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This Week You Need To Know

A STRATEGIC VIEW OF EUROPEAN HISTORY TODAY

Globalization, The New Imperialism

by Lyndon H. LaRouche, Jr.

October 9, 2005

By traditional standards, the accelerating degeneration of the U.S. military-political occupation of Iraq, has already entered the terminal phase of the currently failed war policies of the U.S. George W. Bush, Jr. Administration. The global strategic situation of the moment can be brought into focus by saying simply that the presently advanced state of degeneration of the U.S. military operations in both Iraq itself and the adjoining region, interacts with a threatened early disintegration of the world's present IMF monetary-financial system.

We have entered a time during which only the combined dumping of the policies of the current Bush Administration, and the launching of first steps toward a new world monetary-financial system akin to that of the original Bretton Woods system, could prevent the otherwise inevitable early plunge of the planet as a whole into a new dark age.

We have entered a time in world history, when any different remedy than that which I have just recommended, were the wishful dream of self-damned fools.

To rational elements among the more well-informed circles of the planet, as one month follows another, the evidence to that effect is now more and more painfully clear. Were the present majority among the leading management cadres of today's world fully rational, the wild-eyed monetarist experiment launched under the U.S. current Bush Administration would be declared a bad job, and a return to the relatively successful economic and related policies of the immediate two post-war decades, would be rapidly resumed.

For example: In the case of the U.S.A. itself, although I warned, repeatedly, during the Spring and early Summer of this year, that we must prepare for the chain-reaction-like effects of an early "crash" in the automotive sector, no significant action was taken, either in the Executive or Congress, on that specific account.

The most notable point to be made on this present occasion is, that the argument for avoiding the urgently needed precautionary measures, was that relevant circles were advised that I had been mistaken respecting the factors of timing and more deep-going issues of policy in this matter. It is typical of the conditioned state of mind among our nation's and Europe's makers and shakers, that we are met, in each recent stage of a growing national and global economic crisis, by the potentially fatal effects of a reluctance of the presently reigning political generation to "put the toothpaste back into the

tube," a reluctance to tamper with those habituated, recent decades' changes in policy which have now led us to the brink of the greatest global financial-monetary and economic collapse in modern history.

Now, the consequences of that Hamlet-like kind of inaction, motivated in that Hamlet-like fashion, have brought our republic, and much of the world besides, into a situation far more deadly than existed those few months ago, when precautionary action against the principal, presently looming effects of the General Motors crisis might have been set into motion....

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Latest From LaRouche

LaRouche Interview:

'We've Got To Get Cheney Out Now!' — 'He Could Go Out This Week.'

Lyndon LaRouche was interviewed on Oct. 18, on the internet radio station Republic Broadcasting Network (www.rbnlive.com) by Greg Szymanski who hosts the program "The Investigative Journal." Szymanski interviewed on Aug. 12 LaRouche for an article which appeared in the Aug. 27 issue of the internet journal American Free Press, and Szymanski's own website www.arcticbeacon.com.

GREG SZYMANSKI: Welcome to today's edition of The Investigative Journal on the Republic Broadcasting Network. I'm your host Greg Szymanski, and we're going to get right to business today: We have a special guest, somebody that I enjoy talking to, interviewed him for a print article several months ago. An astounding, astounding — he could give us a background on American politics, in our social-economic system, and things that are going on now in the Bush-Cheney Administration, that few of us can, because of his involvement for years and years. He ran once as a Labor Party Presidential candidate, and a number of times for the U.S. Senate: We have on our show Lyndon LaRouche.

Mr. LaRouche, are you with us?

LYNDON LAROUCHE: I'm with you.

SZYMANSKI: You know something? I'd like to start somewhere, basically with a statement that you made on April 22, 2005—it was in *Executive Intelligence Review*. And you said, that "an increasing number and a variety of relevant specialists have been joining an international chorus, which is warning, in effect, that an ongoing systemic economic collapse of the world's presently reigning monetary-financial order has now entered its terminal phase." Okay? And, I want to talk about that statement. You say, it's now entered a terminal phase, as of 1998 to the present time. Tell us, basically, your feelings about our situation financially in this country, and what's happening?

LAROUCHE: What I was referring to specifically, was that in 1997, or, go back to actually 1987 to get the picture. Remember that in October of '87 we had an equivalent of a 1929 stock market crash. And the difference was, that at that point you had Volcker, who was Federal Reserve Chairman, going out of office; you had Alan Greenspan coming in. And Alan said to people in the Fed, "don't do anything, till I get there." And what he did, is, he introduced funny-money, that is,

financial derivatives, as a kind of inflation.

What happened in '97-98, was that the funny-money system blew out. It blew out in the failure of LTCM, Long Term Capital Management, which was a hedge fund operation based largely in government bonds of Russia. But these two events, '97 and '98, represented effectively the sign the system was about to go. At that point, Bob Rubin, who was Treasury Secretary, and Clinton and Rubin and others agreed, we've got to have a new financial architecture for international system because of this crash.

Then, somebody pulled something out of the basement of the White House, and moved toward impeachment of Clinton. That got Clinton off the case. However, the condition became progressively worse, and with the collapse of the IT bubble, finally, in the spring of 2000, by the time George Bush was actually becoming President, this thing was on the way to collapse.

Now, these kinds of collapses are not things you can predict mechanistically.

SZYMANSKI: Now, when you're talking about this—if I could just interrupt for one second; when you're talking about this collapse, are the American people feeling it, in their pocketbook? Or is this something going on way behind the scenes?

LAROUCHE: Oh, sure! No, no, they feel it, but they pretend not to, because they're told it isn't happening. For example, take the lower income brackets, take the lower 80% of family-income brackets in the United States, their physical condition of life, that has been deteriorating since about 1977-78, has been progressive. We've had a loss of institutions, loss of the railroads, whole sections of the country that used to be producer parts of the country, such as Michigan, western Pennsylvania—

SZYMANSKI: Mr. LaRouche, hold that—hold that thought, we have to take a break. And we'll be back in three minutes with Lyndon LaRouche. He's going to give us some solutions out of our financial problems, on the Republic Broadcasting Network. [commercial break]

[off air] Hello, Lyndon?

LAROUCHE: Yeah.

SZYMANSKI: Feel free—you have the whole hour, so we just have a couple breaks. But just feel free to tell me about the whole situation financially, like you always did; then go into some solutions, and I want to get into Cheney and everything. But whatever you feel is important, just go with it. Because, I know that you had that radio webcast, that I wanted to talk about that, also, what you said on that. So, feel free to pick up where you left off talking about the collapse, and the—what was it?—the poor's situation since the '70s has been deteriorating.

LAROUCHE: Yeah, right....

SZYMANSKI: [back on air] We're back on The Investigative Journal. I'm your host Greg Szymanski—I won't hold it against you, if you can't pronounce that last name. It took me a long time, too, and I want to tell you this: Polish jokes are allowed on this show, as long as it doesn't violate the party line (does that sound familiar?).

You know, we're really lucky today. We have a man that—when I sit and talk with Lyndon LaRouche, I have some feeling of trust. I have some feeling, that he has a background, has an understanding of what's happened in our country. He's been

involved in the political scene for over 50 years. And it's a delight sometimes to talk with a man that's knowledgeable about what's happening, is not afraid to tell the truth. I'm looking at a picture I always keep by my computer, with a picture of George Bush smiling like Alfred E. Newman, and it says, "Darn Good Liar." And, you know, when I talk to Lyndon LaRouche, I feel like I'm getting the true picture.

Now, tell us Lyndon, we picked up about the economic collapse of our country. But, tell us what Cheney and Bush are actually lying to us about, in our economic situation?

LAROUCHE: Well, just about everything. I think Bush's capacity for lying can be overrated, because I really don't think he knows what he's saying a lot of the time. So, a man who doesn't know what he's saying, it's hard to accuse him of being a liar! He does lie sometimes, but that's—at other times, I see him looking at the words coming out of his mouth, and he, too, is wondering where they came from! [both laugh]

But Cheney, however, is, I think frankly he's a sociopath. In the recent period, he has been on the verge of going down. However, he's a very dangerous guy to have around, because he is a sociopath, and he doesn't react like normal people do. So therefore, the fact that he's now cornered, and he's really very seriously cornered, on this Valerie Plame case—and some other things—means that he's going to be a little bit more dangerous than usual, if he has a chance to do so.

So, we're at a point where he's about to go? But, is he going to go? I don't know—but I think the chances are that he will. And I think that there are a lot of people in the Republican Party, as well as the Democratic Party, who say, it's time for him to go.

SZYMANSKI: Now, what's going to—let's say Fitzgerald's indictments come down, and Cheney does leave, or he's pressured to leave, in the Nixon vein, where they realize that it's better to take the easy road out: What's going to happen then? Will that have a positive effect, just by getting Cheney out, without Bush leaving? Or, what?

LAROUCHE: Well, getting Cheney out will make it possible to have a positive effect. And I think the sense of relief will be important. For example: You have two things that are going for us. We have a non-neo-con Republican-Democratic cooperation in the Senate. It's not "love time," but it is serious cooperation. These guys realize that they have responsibility for the country; they don't always act the way I think they should, but they do that sense. With Cheney out of there, and with that neo-con crowd out of control, like getting rid of DeLay in the House is also important, Abramoff and so forth, you have a change.

Now, people in Washington know, that we're in trouble, deep trouble. They know the economic system is in deep trouble. They know we're at a breakdown. Look, General Motors going down, the entire auto industry going down: That's not a joke. The air travel industry collapsing; the aircraft-manufacturing industry in deep trouble, except for the military contracts that keep the thing alive. Our municipalities are collapsing—we can no longer balance our budget, we're operating at a loss. The Federal government can not pay its debts, we're living on credit from foreign countries. Foreign countries, themselves, in general, in Europe for example, are operating below breakeven.

So, we're in a terrible mess, and we have to do something about it. There are things we can do—

SZYMANSKI: Tell me why the Senate isn't acting? Are they all bought and paid off by the neo-cons, right now?

LAROUCHE: No. No. There are several things. First of all, partly, it's ideological: You have to remember, the generation which is in power in the United States is not my generation. They were born, generally, after 1945, they're now between 55 and 63-64 years of age, most of them. They're running the country. My generation is generally out of the picture in terms

of active, day-by-day control of the economy and leadership.

SZYMANSKI: Now, tell us the difference between how your generation ran the country, and how it's being run now, and what's the stark difference in reality here?

LAROUCHE: We came from, with all our faults, we came from an American tradition. And Franklin Roosevelt reawakened us to that tradition. Hoover sank the economy, not through the 1929 crash, but the way he handled the crash. And he collapsed the economy by about half, physically, during the remainder of his term as President.

Now, Franklin Roosevelt saved us. He took us from the bottom—we weren't as far down as we are now—but he took us from the bottom, then, and within a period of time, by 1940, he had built us back to a potential, which meant the greatest economy the world had ever seen. That potential enabled us to defeat Hitler—and without us, Hitler would not have been defeated.

So, we came out of World War II, as the world's leading economy, beyond the dreams of anybody who'd ever lived before, in terms of our power. Now, Truman ruined it. He didn't ruin it all at once, but he ruined a lot of things.

SZYMANSKI: What did he do, specifically?

LAROUCHE: Well, what he did is—Roosevelt had a plan and a policy, using our power, we could put the world pretty much together at the time, and avoid future wars. With Roosevelt, you could deal with the Soviet Union successfully, you could deal with China. You could deal with the so-called developing sector. You could deal with Europe. But Truman got together with Churchill—who was soon out of office, but still an influence—and they decided they were going to take the nuclear capabilities—and Truman just found out about these nuclear capabilities after he got to be President, but Churchill was already on the case. And they were determined to use the nuclear arsenal, of the British and United States—which the British and United States headed jointly—to run a preemptive nuclear war against the Soviet Union. And we started to go down that road.

Now, we dropped two bombs, the only two we had, on Japan. So that meant we had to build up an arsenal for what Truman was talking about. Well, by—oh, 1948-49, by the time we got into the mess in Korea, the Soviets had already developed nuclear weapons—which meant preemptive nuclear attacks on the Soviet Union, was not the easy task that they had thought it was going to be. And then, the Soviet Union developed a thermonuclear weapon before we did! So that called that off. And Truman was taken out, and told not to run again. And Eisenhower came in and saved us.

Now, the Eisenhower Administration wasn't perfect, but it did save us from a lot of evil things.

Kennedy, by the time he caught on to the job, they assassinated him. And we were plunged into the Vietnam War.

SZYMANSKI: Now, you said, "they assassinated him." Now, do you firmly believe that he was taken out by people in our government?

LAROUCHE: Well, there's a group associated with our government, which is actually international. I've referred to them, and others do, as the spoon-benders. These are the kind of guys who think they can walk through walls by using their imagination. They're crazy, but they're dangerous. There's a section associated with this in our military, including part of the Air Force.

SZYMANSKI: Now why did they want Kennedy to go, in your opinion?

LAROUCHE: Well, they wanted to start a new—Kennedy had committed himself to a Roosevelt, Franklin Roosevelt orientation, to growing the economy at that time. He was also opposed to the Vietnam War. They were determined to have the Vietnam War. He sabotaged it. He humiliated Robert McNamara: He put him on the White House steps, and made him say we were going to withdraw from Vietnam. And that, apparently, was the sign to kill him.

But, the killing—if you take the temper of the times, in 1962-63, in that period, the knives were out already. Look, de Gaulle, was repeatedly under assassination attack, from old Nazis of the type who were associated with these spoon-benders. You had many assassinations in Europe. You had the beginning destabilization of the Adenauer government, to get him out, because he was a Christian, and in the government, the CDU people that got him out, and the British, didn't want a Christian in that position. De Gaulle was in deep trouble.

