater than one-half quadrillion dollars in size.

The \$12 trillion credit derivatives market is being shaken, again, as in the Spring GM-Ford debt crisis. According to the *Financial Times*, "investors" suddenly see GM as likely to go

bankrupt. “Credit default swaps” on GM debt increased their spread suddenly so that in two days, Oct. 11-12, the cost of insuring \$10 million in GM debt against default, had risen from \$77,500 to about \$100,000. And yields on the debts of GM and its finance arm, GMAC, were moving sharply in opposite directions—GM’s down, and GMAC’s up. This was triggered by the signals from Standard and Poor’s analysts on Oct. 11 that “the sale of GMAC was becoming likely”—that is, that GM, Kirk Kerkorian’s Tracinda vulture fund, and other hedge funds would probably arrange the hiving off of GMAC from GM.

In March, LaRouche warned in *EIR* of the damaging consequences that a bankruptcy of GM, Ford, and the parts suppliers like Delphi would have on the economy. America would lose the technologically advanced machine tool capacity and productive labor force embedded in the auto industry, crucial to America’s survival. He proposed on April 13, that the Senate take Emergency Action for government intervention to retool the auto sector to produce capital goods, especially for infrastructure, such as high-speed rail and maglev, power plant components, etc.

Today’s intensified phase of the auto sector crisis, pivoted around Delphi, has left all other alternative proposals as worthless.

Delphi CEO Miller is merely a thuggish predator for hire. In 2002, Miller was Bethlehem Steel’s CEO, when he put it into bankruptcy and passed off its billions of unfunded pensions off to the Federal Pension Benefit Guaranty Corporation (PBGC) to pay. He then sold Bethlehem Steel to pirate Wilbur Ross.

Today, as part of Delphi’s bankruptcy “bargaining,” Miller has demanded of its UAW workers:

- Slashing their hourly wages from \$26-30 per hour in base pay, to \$10-12 per hour, a 63% cut.
- Presently, current and retired UAW workers have lifetime health insurance coverage. Under Miller’s plan, UAW workers, at retirement, will receive a lump-sum payment of \$10,000. One UAW official stated, “Once you use it up, that’s it. One catastrophic incident, and the sum is gone.”
- Cutting their pension benefits, as Miller plans to pass them off onto the PBGC. The PBGC estimates that the unfunded deficit in Delphi’s pension plans is \$10.9 billion. But the PBGC has stated that it will guarantee to assume no more than \$4.1 billion of that deficit, so that the annual pension benefits of employees on retirement will have to be cut.

### **Spear-Point Against Big Three**

But Miller is explicit that the destruction he is doing at Delphi is merely preparatory to a second step. The Delphi bankruptcy has so dislodged the auto sector and manufacturing America, that were he to succeed in smashing labor and carrying out the radical downsizing at Delphi, this template could immediately be applied against GM, Ford, and

DaimlerChrysler, ending the auto sector as we have known it for 70 years.

Miller told the Oct. 9 *Detroit News* that this is exactly what he told Delphi’s board when it met to consider his recommendation to file for bankruptcy. “I made the recommendation. The [board] crisply understand[s] what choices we had. *Many of them did put it into the context of this being a watershed moment in the history of the auto industry . . . and of what happens here being a precursor to what may happen to the Big Three*” [emphasis added]. “Traditional employers, Miller added, “with traditional defined-benefit labor contract arrangements here, are going to be exposed to competition.” Elsewhere, he calls these contracts “an anachronism.”

But the bankers’ plan, here administered by Miller, has high-stakes pernicious consequences in the physical economy and financial system.

Delphi itself buys \$14 billion worth of goods from 3,800 nationwide suppliers annually. Miller announced to the Oct. 11 *Business Week*, that as part of bankruptcy, Delphi has delayed payment to some suppliers. Some of them are small, family-run machine-tooling shops of 20 workers or less. Neil DeKoker, head of the Original Equipment Suppliers Association, the auto-parts maker trade group, said, “Our industry is under extreme pressure. If these suppliers have a significant customer that goes into Chapter 11 which affects the flow of payments, for some of them that could be the tipping point.”

Delphi and its financier backers could also blow out the world financial system, by virtue of the high-stakes game it is playing with GM. In 1999, Delphi was formed as a spin-off from GM; GM reportedly has a contractual obligation to pay for the pension and health benefits of nearly 20,000 GM workers who went to work for Delphi in 1999. The obligation could be as high as \$12 billion, but the financially-troubled GM is contesting that amount. But Delphi’s pressing that claim sharply could hit GM hard.

GM’s car production is also highly dependent on Delphi, and a Delphi inability to deliver parts would shut down GM’s assembly lines. On Oct. 11, Standard & Poor rating service downgraded GM bonds to BB-, which is three levels below investment grade. Earlier, on May 5, S&P’s first downgrade of GM into junk bond territory, set off a violent disruption in the derivatives-hedge fund market, with tens and possibly hundreds of billions of dollars of hedge fund capital wiped out. This required Alan Greenspan’s Federal Reserve to massively pump liquidity into the system, inciting the growing hyperinflation.

On Oct. 12, Tom Foley, senior analyst at S&P stated about market turbulence, “We think that could happen again, it could happen in a more severe manner.”

This confirms exactly what LaRouche forecast in March. The Delphi looters and the hedge fund managers must not be left in control. To prevent meltdown, it is time to forcefully adopt LaRouche’s solution.

# Speaking of Delphi . . .

by Antony Papert

**Editor's note:** *The declaration of bankruptcy by Delphi Corporation, and the sophisticated garbage coming out of the mouth of its CEO Steve Miller, inspired us to provide the following historical perspective on the role of the Delphic Oracle in destroying great civilizations.*

The faithful Fifth Century, B.C., historian Herodotus records as follows how the oracle of Apollo at Delphi tricked King Croesus of Lydia into a doomed attack against the Persian Empire. After first deluding the king into believing anything that Delphi might tell him, it then answered his question as to what would happen if he crossed the Halys River to attack the Persians, by telling Croesus that if he did so, he would destroy a mighty empire. But once emboldened to cross the river, Croesus realized almost immediately—but too late—that the “mighty empire” of the prophesy was his own.

Like the three witches in *Macbeth*, Delphi brought many others to perdition similarly,—through lies, through lies mixed with truth, or even through so-called “truths” which immediately become lies in the ears of the hearer, as Chicago’s late Professor Leo Strauss has recommended the latter practice in our own time.

During the two great Fifth Century, B.C., wars to preserve the flame of freedom in Greece—alone in Europe—against the onslaught of the Persian Empire to snuff it out, Delphi

was shamefully pro-Persian. When Athens sent ambassadors ca. 480 B.C. to inquire how to respond to an imminent attack by the Persian fleet, Delphi advised the Athenians to flee for their lives. Its priests only agreed to modify this prophecy somewhat, when the Athenian ambassadors refused outright to take it back to their city.

Immediately thereafter, Athens led the naval forces of all patriotic Greek cities to defeat the Empire’s fleet at Salamis, ending its threat to Greece forever. Had they instead heeded Delphi’s original prophesy, European civilization would have ended then and there under the Persian yoke, about a decade before the birth of Socrates.

It is well-attested (for example, in Thucydides I, 121 and 143) that the same Temple of Delphi was a great center for money-lending at usury, probably the greatest in Greece. Lending to states for the purpose of waging war, was a notable included specialty.

Ancient writers described the temple procedure as follows. The priestess, a mature woman given the ritual name Pythia, heard the petitioner’s question from a throne raised above a cleft in the rocks, from which issued a gas, probably hydrogen sulfide, which sent her into a trance or ecstasy. A priest of Apollo seated nearby, a “spinmeister” of that day, translated her incoherent words and cries into verses, which were given out as the prophesy.

The oracle was said to have been begun by an enormous snake or dragon named Python (hence the name Pythia given the priestess), related to the earth-goddess Ge (Gaia) as either her consort, her daughter, or her son. Apollo was said to have killed the snake Python and taken over its oracular function. Aeschylus gives a more detailed review in *Eumenides*.

Throughout historical times, the Temple of Delphi fostered and encouraged the growth of sophistry in Greece. It



EIRNS/Guggenbuhl Archive

*Delphi, where the oracle brought many foolish believers in superstition to perdition.*

was that sophistry which led to the Peloponnesian War and the unbroken chain of succeeding fratricidal wars, in which Classical Greece ended by completely destroying itself. As Lyndon LaRouche has written, the Peloponnesian War never actually ended; what happened instead was that all the combatants, i.e., every city in Greece, were ground down and destroyed until they could simply fight no longer.

Even afterwards, the Delphic tradition was continued into Roman times by, among others, the prolific Greek writer Plutarch, who was almost certainly a priest of Apollo. Plutarch's anti-historical and anti-voluntaristic writings survive to this day, to a great extent. Paradoxically, this Plutarch was a great source for Shakespeare's Roman and Greek histories, while yet the outlooks and attitudes of the two men could not have been more at odds.

The Roman historian Livy wrote that Rome itself was a project of the Delphic cult of Apollo.

But the whole point of this story will probably be lost on the unreflecting reader of today, who is smiling because he knows, or thinks he knows, that any belief whatever in divine intervention is a childish superstition,—why single out Delphi? Intentions, whether divine or human, have no part in shaping nature or even society. Simple, mechanical-like causes, determine everything. Any further distinctions are lost.

Dismissing what he views (rightly, in part) as ancient superstition, he overlooks his own superstitious worship of what is called statistics, probability, randomness, and the supposed godlike power of stochastic processes. The dogma, for instance, that, although human ingenuity cannot create life, yet the power of randomness can. Or, that while purposive actions by government cannot promote national economic well-being, yet blind stochastic processes can never fail to promote it, indeed to promote it optimally.

While our deluded contemporaries pretend to believe that these rank superstitions constitute modern science, literate ancient Greeks or even Romans would immediately recognize the most degraded form of worship of the goddess Fortuna, or the Greek Tyche.

## The Magician



No wonder that gambling (or is it drugs?) is our largest industry.

In fact, such gross superstitions as Adam Smith's "invisible hand," as "free trade," as "the objective, inevitable laws of history," are precisely nothing else but today's reincarnation of the blind idolatry of ancient Delphi. For you the reader, this may be harder to recognize, but not for those financier-oligarchical families who view themselves, correctly, as the historical continuation of the ancient Babylonian, Persian and Roman empires. Through all the differences of historical development, they see the continuity of the mental chains with which the brains of the great numbers of helots can be bound.

Think of this the next time you see Alan Greenspan at a hearing of the U.S. Senate, just at that moment when he has finished some utterance which will be mentioned by every one of the world's newspapers the next morning,—and just as the Senators are scrambling over each other in their haste to try to touch his garment or to kiss his foot.

# World Is Still Unprepared For the Deadly Avian Flu

by Laurence Hecht

The deadliest strain of flu virus ever known, the H5N1 avian influenza, is now spreading into southeastern Europe and Turkey, carried by infected populations of migratory birds which began their journeys in China last spring. New outbreaks are also now appearing in Indonesia and the Philippines.

So far, the virus has infected millions of domestic poultry and 120 human beings, of whom 62 died quickly. Most of the human victims caught the flu from direct contact with infected birds. But with each new infection, the virus evolves toward a form that will become easily transmissible from human to human. When that happens, an almost unstoppable pandemic will spread around the world as fast as the common cold, quickly killing perhaps one out of five of every human beings now alive.

Yet no clear leadership has emerged to take on this deadly crisis. In the last 30 days, statements from disease specialists and public officials around the world, including the weak and politically faltering U.S. President, have acknowledged the threat. But the reaction is marked by a paralysis in taking effective action. Behind that paralysis is the same tragic flaw in thinking which has prevented action on economist Lyndon LaRouche's repeated emergency proposals to avert the looming hyperinflationary collapse of the world financial system. Now the two crises are fast coming upon us, head to head.

Among the most urgent needs to combat the pandemic are crash programs for production of vaccines and of anti-viral drugs, which have shown some effectiveness in reducing flu symptoms, if administered early enough. Presently only a few countries, Japan, Germany, and Australia among them, have produced sufficient stocks of the anti-virals to protect any significant part of their population.

Large-scale production of a human vaccine, which would require a crash mobilization of the very high-technology capabilities available only in a few countries, has not begun anywhere. A demonstration project by the U.S. National Institutes of Health is scheduled to have limited doses of a vaccine ready for human testing by no sooner than early next year.

An Oct. 7 meeting of President Bush with U.S. drug manufacturers did not produce any effective plan of action. The White House itself is infected with an ideological virus—the Friedmanite nonsense that the “free market” solves all problems—which prevents the effective mobilization of government resources under the General Welfare clause of the

Constitution. Thus, the Administration opposes government guarantees to purchase unsold inventories of vaccines—a measure that could ensure production of vaccines by protecting manufacturers from potential loss. Paul Offit, director of the Vaccine Education Center at Philadelphia Children's Hospital, said of the situation: “You have this thing boiling, the virus is mutating and mutating, and we don't have an infrastructure to make a flu vaccine. That's the most striking example of what's wrong with the system, of how the system has failed.”

Some city and state governments have begun to run emergency preparedness simulations around the flu, testing their communications and probing their capabilities for dispensing of medications and vaccines. One inherent flaw repeatedly pointed up, is the lack of surge capability in hospitals, because of decades of budget-cutting neglect. As John Cizbe, emergency planner for the Alexandria, Va. Health Department expressed it: “The one place where our planning needs continuing work is dealing with the large number of very sick people that could exceed the capacity of the normal health system. It's not that the planning doesn't exist; it's that the capacity doesn't exist.”

## The Flu and Globalization

Emergency action is also required in southeast Asia, the epicenter of the avian influenza pandemic. Here again, the rampant spread of the anti-American ideology of Adam Smith economics, has hampered the fight against avian flu, in a region already beset by poverty and backwardness.

A world-famous virologist familiar with poultry practices in the region, last week blamed the practices of major agriculture companies for allowing the virus to spread. In the frenzy of globalization and big money, necessary measures of biosecurity were not maintained, he said. The flu virus got out of hand in poultry flocks, and reinfected wild bird populations which are now spreading it around the world.

Virological studies over the past three decades have established that all influenza A viruses (the sort that hit every flu season) originate in the wild bird population. Ducks, geese, and other migratory waterfowl carry these viruses in their gut, usually without showing any symptoms. The viruses mutate slightly each year and may infect poultry flocks and other mammals, from where it is often transmitted to humans.



Ilaria Capua and Franco Mutinelli

*Chickens with avian flu. Without strict biosecurity measures, avian flu will spread quickly. Failure to institute such measures for "economic" reasons, as in Thailand in 2004, only hastened the onset of a worldwide pandemic.*

The H5N1 virus, which was first identified in a South African tern in 1961, has made other appearances, including an infection of poultry flocks in Pennsylvania by a less deadly strain in 1983. In 1997, a highly pathogenic strain appeared in Hong Kong, where it infected poultry and produced a number of human cases. In both cases, effective measures of surveillance and control prevented the outbreaks from getting out of control.

The strain of H5N1 now threatening the world has been identified in samples taken from live bird markets in Hanoi, Vietnam, in 2001. The new deadly H5N1 strain may have evolved through contact of wild birds with domestic flocks in southern China. It was probably already present in some backyard flocks in Southeast Asia by 2001.

The huge outbreaks reported in Thailand and Vietnam in late 2003, however, were the result of lax biosecurity practices at major poultry producing installations, according to a leading virologist. Over the past 15 years, Thailand became the world's fourth largest poultry producer, exporting to Japan and Europe. CP Group, a Thai/Chinese-run conglomerate producing a wide variety of products, maintains poultry operations in Thailand, China, and Vietnam. Some of the factory farms house a million chickens. CP Group and others also run contract farming operations, supplying feed, breeding stock, and veterinary supplies to small- and medium-sized private producers.

In operations of this size, strict biosecurity measures must be maintained. These include disinfecting workers as they enter and leave the bird housings, spraying of trucks, sanitation of the cages, and vaccination and monitoring of workers for any influenza. When infection strikes, all surrounding flocks must be destroyed, and operations in the

infected area must be suspended while clean-up procedures are carried out. Before restarting operations, unvaccinated sentinel animals must be introduced to test the environment. These procedures can take many months. Thailand, Indonesia, and most of the other developing nations do not have government programs to compensate farmers for this loss of production.

The avian flus are spread among poultry flocks by mechanical transmission, usually on clothing or equipment contaminated with feces from infected birds. The virology expert reported cases of contaminated trucks from some of these large poultry operations crossing national borders to supply other farms. There was also smuggling of infected chickens, and wide-scale failure to eradicate infected flocks and those in a surrounding radius. In Thailand in 2004, the government collaborated with poultry producers to avoid reporting infectious outbreaks for fear of the economic cost of destroying infected flocks. In Vietnam, there was vastly inadequate infrastructure to deal with the problem, once the flu became pandemic among birds.

After the widespread infections of Southeast Asian poultry flocks in the winter of 2003-2004, the evolved and deadly strain of H5N1 virus re-infected the wild bird population. The large die-offs of geese and other migratory birds at Qinghai Lake in China in the Spring of 2004 indicated that a human pandemic was probably on the way. The birds would fly into Mongolia, Russia, and Europe, and then down to the Mediterranean where they are now headed, carrying the deadly flu with them. Each infected chicken, and especially each human case, provides a new opportunity for evolution of the virus through recombination or reassortment, until it hits on a form which can be easily transmitted from human to human.

## Emergency Measures Needed

Therein lies the threat of the new plague. Its spread has become almost unstoppable, now that the H5N1 virus is endemic in the wild bird population. Preventive measures for the protection of populations must be undertaken now. These include:

- Crash development and production of vaccine and production and stocking of antiviral drugs, authorizing funds and invoking emergency authority of government to accomplish the task;
- Massive aid to the frontline states in Southeast Asia and elsewhere to help contain further infection among animals and protect the human population;
- Crash programs to train new public health workers, expand and build new facilities, reopen all closed hospitals and medical research facilities;
- Emergency measures to assure and protect the food and water supply during the crisis; public education programs; and real emergency preparedness.

Longer-term measures must include an end to the quick-buck, globalized agriculture practices, such as the reliance on a monoculture of animals and crops, to prevent our vulnerability to future disease threats.

Some of these problems are being addressed now by international meetings called by world health officials. But the authority and funding remain vastly inadequate to the task. A closed meeting of health specialists from 80 nations took place Oct. 6-7 at the U.S. State Department. The background briefing released to the press showed that the emphasis of U.S. officials was to appeal for "transparency" of reporting from the affected nations, a difficult enterprise at a time when the diplomatic credibility of the United States is so sorely tested by the Iraq war.

At the time of the meeting, U.S. Health and Human Services Secretary Michael Leavitt took off for Asia to meet with health officials in eight nations most affected by the avian flu. Leavitt was accompanied by World Health Organization chief Jong Wook Lee and a team of world health officials. "The burning question is, will there be a human influenza pandemic," Mr. Leavitt said. "On behalf of the WHO, I can tell you that there will be. The only question is the virulence and rapidity of transmission from human to human."

Alejandro Thiermann of the World Organization for Animal Health told reporters that at least \$200 million was needed to help farmers in developing nations prepare for future outbreaks of avian influenza and other diseases, according to *The Nation* newspaper in Thailand. That money would be used to build infrastructure, help countries monitor for bird flu in poultry, and create an incentive for farmers to report disease.

But a deeper consideration of the problem would show that figure to be drastically low, in face of a pandemic that could quickly shut down world trade, force people into starvation, and eliminate 20% of the population of a country.

Peter Davis, a veterinary public health specialist in Malaysia, is organizing an Emergency Food Committee to help plan

measures for that nation of 23 million to deal with the pandemic. His proposals give an idea of how the flu might affect developing nations, and others, and what might be done about it.

Davis notes that 65% of the protein intake in Malaysia is from chicken and eggs, and much of the feed is imported. The country is only 60% self-sufficient in food overall. His emergency plans anticipate a period in which most of the chicken supply will be lost and the country might be cut off entirely from outside trade. He believes the cities would be quickly depopulated, as food shortages arise. Much of the population would go to the countryside to try to subsist on family farms held by the older generations.

To avoid starvation and anarchy, the government must be prepared to take immediate control of food supplies, Davis says. The black market must be fully suppressed. There must be free but rationed food, under a government policy of food for all, Davis proposes, citing his boyhood experience in wartime and immediate postwar England. To increase the total supply of food, Davis is investigating the stockpiling of seeds for crops such as beans, which can supply protein and are easily grown. The younger generations in the city have lost agricultural knowledge, but a reservoir of experience will exist among the older generations. Although there is much complacency now, he thinks the country will mobilize quickly with a spirit of cooperation once disaster strikes. Davis is most concerned to have emergency capabilities put in place now.

A growing awareness on the part of public officials around the world is showing itself. In the United States, leading epidemiologists and public health officials have begun to mobilize, drawing up emergency plans and demands for funding and action for Federal, state, and local officials. If we are to succeed, a call for the swift replacement of the Cheney-Bush team must, in all seriousness, be the first item on the list of avian flu emergency preparedness. For lacking competent Executive leadership, as we now do in the world's leading superpower, it is certain that the effects of this looming human catastrophe will be grossly magnified.

Let us act now, that we do not later have to deliver Horatio's oration in the closing scene of *Hamlet*, the corpses of his fellow Danes piled high upon the stage.

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# Cheney Plots New Wars To Save His Hide

by Jeffrey Steinberg

Lyndon LaRouche's call for Dick Cheney's immediate ouster from the Bush Administration has resonated around the world. Leading American, Israeli, and Arab sources have told this news service that the Vice President is busy plotting military confrontations with both Syria and Iran.

As one Israeli source put it: "Cheney has told Ariel Sharon that the American people will never tolerate the removal of a President or Vice President during wartime. He is pressuring Sharon to back up U.S. war plans, targeting Syria and Iran. Cheney sees his political days numbered, and he is desperate for a war to save his political hide."

The Israeli source reported that the Vice President roused Sharon out of bed recently at 3 AM, Israeli time, to press him for support for possible military actions against Syria and Iran. Israeli military intelligence has weighed in strongly against "regime change" in Damascus, warning that any post-Bashar Assad government would be more dangerous, and could possibly involve the Muslim Brotherhood or other radical Islamists, far more hostile towards Israel.

Despite this opposition, the source indicated that Sharon is under enormous pressure from the United States to deliver. Already, Israel has accelerated delivery of high-altitude drone unmanned aircraft to the Pentagon, and has agreed to provide large numbers of Farsi interpreters, in the event of a confrontation with Iran. Some of those interpreters, according to a well-informed source inside Sharon's inner circle, are to be deployed to air bases in Great Britain, indicating that the Tony Blair government in London is once again on board for an Anglo-American military adventure in the Persian Gulf, despite the ongoing deepening quagmire in Iraq.

And Israeli tank units have been redeployed to the north of Israel, in preparation for possible near-term actions against

Syria, the source added.

The source noted that any military action against Syria would have to occur prior to the end of November, when the rainy season begins, making both ground and air operations almost impossible.

The Israeli source also reported that there are warnings coming from Washington about a possible series of major terrorist attacks on the United States around Thanksgiving.

In July, former CIA analyst Philip Giraldi had written in *The American Conservative* that Vice President Cheney had ordered the Strategic Command (STRATCOM) to prepare war plans against Iran, involving a large number of air strikes, possibly using mini-nuclear weapons to take out alleged hardened nuclear weapons research facilities. According to the Giraldi story, which was subsequently confirmed by scores of top U.S. military and Congressional sources, the trigger for a Cheney-ordered strike on Iran would be a "9/11-type" terrorist attack on the continental United States.

## Cheney's Plamegate

One factor driving the Vice President to push new chaos operations in the Persian Gulf is the growing expectation that Independent Counsel Patrick Fitzgerald is close to handing down indictments in the Valerie Plame leak probe.

The Oct. 11 grand jury appearance by *New York Times* reporter Judith Miller has shifted the focus of attention to Cheney's office. Miller's hour-long testimony, according to news accounts, focussed on a third meeting that she had with Cheney's chief of staff Lewis "Scooter" Libby in June 2003—a month prior to the publication of Valerie Plame's name in a Robert Novak syndicated column. Plame, the wife of former Ambassador Joseph Wilson IV, was "outed" by Novak as a

CIA officer. Novak reported that he had been given Plame's name by two "senior administration officials," now widely believed to be Libby and President Bush's chief political counsel Karl Rove.

However, Fitzgerald's probe, from the outset, has centered on an obscure but powerful White House unit, the White House Iraq Group, which was constituted in July-August 2002, to coordinate all Bush-Cheney Administration efforts to win support for an Iraq invasion. Rove and Libby, along with White House Chief of Staff Andrew Card, National Security Advisor Condoleezza Rice, her deputy Stephen Hadley, White House Counsellor Karen Hughes, and a half-dozen other White House and NSC senior staffers were all part of the WHIG.

*New York Times* reporter Judith Miller functioned as an asset of the WHIG, publishing a series of stories, based on disinformation given by alleged Iraqi "defectors," who were provided to Miller by Ahmed Chalabi's Iraqi National Congress (INC). Those stories were, in turn, promoted by Cheney, Rice, et al. as justification for going to war to unseat Saddam Hussein.

Miller spent 85 days in jail, on contempt charges, after she refused to appear before the Fitzgerald grand jury. Recently, Miller agreed to testify about her meetings with Libby, and was freed. While the media has hyped a soap opera tale about missed signals between Miller and Libby's lawyers over the issue of whether the Veep's chief of staff had given Miller a legitimate waiver of confidentiality to testify, the real issue is that Miller did not want to be interrogated on her role with the WHIG. Under the agreement reached between her attorney, Floyd Abrams, and Fitzgerald, her testimony was limited to her conversations with Libby. *The New York Times* publishers and editors, according to Washington sources, are smarting from the whole Miller-Libby affair, because the self-proclaimed "newspaper of record" appears to have served, through Miller, as an outlet for White House and Pentagon neo-con disinformation, to draw the United States into a disastrous war.

## Dick In the Wringer

On Oct. 13, the online newsletter, rawstory.com, reported that "Two officials close to Fitzgerald told RAW STORY they have seen documents obtained from the White House Iraq Group which state that Cheney was present at several of the group's meetings. They say Cheney personally discussed with individuals in attendance, at least two interviews in May and June of 2003 [that Ambassador Joseph] Wilson gave to *New York Times* columnist Nicholas Kristof and *Washington Post* reporter Walter Pincus, in which he claimed the administration 'twisted' prewar intelligence and what the response from the administration should be."

The rawstory.com piece also noted, "Sources close to the investigation have also confirmed that special prosecutor Patrick Fitzgerald is trying to determine Vice President Che-

ney's role in the outing of Mrs. Wilson, more specifically, if Cheney ordered the leak."

The day before the rawstory.com story, the *Wall Street Journal*, normally a solidly pro-Bush-Cheney newspaper, reported on the widening probe by Fitzgerald, writing, "There are signs that prosecutors now are looking into contacts between administration officials and journalists that took place much earlier than previously thought. Earlier conversations are potentially significant, because that suggests that the special prosecutor leading the investigation is exploring whether there was an effort within the administration at an early stage to develop and disseminate confidential information to the press that could undercut former Ambassador Joseph Wilson and his wife, Central Intelligence Agency official Valerie Plame."

The *Journal* concluded, "Lawyers familiar with the investigation believe that at least part of the outcome likely hangs on the inner workings of what has been dubbed the White House Iraq Group. Formed in August 2002, the group, which included Messrs. Rove and Libby, worked on setting strategy for selling the war in Iraq to the public in the months leading up to the March 2003 invasion. The group likely would have played a significant role in responding to Mr. Wilson's claims."

## EIR Called the Shot

This news service was the first to report that the "Get Joe Wilson" effort was launched in March 2003, at a meeting in the Vice President's office, chaired by Libby. The meeting was triggered by a CNN appearance by Amb. Wilson, just after the UN Security Council testimony by International Atomic Energy Agency head Dr. Mohammed ElBaradei, in which he exposed supposed Niger government documents as shoddy forgeries, purporting to prove that Saddam Hussein was seeking large quantities of uranium from the African state. Wilson told CNN that the White House should search its files, because it received evidence months earlier, disproving the Niger uranium story.

Now, all of these issues are coming to a head, as the Fitzgerald probe moves into end-game phase, and Dick Cheney's political fortunes continue to crash.

Increasingly, the fate of the United States and the world, as Lyndon LaRouche has emphasized, hangs on the Cheney question. If Cheney has his way, the United States will launch a new string of insane "regime change" wars in Southwest Asia, throwing the entire world situation into chaos, characterized by \$150 barrels of oil, global asymmetrical warfare, and new moves for domestic dictatorship in America.

If, on the other hand, Cheney is ousted from office—in the immediate days ahead—the opportunity will be there for a dramatic turnabout in American policy, a turnabout that would be greeted enthusiastically by much of the world.