So, we went into a period of—a new phase: What happened was, you had people who had been born under Truman. Now, of course, people four, five years old don't know much about politics, usually. But, by the 1950s, they were being conditioned, those who went to suburbia; the atmosphere of what was called "McCarthyism" in that period, was really hideous. And these young people were trained, in a way, where they became what we call in philosophy, Sophists. They were told, there is no truth, there is only public opinion, that sort of thing. And therefore, when they got hit with the crisis, the Missile Crisis of 1962, the Kennedy assassination, the launching of the Indo-China War, many of these young guys went crazy. They became known as the 68er phenomenon, the rock-drug-sex counterculture. That sort of thing.

So, you had a generation which, in a sense, rejected the Roosevelt tradition, the American tradition, of agro-industrial progress, scientific and technological progress, that sort of thing. As a reaction, you had, Nixon came in, because many Americans of my generation were *enraged* at these youth! They were enraged, because they saw them attacking the country, attacking the values of the country, and so forth. And so, this impulse, from even Democrats, hating this phenomenon of 1968, went over to Nixon. This was used to create the attempt to make a dictatorship here, under Nixon. That got jammed up. But we're still suffering the damage.

Now these young guys, who are the generation born after 1945-46, these guys began to tear down the country. And you saw this, the mood among young adults, now in their 20s, approaching their 30s, under Carter (really under Brzezinski), destroyed the country!

SZYMANSKI: How, in a sense—you know, in your generation, I see a manufacturing mentality, I see a production mentality. Now, in the 68 generation, in the generation now, how did they destroy it, not only governmentally, but socially? What has happened? What's changed here?

LAROUCHE: They were brainwashed. First of all, the sheer terror—remember, young guys raised in society, which they believed—

SZYMANSKI: Lyndon, can you hold that? I got some music in the background, we've got to take a break for three minutes. I'm going to get back with Lyndon LaRouche, on the Republic Broadcasting Network. I'm going to tell you how to get ahold of his website. I'm Greg Szymanski... [commercial break]

We're back on the Tuesday edition of The Investigative Journal. I'm your host, Greg Szymanski: We have a powerhouse on the political scene, Lyndon LaRouche, with us today. He's been around for over 50 years. Seen everything from Franklin Delano Roosevelt to the administration presently in power. Lyndon, I just want to let people know how to get ahold of you, so they can read more about your positions right now. It's <http://www.larouchepac.com>. A great website. And you can also call, and ask questions and talk to Lyndon's organization, at 1-800-929-7566. And we have a short

segment here, and then we have a whole 'nother half-hour that Lyndon's going to provide us to some solutions to the economic situation and the political situation we find ourselves in today.

But, first I want to take a caller. He's Jeff, from Massachusetts, and he had a question about the Federal Reserve System. Jeff, you're on The Investigative Journal.

Caller: Ah, yes. Lyndon, I'm a history buff myself. And the fact of the matter is, what caused our Depression was two things: Number 1, it was the creation of the Federal Reserve at Jekyll Island. And the creation of the IRS. Because, you see, when you start —

SZYMANSKI: I thought you had a question.

Caller: Yes, my question is: What do you think about the solution of, a) getting America out of the Federal Reserve? And b) getting America out of the United Nations?

LAROUCHE: Well, I'm not worried about the United Nations. That's not really a problem. It can become a problem; some people wanted to make it one. But that could be avoided.

The question of the Federal Reserve System is, in a sense, moot right now. Because, presently, the entire banking system of the United States, and of most of the world, is hopelessly bankrupt. It's bankrupt for reasons that you can consider this recent hedge fund blowouts. Most of the major banks, such as J.P. Morgan, so forth, are heavily operational in the area of hedge funds. The international hedge fund bubble is about to blow.

Now, we're in the situation worldwide, in which the entire financial derivatives system is about to blow out. It's what you're seeing in terms of the General Motors crisis, similar crises. That means, that either we go into chaos, rather soon. Or: The Federal government reacts to this, by putting the entire Federal Reserve System under government protection. Now that means, that the U.S. Treasury, in effect, would take over the Fed, and treat it like any other bankrupt. Now, that does not mean, we're going to have one bank in the United States. It means the subsidiary banks of the Federal Reserve, which compose it, the private interests, are going to be put through bankruptcy reorganization. They're going to keep their doors open; they're going to function. Some things will be frozen for a time. Some things will be cancelled, like financial derivatives obligations—get just cancel 'em, get 'em off the books.

But we need the banking institutions, in order to keep the country functioning, to keep the businesses going, to protect the savings of people. Now, the Federal government is the only institution that can do that.

Now, what that would mean, in a sense, would be you would actually federalize the Federal Reserve System, by putting back under the Constitution, in which the power to create money, located entirely in our Presidency; but the power to *authorize* the creation of money, located in our Congress, especially in the House of Representatives: That these authorities would then, as Hamilton prescribed, would then constitute a system of national banking—a system of private banks, but under the coordination of a national central banking system, which would be national, not private, as distinct from what we have now. The United States presently has a *semi-private* banking system, and that is controlled, effectively, by large financial interests, not really the Federal government.

In Europe, you have universally today, private banking systems. The European Central Bank is really—it's raping Europe!

So therefore, what would happen is, in this crisis, is that the Federal government would have to take over the Federal Reserve System, in receivership, to keep the doors open. It would then restructure the private banks, or many of them, and

put them back in business as private banks. But in the meantime, it would establish Federal control over our money, as prescribed by the Constitution.

SZYMANSKI: Now, are the Bush and Cheney Administration now taking steps toward this, or what are they doing?

LAROUCHE: No. They're on the way out. Cheney, as we speak this week, is in danger of going out. I don't think he's going to go out *immediately*—though he could. He could resign in a fit, anytime he wanted to. And the case that's being pushed by Fitzgerald, before the grand jury, has before it now the kind of evidence which could clean out the entire Vice President's operation. And also—

SZYMANSKI: Lyn, if I could break in here, I may mention one thing: I remember, about several months ago I talked with a couple people in Chicago, and wrote a story that these indictments were coming down, and I took heavy criticism then for not—for writing that story without providing the sources, who didn't want to go public, but it's all coming true now. And, I want to ask you this: Do you feel it's going to be another Nixon scenario?

LAROUCHE: No—it could be. I proposed it. You know, Greg, I've had some influence in this process, in—oh, particularly since the end of last year, or even before then. It came up during the period of the Kerry campaign, especially after Labor Day of last year. So, since that time, with one sequence of events and another, I've been playing a more significant role.

SZYMANSKI: Okay, Lyndon. You know what? We're going to get into that significant role you have with the Senate, the people you communicate with. And we'll be back with a full half-hour, a long segment with Lyndon LaRouche, somebody you have to listen to, somebody I trust the opinion, on the very serious and complicated financial issues facing our country. On the Republic Broadcasting Network. [break]...

We're back on The Investigative Journal, I'm your host, Greg Szymanski. And today we have my guest, Lyndon LaRouche, someone that's been involved in American politics for a long, long time. I want to give you his website again, and phone number, so you can read all about the many things Lyndon is talking about today—so many things we can't cover on this show. We're going to try to do our best in the next half-hour, but you can log on to Lyndon's website at <http://www.larouchepac.com>. Or, if you'd like to call, you can get ahold of him at 1800-929-7566.

And Lyndon, you've had a long and storied political career: Maybe America's ready for you, now. Do you have any future plans to get involved on the Hill, at all?

LAROUCHE: I'm involved. I'm now, already involved enough, and I'm the kind of guy who will tend to do whatever seems likely he should do. So, that's about as far as I'd go right now. But, I am heavily involved. I'm very concerned with the outcome of things that are going on on the Hill, right now.

SZYMANSKI: And tell us what's going on. What are you concerned about? What's really happening with some of these Senators, like Kerry, McCain? Are they really fulfilling their obligation of serving the people?

LAROUCHE: Oh, I don't know—I wouldn't put it that simply. Because I don't like to put guarantees on other people, because I don't control them. And what I don't control, I say, I can't assure people of!

SZYMANSKI: I guess, I could ask then, what's your opinion about that?

LAROUCHE: Well, I have a very strong opinion. I think many of these guys—and not all of them have been "good

boys"—are now in a position, they realize the seriousness of the situation facing our country. This economic crisis, which they all know—they may not know it as well as they should, but they know it—and with *the most failed war* the United States has ever involved itself in, in Iraq; and the plight of the soldiers we have there, which, we can't get 'em in, and we can't get 'em out. We could, but we'd have to change policy. So, the military crisis, as it affects so many of our people who are in military services, or associated with people who are, our military institutions, our members of Congress who are associated with, care for the military institutions—ranging from certain Republicans who are involved, like Charles Rangel on the Democratic side—they're all concerned.

So, we're united now, by an understanding, we have an international monetary-financial crisis, the system is coming down; and we have a strategic crisis in Iraq, which is of this administration's making, which is the worst in our military history. So, this has caused a lot of people to unite, and agree with me on one thing: We can not keep going the way we've been going. We have to change.

SZYMANSKI: You're talking about spending in Iraq, and the way our economy's going. Correct.

LAROUCHE: Yeah. Not the spending. It's the fact that the financial system is collapsing. This whole system, internationally, is about to disintegrate! In the biggest—

SZYMANSKI: When you say, about to disintegrate, what's going to be the first big sign? Is it going to be a housing crisis, General Motors?

LAROUCHE: Already here. It's all here. We are *in a process of collapse, now*. It is not something that is *going* to happen, it is something that is already happening. When people talk about collapse, they think about the end-phase of collapse, when everything is flat. I talk about collapse when it's happening, not after it's happened. Some people want to talk about a collapse, at the point *after* it's happened. I'm talking about a collapse at a time you can still deal with it, you can still stop it.

SZYMANSKI: Now, you were talking about the Federal Reserve solution. Are there any other solutions that you would have?

LAROUCHE: Well, sure. We have to get rid of this administration. We have to re-craft it. That can be done on short notice. What the Fitzgerald grand jury is doing, and some other things related to that in the woodwork, would get rid of the Cheney apparatus, and the WHIG apparatus, that is the Iraq War apparatus. And, that would isolate the current President, who is really not much there, would isolate him from the Cheney phenomenon, which is the *real* danger here. Get Cheney out. Get George Shultz out—get the machine, the Halliburton machine out, and people like that. Get the money machine behind the derivatives, get them out! And put the country back in the control of a Presidency, which itself is controlled by a sense of the interest of the country. That could not be the case as long as Cheney has any control, and his crowd has any control, over the Presidency. The President is a complete incompetent.

So, my view is, we've got to get Cheney out *now*. He could go out this week. He could go out later—.

SZYMANSKI: You've called Bush incompetent, many other names; you've called Cheney certain things. You've called the Congress "gutless" at times. What do you mean, when you say, we have a gutless group of people controlling our country, right now?

LAROUCHE: For example: In the spring of this year, I warned of what the implications of an onrushing collapse of the automobile industry would be. We talked with the Congress about pension crisis, which we now have. The Congress, in the spring, listened to what I had to say, many were interested—but they didn't do anything. Now, more airlines have

collapsed; the price of petroleum at the pump is three times what it was before; we have a general breakdown of the system; we're going to have hyperinflation in food and everything else, as it goes on; our transportation system is collapsing; our auto industry is about to go out of business—that is, the U.S. side of manufacturing automobiles; we're probably going to cut out the majority of our parts manufacturing for automobiles in the United States.

We're going to close down whole sections of the country, from northern New York State, western New York, Ohio, Michigan, Indiana, and so forth. We're going to aggravate the condition of housing in the states around the country. We're facing the biggest housing-mortgage bubble in history, which is ready to pop—and any big crash will pop the mortgage bubble, and you'll have houses that are going in some areas, they're really tarpaper shacks, glorified with Hollywood construction, going for \$1 million mortgage, and the market value will drop to \$250,000, \$150,000—and this can happen *rapidly*.

So, we're going into a degree of depression, beyond belief!

Now, all of this was clear. I warned about it. Many people in the Congress agree with me on this. But the decision was, not to do anything. So now, here it is October, going on November. I was talking about this in April—and the thing is coming on fast.

So, the problem is, is that there's a certain reluctance, inertia, within the Legislative branch of government, particularly because the House of Representatives doesn't function. That could be fixed too, with getting DeLay out of there. So, that's the kind of situation.

But, you have to understand one thing: Our system of government is a Presidential system. The House of Representatives and the Senate, especially the Senate, can do great things for the country. But when it comes to a major crisis, a crisis where *executive* decision is required, as opposed to merely legislative decision—without an effective Executive branch, we can't function. As long as we have a Bush-Cheney Administration, we do not have an effective branch. And unless the Senate is willing to take on the Bush-Cheney Administration directly, it can't do any of the things that have to be done.

SZYMANSKI: There were two things I was interested in: One, was the possibility, there's been talk about a coup in the military, that's going on right now. And that's ever since certain things have happened—a four-star general was fired, strangely, recently; Other talks about certain people in the military rebelling against the Cheney moves, first into Iraq, and then talk about him planning nuclear attacks, with ordering STRATCOM to prepare nuclear attacks against Iran; and now, this talk about Syria.

Bring us up to date about what's going on, the best you can behind the scenes from your knowledge, with Cheney's action. Even though he's on the rocks right now, is he still moving towards any kind of move towards Iran or Syria?

LAROCHE: Well, see, Cheney is not an entity unto himself, he's a tool. He's not a very intelligent person, he's a thug. But you sometimes have thugs, as in the mafia, exerting power over ordinary people. He's actually controlled by a financial group. And he does represent a group in the military which we call the spoon-benders. These are the wild-eyed nuts, who have more power than is good for them. Or good for the rest of the world. And they're on a killer course.