# Army Dives Into Cheney's Permanent War Scenario

by Carl Osgood

If there was any doubt that the senior leadership of the U.S. Army is fully committed to Samuel Huntington's "Clash of Civilizations," one need only have attended the relevant panels of the annual conference of the Association of the U.S. Army during the first week of October. There, one would have heard Brig. Gen. David Fastabend, the deputy director of the Army Training and Doctrine Command's Futures Center, declare that a significant percentage of the Muslim world is "violently opposed to our ideas," and that there could be 30-50 million potential combatants out there, all guaranteeing that the present U.S. war against terrorism, or against Islamic extremism, or whatever the label *du jour* is for this war, is going to last decades.

Of course, the Army did not come up with that outlook on its own. It comes straight from the top, from Vice President Dick Cheney and the cabal of neo-cons, whom *EIR* has shown to be fanatically committed to Leon Trotsky's doctrine of "permanent war/permanent revolution" (see "Cheney Revives Parvus 'Permanent War' Madness," *EIR*, Sept. 23). Cheney himself appeared at a luncheon at the Army Association conference, on Oct. 5 and two days earlier had spoken to Marines at Camp Lejeune, North Carolina, to reinforce the notion that, for all practical purposes, the current war is permanent. "Now the terrorists are making a stand in Iraq," he declared, "testing our resolve and trying to shake our commitment to democracy in that part of the world." He echoed President Bush's recent declaration that "the only way the terrorists can win is if we lose our nerve and abandon our mission."

As Lyndon LaRouche pointed out in an Oct. 8 memo, Cheney is the tool of Anglo-Dutch neo-imperial interests, whose goal is to bring about an end to the system of nation-states in favor of the return of the *ultramontane* feudal system of Middle Ages-Europe. "These 'neo-conservative' Trotskyists associated with Cheney's war-making efforts, today, are each and all tools of the relevant neo-Venetian style in that mass of family-centered financier associations which are combined in the fashion of the individual member of a common slime-mold," LaRouche wrote. "They are typical of the petty fanatics who dream wet dreams, in the fashion of lackeys behind the curtains, of orchestrating the history of the world,

the naughty children following the whistle of the rat-catcher of Hamelin."

## Into the Abyss

Fastabend's comments, made during a panel on how the Army is reorganizing itself for this future war, track very closely with the Clash of Civilizations outlook of Harvard's Samuel Huntington. Huntington wrote, in his 1993 article "The Clash of Civilizations?": "The great divisions among humankind and the dominating source of conflict will be cultural," meaning that the "clash of civilizations will be the battle lines of the future." Huntington described a phase of conflict beginning with the French Revolution, which he called "the Western phase," defined as nation-state versus nation-state, which ended with the Cold War. What has replaced it is "the interaction between Western and non-Western civilizations and among non-Western civilizations." Under the Bush Administration, Huntington's outlook has morphed into an ideological crusade, like that against Communism, or Woodrow Wilson's campaign to "make the world safe for democracy."

Fastabend spoke of a fundamental conflict of ideas. "We have ideas about . . . freedom of ideas, themselves, ideas about democracy, ideas about freedom of commerce, pluralism, rule of law," he said. "Our opponents do not share these ideas and a significant percentage of the Muslim world is violently, irreconcilably, violently opposed. People in the CIA will tell you, 'hey, it's only 2-3% of the Muslim world that is irreconcilably, violently opposed,' but if you do the math, you have 30-50 million irreconcilably, violently opposed combatants. The ideas are incredibly contradictory. So, we're going to have a long war." This is the world which the Army is reorganizing itself for, with its new modular brigades, which are more suited for long-term occupations of Iraq and whatever other countries the U.S. decides to invade.

Not addressed is the degree to which the policies of the present administration are *creating* the potential 30-50 million combatants that Fastabend spoke of. Putting aside, for a moment, the question of whether or not the U.S. should have invaded Iraq, if the Bush Administration had gone in with a different policy, of co-opting elements of the Iraqi Army for the reconstruction of the country, as opposed to then-U.S. viceroy Ambassador Paul Bremer's decision to disband the Army, perhaps the current insurgency would never have been able to get started. Bremer's decision, then, raises the question of *intent*. Was Bremer's order disbanding the Army, as well as his de-Ba'athification order in June 2003, dictated to him by Cheney and Defense Secretary Donald Rumsfeld, with the *intent* of creating a violent, intractable insurgency by alienating a small, but significant portion of the population that would be both prepared and capable of fighting a protracted, asymmetric war?

## **‘Transforming’ the Army**

The next step, then, in Cheney’s permanent war/permanent revolution scenario, is to reorganize the Army to fight for decades or more. Key to that is the Army’s reorganization into “modular” brigades, a process which was begun by Army Chief of Staff Gen. Peter Schoomaker in 2003, with the return of the 3rd Infantry and 101st Airborne Divisions from Iraq. The 3rd Infantry Division has already returned to Iraq in a partial modular configuration, with the 101st and the 4th Infantry Division in the process of returning, now, with four fully modular brigades each. Part of this process is taking 40,000 soldiers out of what is called the Institutional Army, the fixed branches of the Army that provide its logistical, industrial, and training base, and moving them into combat formations. Their jobs in the Institutional Army are to be taken largely by civilians.

One objective of this reorganization is that the Army is supposed to wind up with 43 brigades, up from the 33 it had at the beginning of 2003, without a permanent increase in overall end strength. The reorganization does require a temporary increase of 30,000 soldiers above the then-statutory limit of 480,000, over three years, which Rumsfeld granted in 2003. However, as Vice Chief of Staff Gen. Richard Cody admitted to reporters on Oct. 3, the crisis in recruiting is making it difficult to get those extra soldiers. The Army finished fiscal 2005 on Sept. 30 almost 7,000 soldiers short of its goal of 80,000 recruits. The result was that the Army would up with an end strength of around 494,000, about 8,000 short of its target of 502,000. One result of this, as Cody admitted, is the continuing use of “stop-loss” in certain military specialties, to force soldiers to stay in the Army past their contractual obligation.

The second piece of the Army’s transformation is the Future Combat System (FCS), a collection of 18 vehicles, as well as unmanned ground and air vehicles, all networked together, which is supposed to give future Army brigades both the mobility and sustainability to fight on future battlefields. The present modular brigades are part of the road to the FCS. But the FCS faces a tough road in the Congress because of concerns about its complexity and costs.

## **The Reality in Iraq**

Meanwhile, the Iraq War has introduced a reality principle which even the senior Army leadership cannot suppress. While no one was openly declaring the war lost, as many officers in both the Army and the Marines are saying privately, and many retired officers, as well (see “The Greatest Strategic Disaster in U.S. History,” *EIR*, Oct. 14), the sentiment that information age warfare doesn’t work, did make itself felt.

One Army officer, Maj. Curtis D. Taylor of the 4th Infantry Division, presented a paper arguing that throughout the drive to Baghdad in the Spring of 2003, Army forces rarely had any definite construct of what the enemy formations in

front of them looked like. The much ballyhooed airborne and satellite systems did not provide them the kind of intelligence they needed. Instead, they depended for tactical intelligence on captured Iraqis and what the Army calls “movement to contact,” which essentially means advancing forward until you bump into the enemy. One brigade commander commented, “We got our intel from the lead tank.”

If U.S. forces had little reliable information on the enemy then, they have even less, now. Retired British Army Maj. Gen. Jonathan Bailey blasted the notions of “information superiority” and “information dominance.” “The problem we’ve got is that we saddle ourselves with all kinds of wonderful concepts and doctrine which are absolute delusions,” such as information dominance and “transparent battlefields,” Bailey said. “In Iraq, today, our forces do not have information superiority.” U.S. and British troops walk around in distinctive uniforms, operate from large, fixed bases, and drive around in distinctive vehicles on known routes, and “our intentions are not in any way unknown to the enemy.” In contrast, we know nearly nothing about the enemy because he just disappears into the terrain of Iraqi society. “This damaging assertion of information superiority, dominance, is absolute nonsense and it really does misguide our actions.”

While presenting himself as a “heretic,” Bailey was, in fact, representing the British imperial outlook, in that he was demanding that we rid ourselves of the delusion of quick, decisive victories, and be prepared to fight the long war. Such delusions mean that we are configured to fight one kind of war and are therefore not ready to deal with the war that we get. “The war we thought we were getting into was a war of choice, but history isn’t kind and very often people end up in operations which are not of the nature they originally thought,” he said. We should, instead, build forces which are capable of warfighting, nation building, counterinsurgency, or whatever task might be needed, in other words, for the entire “continuum of operations.”

One indication of just how difficult the insurgent war in Iraq has become, is the problem of roadside bombs, what the military calls “improvised explosive devices” or IEDs. IEDs are the single largest killer of U.S. troops in Iraq, and no small amount of effort is going into finding ways to counteract this threat. The problem is that there is no silver bullet that will overcome this threat, because whenever U.S. troops change tactics to avoid IEDs, the insurgents change their tactics to take advantage of whatever new vulnerability the new U.S. tactics expose. If U.S. convoys use jamming devices to block detonation of IEDs by cell phones, the insurgents switch to wired detonators. The myriad ways in which IEDs can be concealed on the side of the road makes detection a constant challenge and an ambush in conjunction with IEDs is an ever present danger. What possible solution to this problem could there be, besides changing the conditions, i.e., the policy of permanent war, which produced the problem?

# Arnie Set To Implement Fascist Economics

by Harley Schlanger

Following his announcement in late September that he will run for re-election in 2006, Gov. Arnold Schwarzenegger is concentrating on fulfilling the goal chosen for him by his controller, the old Chicago School fascist, George Shultz. Despite the dramatic decline in his popularity, which is confirmed by all the opinion polls, he has plunged ahead aggressively in a desperate, all-out campaign to destroy representative government in California.

The “Year of Reform” that he proclaimed, with much hype, in his January State of the State address, is a fraud. Arnold and those who bankrolled his foray into politics—Shultz and his allies in the banking, financial, real estate, insurance, pharmaceutical, energy, and privatized health-care interests—never intended to “reform” state government, so that it could better serve the General Welfare.

Instead, their goal, from the moment they backed the recall of Gov. Gray Davis, has been to loot the state, grabbing every last penny of income flow they can from the people of California. Remember Enron, and the schemes of their traders, with full corporate backing and cheerleading from Wall Street, to use the 1996 deregulation of electricity to “stick it to Grandma Millie”? If the ballot initiatives drawn up by these financial fixers on behalf of the corporate cartels, and pushed by their front man Schwarzenegger, are passed, then it will not be just the energy pirates looting the state.

## ‘Make Arnie Dictator’ Initiatives

These thieves and pirates are trying to use the dangerous populist tool of “ballot initiative” to dupe a confused and frustrated electorate to vote against their true interests as citizens. With the state’s debt skyrocketing since Arnie took office, with education and health care in a shambles, the state’s outdated and under-funded infrastructure crumbling, and the industrial base shrinking due to outsourcing and post-industrial policies, Schwarzenegger wants voters to believe the problem is unions, government workers, illegal immigrants, regulations, and members of the state legislature.

The key ballot initiatives he is supporting were drafted by skilled sophists, designed to manipulate the prejudices of largely hysterical suburbanites, who were the swing voters who put him in office. The four initiatives endorsed by the Governor are:

**Proposition 74:** This is an attack on teachers and public education, disguised as a teacher tenure bill. If it passes, it will not add one classroom, increase supplies, raise teachers’ pay, nor lower the teacher-pupil ratio. Nor will it restore the \$2 billion Arnold promised to educators when he cut funding during the 2005 budget discussion. Educators say this proposition will likely drive many qualified teachers out of the classroom.

**Proposition 75:** This is a blatant attack on unions, designed to make it difficult for them to contribute to political campaigns. While Schwarzenegger rants about funds contributed by unions, he has said nothing about the \$76 million he has raised—largely from corporate and business backers—to promote his anti-democratic agenda.

**Proposition 76:** This is becoming known as the “Make Arnie Dictator Act,” as it would give him unilateral, unchecked power to slash spending on education, health care, social services, and infrastructure, when his budget office concludes that revenues have fallen short of budgeted expenditures. The legislature would have no recourse to reverse his cuts. This is one of the most important goals of Shultz’s “Schwarzenegger Project,” and is being watched carefully by austerity mongers like Grover Norquist, who are preparing similar legislation for other states, if it passes in California.

**Proposition 77:** This is the redistricting initiative, inspired by the one imposed on Texas by the twice-indicted poster boy of corruption, Rep. Tom DeLay. Neither DeLay, who is at the center of a cesspool of corporate money laundering, nor Arnie, who is raking in huge amounts of funds from corporate and financial networks with a “special interest” in legislation, have any credibility in a discussion of “fair” election practices!

## Arnie’s Con Game

During his nearly two years as Governor, Arnold has insisted repeatedly that he wants bipartisan cooperation in Sacramento. Yet, when Democrats engaged in a dialogue with the now-flabby former action hero, and believed they were making headway, he turned on them, denouncing them as “girlie men,” “spending addicts,” and the “captives of special interests”—smarmy tactics which, understandably, led to a breakdown in the discussion process. This made it necessary, he claimed, to place his “reform agenda” on the ballot of a special election.

In reality, the initiatives which will appear on the Nov. 8 ballot grew out of the failure of the “Schwarzenegger Project” to force the state legislature to bow down before the would-be dictator in his first year in office. Despite his preference for scripted, Nuremberg-style rallies, and macho routines with hand-picked, know-nothing right-wing radio talk jocks, legislators were not intimidated, though the government’s rant played well with the targetted suburbanite audiences. Boasting that the “people” put him in office to “reform” politics, he declared himself to be “above politics,” a man “who can’t be

bought,” who will be the “People’s Governor.”

This populist rhetoric resonated initially, at least according to the polls during his first year. He was aided by a star-struck, fawning media, which seemed to be seduced by his use of his two Hollywood box office-tested personas, that of the growling tough guy, and the self-deprecating clown. (As most film critics have noted, this is the best he can do, with his limited range as an actor!)

But behind these personas lurks a true monster. While assuring supporters that his goal was to “reform” the state, to make government more accountable, to create a “business-friendly climate,” and to attract industry and create jobs, the policies he pushed dismantled the protections provided by government for the people. Though he spoke of “reform,” his intention was one of radical transformation, aimed at destroying government as a defender of the General Welfare, by ripping up the social safety net in ways which would devastate the lives of millions of people.

This agenda was shaped by Shultz and the doddering Chicago School guru, Milton Friedman. It is the same as that pushed by the Cheney-Bush White House, which was also vetted favorably by Shultz—tear down government protections through deregulation and privatization; undermine public education in favor of “choice”; eliminate social programs and health care for the poor, disabled, the chronically ill and the elderly; cut investment in infrastructure in the name of “fiscal responsibility”; steal public pension funds, diverting the income stream to Wall Street cronies; destroy unions in the name of “labor flexibility” and “cost cutting”; and pass on the “savings” to the corporations and the wealthy, as tax cuts.