He also represents a group internationally, an international financier group, which believes that government must be reduced to a pitiful also-ran, and eliminated in most cases. What they want is an empire, based on globalization. And they don't want government to interfere with the power of the international financial institutions.

So you have this financial element, combined with a certain corrupt element in the military, which is powerful; certain

large corporations which are instruments of the same thing.

Then, you have the honest military. For example: Now, like you get a reflection like the 90-9 against torture, in the Senate. Now this is a reflection of a patriotic impulse, inside the institutions, including the military, saying "We're going to put the check on these nuts, these wild-eyed, killer nuts, these Nazi types, which are pulling these operations."

In the meantime, Cheney and his crowd are for spreading wars, not to *win* wars, but for spreading it! To destroying whole sections of the world, by turning these sections of the world into what they call "failed states," as they've done with Iraq; as they've done with Afghanistan; as they plan to do with Syria; plan to do with the entire Middle East area.

So, you have the conventional, shall we say, the "traditional" layers, in government and around government, "Hey! We've been sleeping here. These guys are taking over!" and resisting—that's good. They don't resist well enough; they don't have an executive impulse to fix the problem. We don't have an FDR in the White House. You have to have somebody with that kind of decision-making capability, backed up by our institutions, and we could do things.

Now, my view is, that if you get Cheney out—and the charges against him are substantial, valid, and very serious. He's crippled already. He's not rendered toothless. He's not toothless by any means—he could start World War III tomorrow, with his friends! But, he is on the *verge* of being defeated.

SZYMANSKI: If he's on the verge right now, what do you think his reaction is going to be, knowing who's behind him, knowing [overtalk]...

LAROUCHE: He's going to want to kill! He's going to want to start a war, and kill somebody. He's a thug!

SZYMANSKI: Now, first talk was Iran. Now we're tearing Syria. What's your thinking?

LAROUCHE: They want that. They're targetting Syria for no good reason, because they want to spread the war. They're not in a position—for example, let's take the case of Israel. Israel, even under Sharon, has hesitation about going into Iran. They also have *tremendous* hesitation about going into Syria. Because any Israeli, including Sharon—maybe Netanyahu's different—knows that, you go into Syria, you're going to destroy the whole territory, and nobody's going to live in that territory, including the Israelis. So therefore, he does *not* want to go into Syria. Israel has been on the verge of a treaty with Syria for a long period of time. It's never been realized, but it's always been lurking there, as a potentiality. Because an agreement between Israel and Syria could mean stabilization of the region.

Iran, they're less reluctant to go along, but they don't want to do it. Because Iran has never been an enemy of Israel. And they don't want to *make* it an enemy of Israel. They would rather have it as a partner—they've had a partnership with Iran for a long period of time, the Israelis.

So therefore, Cheney is pushing, nonetheless. Since they can't get—they're jammed up on this preemptive war against Iran, which some of us jammed them up on. So now, they go to this thing on Syria, saying, we can do it "el cheapo," and start the thing in Syria and then spread it from there. The excuse, of course, is: We've got troops in Iraq. We have no way of getting them out, really, now—that is, on force, efficiently. The country's blowing up. The British have lost control of the Basra area, which means evacuation by way of Kuwait is not feasible, really, now. You have evacuation by way of Jordan, is not functional for related reasons. And we're getting to the point, we're going to have to get the troops out! How're you going to get them out? Well, someone says, "Well, let's have a war with Syria. We're move the troops out from Iraq into Syria."

So, you have things like that. We're in that kind of situation, where Hitler-style madness, in terms of policy, is radiating from people around Cheney. And that's why I say—

SZYMANSKI: Now, you're calling for the solution to be, to rid us of Cheney. Let's say that does occur: How do you see this Iraq situation playing out, then? What are our options?

LAROUCHE: Well—let's take the case: you have Tim Collins, a British colonel, who's an advisor to the Conservative Party in England. You have General Odom, who's a high-ranking general, in retirement, but very influential still in the United States. Odom has stated very clearly what the situation is: We have to reorganize our approach to Iraq. Forget this phony government they've organized now. We have to avoid a civil war inside of Iraq. We have to negotiate with the Iraqis *for them* to agree on something that will enable us to get out. Pull our troops into reserve areas, where we're no longer on the streets of Iraq, but we're in hedgehog areas—waiting to back something up, but also waiting to get out.

If Cheney is gone, with the initiative we have now in the Congress—I mean, if Cheney's people are gone, for example, if Scooter Libby is gone; if the whole pack who are suspected of being the guys who did this job to Valerie Plame; if these guys are out, then Cheney is a weakened dog. And he may go out, because *he was in the middle of all of this. Cheney is the guy who planned the operation, which violated the law, in the Valerie Plame case.* He is the guy, by rights, who should be in prison! He's now damaged goods. He's weakened. Every day he's weakened, he's weakened more. I would hope by the end of the week, that he's so weakened he can't pull off an operation.

You know, a guy who's running as top dog, as long as people are afraid of him, can get away with murder, in the face of cowards. Once you take away that aura of power, from a thug like Cheney, who has no substance, no intellectual substance behind him; no morality, and no popularity behind him; this guy can go from being conceived as the superman, to being a wimp sitting on the block crying.

SZYMANSKI: And that's a good analogy. A great analogy. I'd love to see it happen in the next week.

LAROUCHE: It could happen. And we hope it happens. And if it does happen, you're going to get a thing like—McCain, of course, is ambitious. McCain would like to be the replacement for Cheney, by being nominated to replace him. McCain would like dearly for that, and then he would run for President in the next election. That would be his way he would like to do things—particularly with a very weak, personally weak, President. But, I think other people in the system have different ideas, all going in the same direction. How do we get a Presidency, an Executive branch that can work? How can we patch something together? And I think that can happen now. It's not guaranteed—.

SZYMANSKI: But, what will Bush do, with Cheney not there any longer? What's his reaction? Are they just going to give him another script to read?

LAROUCHE: No, he might have a breakdown. He might decide to leave. He's not a very strong person. [as end of segment music comes up]

SZYMANSKI: I see. Well, listen Lyn, we're going to pick that up, and talk a few final things with Lyndon LaRouche on the Republic Broadcasting Network in our final segment. I'm Greg Szymanski, your host. [break]...

We're back for our final short segment on The Investigative Journal. I'm with Lyndon LaRouche, who's been real kind enough to spend an hour with us, and I believe it's been a good lesson in how we got to this point, and what we can do, to correct our situation both financially and our situation overseas right now in Iraq. Before I run out of time, let me give you Lyndon's website again, and a phone number....

And there's two things I'd like to talk to you about on the final, short segment, here, Lyndon. One, is that commercial we were just listening to, asking to bring the troops home now? Whatever happens with Cheney or not, is that feasible?

LAROUCHE: It is feasible. It has to be a process, and it has to be a policy. I've been talking about this with Arabs and others for some time, about trying to feel out what we could do, or what we could agree to do. I think we could pull it off. A change in the administration, with a temper of the people who would make the change.

You know, there are a lot of people who have not been fighting, who would actually agree with the issues on which we should fight. But they don't actually fight. And I think, that if we show that we have the guts, to get this Cheney thing under control—and that is still not a guarantee, that's a big "if," but it's a hopeful "if": If we do that, I think you'll see a change in the country, and I think you'll see a willingness, particularly among military people who will advise the American people on what is possible, on what we should do; and there are people out there who have that competence and that commitment: In that case, we can make it out of this mess.

SZYMANSKI: Now, two last things I want to get to. I want to get your short opinion here on 9/11. I've come to the conclusion that it's been a government inside job. What's your feeling about what happened there?

LAROUCHE: As I warned back the beginning of the year 2001, before Bush was inaugurated, I said, this guy is an incompetent; he's coming into a financial crisis which is already fully in process, since the collapse of the IT bubble. He's totally incompetent, therefore I'm looking at the potentiality of what Hermann Goering did for Hitler back in February of 1933: Somebody's going to set fire to the Reichstag, and use that crisis to establish dictatorship. Somebody set fire to some buildings in the United States, and somebody was there with a plan to make a dictatorship, called the Patriot Act. So, the evidence is there. That's what was done to us. Somebody did it—I know the *type* of person that did it. I don't know *who* the person was, but I know the *type* of person that did it, because of my experience with the history of these things.

And the problem with Cheney around, is that with Cheney around, and desperate, if he sees the capability of doing it, he'll try it.

SZYMANSKI: And you think he'll do it again?

LAROUCHE: He would do it again, if he saw the possibility of doing it.

SZYMANSKI: Now: Without—do you ever foresee—and I talk about this, write about it a lot—do you ever foresee the real, true culprits coming to justice in the United States, and getting to the point of finding out who committed 9/11?

LAROUCHE: What I see is the possibility of a different kind of justice: Is putting the people who should be representatives of our government, in power. And sorting it out from there.

SZYMANSKI: You know something? I'm going to have to take off, right now. This is our final seconds here, on The Investigative Journal on Tuesday. I want to take time, though, to thank you for being with us. We'll have you back again. An hour wasn't long enough. Lyndon, I really appreciate you being here. [closes with website and phone number]

InDepth Coverage

Links to articles from

[Executive Intelligence Review, Vol. 32, No. 42](#)

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Feature:

[A STRATEGIC VIEW OF EUROPEAN HISTORY TODAY](#)

[Globalization, The New Imperialism](#)

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

October 9, 2005

By traditional standards, the accelerating degeneration of the U.S. military-political occupation of Iraq, has already entered the terminal phase of the currently failed war policies of the U.S. George W. Bush, Jr. Administration.¹ The global strategic situation of the moment can be brought into focus by saying simply that the presently advanced state of degeneration of the U.S. military operations in both Iraq itself and the adjoining region, interacts with a threatened early disintegration of the world's present IMF monetary-financial system.

[LaRouche Warned Congress To Confront Auto Crisis](#)

While Lyndon LaRouche repeatedly warned Congress this year to take emergency action to save the auto sector, as a crucial component of U.S. strategic machine-tool capability, no significant action was taken. Here are his key statements.

National:

[A New 'Halloween Massacre' Will Sink Cheney-Rumsfeld](#)

[by Jeffrey Steinberg](#)

On Oct. 31, 1975, President Gerald Ford announced a Cabinet shakeup that would soon come to be known as the 'Halloween Massacre.' Ford fired National Security Advisor Henry Kissinger, replacing him with Gen. Brent Scowcroft (Kissinger retained his post as Secretary of State). He fired CIA Director William Colby and replaced him with George H.W. Walker Bush, and he fired Defense Secretary James Schlesinger and replaced him with his White House Chief of Staff, Donald Rumsfeld. Rumsfeld's deputy, Richard Cheney, moved up to be the Chief of Staff.

[Top Republican Evokes Eisenhower, Blasts 'Cheney-Rumsfeld Cabal'](#)

[by Edward Spannaus](#)

A scathing attack on the Cheney-Rumsfeld 'cabal' that is running the current Administration, and high praise for Presidents Dwight Eisenhower and George H.W. Bush, were delivered on Oct. 19 by Col. Larry Wilkerson (ret.), who served as chief of staff for former Secretary of State Colin Powell from 2001 to early 2005. Wilkerson's statement, delivered at the New America Foundation in Washington, was taken as representing the thinking of a section of traditionalist Republicans, and at least some of the Bush 41 circle.

[LaRouche Continues Dialogue With Congress](#)

A number of questions sent to Lyndon LaRouche after his Oct. 12 webcast, by Congressional and other leading Washington figures, and his answers, appear below. The webcast appeared in last week's EIR, and is archived in video at www.larouchepac.com.

Veterans Administration and the Nation

The Policy Fight Over VA Benefits

by Pamela Lowry

The current right of American veterans to quality health care is being whipsawed between the Base Realignment and Closure (BRAC) Commission recommendations for closing military health facilities, and the Capital Asset Realignment for Enhanced Services (CARES) recommendations for shutting down veterans' hospitals and clinics. And this comes at a time when the collapse of health care in general, and its escalating costs, are forcing many veterans to leave private sector health providers, and enter the military or veterans systems.

- **Close VA Hospitals As Flu Pandemic Threatens?**

by Patricia Salisbury

The Bush/Cheney Administration is still pushing ahead the VA CARES process (Capital Asset Realignment for Enhanced Services) which threatens to close and/or downsize VA hospitals throughout the country—even as the Administration acknowledged the looming threat of an avian flu pandemic which could sicken 50-100 million people if it strikes the United States.

Economics:

Derivatives Trader Refco Files for Bankruptcy

by Lothar Komp

Another earthquake is hitting the worldwide casino of financial derivatives. This time it is not just a single hedge fund, which has lost the money of its customers in high-risk financial speculation. Rather, a financial institution has collapsed that represented the intersection point for access to the futures exchanges in New York, Chicago, London, and Singapore for thousands of clients, among them innumerable hedge funds.

Jochen Sanio: Should Hedge Funds Be Regulated?

[T]he advance text of a speech given by Jochen Sanio, president of the German Federal Financial Supervisory Authority, at the 'Top Ten Financial Risks to the Global Economy' Conference organized by the Global Markets Institute (Goldman Sachs), and held on Sept. 22, 2005 in New York City. It reflects an ongoing discussion within the banking community which seldom reaches the media in the United States.

Greenspan Shrugged

LaRouche vs. Greenspan: An 18-Year Fight Over Financial Derivatives

Alan Greenspan, an acolyte in the cult of Ayn Rand, was appointed chairman of the Federal Reserve Board in August 1987, shortly before the 'Black Monday' crash of Oct. 19. From that perch, he has for 18 years overseen the deregulation of the American financial system, allowing financial derivatives to run wild, overwhelming the physical economy, and bringing the world to the precipice of economic-financial collapse. As the following chronology shows, every step of the way, Lyndon LaRouche and EIR have been warning of the consequences of these disastrous policies. Up to now, the Congress and the American people have, in general, not listened, preferring to chase the 'riches' that have come with the biggest speculative bubble in history. The time in which to implement a change in policy—back to the American System—is running out.