### The Nietzschean Governor

Schwarzenegger was the perfect choice to push this agenda. In addition to his fawning admiration of Friedman and his willingness to take orders from Shultz, he is a devoted follower of one of Adolf Hitler’s favorite philosophers, Friedrich Nietzsche. He has adopted Nietzsche’s view of government, that it is a “beast” which must be “starved.” Government only serves “special interests,” he argues, and the legislature is captive to those interests.

Therefore, government must be “reformed,” he concludes, by which he means torn down, so the “Supermen,” i.e., those corporate elites who fund him, can steal with impunity.

This Friedman/Shultz agenda is clearly visible in the



[www.governor.ca.gov](http://www.governor.ca.gov)

*Having failed to force the California legislature to destroy government as a defender of the General Welfare, the increasingly unpopular Governor Schwarzenegger is attempting to use several ballot initiatives to impose the fascist policies of his backers.*

subtext underlying the four major initiatives backed by Schwarzenegger. In one of his ads, he says he wants to “re-build California,” but has been stymied by a “broken system in Sacramento” which “stands in the way—a system rigged to benefit big-government labor unions who [sic] will do anything to preserve the status quo.”

And why do unions do that? “The reason why they are pushing us to spend more,” he told the Orange County Forum on Sept. 26, “is that the union bosses’ dream is to force tax increases so they can increase their benefits.”

This profoundly anti-American view of government, which has become popular in recent years due to the anti-FDR, anti-government paradigm shift pushed by fascists such as Friedman and Shultz, and promoted by corporate cartels and the academic fakers that Lyndon LaRouche has skewered as “quackademics,” was exposed as dangerous folly by Hurricanes Katrina and Rita. The failure to reinvest in upgrading infrastructure cost more than 1,000 lives. And the criminal negligence of Bush and Cheney, seen in their downgrading of FEMA, and their initial indifference to the damage caused by the powerful storms, increased the death toll.

If Schwarzenegger succeeds in duping enough voters to pass his initiatives, he will become the virtual dictator of the state. His controllers have unleashed an unprecedented advertising campaign to manipulate the voters, funded generously by the corporate cartels which stand to reap huge financial windfalls from his assault on our Constitutional system of representative government.

The fight to defeat the “Schwarzenegger Project” is one that no Californian—or American citizen—can afford to lose.

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## Book Review

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# You Can Tell a Book by What It Doesn't Cover

by Stuart Rosenblatt

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### **John Jay: Founding Father**

by Walter Stahr

New York: Hambledon and London, 2005

482 pages, hardcover, \$29.95, £19.99

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Walter Stahr's new book on John Jay certainly helps to re-establish Jay as one of the most important leaders in creating the United States during and after the American Revolution. The author underscores Jay's seminal contributions in crafting the foreign policy of our young nation, and his indispensable role in collaboration with Alexander Hamilton and James Madison in helping to shape the Constitution and guaranteeing its adoption in 1789.

This book appears amidst a spate of works on the Founding Fathers which portray their accomplishments, as against the dismal performance of our nation's officials over the past two generations.

Jay (1745-1829) has had his role underplayed over the past several generations, in much the same way that his close ally Alexander Hamilton has also been variously slandered or misunderstood. These two New York patriots were at the center of directing the most ardent nationalist grouping that fought for the adoption of the Federal Constitution, and battled enemies within and without to ensure that the fledgling nation survived its early tumultuous years.

Unfortunately, author Stahr fails to bring out a number of Jay's most important contributions, while missing completely the most critical issues of the period. His careful research is overshadowed by the book's almost plodding style, sacrificing "dynamics" and axiomatic transformations in ideas, for a narrow, mechanical approach.

Hence, readers will be left somewhat disappointed at a number of his conclusions, which suffer from an overall shallowness in comprehending the burning philosophic and economic issues that were being fought out at that time. It was a revolution, after all.

Because of the lack of historical awareness that has gripped our republic over at least the past two generations,

few people know of Jay's monumental accomplishments. As Stahr correctly surmises, Jay belongs in the upper tier of Founding Fathers, led by the intellectual and political genius Benjamin Franklin, and including Hamilton and George Washington. These men, as well as Henry Knox, Rufus King, William Livingston, William Cooper, and others, comprised the nationalist faction within the founding grouping, and were intellectual heirs to the tradition of Gottfried Leibniz, as we have reported previously in LaRouche movement publications.<sup>1</sup> They were not content merely to win freedom from Great Britain, but endeavored to create a republic on these shores, which had no real precedent in history, but whose purposes were encapsulated in the Preamble to the Federal Constitution.

A member of a prominent, aristocratic Huguenot family that had fled religious persecution in France in the 17th Century, Jay had all the makings of a Tory sympathizer in the early phases of the Revolution. Jay was one of the earliest American-educated New York lawyers, and befriended Alexander Hamilton when the latter was attending King's College, immediately following Jay's graduation. They were to remain close confidants throughout their careers. In his early legal career, Jay was enmeshed in the upper crust of New York society. However, when Jay married into the family of New Jersey Governor William Livingston, a leading proponent of American independence, he was assimilated into the elite of the patriotic political networks.

### **John Jay and the American Revolution**

Jay resisted the earliest attempts to call for separation from Great Britain. As a delegate to the Continental Congress, he authored the Olive Branch overture of July 1795 to the King seeking a peaceful reconciliation of all differences with the colonists. Jay was appalled at the British intransigence in rejecting his proposal. Soon after, he was so outraged by the landing of the British fleet in New York and their occupation of the city, that his conversion to the revolutionary cause became total. He played a leading role in the New York patriotic grouping, drafting the landmark constitution for the State of New York among other activities, and serving as Chief Justice for the state court.

Jay personally secured all the military armaments for the state to defend itself, and he coordinated the Conspiracies Committee, which was charged with rooting out all Tory agents and operations in the state. As Stahr reports, Jay's bold actions in running spectacular counterintelligence operations during the early years of the Revolution were recently recog-

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1. See Nancy Spannaus and Christopher White, *The Political Economy of the American Revolution*, New York, second edition 1995; "The Anti-Newtonian Roots of the American Revolution," by Philip Valenti, *EIR Feature*, Dec. 1, 1995; Robert Trout, "Life, Liberty, and The Pursuit of Happiness: How the Natural Law Concept of Gottfried Wilhelm Leibniz Inspired America's Founding Fathers," *Fidelio*, Spring 1997.



FDR Library

The mural of which this is a detail, commissioned by President Franklin Delano Roosevelt, shows the pro-Constitution contingent at the Poughkeepsie Constitutional Convention of 1788, whose ranks include (left to right): Alexander Hamilton, Abraham Bancker, John Jay, James Clinton, Isaac Roosevelt, and John Hobart.

nized by the Central Intelligence Agency, when the CIA named a conference room at its Langley, Virginia headquarters in John Jay's honor, as the first Director of Counterintelligence. Jay was also a close ally of William Cooper, father of the legendary writer James Fenimore Cooper. Over 40 years after the Revolution, Jay detailed some of his Revolutionary War exploits to Fenimore Cooper, and these became the core of Cooper's masterpiece, *The Spy*.

Jay served one term as President of the Continental Congress, and was then dispatched by the Congress as Ambassador to Spain during the war, in an attempt to secure a wartime alliance. From there he joined Benjamin Franklin and John Adams in France, and was at the center of negotiating the final Peace Treaty that ended the Revolutionary War. As Stahr correctly notes, Jay was the key drafter of this most historic document, that secured the boundaries of the nation for generations to come. From the outset of the negotiations, Jay, to the consternation of the British, fought for the principle of the independence and sovereignty of the newly created nation. While the former colonies occupied only the eastern seaboard at the end of the Revolution, Jay's monumental treaty stretched the nation to the banks of the Mississippi River and north to the modern demarcation with Canada.

## An Architect of the New Nation

During the post-war, pre-Constitution period, Jay was Secretary for Foreign Affairs, and arguably the most important political leader in the nation inside the government. Jay was in constant communication with Washington, Hamilton, Madison, and other national leaders, who were heavily in-

volved in putting forward new initiatives to strengthen the country.

Jay was directing the work of the moribund Continental Congress and the foreign policy of the nation. His experiences with the dysfunctional Articles of Confederation convinced him of the urgency to form some type of strongly centralized national government, if the country were to survive at all.

Although Jay was at the forefront of the drive to convene the Constitutional Convention, he was barred from attending because of his well-known nationalist views. The New York delegation, chosen by anti-Federalist ringleader Gov. George Clinton, only allowed Jay-ally Hamilton to represent the nationalist cause. However, Jay's views were well known, and he played a critical role in forging the Constitution. Among Jay's contributions were the "Supremacy Clause," establishing Federal control over national policy, thus wresting power from state chieftains; the requirement that the President be a native-born American; judicial review; and the idea of separation of powers. Jay was not alone in the initiation of these ideas, being in constant collaboration with Hamilton, Washington, and others.

Jay collaborated with Alexander Hamilton and James Madison in writing the *Federalist Papers*, which were aimed at educating the citizens of New York and the nation to the fundamental principles of the new nation. Falling ill during the project, Jay was only able to write five of the essays, four on national defense and one on the powers of the U.S. Senate, highlighting the doctrine of Advice and Consent. Jay's essays reflected his passionate intent to drastically strengthen the power of the national government over that of the state assemblies. His initial *Federalist* statements ruthlessly demonstrated the dangers of breaking the nation into several or many "independent" states or regional micro-states, showing how it would leave the population open to foreign domination. He also asserted, as had Emmerich de Vattel and Gottfried Leibniz, the notion that the nation must only prosecute "just wars," an implicit attack on the recent provocations of Governor Clinton in provoking military attacks on the Indian populations in New York.

In defending the Preamble's mandate for "providing for the national defense," Jay raised the specter of likely attacks and provocations by the French, British, or other colonial empires, who were chomping at the bit to pounce on the weak and newly created United States. With penetrating legal precision, he explained how every possible scenario of a multi-state configuration on the eastern seaboard would be open to enemy attack. He demonstrated how the European powers would play divide-and-rule games against Americans, and how we would be likely conquered as a result by a superior power.

In *Federalist* No. 64, Jay refuted the arguments of the states-rights advocates regarding treaty negotiations and approval. Having negotiated virtually every treaty of the infant nation, Jay used the insights he had gained to brilliantly de-



pend the principle of Senate Advice and Consent alongside the augmented power of the Executive to negotiate the treaties from the outset. His argument went to the core of the question of national power over that of the states, and also laid out the critical question of secrecy in negotiations and intelligence assessment implicit in the delineated powers of the Presidency. He underscored the power of the President to negotiate on behalf of the nation as a whole in critical moments when delay can be fatal, with a brilliant paraphrase of Brutus's famous remark in *Julius Caesar*, "there is a tide in the times of men. . . ."

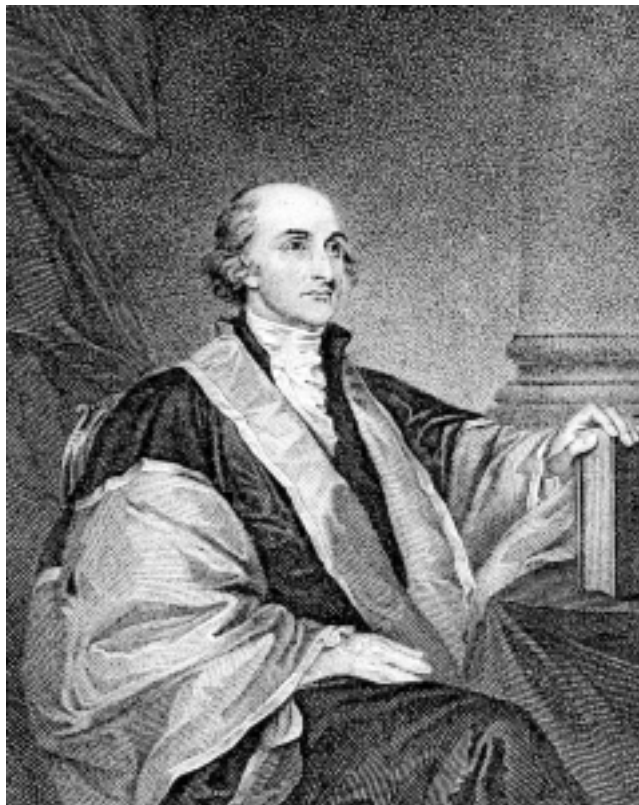
## Winning Over New York

Two of Jay's contributions are less known. The *Federalist Papers* stand on their own as the most crucial documents interpreting, and arguing for passage of, the Constitution in the 13 colonies. In New York State, where they played a critical role, Jay also circulated his own pamphlet, at his own expense, *Address to the Citizens of New York on the Subject of the Constitution*, aimed especially at the recalcitrant Anti-Federalist delegates. According to Stahr and author Richard Morris, this pamphlet was central in gaining passage of the Constitution by the New York convention in Poughkeepsie. Second, is Jay's decisive role at that convention. While Hamilton and Jay collaborated to carry the state, it was Jay who worked the floor and used his personal ties to win over the anti-Federalist majority to the principles of the new nation and secured the vote.

The *Address to the Citizens of New York* is a bitter attack on the weakness of the Articles of Confederation, demonstrating how they had brought the nation to the brink of utter disaster. "The spirit of private gain expelled the spirit of public good, and men became more intent on the means of enriching and aggrandizing themselves, than of enriching and aggrandizing their country." He recounted the inherent powerlessness of the government under the Articles and developed in great detail the then-imminent crisis about to grip the nation.

He then explained both the intent of the framers of the new Constitution and demonstrated the tremendous improvement that it represented over the Articles. He proceeded to refute the naysayers point by point, differentiating between those who really did want the Union versus those whose attack on the new Constitution was a cover for their ill-intended opposition to the idea of a powerful central government, which might infringe on their self-gain. He concluded by posing the issue of the moment: If there is no Constitution now, then the nation is likely to descend into chaos and foreign takeover, and any delay will very surely be fatal.

The *Address* is both passionate and exact, and concludes with a call, again echoing William Shakespeare, to "continue to move and act as they hitherto have done, as a band of brothers; to have confidence in themselves and in one another; and since all cannot see with the same eyes, at least to give the proposed Constitution a fair trial, and to mend it as time,



www.Clipart.com

*John Jay played a much more important role in the U.S. revolutionary struggle, and early republic, than most people know.*

occasion and experience may dictate. It would little become us to verify the predictions of those who ventured to prophecy, that peace; instead of blessing us with happiness and tranquility, would serve only as the signal for factions, discords and civil contentions to rage in our land, and overwhelm it with misery and distress."