Germany Will New Government Re-Industrialize?

by Rainer Apel

The coming Grand Coalition government of Christian Democrats (CDU-CSU) and Social Democrats (SPD) will not take office before late November, because special conventions of the three coalition parties will first have to approve the program and the composition of the cabinet. Although important questions, such as economic policy orientation, have still not been conclusively discussed by the coalition parties, it is generally expected that by mid-November the party conventions will give their go-ahead for the coalition agreements, so that CDU party chairwoman Angela Merkel can be elected by the majority of the Federal parliament—in which the CDU, CSU, and SPD combined have more than two-thirds of the seats.

International:

The Neo-Cons Are British Liberal Imperialists

by Mary Burdman

British Prime Minister Tony Blair proclaimed the end of the sovereign nation-state, in his speech to the United Nations General Assembly on Sept. 12. In his short address, Blair demonstrated why Lyndon LaRouche is so emphatic that now is the time to end the pernicious influence of the British 'Liberal Imperialists' on the United States. Vice President Dick Cheney and his cohorts are now under huge pressure in Washington, but to defeat the neo-conservatives, their policies have to be dug out at the root. And the roots are the policies of the 19th-Century Liberal Imperialists, who used free trade, 'gunboat diplomacy,' and national liberation fronts to get global reach—and to set the stage for the world wars of the 20th Century.

- **LaRouche: Blair the Fascist**

In his Oct. 12 international webcast, Lyndon LaRouche elaborated on Tony Blair's pedigree, in response to a question on Angela Merkel and the neo-cons in Europe.

- **Palmerston, Canning, And Tony Blair**

Tony Blair, who so loves to babble about 'progressive' change and his government's great reforms, is unquestionably the heir to the British imperial hawks, led by Lord Palmerston. Blair's New Labour government has taken the United Kingdom to war more often than any other leadership since World War II.

Science Behind the Killer Earthquake:

Why South Asia Must Be Prepared

by Ramtanu Maitra

A devastating earthquake on Oct. 8 flattened most of the western part of the disputed state of Jammu and Kashmir, belonging to Pakistan. The earthquake, which registered 7.6 on the Richter scale, struck during the morning when children were in schools. Thousands of children were killed, wiping out almost the entire next generation in this area. As of now, officially, the death toll is above 30,000, but due to landslides and roadblocks, many remote villages remain out of reach and incommunicado. It is a certainty that the death toll will turn out to be much higher.

- **Report From the UN:**

Earthquake Toll Mounting

by Leni Rubenstein

Since South Asia was struck by a major earthquake Oct. 8, this disaster area—mainly Pakistan—continues to be the first item at the daily noon briefing at the U.N., and for good reasons. The massive destruction of major towns and entire villages (UNICEF estimates that 140,000 schools have been destroyed), the very difficult mountainous terrain, the approaching winter weather, and the enormous damage to roads, water, and sanitation make this the most difficult disaster to respond to in recent memory, according to a report from the World Health Organization (WHO).

U.S. Economic/Financial News

Could Be 'Mini-Blowup' in Credit Derivatives Over Delphi, Refco Bankruptcies, S&P Warns

"Credit default swaps on GM [following its downgrade to junk status in May] in particular caused some issues among hedge fund clients, a mini-blowup, and this could happen again in a more severe manner," Standard & Poor's analyst Tom Foley told a telephone conference call with reporters on Oct. 18. Foley then tried to calm the media by saying, "Credit risk through the derivatives markets has increased, true," for some U.S. investment banks, "but we're not overly concerned" about it because many of them, such as Bear Stearns, have made a lot of money on all this speculation, down as well as up.

Hedge Fund Manager Blasts Greenspan as 'Most Incompetent, Irresponsible Fed Chairman of All Time'

Federal Reserve chairman Alan Greenspan is the "world's biggest serial bubble blower," culpable for the looming blow-out

of the financial system, says hedge fund manager Bill Fleckenstein in *MSN Money*. The stock market bubble of late 1990s was created by Fed's easy-money policy, not high-tech, through the "practice of bail-outs and market cheerleading," he writes. Greenspan also precipitated an even bigger, more dangerous housing bubble. "[T]he fall-out from the housing boom, the unfinished business from the stock boom, and all the derivatives he's championed for his beloved deregulated financial system, will combine to hit with full force somewhere down the road."

SEC Must Monitor Hedge Funds, Suggests *Washington Post*

In a front-page article in the Oct. 19 Business Section of the *Washington Post*, regular columnist Michael Pearlstein, discussing the scandals and lawsuits tormenting the hedge funds, wrote that this is happening at a time when "the returns from hedge funds are about to turn negative, and the flow of funds into them has dramatically slowed."

Suggesting the SEC monitor the funds, Pearlstein said: "This is not the case of a few rotten apples. It is the case of an industry that has become so rich and arrogant—and so littered with charlatans and con men—that government must step in to protect the public."

Capital Inflows into U.S. Running at Annual Rate of More Than \$1 Trillion

According to U.S. Treasury Department data reported in the *Financial Times* Oct. 18, capital inflows into the U.S. rose to \$91.3 billion in August alone. Corporate bonds led the inflows with a net \$40.3 billion, up 62% from July, and double the average of the past four months. Inflows into Treasury securities were virtually unchanged from July, while purchases of agency bonds (Fannie and Freddie) and stocks fell. Capital inflows for the June-August period totalled \$260.6 billion—representing an annual rate of more than \$1 trillion.

Consumer, Producer Prices Inflating at Rates Not Seen Since 1990

U.S. producer prices increased last month by an "unexpectedly large" 1.9%, the biggest gain in more than 15 years, according to wire service reports from AP and Reuters. For producers, energy prices roared 7.1% in September, rates not seen since October 1990. At the producer level, gasoline increased 12.7% last month, natural gas was up 9%, liquified petroleum gas was up 24.7%, and home heating oil rose 4.8%. Consumer prices have also jumped, posting a 4.7% gain in the 12 months through September, the biggest jump since 1991.

All of these price surges point to the Weimar-style hyperinflationary eruption of which Lyndon LaRouche has been warning.

GM Selling Controlling Stake in GMAC, Accelerating Plunge Toward Bankruptcy

General Motors CEO Rick Wagoner has announced a plan to sell 51% or more—"a controlling interest"—of GM's finance unit GMAC, and will announce the buyer within 90 days; losses grew to \$1.6 billion during the third quarter alone.

Sources say this is corporate looter Kirk Kerkorian's plan, and he'll end up organizing the sale. This, combined with the huge losses reported again by GM, is bringing the bankruptcy of GM auto operations (with pensions) closer. The valuation of half of GMAC might be \$10 billion in cash, but that would leave GM losing money at a rate of \$6 billion a year, unable to make any pension-plan payments, etc.

The *Detroit Free Press* headline reads, "Will Sale of GMAC Sink GM?" The No. 1 automaker's third-quarter loss was triple what was "expected" on Wall Street. GM has already lost much more in three quarters (\$3.8 billion) than GMAC's

anticipated profits-dividend to GM for the whole year (\$2 billion). The sales incentive campaign was a complete failure, with the market share 3% lower than last year's third quarter; some of the losses were the result of plant closings and layoffs.

Wagoner also said GM would eliminate 25,000 more jobs by 2008, and close additional assembly and component plants.

GM, UAW Reach Tentative Agreement To Slash Health-Care Benefits for Hourly Workers by \$3 Billion a Year

This reduction, reported in the Detroit press—the biggest labor giveback in the auto industry since Chrysler was on the brink of bankruptcy in the early 1980—was half the \$6 billion cut GM was seeking. The deal, subject to ratification vote by the United Auto Workers union (UAW), would slash GM's retiree health-care liabilities for hourly workers by about \$15 billion, or 25% of the automaker's hourly health-care liability. Out-of-pocket expenses for active hourly workers would total more than \$2,000.

Delphi CEO Disparages UAW 'Manual Unskilled Labor' as Unworthy of High Salaries

In an interview printed in the *Wall Street Journal* Oct. 17, Steve Miller, the piratical CEO of the newly bankrupt Delphi auto-parts manufacturer, declared that "The days when manual unskilled labor can deliver a \$65 per hour wage are disappearing." He was speaking of UAW labor—which is anything but unskilled.

Why should this be the case? Why, it's Adam Smith's invisible hand. "We are at the mercy of forces beyond our control. Globalization is a fact of life these days," said Miller.

Meanwhile, in China, where Delphi now has many of its 35 Asian-based facilities, the auto-parts company pays a total of \$3 per hour for wages, health, and pensions, as compared with about \$65 in the United States. According to Delphi VP Choon T. Chon, a Korean who runs Asian operations, the cause of the problem in the U.S. is the UAW union. He tells his employees: "Our mother has a tumor. This tumor is the UAW. We know that she's going to come out of the hospital very well."

Financial Vultures Ready To Snap Up Chunks of Auto-Parts Industry

Billionaire financier Wilbur L. Ross plans to form a joint venture with the Southfield, Mich.-based Lear Corp. which produces plastics and car interior seats. Ross will hold a majority of the equity in the new firm, which he says will be the "low-cost provider" in the plastics and interior segment of the auto industry.

The Ross-Lear venture plans to immediately bid on the assets of the bankrupt Collins & Aikman Corp., an auto-interior supplier, half of whose bank debt has already been gobbled up by Ross's investment group. Claiming he wants to create a larger, more viable supplier by bringing together those that are currently struggling, Ross says his aim is to control at least 10% of the global auto-interior business. He indicated that some of auto-parts suppliers Visteon and Delphi's former businesses could also "fit" into his new joint venture.

United States News Digest

Rice Denounced for Iraq Policy

Secretary of State Condoleezza Rice was denounced from the floor by a former U.S. diplomat, and ran into a buzz-saw of Republican opposition in her testimony about Iraq to the Senate Foreign Relations Committee on Oct. 20. As Rice was testifying, former senior U.S. diplomat Mary Ann Wright stood up and shouted from the audience, "Stop the killing in Iraq. You and Congress have to be responsible." Wright, a senior envoy in the U.S. embassies in Afghanistan and Mongolia, resigned in protest in 2003.

Rice's testimony, in which she avoided answering questions about whether the U.S. would still be in Iraq in 5 or 10 years, was subjected to withering criticism by Republican Senators, as well. Senators appealed for greater candor and more concrete information. "We have to level with the American people," said Sen. George Voinovich (R-Ohio). Committee Chairman Richard Lugar (R-Ind) said that the administration can no longer assume that creating democratic institutions in Iraq in the short term will diminish the insurgency. Sen. Lincoln Chafee (R-RI) said the committee had hoped for "more of a grip on reality.... The administration is just determined to cast this as an exercise that is going according to plan, and it isn't." Columnist Dana Milbank reported that when Rice said that "we have made significant progress" in Iraq, Chafee rejoined, "Well, we all wish that were true, but we can't kid ourselves, either."

Iraq War Is Depleting the National Guard

"At the rate we are going, we will bankrupt the National Guard," warned House Government Reform Committee chairman Tom Davis (R-Va) during a hearing, on Oct. 20, on the role of the National Guard, both domestically and overseas. Two state governors, Dirk Kempthorne (R) of Idaho and Ed Rendell (D) of Pennsylvania, and head of the Government Accountability Office, Comptroller General David Walker, provided testimony documenting the degree to which the National Guard is being taken down under the pressures of the permanent war in Iraq. Both governors testified that equipment shortages, which stem from the Army requirement that Guard units leave their equipment behind when they redeploy back to the U.S. from Iraq, are having significant impact on their states' ability to respond to natural disasters. That equipment amounts to 64,000 pieces, worth \$1.2 billion, and includes vehicles, communications gear, and even helicopters. The Army has not had a plan to replace that equipment once those Guard units return to the U.S.

Walker reported that National Guard Bureau officials estimate that non-deployed Guard units have only 34% of their essential war-fighting equipment, as opposed to 75% in 2001. "The significant use of Army National Guard forces for overseas and homeland missions since Sept. 11, 2001, has resulted in declining readiness, weakening the Army National Guard's preparedness for future missions," Walker said.

A panel of DoD, Army, and National Guard officials, following the governors, testified that the Pentagon has now developed a \$21 billion plan to re-equip and reorganize all of the Army National Guard's 34 combat brigades to 100% of their equipment requirements by 2012. Rep. Chris Shays (R-Conn), who grilled the DoD witnesses on the plan, came to the conclusion that the plan is "encouraging," but that nothing has yet been resolved.

Military Reports Shortages of Physicians, Nurses

For the first time, the Army reports that its medical scholarships this year were not filled for the military medical and dental corps, while the Air Force is facing considerable difficulty in recruiting nurses for military duty. The Navy testified to the House Armed Services Committee on Oct. 20, that they, too, are not receiving the numbers of the health professionals they need. They have deployed all of their surgeons and are concerned that, when faced with another humanitarian mission, they will not have staff for it. The military's shortage coincides with a current, growing, and spreading civilian shortage of physicians, nurses, radiologists, and obstetricians, among others.

FEMA's Brown Needed More Time To Eat

Senator Susan Collins (R-Maine), chairman of the Senate Homeland Security and Governmental Affairs Committee, held an Oct. 19 hearing on Hurricane Katrina, to take testimony from the only FEMA regional director who was on the ground before, during, and after the hurricane made landfall. That person was Michael Bahamonde, who testified that he sent numerous e-mails to then FEMA director Michael Brown. In those e-mails, he described the worsening crisis at the New Orleans Superdome, including reports that the people inside didn't have toilet paper or food. Brown's response was to reply by e-mail, thanking Bahamonde for the information. Bahamonde testified that, on one occasion, he sent an e-mail telling Brown that there were thousands of people on the streets in New Orleans with no food or water, and estimates were, that many would die within hours. Brown's press secretary wrote back, saying that Director Brown needed more time to eat dinner.