## First Chief Justice

Once the Constitution was adopted, Jay and his colleagues, Washington, Hamilton, Knox, and others, worked to form the first government. To ensure the legal precedents would be set that established the primacy of the federal government over the states, Jay accepted Washington's request that he serve as Chief Justice of the Supreme Court.

As the first Chief Justice, Jay laid the groundwork for the power of the third branch of government. It was also during this term, that Jay, working alongside Hamilton, rallied the nation against the perfidy of the British-directed French Revolution, both inside and outside the nation. Against much opposition, Jay, in collaboration with Hamilton, wrote the Neutrality Proclamation issued by President George Washington. It was Jay and Hamilton who mobilized the nation against the insurrection being organized by French *agent provocateur* Edmond Genet, to overthrow the Washington government.

Many of these developments, while Stahr reports them, thoroughly rile his sensibilities, and he continuously blocks on their import. He prefers to stereotype Jay as the understated but brilliant lawyer, (needless to say, Stahr himself is an attorney), rather than the passionate revolutionary, who displayed political and intellectual courage in resisting the numerous British traps that were being set throughout this period.

As Washington and Hamilton's emissary to Great Britain, while still serving as Chief Justice, Jay travelled to London in 1794 and negotiated what became known as Jay's Treaty. This dangerous mission saved the nation from a disastrous second war against the British. Stahr condemns Jay for the mission, calling it wrong for a Supreme Court Justice to engage in foreign policy. Never mind that the nation was in immediate mortal danger.

Jay's final public service to the nation was as a two-term governor of New York State. He successfully defeated Aaron Burr's and George Clinton's political machines, and secured the governor's mansion in 1795. Governor Jay presided over the massive infrastructure projects that established the Empire State as a national leader in internal improvements and industrial progress. Jay also enacted landmark reform in the penal codes, and oversaw the passage of the first anti-slavery measures in the United States.

As the first president of the New York Manumission Society, Jay was a national leader in the movement to end slavery in America, and would play a critical role in this throughout his life. He worked closely with Hamilton and Benjamin Franklin to oppose this despicable institution. His opposition was so impassioned, that Hamilton once had to forcibly restrain him from intervening into the Constitutional Convention to oppose the slavery compromise. However, as a testament to the times, Stahr correctly points out that Jay, like many New Yorkers, was a slaveholder throughout much of his career.

### Stahr's Shortcomings

Unfortunately, this book is deeply flawed. Stahr is at his best handling legal precedents and some foreign policy matters. On the most basic level, he is governed by the modern disease of empiricist objectivity, and sacrifices the real drama and passion of the Revolution upon the altar of Sgt. Joe Friday's "just the facts, ma'am" syndrome. Even so, he leaves many of the key facts out of his book. Further, the book suffers from a severe lack of historical understanding of the American Revolution, and its philosophical and economic underpinnings. Typical of such omissions, is a document Jay wrote on the eve of the Trenton Crossing in 1776. As related by Richard Morris, the definitive biographer of Jay, this apparently brilliant, but hard-to-locate message to the American troops compares with Thomas Paine's famous *Crisis* paper. Stahr does not even reference it.

The root of Stahr's shortcomings lies in his lack of understanding of the strategic and political intentions of the nation-

alists: that they were striving to establish a republic with the power to do good.

Worse, Stahr goes so far as to denigrate Jay's handling of the Genet Affair and Jay's Treaty, criticizing the courageous Jay for both undertakings to save an endangered nation, implying they ventured beyond the responsibility of the Supreme Court Justice. Genet, on orders from the revolution in France and most likely, its British controllers, was stirring up mutiny, all but demanding the overthrow of the Washington government. Thousands of people demonstrated in the streets, as confused Cabinet members Jefferson and Madison supported the French, and Genet was unlawfully seizing British ships, thereby bringing the United States to the brink of war.

At the deeper level, Stahr, like nearly all contemporary historians, doesn't understand the significance of the American revolution in universal history, nor the principled fight within the United States. There has been a protracted war in this nation between those elements supporting republican principles, and those who believe in enslaving the population to the depredations of a financial oligarchy. Hence, Stahr merely touches on some facts, but never appreciates the open conspiracy comprised of the original republican grouping, in which Jay was a leader. Jay became so close to Franklin, especially while in Paris where he negotiated the peace treaty with England, that Franklin named Jay as one of the executors of his will.

Similarly given short shrift is Jay's leadership of the Conspiracy Committee during the early days of the Revolution, to root out the enemies in the British stronghold of New York City. At one point, Jay arrested the entire city government, including the Mayor, as Loyalist agents. He co-ordinated an extensive network of spies and agents, penetrating the British military and civilian sympathizers. Again, Jay's deep collaboration with Hamilton is no more than referenced, whereas the two men were in constant touch for over 25 years, which included their work on the Constitution, Jay's operation against Genet, and his mission to England which produced the Jay Treaty. But you wouldn't know that from Stahr.

Jay's house was the headquarters of the republican salon in New York, then the capital of the nation. His dinner guests regularly included prominent members of Congress, republican thinkers, George Washington, James Madison, and Hamilton.

Perhaps equally telling is that Stahr falls down on the question of Jay's enemies, barely mentioning Hamilton-assassin Aaron Burr and Burr's ally, the duplicitous Governor Clinton, who targeted Jay for political demise. In 1792, when Jay first ran for Governor of New York, Burr ran a vote fraud operation against him, causing him to lose the election. Nowhere does Stahr get at the British-run Burr's conspiracy against Hamilton and Jay.<sup>2</sup>

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2. See Anton Chaitkin, *Treason in America* (New York: New Benjamin Franklin House, 1985); *passim*.

## The Economic Driver

Jay, who was nearly named Secretary of the Treasury instead of Hamilton, took some of his most important leadership roles in the sphere of stabilizing the new republic's economy. When Jay became President of the Continental Congress in 1778, the emerging nation had no stable currency, mountainous debts, and was unable to pay for the supplies needed to pursue the Revolutionary War.

As the Continental Congress's Minister to Spain, Peace Commissioner in France, and later Foreign Secretary for the Continental Congress, he was overwhelmed by the restrictions on American trade and commerce. We had a fleet of merchant seamen that could not be protected on the high seas from pirates or British raiders, whose depredations badly hampered our trade, which was vital for our very survival. The Spanish government was continually haggling over the right to ship goods down the Mississippi River, and the British were menacing our settlers and trappers in the interior through their string of forts on our perimeter.

Jay, Hamilton and others, were acutely aware of the domestic limitations on production with a national infrastructure grid that was all but nonexistent. There were no roads or bridges in the 13 colonies, either before or after the Revolution. Manufacturing was hardly a factor, and the banking system was in shambles. In his *Address to the People of New York on the Subject of the Constitution*, Jay provided an impassioned argument for the necessity for the national economic program which was embedded in the Hamilton-Franklin-Washington plan for the Constitution.

"From this new and wonderful system of Government [i.e., the Articles of Confederation] has come to pass, that almost every national object of every kind, is at this day unprovided for; and other nations taking the advantage of its imbecility, are daily multiplying commercial restraints upon us. Our fur trade is gone to Canada, and British garrisons keep the keys of it. Our shipyards have almost ceased to disturb the repose of the neighborhood by the noise of the axe and hammer; and while foreign flags fly triumphantly above our highest houses, the American Stars seldom do more than shed a few feeble rays about the humble masts of river sloops and coasting schooners. The greater part of our hardy seamen are plowing the ocean in foreign pay; and not a few of our ingenious shipwrights are now building vessels on alien shores. Although our increasing agriculture and industry extend and multiply our productions, yet they constantly diminish in value; and although we permit all nations to fill our country with their merchandises, yet their best markets are shut against us. . . .

"Can our little towns or larger cities consume the immense productions of our fertile country? or will they without trade be able to pay a good price for the proportion they do consume? . . . [W]hat numbers of fine cattle have returned from this city to the country for want of buyers? What great quantities of salted and other provisions still lie useless in the stores?

Our debts remain undiminished, and the interest on them accumulating, our credit abroad is nearly extinguished, and at home unrestored; they who had money have sent it beyond the reach of our laws and scarcely any man can borrow of his neighbor. . . ."

This was clear motivation, argued Jay, to establish the Federal Constitution, and rectify this horrendous state of affairs.

After the nation's founding, Jay sought to focus much of the power of the country in the newly strengthened Federal government, in order to ensure "the general welfare" by encouraging domestic infrastructure projects. As New York Governor from 1795-1801, Jay presided over a hefty increase in the state's economic development. This is one of several sections, in which Stahr's book does justice to Jay's efforts. Under Jay's leadership, a revolution in transportation was initiated. "Roads were built both by the state government and by private toll road companies. The state chartered more than a dozen toll road companies while Jay was Governor, and by 1807 more than 900 miles of turnpike were open. Canals were also under construction, on a modest scale. Various friends of Jay, including Philip Schuyler and Elkanah Watson, were the owners of Western Inland Lock Navigation Company, organized in 1792. . . . The company built and dredged three canals, proving in the process that it was far cheaper to transport goods by water. [This project was ultimately what became the Erie Canal-ed.] Robert Livingston and others were working on the problem of building a steamship. In 1798 and 1799, the state passed laws promising Livingston a monopoly, if he could get a steam boat in service within a certain period. It would take another decade to solve the problem, but the idea was in the air."

Similarly Governor Jay ensured support for industry, and factories began springing up around the state.

## Nationalist Leader

On balance, Stahr's book does make the case for re-establishing Jay's pre-eminent role among the nation's founders. Though not the intellectual equal of his close ally Alexander Hamilton, nor the military equal of Washington, Jay must be counted as indispensable among the nation's architects. He was one of the key collaborators and disciples of the nation's true founder, Benjamin Franklin, and unlike Jefferson and Madison, he rarely strayed from the most important principles, no matter how trying the times.

Jay's life appears a paradox to many, including, I think, author Stahr. Born into an aristocratic Dutch and British family, John Jay appeared the most unlikely of revolutionaries. Yet once he committed his soul to the new nation, he became one of its most fearless leaders. In that, he bears a distinct similarity to a later New York aristocrat, also of Dutch extraction, Franklin Roosevelt, whose Revolutionary ancestor, Isaac Roosevelt, was also a friend of Jay and Hamilton.

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# National News

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## Cheney's Halliburton Stock Options Soar

An analysis released by the office of Sen. Frank Lautenberg Oct. 11 found that Vice President Dick Cheney's Halliburton stock options have risen 3,281% in the last year. Senator Lautenberg (D-N.J.) asserted that Cheney's options—worth \$241,498 a year ago, are now valued at more than \$8 million. Cheney, former CEO of the oil and gas firm, Halliburton, has pledged to give the proceeds to charity, reported the internet news service Raw Story, Oct. 11.

Senator Lautenberg commented on Cheney's windfall: "Halliburton has already raked in more than \$10 billion from the Bush-Cheney Administration for work in Iraq, and they were awarded some of the first Katrina contracts."

Lautenberg said in a statement: "It is unseemly for the Vice President to continue to benefit from this company at the same time his Administration funnels billions of dollars to it. The Vice President should sever his financial ties to Halliburton once and for all. Cheney continues to hold 433,333 Halliburton stock options."

In 2003, Dick Cheney told "Meet the Press," "Since I left Halliburton to become George Bush's Vice President, I've severed all my ties with the company, gotten rid of all my financial interests. I have no financial interest in Halliburton."

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## Senate Urges Increase In Heating Subsidy

Sen. John Kerry (D-Mass.) unsuccessfully tried to attach an amendment to the Defense Appropriations Bill that called for increasing funding to help the poor pay heating bills, from \$2 billion to \$5.1 billion. Although a slight bipartisan majority of 50 votes supported the increase, it was short the two-thirds of the Senate needed to increase the Low Income Home Energy Assistance Program (LIHEAP).

The White House meanwhile is moving

to cut LIHEAP by \$298 million. The program is run by the Department of Health and Human Services, which released a statement Oct. 10 saying that it was keeping the door open to all funding options, but funding can increase only if Congress approves it through an appropriations bill.

"We have never had prices so high and increase so quickly," said Mark Wolfe, executive director of the National Energy Assistance Directors Association. He expects more than a million additional applicants for the LIHEAP program, a 20% increase over last year.

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## Amtrak Board Votes To Privatize N.E. Corridor

The Amtrak board of directors, which was appointed by President Bush, secretly voted Sept. 22 to set up a private consortium to take over running Amtrak's northeast railway corridor. The corridor, which runs between Boston and Washington, D.C., is the most capital-intensive electrified rail corridor in the United States. If approved by Congress, the Sept. 22 secret vote would lead *de facto* to Bush and Transportation Secretary Mineta's plan to bankrupt Amtrak, because it is this corridor that generates revenues for Amtrak.

"The Bush Administration wants to hold a fire sale on Amtrak and sell its best asset, the Northeast Corridor," said Sen. Frank Lautenberg (D-N.J.). "Selling the [corridor] is the first step in President Bush's plan to destroy Amtrak and intercity rail service in America."

The *New York Times* reported Oct. 13 that the Senate may take up its version of the appropriations bill next week, which includes Amtrak funding.

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## Candidates Refusing To Run As Republicans

The *Washington Post* reported Oct. 10 that many potentially strong candidates have refused to run for Senate next year as Republi-

cans. The GOP's favored Senate candidate to run against Sen. Robert Byrd in West Virginia was Rep. Shelley Moore Capito, the daughter of popular Republican Governor Arch Moore, but she turned them down. In North Dakota, the *Post* reported, popular Gov. John Hoeven declined to run against Sen. Kent Conrad, even after the ever-persuasive White House Deputy Chief of Staff Karl Rove went there to try to change Hoeven's mind.

Others who refused to run include Florida House Speaker Allan Bense and former Rep. Joe Scarborough, who turned down a call to edge out former Secretary of State Katherine Harris, and run in her place against Sen. Bill Nelson. And in Vermont, former Gov. Jim Douglas has refused to run for the seat being vacated by Independent Sen. Jim Jeffords.

As noted, races are often won or lost a year in advance, by a choice of the right candidate.

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## DDT Declaration Circulating in U.S.

A declaration titled "Kill Malarial Mosquitoes NOW!" is now circulating, which calls for bringing back DDT and mandates that two-thirds of the anti-malaria funds spent by the United States, be used for DDT. When sprayed in small amounts on the inside walls of houses, DDT dramatically cuts the incidence of malaria. In Africa, malaria kills one child every 30 seconds, and sickens more than 500 million per year.

At present, DDT plays no part in the U.S. program to combat malaria, including the \$1.2 billion program for malaria control announced by President Bush in July 2005. U.S. and European aid agencies in Africa and Asia have refused to fund anti-malaria programs that use DDT, although their alternatives have been an abysmal failure.