Bahamonde's testimony makes clear that the story that Michael Brown told, about not being informed about the crisis, was just plain lying.

Rebellion in CIA Ranks Against Director Goss

Central Intelligence Agency chief Porter Goss is in trouble and under attack from his colleagues. He has been asked by the Senate Intelligence Committee to testify behind closed doors to explain why the CIA is bleeding and to answer charges the agency is adrift, according to the Oct. 19 *New York Times*.

When Robert Richer, No. 2 in the Directorate of Operations (DO) resigned from his post last month, he went to the Senate Intelligence Committee, ostensibly questioning Goss's leadership. Subsequently, the head of the European Division of the CIA left his post to take a minor job in the Agency's Energy Department.

Republican Conservatives in Disarray, Flight Forward

A Congressional source outlined to *EIR*, on Oct. 18, that the Republican conservatives have "blown a gasket," and there is major jockeying for power in the wake of the resignation of House Majority Leader Tom DeLay (R-Texas) from the leadership post. DeLay faces criminal charges in Texas. The conservative Republican Study Committee met Oct. 17 and determined to revise the Budget Resolution Conference Report (which originally called for \$35 billion in budget cuts), to call for a whopping \$50 billion in cuts, in addition to 2% across the board cuts in all appropriations bills. It was known that this would never be agreed to by the Senate.

As it turned out, the package of cuts couldn't be passed by the House either. Acting Majority Leader Roy Blunt decided not to bring the legislation to the floor, because he could not guarantee winning 218 votes.

Ohio Republican's Ties to Abramoff Under Investigation

Federal prosecutors are investigating Rep. Bob Ney (R-Ohio), the chairman of the internally powerful House Administration Committee, for his extensive dealings with indicted lobbyist Jack Abramoff, reported the *Washington Post* on Oct. 18. As previously reported, Ney took to the House floor in 2000 to promote Abramoff's purchase of SunCruz Casinos cruise lines, and to attack its previous owner Gus Boulis, not long before Boulis was murdered, gangland-style, by gunmen linked to Abramoff's partner Adam Kidan.

The *Post* also featured Ney's rigging of the bidding to install wireless telephones in the House, in favor of an Israeli start-up telecommunications firm, Foxcom Wireless, over more qualified and experienced companies. Foxcom gave \$50,000 to Abramoff's phony charity, the Capital Athletic Foundation, and Abramoff was paid \$280,000 to lobby for Foxcom.

This is another potential Israeli spy scandal; at the time of the Ney deal, Foxcom was rumored to be a front for the Israeli government. The chief technology officer (CTO) of Foxcom, now called MobileAccess, spent six years with what is described as "an elite technological unit of the Israeli Army managing mission-critical telecom and datacom system development projects."

Is Depopulation, Genocide in Store for New Orleans?

The well-connected media pimp Robert Novak, in a column on Oct. 17, picked up the *Washington Post's* disgusting "Louisiana Looters" theme, and combined it with HUD Secretary Alphonso Jackson's genocidal depopulation plan for New Orleans, when he asserted that the city will "downsize to around 250,000" people. After all, "Only about 5% of the city's 460,000 residents" have returned, or never left before Katrina hit. The devastation is so complete in the "predominantly African-American" 9th Ward, "where 36% of the residents live below the poverty level" and "their houses, in poor condition before the floodwaters," that these are "not worth replacing." Indeed, "Nobody takes seriously the \$250 billion" disaster relief package offered by the Louisiana Congressional delegation, who are "laughed at for begging for open-ended ... expenditures."

Insurance claims will probably be the lowest percentage ... for a natural disaster in the U.S. for the last half-century. Unfortunately, the level of coverage in New Orleans is likely to be somewhere between Western countries and the Third World," said a spokesman for the Insurance Information Institute, which tracks insurance payouts after natural disasters in the U.S., Western Europe, and Japan. In contrast, on average 62% of economic losses after a disaster are covered, he said.

Ibero-American News Digest

Brazilian Leader: IMF Austerity Is Cause of Hoof-and-Mouth Outbreak

As governments across Ibero-America scramble to prepare their meager resources to face the eventual arrival of avian flu, Roberto Requião, Governor of Parana, pointed to the underlying problem which is permitting diseases to spread—the political decision to accept the IMF rule that debt payment comes before all else. PMDB leader Requião and his close ally, Carlos Lessa, former president of Brazil's National Economic and Social Development Bank (BNDES), are building a movement to overturn IMF policy in Brazil—a movement Requião compares to Charles de Gaulle's resistance against the Nazi occupation of France (see EIR InDepth, No. 40; Ibero-America Digest, No. 42).

The governments of Brazil and Paraguay are engaged in an hysterical war of words over which nation is responsible for the current outbreak of hoof-and-mouth disease, first reported earlier in October in the state Mato Grosso do Sul, which borders both Paraguay and Requião's state, Parana. Speaking from Parana's capital Curitiba on Oct. 19, Requião cut through this hysteria to state the reality: "The neoliberal view of not being concerned with anything that doesn't have to do with interest payments on the Brazilian debt is what has brought us to this disaster."

Requião attacked Wall Street's Finance Minister Antonio Palocci, by name, as responsible for the fact that Parana has received no funds in the last three years to combat hoof-and-mouth disease. He sarcastically rejected the pitiful amount of government money sent only recently to Parana to fight the disease, saying it should be sent instead to Mato Grosso do Sul, to add to the "also ridiculous" amounts they have received from the Federal government. Brazilian media reports that as of July, only 0.47% of the amount budgeted for all of 2005 to combat hoof-and-mouth disease, had been allocated. Denouncing Agriculture Minister Roberto Rodrigues, Requião stated that given the Finance Ministry's refusal to provide funds, "any minister who had a real backbone would have already resigned, to prevent the brutal damage from which Brazil is now suffering."

In fact, the Brazilian government saved a few reals by cutting its budget, only to lose perhaps as much as \$1 billion in beef exports. Following the reported outbreak, 41 countries, including the European Union, have partly or totally suspended purchase of Brazilian beef, and close to 6,000 animals have had to be destroyed.

Epidemics Threaten Central America Disaster Areas

Aid organizations are warning that, following the floods and mudslides in various parts of the country, survivors of Hurricane Stan in Guatemala are now threatened with the outbreaks of numerous diseases as a result of inadequate sanitation and housing, and insufficient food and medical supplies. Many thousands are still housed in churches and other temporary shelters. Said Doctors Without Borders coordinator Alfonso Verdu, "The greatest problem at this moment is the risk of epidemics." Thousands are being vaccinated for tetanus, but many more are not being reached, while dysentery, hepatitis, chickenpox, and other diseases are sweeping through these immune-compromised refugees.

The media are reporting that much of the aid that has gathered by government and international organizations is not getting to all the afflicted communities, because so many wrecked highways and bridges remain impassable.

The children are most vulnerable, and there is fear that many orphaned by the disaster will become targets of sexual and child-trafficking predators. UNICEF is urging that psychiatric counselling be made available to many of these traumatized children.

The United Nations, meanwhile, is warning that more floods and mudslides could occur in El Salvador, and that emergency aid flows must not be shut down. Two weeks ago, some 80,000 persons displaced from their homes were in government shelters, but nearly half have returned to their homes despite the danger of new flooding.

Neo-Cons' Long Knives Are Out for Kirchner

In the countdown to Argentina's Oct. 23 mid-term elections, voices of Synarchism are attacking the alleged "dictatorial ambitions" of President Nestor Kirchner, demanding that the Argentine President be "restrained." On Oct. 16, Joaquin Morales Sola and Mariano Grondona of the right-wing daily *La Nacion* expressed the financier oligarchy's hysteria over Kirchner's refusal to permit them total freedom to loot as they demand. A well-known agent of Henry Kissinger and associated financial and military interests, Grondona went so far as to imply that the only way to control Kirchner's "unbridled ambition" and "anti-republican" tendencies is to kill him—recalling that these same tendencies in Shakespeare's *Julius Caesar* were only stopped by "Brutus's dagger."

There is much at stake in the Oct. 23 elections. The interests for whom Morales Sola and Grondona speak know that if Kirchner's Victory Front obtains a significant margin of victory in some major cities, including Buenos Aires, that will give the President the muscle to shape the remaining two years of his Presidency. Both these hacks accuse Kirchner of being an agent of Venezuela's Hugo Chavez, supposedly fostering the latter's nuclear ambitions, and emulating his "form of government." But Grondona got to the real point when he complained that Kirchner won't accept any "restrictions on his will, whether they come from privatized [foreign] utilities, foreign governments, multilateral [lending] agencies ... or adversaries." Should Kirchner win an overwhelming victory on Oct. 23, Grondona warned, "this could give free rein to his hegemonic impulses."

The only way to achieve political "balance"—forget defense of national interests—Grondona wrote, is for "republican institutions" to impose "restrictions" on Kirchner, before it is too late.

LaRouche Youth Movement Educates Buenos Aires Workers

Three hundred members of the Union of Municipal Workers of Buenos Aires came out on Oct. 19 for a three-hour discussion with Argentine members of the LaRouche Youth Movement (LYM) on Lyndon LaRouche's strategy to end the global depression. The meeting had been organized by the union staff, who reported that this was one of their largest turnouts, despite the fact that it was held in the middle of the workday, and the workers had to sign in, in order not to be docked for the time lost. With no time limit given them, the LYM was able to develop a clear picture of what the United States really is, despite its various "deviations" in the course of its history, and how the American System legacy is alive today in LaRouche; the greatest of all great projects, the world land-bridge; and the measures indicated by LaRouche for developing infrastructure through the creation of credit under a protectionist system of continent-wide cooperation. Their presentation was enhanced by the use of animations on the U.S. economy, and many maps of necessary projects for the world.

The response of the unionists was enthusiastic: the literature table was overrun by the unionists, who left absolutely no literature behind, grabbing even the samples of English publications. They thanked the youth for dedicating their lives to this mission, and invited them to give classes on LaRouche's basic physical economics textbook, "So You Wish To Learn All About Economics?" Representatives of at least three other unions present (teachers, doctors, and another Federal workers union) proposed the LYM set up similar presentations with their unions.

Wall Street's Mexican Boy Wins Support of Supranational Court

The Inter-American Commission on Human Rights (IACHR) ruled last week that the Mexican government must allow Wall Street agent Jorge Castaneda to appear on the ballot as a Presidential candidate in the July 2006 elections. Synarchist Castaneda, the former Foreign Minister in the Vicente Fox government, who is committed to dismantling the Mexican nation-state, had declared in 2004 that he would run as an independent "citizen candidate" not affiliated with any political party—a violation of Mexican law. Castaneda has little support inside Mexico, but powerful financial interests have stood behind his campaign from the beginning. In September, he was invited to Washington, D.C. to give a hush-hush private briefing to financial heavyweights at a dinner organized by George Shultz's JP Morgan.

After the Federal Electoral Institute (IFE) turned down Castaneda's appeal—a ruling upheld by the Supreme Court just a few weeks ago—Castaneda went running to the IACHR to complain that his human rights were being violated. The IACHR agreed on Oct. 17, and ruled that the Fox government must take "precautionary measures" that would allow Castaneda's name to appear on the ballot. Mexico is one of the governments that recognizes the IACHR's authority to rule on domestic matters—but there is no guarantee that it will accept this supranational entity's ruling, to which it must respond officially by Oct. 27. Castaneda is warning that Mexico will be completely discredited if it ignores the "prestigious" IACHR. PAN Presidential pre-candidate Felipe Calderon has meanwhile invited Castaneda to join his own campaign.

Western European News Digest

Schroeder Continues Foreign Policy Initiatives

Outgoing German Chancellor Gerhard Schroeder met with French President Jacques Chirac in Paris Oct. 15, and the French host told the press afterwards that he considers his guest from Germany a "great promoter of Franco-German cooperation," that Schroeder would "always be welcome here, on visits, also after the end of his term." The two leaders also discussed the upcoming Oct. 27 EU summit. Schroeder briefed Chirac on his discussions with Russian President Putin in St. Petersburg Oct. 7.

Since Schroeder is likely to stay in power until the second half of November, he will also be the official host in Berlin, for a visiting number of foreign statesmen: The most prominent among them, announced so far, are Chinese President Hu Jintao (Nov. 10-12) and Turkish Prime Minister Recep Tayyip Erdogan (Nov. 8). Schroeder is also expected to present a manifesto for the defense of the social security model, at the EU summit.

Thatcher Disses Blair's Use of False WMD 'Intelligence'

Former British Prime Minister Margaret Thatcher, who just celebrated her 80th birthday, was critical that "there was no proof" of the allegations about Saddam Hussein's WMD. However, she supports having used military means to oust Saddam Hussein.

Thatcher was quoted in an article by Tina Brown, a British journalist/editor, who worked for years in New York, which was published in the *Washington Post* Oct. 13. When asked if she would have invaded Iraq, Thatcher was quoted as saying, "I was a scientist before I was a politician. And as a scientist I know you need facts, evidence, and proof—and then you check, recheck, and check again. The fact was that there were no facts, there was no evidence, and there was no proof. As a politician the most serious decision you can take is to commit your armed services to war from which they may not return."

Internal Fight in the Tory Party Over 'Blairism'

A key group among the older generation of Tories who are contending for the party leadership, including Kenneth Clark, Michael Heseltine, and Chris Patten, openly opposed the Iraq War and the unilateral war doctrine; a number of others, including Dr. Liam Fox, also a leadership candidate, oppose any attempt to attack Iran. However, David Cameron, the youngest leadership contender, who is 38, and leader of the so-called "Notting Hill" set, declared, "I am the heir to Blair" at a dinner with British newspaper editors in Blackpool on Oct. 4, the *Times* reported. Cameron also said that any Tory government he led would not reverse all the Blairite public services reforms. (Under Blair, public service is, along with finance, the biggest employer in the "economy.") Cameron was supported in this view by George Osborne, the Shadow (opposition) Chancellor of the Exchequer (Finance Minister). Osborne has been advocating the totally discredited flat-tax policy.

Defense Official Scorns Emergence of Cameron

The rapid emergence of David Cameron as a contender for the Tory leadership shows that the "quality of political life [in Britain] is at a low level indeed— which is not different from the rest of the world," a senior member of the British defense establishment told *EIR* Oct. 18. "Cameron made one accomplished speech, but what else? The real question is, is there any substance to him? As some friends, who are senior members of the Tories, told me, their question is, has Cameron any substance? And this was the subject of the main commentary in *The Times* the next day."

Top Bank of England Official Resigns

While there is much speculation that Sir Andrew Large's resignation as deputy governor for financial stability at the Bank of England will undercut BoE governor Mervyn King's "hawkish" policy against interest rate cuts, it is also possible that Large is being deployed to play "a fire-fighting role in a crisis that is about to erupt." This is sometimes done with the BoE official responsible for financial stability, a City of London insider told *EIR* Oct. 18. Large consistently voted with King to raise rates, and against re-starting rate cuts.

There is talk in the City that Sir Andrew might be moving on to Lloyds of London, which could be in trouble after the

natural disasters that have occurred this year.

Large is being replaced by John Gieve, a career civil servant from the Home Office, who is, if anything, something of a Blair loyalist. Gieve might be "softer" on interest rates, but that is not confirmed.

German Labor Unions Quote FDR in Campaign for Minimum Wage

Placing advertisements in numerous news dailies of Germany last week, the first one of which appeared in the *Frankfurter Allgemeine Zeitung* on Oct. 17, the two labor unions *ver.di* (services) and NGG (food industry workers) quote U.S. President Franklin Delano Roosevelt in support of their call for legislation on a minimum wage.

"Enterprises whose existence depends exclusively on paying their workers less than a life-sustaining wage, should have no right in this country to continue doing business. A wage that suffices to make a living, is more than a mere existential minimum; I mean wages that make a decent life possible."

The quote is from Roosevelt's address announcing the introduction of a minimum wage protected by law, in 1938. The fact that German labor unions refer to FDR in this particular political situation, reflects the fact that FDR is an issue of a broader debate, so far, mostly behind the scenes. It also reflects the fact that FDR has been made an issue in the U.S. labor movement by the LaRouche movement.

Details of Legislation to Protect French Industry Become Public

The "*loi Breton*," passed by the French government several weeks ago, has been presented in first details, in the French media during the week of Oct. 17.

Of special interest here, is article 34 of the law, which defines which industries are "strategic" and, therefore, have to be protected against hostile foreign takeovers. The law is to be tested in the case of leading French automaker Renault, in which the French state has a 15.6% share. Renault, which itself keeps a 44% share in Japanese automaker Nissan, a firm with a capital value of 60 billion euros at the stock exchange, is rated at only 20 billion euros. This would allow a hostile takeover, through the purchase of a controlling majority at Renault, the price of which could be refinanced through the sale of the Renault share at Nissan.

The new French law, also called "*loi Renault*" because of this particularly prestigious case, regulates the price of a purchase of Renault being the combined value of both Renault and Nissan, 80 billion euros. Furthermore, the shareholders of French companies like Renault would be given the privilege to decide whether they can be taken over, over the voting rights of share-holders at foreign daughter firms of French firms.

German Newspaper: Cheney Is 'Criminal of the Day'

"Criminal of the day: Vice President Dick Cheney," read the headline of an article in the Oct. 21 *Junge Welt* daily which, like another article in the *Berliner Zeitung* daily with a headline "Gangland Warfare in Washington," goes at some length through the Fitzgerald investigation, the Rove and Libby cases, DeLay's case, and the like. The *telepolis* web news site had an article with the nasty comment that Scooter Libby, who likes writing novels, may write his next one from behind bars.

The *Berliner Zeitung* article said that what is going on in Washington, D.C. these days is not the usual warfare among street gangs, but the various power gangs in the Administration. The power of the Republicans is eroding, and the remoralized Democrats hope for revenge for the lost election of 2004: Even Kerry and Edwards are positioning themselves

already, for the coming Presidential race.

Russia and the CIS News Digest

Russia's Demographic Emergency Highlighted

"If the present trend is not reversed, in 75 years, the population of Russia will fall to 45 million [from 143.5 million today]," said Sergei Mironov, the speaker of Russia's Federation Council (upper house of Parliament), in an Oct. 16 TV interview. He warned, "It is clear, in the tough competition of the 21st Century, that it is impossible to hold such a huge territory with such a small number of people. So Russia will disintegrate into smaller states."

Mironov thus became the latest top official to acknowledge that in Russia, under the radical neo-liberal destruction imposed in the 1990s, the potential relative population density has fallen below the current level of population. That is, of course, an absurd situation, given that the frontier area of north central Eurasia is among the *least* densely populated on the planet, in absolute terms. But without a decisive break in the axioms of economic policy—not band-aids, nor mere campaigns for a healthy lifestyle—the result of the still-dominant free-market practices is the premature death of citizens in the prime of life, and the inability of those who survive to form families and raise children.

The rate of development of the biological holocaust in Russia was driven home by two reports issued the week of Oct. 17. The United Nations Development Program (UNDP) released "Russia in 2015: The Goals and Priorities of Development," which warned that tuberculosis and HIV/AIDS are chief among a set of diseases the spread of which threatens Russia's national security. The UNDP estimates 860,000 people have HIV/AIDS in Russia. The country's TB mortality rate is the highest in Europe. One of the UNDP authors, Kirill Danishevsky, was quoted by the *Moscow Times* as saying: "There are two regions in the world where life expectancy is declining: It's sub-Saharan Africa and Russia."

The UNDP reported that the gap in life expectancy between men and women is the world's highest, at 14 years. The causes of higher deaths among men are chiefly suicide, homicide, and alcohol abuse, as well as smoking. Fifty thousand people in Russia die annually from alcohol poisoning. An Oct. 17 report from the London School of Hygiene and Tropical Medicine found that 7% of Russian men in the sample city of Izhevsk, a defense industry center, drink "surrogate" alcohols, such as *samogon* (moonshine), medicinal compounds, antifreeze, aftershave products, etc., adding other toxic substances to the alcohol they consume.

Speaking at the Rhodes Dialogue of Civilizations conference earlier in October, a Russian Orthodox priest named Father Alexander Ilyashenko made a heartfelt appeal to restore the moral standards that permit family-formation. He cited the projections made by Russia's great scientist, Dmitri Mendeleev, in his last book, *Towards the Knowledge of Russia* (1906), according to which Russia by this time should have a population on the order of 640 million.

Shanghai Group To Meet in Moscow

The Prime Ministers of Shanghai Cooperation Organization (SCO) nations will meet in Moscow Oct. 26. On the agenda is the question of deepening Eurasian economic relations. In addition to SCO members Russia, China, Kazakstan, Kyrgyzstan, Tajikistan, and Uzbekistan, the Prime Ministers of observer nations India, Iran, Mongolia, and Pakistan will participate for the first time.

Russia Promotes Nuclear Cooperation with India

Russian Foreign Ministry expert Alexander Shilin, from the Department of Security and Disarmament, said at an Oct. 19 seminar in Moscow that "Russia upholds the idea of enlarging cooperation with India in the sphere of atomic energy. The United States has suggested three variants of amendments to the Nuclear Suppliers Group. Those amendments will be considered by Russia and other NSG member countries shortly." The seminar was organized by the Moscow-based non-proliferation think tank the PIR Center.

On the eve of his mid-October visit to India, Russian Defense Minister Sergei Ivanov had said that the NSG guidelines need to be amended to meet India's energy needs.

Ivanov observed Russian-Indian military exercises while he was in India.

Crises Flare in Russia's 'Near Abroad'

Destabilizations along the "arc of crisis" have occurred from Azerbaijan in the Caucasus, across to Kyrgyzstan in Central Asia. The events of mid-October included the following:

* Azerbaijan: Elections are scheduled for Nov. 6. On Oct. 20, the security ministries in President Ilham Aliyev's government charged that a coup attempt by Democratic Party of Azerbaijan (DRA) leaders and several members of the current cabinet had been foiled. The Ministers of Health and Economics (Farhad Aliyev, no relation to the President) were fired, and then arrested. The two dismissed officials were charged with conspiring to illegally bring to power former official Rasul Guliyev, who has enjoyed political asylum in the United States for nine years, but also lived in London. Arrests of DRA officials began the night of Oct. 16. Guliyev's attempted return to Azerbaijan was stopped when Ukrainian police detained him at the Simferopol airport on an Azerbaijani warrant connected with old embezzlement charges.

Who's doing what to whom is not entirely clear in this picture. But it is the case that President Ilham Aliyev recently refused to grant automatically the U.S. request to build a base in Azerbaijan for military operations in the region, although he's the son of longtime Anglo-Soviet agent Haidar Aliyev, and despite the fact that he resided in London for several years as head of Azerbaijan's oil company, during its dealings with BP. On Oct. 20, Russian Foreign Intelligence Service (SRV) chief Sergei Lebedev flew to Baku for consultations with Aliyev.

* Kyrgyzstan: Two prison uprisings took place. On Oct. 18, a riot against poor conditions of detention forced the evacuation of staff from a jail near Bishkek. On Oct. 20, matters turned lethal. Tynychbek Akmatbayev, a member of Parliament who had helped to calm the first event, was killed, as were two aides—killed by inmates at the TB hospital attached to Prison #31, where Akmatbayev was making an inspection visit.

Utro.ru reported that one of the inmates was Kyrgyzstan's top organized-crime boss, who was in a feud with another crime figure, the latter being Akmatbayev's brother. The head of Kyrgyzstan's prison administration, who attempted to calm the situation, was also killed. The inmates yielded, at least according to reports, when the Prime Minister himself, former security boss Felix Kulov, walked into the facility and ordered them to lay down arms and hand over the dead and wounded officials.

* Georgia: There has been a war of words between the Georgian Parliament and Foreign Ministry, and Russia's Foreign Ministry, over the pace of Russian withdrawal from bases in Georgia. On Oct. 11, the Russians strongly condemned the Georgian Parliament for "provocative" demands. At the same time, cracks within Georgia's "Rose Revolution" coalition led to the ouster of Salome Zurbishvili, the former French diplomat, as Georgia's Foreign Minister. She announced her intention to remain in Georgia and campaign against "pro-Russian" and "neo-Communist" tendencies.

* North Caucasus: In the wake of the Oct. 13 raid on security offices in Nalchik, Kabardino-Balkaria (in Russia's North Caucasus), the London *Economist*, Paul Goble's "Window on Eurasia," and many other sources are crowing that, although they were put down, the attacks represented a turning point in separatist struggles across the entire Russian North Caucasus, including Dagestan. Despite Moscow's intensified efforts after last year's assassination of pro-Moscow Chechen leader Akhmad Kadyrov and the Beslan, North Ossetia school massacre, insurgents have been able to attack again and again, in what the *Economist*, in its lead commentary for the Oct. 15-21 issue, called "Caucasian Dominoes."

Southwest Asia News Digest

Primakov Makes Explosive Revelations About Hariri

Just a day prior to the presentation of a UN report on the assassination of former Lebanese Prime Minister Rafiq Hariri, former Russian Prime Minister Yevgeni Primakov revealed to the Russian press, that he was mediating a meeting between Hariri and Syrian President Bashar Assad, just before the former was murdered. He stated:

"I was on friendly terms with Hariri and met him a week before the assassination. He invited me to his place to join him for an early breakfast. He knew I was planning to meet with the Syrian President later in the day and asked me to mediate a meeting with him." Primakov said he thought the meeting was being prevented. He went on: "While talking to Assad in Damascus, I felt he, too, would like to meet with Hariri, so I absolutely distrust allegations that the Syrian President could be behind Hariri's assassination."

U.S. Causes 'Thirty Years War' in Iraq

The truth that the U.S. has churned up a Thirty Years War of religious conflict in Iraq was an analysis put forward by several speakers and audience members in a Capitol Hill colloquy sponsored by the Middle East Policy Council (MEPC). Ambassador Chas Freeman, president of the MEPC, opened the Oct. 14 forum, by likening the Iraq war to the Spanish Civil War, indicating that it too could go global. The event focussed on the direction of the Shi'ite groupings in the region, and what that means for the U.S.

An Arab professor in attendance, Ambassador Freeman, and several others, said that the U.S. invasion has *created* a Thirty Years War situation, by playing off the Kurds and the Shi'ites directly against the Sunnis.

Panelist Dr. Juan Cole, a specialist on Shi'ism said that if the constitution is passed this weekend, there is a danger of many more years of violence, because of the exclusion of Sunni Muslims from the political process. Dr. Ken Katzman, who works for the Congressional Research Service, told the audience that he had been one of the members of the "intelligence community," who warned *explicitly* that the Shi'ite group supported by the U.S., the SCIRI, and other Shi'ite organizations would have their own agenda, which the Administration would not like, and could not control—but this was ignored. Katzman also gave a powerful presentation on Sept. 15 at the hearing called by Rep. Lynne Woolsey (D-Calif) on why the U.S. must come up with an exit strategy,

This broad discussion of the "Thirty Years' War" in Washington, referring to Iraq, is a welcome, and long-overdue, public recognition of what both Lyndon LaRouche and Helga Zepp-LaRouche have been saying for the last three years. In February 2005, at a conference of the Schiller Institute/ICLC, Helga Zepp-LaRouche gave a brilliant talk on this subject, referring to Frederick Schiller's essay on the Thirty Years War, and his drama, Wallenstein.