The declaration, which is sponsored by the Congress for Racial Equality, states: "Over 500 million human beings suffer from malaria in Africa and around the world annually. This is more people than live in the United States, Canada, and Mexico, combined."

# German Neo-Cons Are Main Losers of the Elections

by Rainer Apel

The bad news from Germany is that the new Chancellor will be Angela Merkel of the Christian Democrats (CDU), and that outgoing Chancellor Gerhard Schröder will not be part of the new Grand Coalition government composed of the CDU and the Social Democrats (SPD). But the good news is that Merkel, who started out as a rabid neo-con in the election campaign, is getting cut down to size, notably by her own CDU party apparatus (see last week's *EIR*). The new government, detailed negotiations on which will begin on Oct. 17, has been made possible only by the sacrifice of nearly all of the radical budget-cutting proposals that Merkel campaigned

with, and Merkel will be elected Chancellor by the newly elected parliament only if she sticks to that sacrifice.

Merkel has a majority of four seats in the parliament over the Social Democrats, but opposition to the neo-con attack on the social protection provided by the state is so strong among Christian Democrats that this majority is not secure for her. And a lot of work still has to be done, to make sure that Merkel also has a sufficient number of votes from the SPD when, sometime in late November, she goes into the parliamentary vote for the chancellorship. When the coalition talks began, almost two-thirds of the SPD was still opposed to a Chancellor

Merkel. She may have to make even more concessions, to be assured of the 308 votes she needs to become Chancellor.

The fact that she is in this unpleasant situation of having to make substantial concessions in order to become Chancellor, is one of the positive results of this early election in Germany—a result which has a lot to do with the forceful campaign by the LaRouche movement against Merkel's neo-con agenda. The campaign did a lot to remoralize the resistance to Merkel in her own CDU, which at the beginning of the election campaign in July was almost silenced. Now, after Merkel's failure to get a majority on Election Day, the resistance is pushing back the neo-cons inside the CDU.

Indicative of this new fighting spirit was a statement on Oct. 10, by the



EIRNS/Mike Carr

*The BÜSO campaign greatly influenced the debate in the election, forcing candidate Angela Merkel to finally withdraw her proposed neo-con Finance Minister at the last minute. Here, BÜSO organizers singing in Dresden.*

CDU's labor commission, the CDA, which denounced a call by the neo-con-controlled commission of the party which is supposed to represent the *Mittelstand*—small and medium-sized industry—for tax cuts for entrepreneurs. This call shows that “some people still have not understood what the message of the election was: namely, that there is not a majority for such proposals in this country,” the CDA said. Furthermore, only three members of Merkel's nine-member “competence team,” which she used as a kind of neo-con shadow cabinet during the election campaign, are left; the other six have deserted her.

The difficulties of Merkel and her political current do not solve the main and acute problems of Germany, though. The Social Democrats have not yet come up with a meaningful program that offers a strategy to regain full employment, to revitalize investments in the productive industry, and to rebuild a sound tax revenue base for the state which can help to overcome the giant budgetary bottlenecks. Both the Social Democrats and the anti-neo-con grouping within the Christian Democrats are going to depend on the programmatic input made by the LaRouche movement. The environment is now more favorable for that input to occur, since Merkel has been turned effectively into a lame duck.

The LaRouche Youth Movement (LYM) launched a week of action in Berlin on Oct. 10, to give that programmatic input into the German capital, during the week before the Grand Coalition negotiations were to begin formally, and before the newly elected parliament would be inaugurated and hold its first session. The LYM told politicians, notably those that have been elected to the new parliament, what the priority issues in economic and financial policies are. Offices of parliamentarians are receiving LaRouche movement material, and are being reminded that the new parliament and government will not be able to continue business as usual, to just pick up legislative work where the outgoing parliament left it standing, at the time of the Sept. 18 election.

Germany urgently needs legislation to promote a program of conjunctural and labor market incentives, of great projects in infrastructure and industrial development. The Stability Law of June 1967 is still on the books; it was passed by the first Grand Coalition 38 years ago, at the height of the big recession then—a recession that appears mild in retrospect, given the problems of today, with ten times as many unemployed. The Stability Law of 1967 gave the government special powers to enact credit generation for productive, job-creating investments in the range of an extra 5 billion deutschemarks per fiscal year, which at that time was a lot of money. Today, with inflation taken into account, Germany needs a program at least 20 times that size, to have any positive effect. Even that would be insufficient, because like in the United States, many branches of productive industry with high-paying skilled jobs no longer exist; they have to be rebuilt from scratch—at the latest state of technology, that is. Germany has not built any new nuclear power plant in 25

years, and it urgently needs a source of abundant energy at calculable and affordable prices, protected from speculators of the kind that are driving the oil prices up at present.

Germany must become a leading initiator for a New Bretton Woods agreement internationally, and to achieve that, politicians have to establish channels of direct contact to the LaRouche Democrats in the United States, who are campaigning for a changed U.S. approach on the issue of a new global financial and economic architecture. The LYM's week of action in Berlin, which had its complement in a parallel week of action in Washington, D.C., told German politicians that. And, with the Merkel neo-cons visibly weakened in Germany now, more people will have open ears to the LaRouche proposals.

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## Helga Zepp-LaRouche

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### The Promise of a True German-American Alliance

*Helga Zepp-LaRouche, Chancellor candidate of the LaRouche Movement's BüSo party in the recent Federal elections in Germany, was interviewed Oct. 8 on “The LaRouche Show,” an Internet radio show.<sup>1</sup> We reproduce here her answers to two questions: first, what the content of the German-American alliance for which she has called would be, and second, what effect the BüSo had in the election campaign. The show was hosted by Harley Schlanger, and the panelists were LaRouche Youth Movement members Gaby Arroyo from Boston and Abdul Aliy Muhammed from Los Angeles.*

**Arroyo:** Helga, you brought up this idea, that when you look at history, in the study of history, you have windows of opportunity which are not going to be there forever, in order to intervene and change history. I know that Germany plays a very important role in Europe, as a locomotive for Europe, in a sense. So, my question is, if this is coming from the United States, what kind of role would this German-American alliance be playing in order to unleash the kind of transformation to revive the American System?

**Zepp-LaRouche:** I think there are several aspects to it. One is economic: The German economy is the largest and the strongest of Europe. And, for example, the German and the French economies are so interwoven, that the direction that Germany takes immediately influences the direction the French economy is going. This would be even more the case, if Germany would ally economically for such a program with

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1. Aired every Saturday at 1:00 p.m. Eastern Time at [www.larouchepub.com](http://www.larouchepub.com).

the United States. In Italy, the economic system is blowing apart. The crisis in Italy is so big, that now the new Deputy Prime Minister, Tremonti, already said we need such a large infrastructure program, because otherwise the Italian economy will collapse. In France, people are already saying that one has to learn the lessons about the relative defeat of Merkel in the election campaign [in Germany], because she opposed the social state, and so on. So, there is already a debate. So, if Germany would take the lead, and together with the United States, say: "Yes, let's have a new world economic order in the tradition of Franklin Roosevelt," *all* of Europe would follow. I'm absolutely one hundred percent convinced of it.

Now, the second reason which I think is also very important, is that, Germany has a very rich cultural tradition. It used to be called the "people of the poets and thinkers," or "poets and philosophers." And in the same way that Germany has two traditions, one is very beautiful—the Classical tradition of Nicolaus of Cusa, of Kepler, of Leibniz, of Kästner, of Gauss; of Bach, Beethoven, Schubert, Schumann, Schiller—I mean: We have such an incredible, rich tradition. But we also had a terrible tradition, which fortunately only lasted 12 years, but we have this other side.

In the same way, the United States has a *beautiful* tradition, in terms of the Founding Fathers, of Lincoln, of Roosevelt, of Martin Luther King; but the present United States is not so much liked in the rest of the world—which you proba-

bly are aware of. As a matter of fact, the image loss of the United States has never been so bad as it is right now.

So, if both countries would say: Okay, let's go away from what went wrong. Let's really focus on the best tradition. Let's focus in the United States on the fact that we have been the beacon of hope and the temple of liberty for the whole world because of the American Revolution, because of the American Constitution, which says that a government is only legitimate if it's devoted to the common good of the people. And if such an America would say, "Let's have a new Atlantic Alliance," with a Germany which says, "Let's go back to our best tradition of all the many, many beautiful contributions of such people as Leibniz and Schiller and Beethoven, and make a new economic order and let's have a new Renaissance in this spirit"—Man! We are in front of the most unbelievable, positive period of human history! And I think people have to get a vision, that the future can be bright, and that it's in *our hands* to do it!

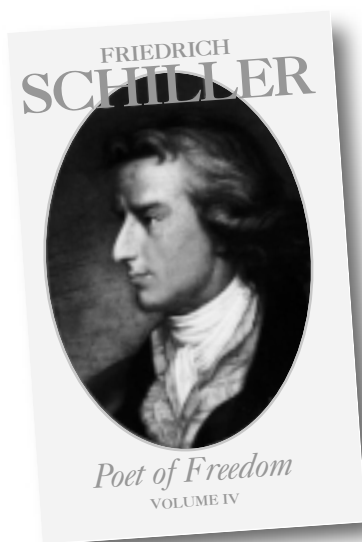
So, I really think we could win this one, if people in time understand that they have to move now: They can not wait. They can not sit it out. But the window of opportunity of history is open now, but people have to move now.

**Schlanger:** . . . Why don't you give us a quick summary of the effect of the BüSo on the German campaign?

**Zepp-LaRouche:** We had a tremendous campaign, and I

## "There is a limit to the tyrant's power."

—Friedrich Schiller,  
Wilhelm Tell.



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think the positive result of this campaign is that we have not only put ourselves on the map as an institution, despite the fact that we did not get any candidates elected; but we also changed the debate from the standpoint of the conceptual input.

Now, first of all, we had the problem that the media, and I think a certain Mr. [Jeffrey] Gedmin from the Aspen Institute in Berlin had a lot to do with it, because he was quite active in mediating the influence of the neo-cons in Germany at this crucial period—we had tremendous problems with the media, which not only had a policy of not mentioning us, but, at a point one week before the election when we had in one election district in Dresden just received 1.2%—which is not bad; German elections work quite differently than in the United States. A percent here is much harder fought for by many parties, so it has a different weight. Then, the *Sächsische Zeitung* published on their front page a poll in which they said “BüSo, 0.0%”—which was a clear attempt to say, “You don’t exist.”

But we had a lot of people who responded very, very well, especially to the Classical singing by the Youth Movement, who were singing Beethoven, Bach, and many political canons. Also we had published already before the campaign started, two books on the neo-cons, one on the American neo-cons, and one on their German counterparts, which influenced the debate tremendously. Because when Merkel wanted to have a certain Professor Kirchhof as her economic guru, and economics minister in her future potential Cabinet, and this guy turned out to be the worst neo-con you could imagine. He threatened to smash the social state with “a sledgehammer,” we mobilized a huge campaign so that Merkel had to withdraw him at the last moment.

And now you have a counterreaction against what could only be described as a coup attempt by the financial oligarchy to smash the German social state and replace it with the Anglo-Saxon model of a free-market economy. And basically, this would have been the end of anything like the social state developed since Bismarck, in Germany for over a hundred years: That attack was fought back, and now you have a situation where Merkel, her teeth have been shortened already a little bit as a result of it.

So, we are coming out of this campaign with the recognition by a lot of voters, who said they would vote for us. They probably didn’t vote for us at the last second, because of this counterpropaganda, a rigging of the media, which was clearly visible. But that has not changed anything from the dramatic impact we had in certain parts of Germany: North Rhine-Westphalia, Berlin, but especially Saxony and Dresden, where we had a tremendous campaign, and we really have made an impact.

Saxony is very important in Germany, because people in Saxony have a very proud tradition—this is the country where Leibniz comes from, where [Friedrich] List comes from, where Schiller lived the better part of his adult life.

## Italy Says: Less Maastricht And More Hamilton

by Claudio Celani

If there were any doubts that Italy, like other major European Union (EU) members, would do little more than nothing in order to enforce budget discipline next year, those doubts were swept away no later than Sept. 4, when the initial results of the German general elections were made known. Four days after that vote, Italian Finance Minister Domenico Siniscalco announced his resignation. Siniscalco, a technocrat, knew that his time was over. The lesson of the German vote was that no politician who promises neo-Thatcherite policies is going to survive the polls. Since technocrat Siniscalco knows nothing better than exactly those neo-Thatcherite policies, he had to go. His place has been taken by Giulio Tremonti, the very same man who had to leave the job one year ago, having lost a fight against central banker Antonio Fazio.

Tremonti belongs to the so-called “euroskeptical” faction and has profiled himself as a supporter of “Colbertist” policies, after 17th-Century French Finance Minister Jean-Baptiste Colbert, legendary for his nation-building programs. Tremonti has openly challenged the absurdities of the European Union’s Maastricht parameters, which have prevented productive investments under the pretext of fighting inflation, and has pushed for a European-wide infrastructural investment policy, which has become known as the “Tremonti Plan.” However, he has not yet challenged the euro system as such, and has limited himself to saying that the shift to a European-wide currency, the euro, was “the right thing in the wrong moment.” Tremonti should know better, and he possibly says different things in private.

Upon his comeback, Tremonti put his European plan again on the agenda. Presenting the budget in the Senate on Oct. 4, Tremonti called for “issuing titles of European public debt: This is not a financial, but a political operation. America, the United States, started with the so-called Hamilton debt. The issue of European public debt is fundamental to finance industrial reconversion. It does not appear to me that in the last years, a European industrial policy has been made; and yet, the Rome Treaty allows it; it forbids state aid for obsolete industries, but it does not forbid the use of public powers to determine processes of industrial restructuring.”

It does not occur every day that a Cabinet member in Italy—or anywhere else—quotes Alexander Hamilton these days; if the reader has the impression that this is a result of



reading in LaRouche economics, he has guessed correctly.

Tremonti also introduced an idea he has recently matured: the creation of a new bank for Italy's depressed southern regions, the Mezzogiorno. "The Mezzogiorno is the only European region which has no bank of its own; it had them, they are no longer there, and I do not think it is its fault. There are banks active in the South, but they are not banks of the South, which know the territory, live on the territory and for the territory. We know how important it is for a bank to know the territory."

Unfortunately, such brilliant ideas were espoused in a speech presenting an austerity budget which will cut 11 billion euros in expenses. This is intended to "reassure" the markets over Italy's willingness to contain the budget deficit, which is expected to be over 5% next year, even if it is inadequate to cut it down to the Maastricht-prescribed 3%. Sure, the budget was drafted by Tremonti's predecessor, and there was no time to change it; but the truth is that the bold, imaginative measures necessary for a real shift will hardly come from Italy's current leadership.

On the other side, a few Italian political leaders know that an "exit strategy" from the euro is being discussed in political circles in Paris and Berlin, and that they had better prepare one for Italy, whatever decisions will be taken north of the Alps. One such option, for instance, is to dump "undisciplined" EU members such as Italy, and build a core Monetary Union with France, Germany, and a few smaller countries. The better option, since the former won't work anyway, is that either France or Germany unilaterally leave the European Monetary Union.

So far, Italian government spokesmen have criticized the euro with populist, reductionist arguments. The opposition, in a role-playing game, defended the decision to join the euro, which was taken by a center-left government. Nobody, except the LaRouche movement, has called for denouncing the Maastricht treaties and resuming national monetary sovereignty, a precondition for any development policy. Whether the country will be saved depends ultimately on the capacity of Italy's ruling class and population to accept that challenge.

## The Issue of Central Banking

In this context, one flank which has opened in the last months involves the role of an institution central to the economic system, the central bank. Due to alleged misdoings of central banker Antonio Fazio in a banking takeover case, the role of the central bank as a de facto and de jure private institution has come under criticism. As a matter of fact, Fazio is being vilified for the wrong reason; his attempt to stop the takeover of Antonveneta, Italy's ninth largest bank, by the Anglo-Dutch speculative giant ABN-Amro, was the right thing to do. ABN-Amro is a bank with a capital of 33 billion euros and a derivative turnover of 5,372 billion euros; its aggressive strategy intends to establish a beachhead for similar "global-players" to take over Italy's savings market, esti-



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*Giulio Tremonti is right to endorse Alexander Hamilton; will he wage the necessary fight for national sovereignty?*

mated at more than 140 billion euros.

In order to block the takeover, Fazio apparently promoted his friends and covered for their budget frauds. Whether those allegations are true, will be established by the ongoing judiciary investigation. Ultimately, ABN-Amro took over Antonveneta and is now rumored to fuse with Capitalia, one of the largest groups in which ABN-Amro already owns the largest minority share.

In this case, Italy's political class, both right and left, was unable to distinguish the issue from the political faction fights, and split, over allegiance to Fazio, into "fazisti" and "anti-fazisti" (the assonance with "fascisti" is not accidental). Under pressure from not-so-public opinion, led by such "democratic" spokesmen as the London *Economist*, the government was forced to publicly demand Fazio's resignation, only to discover that it does not have the power to do that. No institution, be it the government, the parliament, the President, or even the constitutional court, has any power over the central bank. Italians suddenly discovered that the Bank of Italy is a privately owned entity, de facto outside the Constitution!

This opened a debate in which the real issues addressed are the ownership of the bank and the mandate of its governor. The government has now presented draft legislation proposing that those private banks which own shares of the Bank of Italy should sell them to the state or to state-controlled entities; and that the governor's mandate will be limited to seven years (now it is unlimited). Still to be addressed is the statute of the bank, which establishes how the governor is elected and whether the Board members have voting rights.

Independent from whether this bill will be voted up, the question to be addressed is that even a reformed, state-controlled central bank will not have the power of issuing currency and credit, as this has been transferred to the European Central Bank, another private institution, which has power without responsibility.

Paolo Raimondi, chairman of the LaRouche movement in Italy, has posed this question in a statement and has called for a parliamentary initiative on the issue. The central bank must be transformed into a Hamiltonian National Bank, he said. Tremonti is challenged: Hamiltonian methods do not work without national sovereignty!

# Neo-Cons: The View From Russia

by Lyndon H. LaRouche, Jr.

October 8, 2005

A set of dispatches from Russia viewed by *EIR* today, point to the importance of developing a shared, common-interest strategic outlook on the so-called “neo-conservative” phenomenon today. For Russians today, this requires a rapid and accurate general review of the role of the notorious Alexander Helphand (“Parvus”) during the period from his visit as a guest of British intelligence services in London, through his role as a British agent in London’s “Young Turk” operation, through his role in two Russian revolutions, his role as an arms-trafficker, and his interventions into Germany before and after World War I, including his supporting role in the circles of Hitler predecessor Coudenhove-Kalergi.

It is past time to put aside the conventional fairy-tales about such matters, and to recognize the continuous, leading role of the neo-Venetian, imperialist motivation of the relevant Anglo-Dutch Liberal circles formerly associated with Lord Shelburne’s imperial British East India Company, through the French Revolution, Napoleonic wars, two so-called World Wars, and the long threat of nuclear “Armageddon” launched by Winston Churchill, Bertrand Russell, and their successors over the 1945-1989 interval.

Since the famous “Seven Years War” by which the East India Company established its imperial power in the Paris Treaty of February 1763, there has been a perpetual conflict between imperial financier interests and the struggle for the security of an emerging system of sovereign nation-states, a struggle typified by the 1776 U.S. Declaration of Independence and the imperial adventures of the neo-Venetian British East Company and its successors.

The two “world wars” of the last century were a product of British King Edward VII’s efforts to put all continental Europe in flames, in a London-orchestrated war between the King’s two nephews, the German Kaiser and the Russian Czar. Such wars have come and gone, but the essential intent remains. That imperialist enterprise is what is expressed typically by the drive toward so-called “globalization” today. The Anglo-American neo-conservatives associated with Michael Ledeen are a typical expression of that imperial intention today,

The self-styled Trotskyists of sundry pedigrees who have

come into a prominent role on behalf of the imperial adventurism of U.S. Vice-President Cheney, are a logical expression of the quality of an “interchangeable,” right-left part which has existed since Lord Shelburne’s launching and orchestration of both the French Revolution of 1789 and the ensuing repetition of the “Seven Years War” as the Napoleonic Wars.

The leading idiots of my own republic, the U.S.A., have so far distinguished themselves as fools by their persisting delusion that the U.S. alliance with London in two world wars and the U.S.-Soviet conflict of the post-Franklin Roosevelt interval, were not of a piece with Edward VII’s successful manipulation of his two foolish nephews, the German Kaiser and Russian Czar. The continuing objective has been the ruin of the threat of strong and independent nation-states on the continent of Eurasia, in favor of that same parasitical slime-mold known as the London-centered, neo-Venetian, *ultra-montane* system of global financier tyranny which is behind the drive toward “globalization” still today.

These “neo-conservative” Trotskyists associated with Cheney’s war-making efforts today, are each and all tools of the relevant neo-Venetian style in that mass of family-centered financier associations which are combined in the fashion of the individual member of a common slime-mold. They are typical of the petty fanatics who dream wet dreams, in the fashion of lackeys behind the curtains, of orchestrating the history of the world, the naughty children following the whistle of the rat-catcher of Hamelin.

As we approach the onrushing greatest crisis in modern history, let us not be played for fools, once again, this time.

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## Documentation

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Oct. 8 (EIRNS)—Writers in Russia have begun to point up “neo-Bolshevik” qualities in current U.S. policies. Columnist Igor Torbakov, in an overview published by Eurasianet.org on Sept. 28, cited recent articles by political scientist Boris Mezhyuev and by a former advisor to Mikhail Gorbachov named Alexander Tsipko (both of whom Torbakov oddly dubbed “arch-conservatives”). “The leader of the biggest world power has actually turned himself into a champion of world revolution,” wrote Mezhyuev about George W. Bush, in an APN.ru commentary. Tsipko titled a recent article, “The Colored Revolutions, or the Revival of Bolshevism.” He compared Bush with Lenin, with respect to “exporting revolution.”

None of the commentaries cited by Torbakov touched on how today’s “right-Synarchist” doctrines of permanent war, espoused by the neo-cons, are rooted in the “left-Synarchist” campaigns by Leon Trotsky and Alexander Helphand Parvus for “permanent revolution,” 100 years ago. *EIR* of Sept. 23 presented that historical continuity in depth.

# Quo Vadis Iraq; Quo Vadis Bush?

by Jürgen Hübschen

*Col. Jürgen Hübschen, retired from Germany's Air Force, was German defense attaché in Baghdad from 1986-89. He worked in Latvia for several years with the Organization for Security and Cooperation in Europe (OSCE), and served in the German Defense Ministry until March 2004. EIR published an interview with him on Aug. 6, 2004, and a transcript of a briefing to EIR staff in our issue of April 8, 2005. This article has been translated from German, and subheads have been added.*



EIRNS/Stuart Lewis

Col. Jürgen Hübschen (ret.)

"God told me to end the tyranny in Iraq, and I did." With these words, former Palestinian Foreign Minister Nabil Shaath quoted American President George W. Bush, from the Israeli-Palestinian summit in July 2003 in Sharm al-Sheikh. It would be good if the U.S. President were to receive some advice from God on how he might master the situation in Iraq and in his own country. The current problems in the United States and in Mesopotamia are actually two sides of the same coin.

On March 20, 2003 George Bush gave the order for the illegal military operation "Iraqi Freedom." Today, more than two and a half years later, one can ascertain that this operation has failed and that Iraq is de facto in civil war.

The American troops are fighting a war which they cannot win, and it is becoming increasingly clear, that Iraq will become for the United States what Afghanistan was for the Soviet Union. Even a military superpower cannot win a guerrilla war, especially when it is hated by the population of the occupied country. Out of a proud "coalition of the willing," in the meantime, an alliance has remained among only U.S., British, and Australian soldiers, who still have battle orders, not yet defined in duration. Many former allies have already left Iraq, while others are preparing to withdraw their troops. Even the Australians and British are giving initial hints that a withdrawal is no longer excluded.

The U.S. troops, in the meantime, have suffered almost 2,000 deaths and 15,000 wounded. The number of traumatized troops is not known, but one can assume that they are

more likely 200,000 than 100,000.

The morale of the fighting troops has been heavily hit, because the reasons for the war were lies, no political concept is visible, and the war aims have not been achieved.

Iraq is today as democratic as in the time of Saddam Hussein. Aside from his overthrow, nothing has gotten any better, but rather worse. The U.S.-backed Iraqi government is more interested in hanging on to its own power and protecting its relatives, than in the construction of a democratic state. The Kurds and Shi'ites meanwhile have come into such conflict, that the Kurdish President, Talabani, recently called for the resignation of the Shi'ite Prime Minister, Jaafari, on the grounds that he had broken coalition promises and wants to control the government. The Sunnis have not been given participation in power, and therefore, there will be no majority for the constitution, in the referendum scheduled for Oct. 15.

The American administration had promised an improvement in the situation, at the time of the transfer of power on June 28, 2004, days after coalition administrator Paul Bremer had fled the country. The administration erred and errs again, in claiming that after the elections on Jan. 30, 2005, everything would be better. And George Bush and his neo-conservatives will find that they were wrong, because the Oct. 15 referendum will fail, or will be manipulated, and after that, the smoldering civil war will break out.

The Iraqi government will not be able to master the situation, because its own security forces are not deployable. This applies equally to the army and the police, even though President Bush, on Oct. 5, 2005, declared repeatedly: "The Iraqis are showing more and more capability of taking the fight to the enemy. As they become more capable, we will be able to bring folks home."

In this context, one should rather trust the evaluation of the situation given by the commanding general of the U.S. troops in Iraq, George Casey, who said: "Just one of the 120 U.S.-trained army and police battalions is able to operate without U.S. forces."

Thus, the American troops are almost exclusively relying on themselves in a war against a mostly invisible enemy who is underground, and whose actions are increasingly effective.

The American soldiers are faced with incredible psychological pressure, 24 hours a day, 7 days a week, because they do not know where the enemy is, what he looks like, and what he may do next. Professional troops are hardly able to handle such pressure, much less reservists and members of the National Guard, who make up almost 50% of the U.S. troop presence now. In addition, the largely very young soldiers have nothing to hang onto; they have absolutely no overview of what the overall situation looks like, and no one tells them when they may go home. They cannot cope with the fact that they were lied to by their supreme commander; that the reasons why they were sent into war were artificially created, because in Washington there were and are men who wanted

to have this war and who are even now not ready to end it. The testimony of former Secretary of State Colin Powell, who had been Chief of General Staff of the U.S. Armed Forces prior to his political activity, that his appearance at the Security Council on Feb. 5, 2003 was a blemish on his biography, has further strengthened the doubts of soldiers in the meaningfulness of their mission.

In connection with the Vietnam War, the saying went around: "And if they ask you why you died, then say, because your fathers lied." This saying has begun to circulate again in the United States, and since the end of Summer 2005, it can no longer be ignored. And this is a completely new problem for the U.S. government: The Iraq War has come to the U.S.; and the U.S. President and his neo-conservative advisors were not prepared.

### **Blind 'Patriotism' Works No More**

The war will become the dominant political issue, and all the usual diversionary tactics of the administration will end in nothingness. This is essentially due to the fact that the Senate and Congress, on a bipartisan basis, have realized their responsibilities again. No one is letting himself be driven into a corner any more with the argument that he who does not support the President in the war against terrorism, is an asset of the terrorists. No one any longer accepts the idea that one is a patriot only when one supports the policy of the administration and this President.

The most relevant example of this is the 90-9 vote in the Senate, "to prohibit the use of cruel, inhuman or degrading treatment or punishment against anyone in U.S. government custody, regardless of where they are held." In order to force the government to implement this ban on torture, the Senate conditioned its support for the \$400 billion military budget on this amendment.

An indictment has been handed down against Tom DeLay, leader of the Republican majority in the House of Representatives, for, among other things, abuse of election campaign contributions. I. Lewis Libby, the Chief of Staff and National Security Advisor of Vice President Dick Cheney, from the neo-cons' camp, will have to respond regarding his having "outed" Valerie Plame, the wife of former Ambassador Joe Wilson, the last ambassador to Iraq. And it is still not clear, whether or not Karl Rove, Bush's closest advisor, may be dragged into stormy seas as the "stringpuller in the background." All this will put President Bush in enormous difficulties, and already the polls give him only 35% support for his leadership capability.

The war lies in connection with Iraq were initially forgiven, because after all, a tyrant had been brought down. Hurricane Katrina, however, finally opened the eyes of the average American, who on principle believes in the President, respects him, and essentially trusts and follows uncritically. Now, the errors in Iraq are added to the failures at home, and this could become a deadly mixture for the President. In

addition, there are enormous economic problems; the latest collapse in turnover at Ford and General Motors are the most recent examples of this.

*Quo vadis Iraq—quo vadis George Bush?* To ruin, to chaos, is the answer, unless something happens. And therefore, something must happen, and right away. As the Minority Leader in the Senate, Harry Reid, said, "We will not accept staying the course."

### **To End Iraq War—Dump Cheney**

This change of course in U.S. policy is not only in the interest of people in Iraq and the United States, but also of Europe, and the rest of the free world. This will happen only if Vice President Cheney is forced to give up his office, and the neo-cons are removed from the government apparatus. In this way, perhaps the American President would recover his freedom of maneuver.