Beast-Man Bolton Demands War with Iran

In an interview with BBC in London, on Oct. 15, the Cheney-Bush Administration's lame-duck UN envoy John Bolton demanded war against Iran. "I think that the Iranians have been pursuing a nuclear-weapons program for up to 18 years," said Bolton, accusing Iran of concealment, deception, threats, lies, and intimidation. "The real issue is whether an international community is going to accept an Iran" which is "determined to get nuclear weapons deliverable on ballistic missiles" which it will "supply to terrorists."

Bolton, in June 2003, told the House International Relations Committee that the plan for his Proliferation Security Initiative was for the U.S. to "be willing to employ more robust techniques, such as economic sanctions, interdiction and seizure, and, as the case of Iraq demonstrates, preemptive military force where required.... We now know that Iran is developing [several facilities] for nuclear weapons. While Iran claims that its nuclear program is peaceful and transparent, we are convinced it is otherwise."

Rice Detoured to Russia, in Anti-Iran Campaign

Secretary of State Condoleezza Rice, who had a tour of some Central Asian countries, flew to Paris to meet her counterpart, as well as President Jacques Chirac, and discussed Iran, reported *Agence France Presse* Oct. 15. She reiterated her demand that Iran return to negotiations with the EU, to "restore the confidence of the international community that they are not trying to build a nuclear weapon." She said negotiations were one important route, but referral to the UN Security Council was another. Chirac said it was important to continue the EU dialogue with Iran, "in close coordination with Russia," and "in complete openness with the U.S."

Rice then went to Moscow, on an unscheduled visit, and met with Foreign Minister Sergei Lavrov, also on the Iran issue. There, the divergence of views was more manifest. Lavrov stated: "All members of the NPT have this right" to enrich uranium, adding that the Russians had no evidence that Iran was pursuing weapons. Rice answered: "It is not a question of rights.... The NPT doesn't come only with rights, but with obligations. This is not an issue of rights, but of whether or not the fuel cycle can be trusted in Iran."

Rice told reporters on her flight to London, the last stop on her trip, that the U.S. has the option of bringing Iran to the UN Security Council "at a time of our choosing," no matter what the IAEA does.

Lavrov also said he saw no reason why Iran should be referred to the UN Security Council. He added that the IAEA was the forum within which the issue should be dealt with.

Beilin: Sharon's Responses Are 'Pavlovian'

On Oct. 16, Palestinian militants killed three Israelis in a drive-by attack, following a week of major arrests and targeted assassinations of Palestinians, the Israeli daily *Ha'aretz* reported Oct. 17.

Prime Minister Ariel Sharon announced he was cutting off all contacts with the Palestinian National Authority, which means that negotiations over Gaza border crossings are suspended. Sharon also ordered the several West Bank cities placed under siege, throwing up even more roadblocks.

Yossi Beilin, chairman of the Yahud Party, called Sharon's response of collective punishment, "Pavlovian." Beilin told Israel radio, "The government's reaction is the Pavlovian reaction, the much-expected reaction which plays exactly to the tune of the Palestinian terror groups." Beilin said that the left had warned that the unilateral withdrawal from Gaza would lead to terror attacks in the West Bank, and he further warned that "without immediate and tight cooperation with the Palestinian Authority, what will happen would be worse than before the pullout from Gaza." He said that Sharon has now

cut off all contact with the Palestinians and increased the roadblocks and curfews, which policy only increases hatred and will for revenge. " Hamas and Islamic Jihad are rubbing their hands with delight—this is exactly what they wanted to happen as a result of yesterday's attack," Beilin added.

Britain Caught in Iranian Bombings

Iran claims to have proof that the British are conducting a campaign of bombings and attempted bombings in the Iranian south from positions in Iraq.

* In statements to the Iranian Students News Agency, Iran's President Mahmoud Ahmadinejad warned that his country's security and intelligence services "have come across British footprints" in previous attacks in the oil-rich Khuzestan province.

* Deputy Interior Minister Mohammad Hossein Mousapour told the Mehr news agency that two bombings that injured 95 people and killed five in Khuzestan Oct. 15, were very probably carried out by "British agents who were involved in the previous incidents in Ahvaz and Khuzestan." Khuzestan, in southwestern Iran near the Iraq border, has been the site of several bombings that interrupted oil industry operations there. The Oct. 15 bombing occurred in a crowded market in the city of Ahvaz, Khuzestan's capital.

* The Iranians point out that the border in this region is secured by British forces based in Basra, Iraq. Maj. Gen. Seyed Mohammad Hejazi, commander of Iran's militia, said that recent unrest in western Iran "had an English accent."

* The head of the judiciary in Khuzestan, told *Jomhuri Islami* that the British "agents were attempting to blow up Abadan's refinery, using five Katyusha rockets with a timer on them." The man, Sayed Khalil Akbar al-Sadat, gave no further details. Abadan is the huge refinery built by the British in 1911, when they controlled Iran's oil.

* On Oct. 19, police defused a large bomb under a bridge in Ahvaz, where a double bombing killed six people and wounded more than 100 just days earlier. President Mahmud Ahmadinejad reiterated his suspicions of British involvement. The police had received a tip from local residents about a package under a bridge. The package was wired up and contained "eight anti-personnel mines, approximately 1 kilogram of TNT, one stun grenade and a large number of fuses," according to reports.

* "More than 20 people have been arrested in connection with these incidents in Ahvaz," Intelligence Minister Gholam Hossein Mohseni Ejeie said. The Kayhan daily quoted Ahvaz Governor Nasser Sudani as saying Iranian intelligence had arrested a man linked to Saturday's bombings who "admitted to being trained by British forces in Iraq."

* The British Embassy in Tehran rejected the "speculation," saying, "Any linkage between the British government and these terrorist outrages is without foundation."

Asia News Digest

Pakistan Struggles with Earthquake Victims

The Pakistan-held part of Jammu and Kashmir experienced yet another aftershock Oct. 19 of the massive Oct. 8 earthquake, sending rocks and boulders rattling down the mountain slopes. Even without any major landslide reported, relief work has gotten more difficult with the winter setting in on the hills. Pakistan's relief commissioner said the official

number of dead rose by another few thousand to reach 49,700, and the number of injured were tallied to 74,000. Reports indicate more Pakistani soldiers died in the earthquake than in the 1965 border war with India.

According to Andrew McLeod, chief operations officer in the UN Emergency Coordination Center in Islamabad, "it is the most difficult humanitarian crisis ever, because the scale is huge, the logistics are so difficult and there is a brutal winter coming on." Reports indicate almost 3 million people are homeless with the winter setting in fast. (For further coverage of the earthquake, see InDepth, this week.)

Four-country Land and Air Exercises To Be Held in Russia

The United States, Russia, India, and the UK will conduct joint exercises in Russia, according to Defense Minister Sergei Ivanov. Ivanov, who was in India last week, in connection with the recently-concluded India-Russia military exercises, said Russia "hopes to organize and host" the four-country land and air exercises next year.

Though most of these countries have held bilateral exercises between their special forces, this would be the first time that such large-scale war games would be held.

Meanwhile, the Russian Navy is now holding consultations with Indian Defense Ministry officials to invite India to hold joint naval exercises in the Pacific Ocean, Russian Deputy Commander-in-Chief of Pacific Fleet, Vice Admiral Sergey Vickorovich Avramenko, said in Vishakhapatnam, where India and Russia concluded their naval exercises, INDRA-2005.

Indian Company To Produce 1 Million Courses of Tamiflu

CIPLA, the Indian drug company, which makes 75% of the AIDS drugs used in Africa, will produce 1 million 10-capsule courses of generic Tamiflu, to fight avian flu, beginning December. The Swiss pharmaceutical company Roche, the only one producing Tamiflu, says it doubled production in 2004, doubled it again this year, and will double it again by 2007. Annual reports suggest the drug produced amounts to 40 million courses a year, which means Roche will not be able fulfill the orders it now has, before 2007.

Roche, who holds the patent on Tamiflu, had opposed CIPLA's move. But, in a dramatic turnaround, Roche said it would not oppose companies that want to strike a licensing deal. As it is, CIPLA could have sold Tamiflu in less developed countries, including some of Africa, without Roche's permission. These countries need not recognize patents until 2016. As a result, CIPLA is in a position to sell it in India as well.

Arroyo Government Hoses Down Protest March in Manila

The Philippines government hosed down a protest march led by several bishops and a former Vice President on Oct. 14. The government in Manila has taken another reckless step towards police-state measures, enforcing their new "calibrated preemptive response policy," which bans all demonstrations not approved by the government, by turning fire hoses on a march which included three bishops, President Gloria Macapagal Arroyo's former Vice President Teofisto Guingona, and a Senator, during a peaceful protest near the Presidential palace. The country is in an uproar. Guingona said that this administration "is much worse than Marcos," while the church, which has remained neutral in the growing conflict, denounced the violent dispersal of the march. Archbishop Angel Lagdameo, incoming president of the Catholic Bishops Conference, said the march had been "a crusade for good governance, which is sadly lacking and very much needed in economic progress." Opposition Sen. Serge Osmena said of President Arroyo, "This woman is going bananas"; Sen. Joker Arroyo said "it was a fascist response." Opposition leader Sen. Nene Pimentel said, "Gloria and her minions will rue this day."

'Unholy Alliance' Between Arroyo and Ramos Charged

"There seems to be an unholy alliance between Mrs. Arroyo and Mr. Ramos," observed Philippine Sen. Nene Pimentel, referring to President Gloria Arroyo and U.S. agent of influence Fidel Ramos. Pimentel's remarks were reported in the *Manila Times* of Oct. 13.

Pimentel said that four years after the Congress mandated a review of the corrupt contracts signed with the IPP (Independent Power Producers), which are "onerous and grossly disadvantageous to the government," Arroyo has done nothing, even while the five "most notorious" are driving energy prices ever higher. Three of the five contracts were imposed by then-President Ramos under emergency legislation which allowed him to give away the country without any Congressional or other oversight. Said Pimentel: "And yet none of these IPP contracts has been renegotiated, much less cancelled."

EIR Intervention Finds Enthusiasm for Cheney Demise

A Sasakawa Peace Foundation-sponsored event held Oct. 19 at the Carnegie Endowment in Washington featured Dr. Jin Linbo of the China Institute of International Studies, and two U.S. Asia scholars, one being Dr. Eric Heginbotham of the Council on Foreign Relations and the RAND Corporation, on "The Current Dilemma of Sino-Japanese Relations." The presentations were of some interest, but devoid of reality, leaving out the current global revolutionary crisis. *EIR* asked the panel: "What has been the impact on Sino-Japanese relations of the Bush/Cheney preemptive war policy, and, in that regard, as you surely know, we are now looking at the demise of the Cheney era, with criminal indictments imminent against the Cheney crew in the White House (at which point the entire audience broke into a knowing and approving laugh!), and a growing recognition that the Iraq war has been an absolute disaster. How will the removal of Cheney and Rumsfeld and the others impact Asia?"

Both Drs. Jin and Heginbotham had broad smiles. Dr. Jin answered that the "neo-con preemptive war strategy has definitely strengthened those Japanese who take the anti-China position, both in the population and in the government. Koizumi expects that he'll get support from the US with an anti-China policy, visiting the shrine, and so forth. On the second question [what happens if Cheney goes—ed.], that's much too difficult, but perhaps Dr. Heginbotham can answer (translation: YES! The sooner the better!)"

After the event, Dr. Heginbotham told *EIR* that he very much appreciated the question.

Ex-Taiwan President in U.S. Endorses Neo-Con Agenda

Former Taiwan President Lee Teng Hui, allowed to speak in New York and Washington for the first time, used his Oct. 20 speech at the Washington Press Club in Washington, D.C. to openly express his devotion to the neo-con agenda and his fascist roots. Although his trip is described as a "private visit," this is the first administration to allow the rabid war-provocateur to speak in major U.S. cities. He was hosted by anti-China Congressmen in Washington, such as Reps. Dana Rohrabacher (R-Calif) and Gary Ackerman (D-NY). Lee has used the trip to assert Taiwan's independence, demanding the change of name from the Republic of China to the Republic of Taiwan, and requested offensive weapons from the U.S. with which to threaten the Chinese mainland with an attack.

China Completes Railroad to 'Roof of the World'

China has completed construction of a 1,956 km railroad, the first ever to the "roof of the world" in Tibet. A ceremony was

held at the new rail station in Lhasa, the capital. The rail line goes from the city of Xining in western Qinghai province to Lhasa. It is by far the highest-altitude railroad in the world, and was built over some of the most difficult terrain in the entire world. At its highest point, the rail line is over 5,000 meters (over 15,000 feet) above sea level. Chinese President Hu Jintao called the railroad an "unprecedented triumph" in the history of railway construction.

Test runs of trains will not begin until next summer, due to current severe weather conditions. In the coming years, the railroad will be extended further west in Tibet.

Greenspan Fuels Energy Hoax in Tokyo Speech

Alan Greenspan did his best to fuel the energy hoax, in a speech to Keidanren and other Japan business groups in Tokyo Oct. 17, lying that "increased demand and lagging additions to productive capacity" will lead to higher higher prices until we learn to live without oil. "In such tight markets, the shutdown of oil platforms and refineries by Hurricanes Katrina and Rita was an accident waiting to happen," he said. He singled out China for consuming too much—"roughly twice as much oil per dollar of GDP as the United States," and said that if China continues to grow, it will be hard to wean the world off oil.