In Iraq, unrestricted responsibility must be given over to the UN, and the allied soldiers must be placed under UN command. A UN peacekeeping mission must be established, as the Foreign Policy Commission of the European Parliament months ago demanded. On this basis, European states would also send troops to Iraq, something which they were—for good reason—not formerly ready to do.

The U.S. troops, as well as the British troops, cannot and should not at this point in time, however, withdraw from Iraq, because this would lead to the final disintegration of the country. A plan for the reconstruction of Iraq should be developed with the UN and Iraq, and it should include a concept for the withdrawal of U.S. and other foreign troops. Until the start of the withdrawal, American and other foreign troops, who have become objects of hatred by the Iraqis, due to the torture scandals, their failed policies, and their arrogant and inconsiderate attitude, should be tasked exclusively with securing the borders of Iraq.

The Europeans should support the UN in the administrative and political reorganization of Iraq, as well as by economic reconstruction. In this respect, the Kurds must give up part of their privileges in favor of a balanced federal system, and the Sunnis must be brought into the political process.

A constitution should be voted upon, only when all ethnic and religious groups agree on it. Then, free elections should be held, under the auspices of the UN. The deployment of armed forces and police should be the competence of the UN.

The responsibility for the required policy shift in American policy lies causally in Washington, but convinced Atlanticists should take initiatives themselves, in case the American government refuses to make the necessary changes in direction.

It is not sufficient for Europe to be content with refusing to support current U.S. policy; rather, in accordance with the wishes of those affected, and of the Atlantic partnership, which is equally important for the U.S. and Europe, concrete engagement is required.

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# International Intelligence

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## ***Halliburton Nigeria Bribery Case Probed***

The U.S. Security Exchange Commission has subpoenaed documents from Royal Dutch Shell, as part of a widening international probe into the \$170 million alleged bribery case at a Nigerian gas plant, the *Financial Times* reported Oct. 13. This case, which surfaced last year, involves alleged illegal bribe-making by Halliburton at the time when Vice President Dick Cheney was head of the company—a fact noted by the *Financial Times*.

The new development is that Halliburton itself, handed over documents to investigators, which appear highly incriminating, suggesting that payments had been made to Nigerian officials. The investigation has been going on quietly but intensely over the last year.

One of Halliburton's subsidiaries, KBR, was involved along with Total of France, Shell, Eni, and Marubeni, in a joint venture to construct a \$12 billion gas plant in Nigeria.

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## ***Brazil: PMDB Must Build Resistance Like de Gaulle***

Gov. Roberto Requiao, of the Brazilian state of Parana, issued a call to arms to the PMDB party, saying that it must build a movement against financier liberalism's rule over Brazil, like the resistance that de Gaulle organized against the Nazi occupation of France.

Speaking to a meeting of more than 3,000 PMDB members, Oct. 2, Requiao asked:

"Are we a nation, or a market? A nation and the market are totally different," he said. "In today's Brazil, the Central Bank rules at the service of the bankers. . . . In the liberal's vision, Brazil should compete with Bangladesh, with Biafra, with India and China, offering . . . the slave labor of the Brazilian population."

Requiao is a close ally of Carlos Lessa, former president of Brazil's National Economic and Social Development Bank, and

worked with Lessa in drafting the proposed program of government, "To Change Brazil" (see *EIR*, Oct. 14, 2005). Requiao, like Lessa, comes from the generation which fought in the Brazilian Democratic Movement back in the 1960s, when the party was founded to lead resistance to military government.

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## ***Euro Parliament: Iran Has Right to Nuclear***

The European Parliament adopted a resolution Oct. 13 acknowledging Iran's right "to develop a nuclear program, according to Article IV of the Non-Proliferation Treaty." The resolution stated that it "supports the proposals of the European Union for cooperation with Iran in the nuclear field for peaceful use." The vote was 499 in favor, 43 against, and 89 abstentions. It also supported a diplomatic solution with the EU, and stressed cooperation with the United States, Russia, China, and non-aligned countries to consider complementary concepts. It excluded military options.

Interestingly, the resolution attacked U.S. plans for new nuclear weapons, voicing concern "about the intention of the U.S. Ministry of Defense to integrate the nuclear weapons option into its pre-emptive strike scenarios," and it calls on the United States "to immediately halt any such plans in the context of a revised security strategy."

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## ***Japan's Lower House OKs Postal Privatization***

Japan's lower house rapidly approved Prime Minister Junichiro Koizumi's postal system privatization bill by a vote of 338 to 138, on Oct. 10, after the overwhelming election victory Sept. 11 made it possible for Koizumi to pass any bill he likes in the Diet. Koizumi simply re-submitted the bills, almost identical to those voted down in August. Of the 37 LDP "rebels" who voted against the bills in August, only 17 survived the election, and only 4 voted against the bills this time.

Now, timing is the big question: When would the \$4 trillion fund actually come under private-sector control, so that the cash could be sent out of the country to bail out Wall Street, for example? Under the legislation, Japan Post would be split into four different stock companies on Oct. 1, 2007 by function: mail delivery, savings, and so on, by a public stock sale, but not "fully privatized" until 2017. Even between now and 2007, there will be such momentous chaos and change on the global currency markets (for example, a huge dollar collapse) that it is far from clear whether a private management could send cash abroad, two years from now—let alone in 2017.

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## ***Guerrillas Attack in North Caucasus Again***

Guerrillas stormed police, Internal Affairs Ministry, and Federal Security Service buildings in Nalchik, capital of Kabardino-Balkaria in Russia's North Caucasus region, Oct. 13. Fighting took place in the city of 235,000 people throughout the day, leaving 12 civilians, approximately the same number of security forces, and several dozen guerrillas dead, according to Russian TV reports. Unlike a similar raid in Nazran, North Ossetia, in June 2004 (where weapons were seized for later use in the September 2004 Beslan school massacre), most of the buildings were not taken over, although the attackers temporarily seized the first floor of a police station. Federal forces said they had the situation under control by day's end.

President Putin took a partially televised briefing on the situation from First Deputy Minister of Internal Affairs Alexander Chekalin, who then told reporters that Putin had ordered Nalchik sealed off, to prevent guerrillas from escaping. Deputy Prosecutor Victor Kolesnikov, Presidential Representative for the Southern Federal District, and Chief of the Armed Forces General Staff Gen. Yuri Baluyevsky were among those giving televised updates during the day.

Based on interrogation of captured guerrillas, Kolesnikov announced that the attack was the work of the Jamaat Yarmuk group of

the "Wahhabite" Anzor Astemirov, founded by the late Muslim Atayev, an associate of Basayev. Strana.ru reported that Jamaat Yarmuk has been linked with the Moscow apartment bombings of 1999, attacks in Ingushetia in 2002, and last December's raid on the Kabardino-Balkaria anti-narcotics agency. The Chechen separatist site kavkazcenter.com, meanwhile, claimed that the fighters were from "the Kabardino-Balkar sector of the Caucasus Front."

In recent months, the British press, in particular, has kept up a drumroll of articles about the coming, allegedly inevitable, explosion of the entire Russian North Caucasus. The region has long served as a detonator of the manipulated clashes, identified in Lyndon LaRouche's 1999 video, "Storm Over Asia."

## Suicide of Syrian General Raises Questions

Brig. Gen. Ghazi Kanaan, one of the best known figures in the Syrian military and intelligence establishment, reportedly committed suicide in his office on Oct. 12, according to Sana, the official news agency of Syria. From 1982-2002, Kanaan was head of security in Beirut. In 2002, he went back to Damascus and became head of the Political Security Branch, and in October 2004, he was appointed Interior Minister.

Two weeks before, Kanaan was questioned about the assassination of former Lebanon Prime Minister, Rafiq Hariri, by the United Nations investigators serving under UN investigator Detlef Mehlis (as were other Syrian officials). Mehlis's report on the Hariri assassination is due out in late October, but there are reports, predating this death, that the deadline would be extended.

The Syrian government issued a short statement, saying that it is investigating Kanaan's death.

One day before he died, Kanaan reportedly gave an interview to Voice of Lebanon (Sawt Libnan), in which he said: "I want to make clear that our relation with our brothers in Lebanon was based on love and mutual respect. . . . We have served Lebanon's in-

terest with honor and dignity." He said that Syrian troops in Lebanon had "done their utmost to preserve the unity of Lebanon." He also said: "What is being reported about secret links exists only in the minds of those who spread such reports, to serve their political interests and malicious objectives. . . ." In the interview, he also denied press reports that he had shown UN investigators checks paid to him by Rafiq Hariri.

At the end of the interview, he said: "I believe this is the last announcement I can make."

There are many questions about this death. Kanaan was clearly a target of the United States, which issued an order freezing his assets in July 2005, on grounds that they were used to aid terrorism in Lebanon. The seizing of the assets of Kanaan and another Syrian official was meaningless for the United States, because these were not located in the USA, but the order was being used as pressure against other countries that might have bank accounts belonging to these Syrian officials.

## 24 Sub-Saharan Nations Face Food Emergencies

The Food and Agriculture Organization of the United Nations (FAO) issued its second Africa Report for 2005 on Sept. 28, "Food Supply Situation and Crop Prospects in Sub-Saharan Africa," which states that 24 sub-Saharan African countries face food emergencies. The situation is the worst in southern Africa, where about 12 million people need immediate emergency food assistance in the countries of Zimbabwe, Malawi, Swaziland, Lesotho, Mozambique, and Zambia.

In Malawi, about 40% of the population—4.6 million—is facing food shortages, while in Zimbabwe the number of people at risk is estimated to be more than 3 million, or 25% of the population.

Regions of eastern Africa (Sudan and Somalia), central Africa (Burundi, Rwanda, and the Democratic Republic of Congo, as well as western Africa (Niger, Cote d'Ivoire, Guinea, Liberia, Sierra Leone) are all in need of assistance as well, according to the report.

## Briefly

**THE ITALIAN** government assigned its first contract for the Messina Bridge, connecting Sicily with the Italian mainland, on Oct. 13. This will be the longest suspension bridge in the world, at 2.3 miles, and its two towers will be higher than the Eiffel Tower. The Impregilo Corp., Italy's largest construction company, will start work on the 3.9 billion euro project next year. The project, which is expected to be completed in 2012, will generate 40,000 jobs.

**THE KASHMIR** earthquake has left an estimated 2.5 million people homeless, according to the World Health Organization's South Asia director, Hussein Gezairy, Oct. 13. Pakistan raised the official death toll to more than 25,000 dead and 63,000 injured, but diplomats told *EIR* that a death toll of 100,000 is likely. "I've never seen such devastation before," the United Nations Relief Coordinator Jan Egeland stated, "and it's getting worse daily." Relief efforts are impeded by collapsed roads, rain, and mudslides, and soon there will be winter snows in the Himalayan areas affected.

**A KOREAN** official told *EIR* that the U.S. Administration is pushing a new "Plaza Accord" for financial meetings in Beijing and Tokyo, Oct. 16-17, in which U.S. authorities may demand that not only China, but also Japan, and South Korea, up-value their currencies by as much as 20% to 40%. This is "lunacy," the Korean said.

**INDIA** and the United States will sign a "Science and Technology Umbrella Agreement" to increase cooperation between the scientists of both countries, announced Kapil Sibal, India's Minister of Science and Technology. The accord will include space, energy, nanotechnology, health, and information technology.

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## Editorial

### *Strategic Bankruptcy Revisited*

It was almost six months ago that economist and statesman Lyndon LaRouche first issued a memorandum to the U.S. Senate on the catastrophe shaping up in the automobile sector, a catastrophe which he insisted must be dealt with immediately by a Congress committed to restoring the general welfare of the nation. Under the title “Emergency Action by the Senate,” LaRouche put forward a cogent argument:

“Any liquidation of the present structure of the physical productive capabilities of that industry, especially its vital machine-tool sector, would mean both the end of the U.S.A. as a leading physical economic power, and related kinds of chain-reaction damage to the world economy as a whole. Emergency action to avert that outcome must be taken now.”

One month later, the crisis of General Motors and Ford, not to mention the airline industry, had gotten much, much worse—but the Congress had done exactly nothing. LaRouche delivered a second memorandum to the Senate, entitled “On the Subject of Strategic Bankruptcy.”

Once again, LaRouche laid out very clearly the Constitutional aegis under which emergency action could be taken to save the vital industry, and the consequences which would ensue if that action was not taken. We quote:

“A series of bankruptcies which virtually wiped out several categories of the republic’s essential industry, would have to be classified by a term of no less impact than ‘a state of strategic bankruptcy.’ The threatened collapse of most of the U.S. domestic production capacity of principal manufacturers Ford and General Motors, would mean not only the loss of the production of automobiles, but the loss of a crucial, major portion of the essential machine-tool capacity on which the viability of the U.S. economy as a whole, not only automobile manufacturing, depends. That would be implicitly a more severe long-term defeat for the U.S. economy than Germany’s industrial potential actually suffered after the close of World War II.

“The present plight of the passenger airlines is also a strategic issue. . . .

“The combined effect of the chain-reaction financial collapse of the national automobile manufacturing and air-transport sectors, is the presently accelerating threat of dumping of pension obligations of both the airlines and automobile industries, suddenly, on the Federal Pension Benefit Guaranty Corporation. Without novel measures of government intervention, this presently threatened development would mean a wrecking of the present, non-private system of private pensions, leaving the completely Federal Social Security System as virtually the only pension system for the lower eighty percentile, or more, of the population as a whole. The implication of such a set of combined and related developments would also have to be classed as a case of ‘strategic bankruptcy.’ ”

What, then, must be done? LaRouche wrote:

“If we decide on the re-industrialization, re-regulation route to national survival, the task of the Congress is to create the authorization for special agencies dedicated to managing the transition for otherwise doomed entities fallen into bankruptcy. In general, this creation of such agencies should be limited to cases which, firstly, have the character of vital strategic institutions, and, secondly, for which a clear option for a successful, medium- to long-term recovery is foreseeable.

“The essential authority for this kind of remedy lies in a central provision of the Preamble of our Federal Constitution, the promotion of the general welfare.”

Is there anything LaRouche said that’s hard to understand? The U.S. Congress, especially the Senate, has the authority to create a special agency to manage the transition of these bankrupt, but vital industries out of disaster, into rebuilding the infrastructure of the United States. Unpayable, and illegal, debts can be set aside. Long-term cheap credit can be issued to put people to work. It’s only heretical if you take as gospel the insane system of usury, deregulation, and deindustrialization of the last 40 years.

The good news is that, now that the auto crisis has again come to the fore, the Senate already has LaRouche’s proposals on the table. All they have to do is take them up—now!