It is not known yet what Greenspan said in his private meetings Oct. 18 at the Bank of Japan, but it's likely that he promised his Japanese creditors that high oil prices will hold up the dollar, another aspect of the hoax.

Africa News Digest

Iran, South Africa Discuss Strategic Partnership, Including Nuclear Power

South African President Thabo Mbeki and Iranian National Security Council head Ali Larijani discussed cooperation and nuclear issues in Pretoria Oct. 20. The talks are part of an Iranian diplomatic effort to gain support for its nuclear program, which includes trips by Iranian deputy foreign ministers to Malaysia, Indonesia, and Ibero-America.

A proposed temporary, face-saving solution to the Iranian nuclear-fuel production issue is a South African plan under which Iran would import South African yellow-cake and produce uranium gas from it at Isfahan, and the gas would then be sent to South Africa. This would allow the Isfahan plant to operate while Iran continues to seek support for its nuclear program.

South Africa is a permanent member of the IAEA Board of Governors.

Nigeria Accepts 'Bankers' Arithmetic' in Foreign Debt Deal

Nigeria has accepted bankers' arithmetic in a deal for the reduction of its foreign debt with the Paris Club creditor nations. Under the deal, announced Oct. 20, Nigeria's nominal debt of \$30 billion to the Paris Club nations will be written down to \$12.4 billion. Nigeria will pay more than \$6 billion of arrears from oil revenues "in the next week or two"; the Paris Club will write off \$16 billion in tranches between now and April 2006 (depending on good behavior); and Nigeria will then pay \$6 billion to buy back the last \$8 billion of debt at a 25% discount. It will still owe \$6 billion in private, commercial debt, and relatively small amounts to the IMF and World Bank.

Part of the deal: IMF "intensified surveillance" continues, and Nigeria signs a Policy Support Instrument—the equivalent of a structural adjustment program that Nigeria supposedly chooses to impose on itself. According to Reuters May 18, the

ostensibly "home-grown" Policy Support Instrument was at that time "still being formulated by IMF officials."

The "bankers' arithmetic" involved was identified in an opinion column by "Chinweizu" in *Vanguard* (Lagos daily) Aug. 14, which states, "Some press reports say that Nigeria borrowed \$17 billion; has already paid back \$22 billion, and is said to still owe \$36 billion.... Should Nigeria not simply repudiate this alleged debt of \$36 billion...?" (The Center for Global Development in Washington, deeply involved in formulating the deal, says only that interest and late fees account for 80% of the \$30 billion debt.)

Chinweizu recalls, "Back in the late 1970s, against the wisdom of public opinion, the then military head of state, Gen. [Olusegun] Obasanjo, was conned by foreign lenders into taking a \$1 billion jumbo loan that Nigeria, with its then buoyant oil revenues, did not need. The excuse was that Nigeria was 'under-borrowed.' They claimed that Nigeria needed the jumbo loan to build investor confidence." (Other hits followed. The debt was \$17 billion by 1983.)

Obasanjo, now President, has been celebrating the debt reduction deal as an immense victory. Whether the Nigerian House of Representatives and Senate will agree, remains to be seen. They had vigorously argued for 100% cancellation.

S. African Intel Head Suspended as Government Defends Against Left Synarchists

South African Intelligence Minister Ronnie Kasrils told the press in Pretoria Oct. 21 that he had suspended the Director General of the National Intelligence Agency and two other senior NIA officials pending the outcome of an inquiry. Saki Macozoma—a member of President Mbeki's inner circle and a candidate to succeed him in 2009—had charged that he was the subject of ongoing harassment by NIA agents. The Intelligence Inspector General says the charge is true.

The harassment, if proven, appears to be part of the warfare against the government by the populist, synarchist-influenced left wing, led by former Vice President Jacob Zuma, whom Mbeki sacked in June. Zuma is now being tried for corruption. At a mid-October court appearance, Zuma supporters rallied, with insults aplenty for Mbeki, including burning t-shirts with his image on them. And, according to Reuters Oct. 17, "Zuma led them in chanting the liberation song, 'Bring back my old machine gun.'"

The Zuma faction, through the NIA, is also attempting to wrest control of the Scorpions from the government. The Scorpions, an intelligence agency formally known as the Directorate of Special Operations (DSO), is currently controlled by the National Prosecuting Authority. The NIA wants the DSO put under the police, apparently the NIA's ally, and certainly hostile to the DSO. A commission has been formed to hear evidence and make a recommendation.

According to Reuters Oct. 19, "Mbeki and his cabinet denounced [NIA chief Billy] Masetlha's submission in which he named Scorpion agents he said were cooperating with the CIA and MI5." News24 reported Oct. 21 that Masetlha's allies also claim to be concerned "about the Scorpions' apparent close and regular liaisons with the American Embassy." The Reuters story says the cabinet, in a statement, "said it wanted to 'distance government from statements ... which seek to question the integrity of officials employed in the [Scorpions] and to cast aspersions on cooperation that our institutions have with their international counterparts.'"

As Adversity Deepens, Backward Culture Destroys Its Children

In backward African cultures, urban families are responding to deepening misery by destroying their own children. Recent journalistic investigations show that in Angola and DR Congo, families—especially urban families—are increasingly accusing their children of witchcraft. If a family member falls sick or dies, or a marriage breaks up, it is because of the child's evil spirit. The child is hated, brutalized, and driven out, or turned over to a pseudo-Christian preacher or traditional

healer who tortures the child under the guise of exorcism—with some children dying in the process.

This most backward side of the culture, according to Angus Stickler (BBC News July 13) comes to the fore as a result of intense poverty and the large numbers of orphans from the civil war: "Angola has been wracked by nearly 30 years of civil war. Many children have been orphaned, cared for by aunts, uncles, the extended family. But they can't afford to keep them. It is socially unacceptable to push a child out because of poverty. But if they are possessed, it's a different matter." But David Blair of the *Telegraph* wrote on Sept. 24, "A visceral fear of 'possessed' children is sweeping Congo's cities, causing tens of thousands of boys and girls to be abandoned and abused.... Both [Congo and Angola] endured years of civil war in which child soldiers were responsible for atrocities. Aid workers believe this might help to explain a deep fear of the young."

Blair says 70% of the street children in Kinshasa are on the street as a result of this process.

This Week in History

November 1-7, 1932

Roosevelt and Hoover Close the 1932 Presidential Campaign

On Nov. 5, 1932, Franklin Delano Roosevelt closed his campaign for President with a speech at Madison Square Garden in New York City. His opponent, incumbent President Herbert Hoover, had spoken in the same location five days earlier. The difference in philosophical outlook between the two men was striking, and offered a clear choice to the American people.

Herbert Hoover had become an American celebrity after World War I, praised as the "Great Engineer," who had overseen relief efforts in war-torn Belgium. Although he was orphaned early in life, he had managed to accumulate a small fortune by means of what he viewed as hard work and individual responsibility. His perspective on the "American System," which he cited often in his speeches, was that the greatness of America depended on rugged individualism and decentralized government.

Therefore, Hoover did not believe that government action could or should be used to end economic depressions. By "letting nature take its course," he had greatly magnified the effects of the stock-market crash of 1929. This policy was more than agreeable to his murderous Secretary of the Treasury Andrew Mellon, who advised Hoover: "Let the slump liquidate itself. Liquidate labor, liquidate stocks, liquidate the farmers, liquidate real estate. It will purge the rottenness out of the system."¹

Therefore, in his State of the Union address on Dec. 2, 1930, President Hoover had told the Congress and the country that, "Economic depression can not be cured by legislative action or executive pronouncement. Economic wounds must be healed by the action of the cells of the economic body—the producers and consumers themselves. Recovery can be expedited and its effects mitigated by cooperative action. That cooperation requires that every individual should sustain faith and courage; that each should maintain his self-reliance; that each and every one should search for methods of improving his business or service; that the vast majority whose income is unimpaired should not hoard out of fear but should pursue their normal living and recreations; that each should seek to assist his neighbors who may be less fortunate; that each industry should assist its own employees; that each community and each state should assume its full responsibilities for organization of employment and relief of distress with that sturdiness and independence which built a great Nation." President Hoover insisted that relief for the unemployed must be locally and privately financed.

By 1932, local municipalities and states were finding it absolutely impossible to organize enough employment or to relieve the distress of millions of undernourished and homeless American citizens. Joseph Heffernan, the Mayor of Youngstown, Ohio, wrote a magazine article in May of 1932, which described that city's battle to help its citizens, and called for Federal intervention to restore the economy: "Never had Youngstown suffered such a shock to the spirit which had made it one of the great industrial centres of the world. Another winter was approaching. The numbers of the unemployed had increased and suffering had grown acute. Many heads of families had not earned a penny in two years. Landlords clamored for their rents and sought evictions. Thousands of the city's water bills were unpaid, and officials were torn between their desire to be charitable, their fear of disease if the water were cut off, and the city's urgent need of money. Property owners could not pay their taxes, and delinquencies became appalling. As in Cleveland, we adopted the slogan, 'Pay your taxes, so the hungry can be fed,' and the words meant just what they said, for by this time the private charities were swamped, desperate, and bankrupt."

Yet despite the massive suffering, President Hoover transformed the Constitutional principle of promoting the general welfare into a call for "self-help." In his speech at Madison Square Garden, Hoover claimed that "our opponents are proposing changes and so-called new deals which would destroy the very foundations of our American system." Continuing his microscopic view of humanity, he dropped his earlier reference to people as "the cells of the economic body" in favor of talking about a society that was "absolutely fluid in freedom of the movement of its human particles." The President claimed that any expansion of government expenditure to reverse the Depression and relieve suffering was nothing but "yielding to sectional and group raids on the Public Treasury," and announced proudly, "This I stopped."

'People Aren't Cattle'

And, there were many so-called economists who agreed with him. Ray Vance, an investment counselor and chairman of several investment firms, was more forthright when he laid out how the Depression could be "managed," in an article in June of 1932. He reported favorably that, "Wage rates and the general overhead of business concerns have been curtailed to a point where profits could be made on relatively small volumes of business." However, there were still things to be accomplished. "With the exception of Great Britain no large nation has readjusted its budget to current conditions. To do this does not require an exact balancing of the budget but does require the drastic cutting of expenses built up through long years of free spending, the placing of heavy taxes, and the distribution of taxes over practically all classes and sections of the country." When faced with a cold-blooded economist in the mold of Vance, advising him that austerity policies were necessary, Franklin Roosevelt angrily informed him that, "People aren't cattle, you know."

At his final speech in Madison Square Garden, Roosevelt summed up his commitment to saving the nation and uniting the country. "Tonight we close the campaign. Our case has been stated and made. In every home, to every individual, in every part of our wide land, full opportunity has been given to hear that case, and to render honest judgment on Tuesday next.

"From the time that my airplane touched ground at Chicago [to accept the nomination—ed.] up to the present, I have consistently set forth the doctrine of the present-day democracy. It is the program of a party dedicated to the conviction that every one of our people is entitled to the opportunity to earn a living, and to develop himself to the fullest measure consistent with the rights of his fellow men.

"There can be only one great principle to guide our course in the coming years. We have learned the lesson that extravagant advantage for the few ultimately depresses the many. To our cost we have seen how, as the foundations of the false structure are undermined, all come down together. We must put behind us the idea that an uncontrolled, unbalanced economy, creating paper profits for a relatively small group, means or ever can mean prosperity. There is an interdependence in economics, just as there is a brotherhood in humanity. Loss to any is loss to all.

"Today we struggle against the inevitable result of wandering after false gods. Confident in the sinew and fiber of American life, we know that our losses are not beyond repair. We know that we can apply to the great structure we have built, our power of organization, our fertility of mind and the intelligence and the foresight needed to make that structure more serviceable. We refuse to be oppressed by baseless fears that our firesides are to become cold or that our civilization will disappear. We know that by the united effort of us all, our fear can be dissipated, our firesides protected, our economic fabric reconstituted and our individual lives brought to more perfect fulfillment.

"The next Administration must represent not a fraction of the United States, but all of the United States. No resource of mind or heart or organization can be excluded in the fight against what is, after all, our real enemy. Our real enemies are hunger, want, insecurity, poverty, and fear. Against these, there is no glory in a victory only partisan.

"The genius of America is stronger than any candidate or any party. This campaign, hard as it has been, has not shattered my sense of humor or my sense of proportion. I still know that the fate of America cannot depend on any one man. The greatness of America is grounded in principles and not on any single personality. I, for one, shall remember that, even as President. Unless by victory we can accomplish a greater unity toward liberal effort, we shall have done little indeed.

"Today, there appears once more the truth taught 2,000 years ago, that 'no man lives to himself, and no man dies to himself; but living or dying, we are the Lord's and each other's.' We can and will bring to the problem of the individual, the maturity of the united effort of a nation come of age. America, mature in its power, united in its purpose, high in its faith, can come and will come to better days."

1. *EIR* Founding Editor Lyndon LaRouche has often commented on the role of Hoover's policies in bringing on the Great Depression. In "The Great Crisis of 2005: End-Game 2005" (*EIR* Oct. 14, 2005), he wrote:

"What cut the U.S. economy in half under President Herbert Hoover, was not the '29 Crash. What collapsed the U.S. economy by half, were the "free will policies" which Andrew Mellon and President Herbert Hoover continued after that '29 Crash, when the measures to be taken should have been successful policies of recovery like those introduced by President Franklin Roosevelt beginning the day of Roosevelt's March 1933 inauguration. George W. Bush's policies are like those of the famous "Crazy Eddie": insane. They are far, far worse, and more dangerous to mankind than those of the Coolidge, Hoover, and Andrew Mellon, who gave us the Great Depression of the 1930s."

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